HYPEBEAST
ANNUAL REPORT 年報
2023–2024

Incorporated in the Cayman Islands
with limited liability

於開曼群島註冊成立的有限公司

Contents

Corporate Information

Board of Directors

Executive Directors
Mr. Ma Pak Wing Kevin (Chairman and Chief Executive Officer)
Ms. Lee Yuen Tung Janice

Independent Non-Executive Directors
Ms. Poon Lai King
Ms. Kwan Shin Luen Susanna
Mr. Wong Kai Chi

Audit Committee

Mr. Wong Kai Chi (Chairman)
Ms. Poon Lai King
Ms. Kwan Shin Luen Susanna

Remuneration Committee

Ms. Poon Lai King (Chairman)
Mr. Ma Pak Wing Kevin
Mr. Wong Kai Chi

Nomination Committee

Mr. Ma Pak Wing Kevin (Chairman)
Ms. Poon Lai King
Ms. Kwan Shin Luen Susanna

Company Secretary

Ms. Cheung Nga Man

Authorised Representatives

Mr. Ma Pak Wing Kevin
Ms. Cheung Nga Man

Independent Auditor

Registered Public Interest Entity Auditors
Deloitte Touche Tohmatsu

Registered Office in the Cayman Islands

Third Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

Headquarters and Principal Place of Business in Hong Kong

40/F, Cable TV Tower
No.9 Hoi Shing Road, Tsuen Wan
New Territories, Hong Kong

Principal Share Registrar and Transfer Office in the Cayman Islands

Tricor Services (Cayman Islands) Limited
Third Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F, Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong

Legal Adviser

As to Hong Kong Law
Deacons

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited

Corporate Website

hypebeast.com

Stock Code

00150

Our Major Milestones

2005
- **Hypebeast** was founded by Kevin Ma

2007
- **Hypebeast Hong Kong Limited** (formerly known as 101 Media Lab Limited) was incorporated in Hong Kong

2008
- **Popbee**, a female-driven fashion and lifestyle media platform in Asia, was launched

2012
- **HBX** e-commerce platform was launched

2015
- **Hypebeast Limited** was incorporated

2016
- **Hypebae**, a digital media property aimed at the female Hypebeast audience, was launched

2017
- **Hypemaker**, our global creative studio, was launched
- **HBX** flagship retail store opened in Landmark, Hong Kong

2018
- **Hypefest**, an inaugural 2-day cultural festival, was hosted in Brooklyn, New York

2019
- **Hypebeast Limited** successfully transferred to the Main Board of The Stock Exchange of Hong Kong Limited
- **Hypeart**, a contemporary art platform, was launched

2020
- **Hypebeans**, a communal destination serving quality coffee, was opened in Landmark, Hong Kong
- **Hypegolf**, a contemporary golf platform, was launched

2022
- **Hyperoom**, a distribution and merchandising channel, was launched

2023
- **Hypebeast Flea**, a community-led marketplace was held in Truman Brewery, London
- **Hypefest Aranya**, a 2-day cultural festival held in Qinhuangdao, China
- **Hypebeans** was opened in Fashion Walk, Hong Kong

Chairman's Statement

I want to begin by expressing my gratitude for your continuous support of our company. It is through your belief in our vision that we are able to pursue our company's aspirations.

At Hypebeast, our mission is simple: to drive culture forward. We dedicated ourselves to creating high-quality content across different platforms. Our commitment lies in building a platform that nurtures a community and inspires our audience through distinctive perspectives and insights. By curating diverse stories and products that resonate with our users, we aim to create meaningful experiences and connections with individuals.

Reflecting on the past year, our journey has been shaped by a multitude of challenges. Despite ambitious goals, we faced unfavorable macroeconomic conditions and shifting consumer spending patterns that impacted our performance. However, we responded proactively by making necessary adjustments to pivot our business. Our focus has reoriented to establish a solid foundation for sustainability and long-term efficiency in response to the new broader economic reality.

In the first half of the fiscal year, we assessed our business performance and the market expansion strategy of our media segment. Recognizing the challenges and need for change posed by previously optimistic recruitment and rapid expansion, we reduced our workforce through a company-wide restructure. In response to certain markets not recovering as quickly as projected in the aftermath of COVID-19, we have adopted a more conservative approach and implemented cost-effective measures within our business operations. Our primary objectives are to enhance operational efficiency and drive profitability, and to make improvements in financial performance in a challenging environment so we can execute our long-term vision.

Our e-commerce and retail business, HBX, experienced inventory overstock challenges resulting from confident purchasing decisions in anticipation of continued growth. This challenge was exacerbated by the economic downturn and intensified competition, leading to widespread discounting amongst competitors. To address this, we made substantial efforts to reduce our inventory to a sustainable and optimal level and downsize the business accordingly. Resolving these challenges requires ongoing effort, but we remain dedicated to right-sizing the business and to establishing a sustainable and profitable business unit.

Throughout the second half, we put emphasis on streamlining operations and reinforcing financial stability. Building on the adjustments made earlier, we observed notable improvements and a gradual increase in profitability. The progress achieved in cost efficiency has enabled us to allocate saved funds to enhance our existing products while continuing to optimize the business, as well as improving our overall profitability for the long term. With the anticipation of further savings, we have opportunities to invest in tools that enhance long-term efficiency and redirect resources towards future-oriented areas such as technology, product development, content improvement and advancements in AI.

Implementation of AI and technologies is already underway across various aspects of our business. For instance, our media segment and e-commerce teams utilize AI to accelerate content creation, translation and improve workflow efficiency. Our focus is on developing a data-driven approach centered around our unique community. Through our community and user base, we gain valuable insights and data on consumer behaviors and spending patterns. This enables us to derive valuable information and understand user preferences, allowing us to provide refined content to our users and offer insightful services to our clients and advertisers.

In addition, we have made progress in building Hyperoom, our distribution and merchandising unit launched in September 2022. With the integration of this business unit, our interconnected ecosystem is now completed. While the media segment focuses on branding and creating promotional content, Hyperoom produces and distributes brands and products to curated retailers. In turn, our e-commerce and retail segment, HBX, manages the sale of Hyperoom's private label products or distributed collections. This model completes the whole ecosystem and allows us to work closely with different brands and create private label brands that hopefully will drive better profit margins.

As we move forward, we have been actively extending our physical events to foster meaningful offline interactions. We successfully organized various events, including Hypegolf Invitational in Seoul, Hypefest in Qinhuangdao, China and Hypebeast Flea in London. These events create valuable opportunities to convert our online followers into a more focused customer database. Further, they strengthen our brand awareness, generate sponsorship opportunities, and deepen understanding of our community.

By the end of the second half of the fiscal year, we have improved our financial performance. Our operating profit increased by 423.4% and operating expenses decreased by 20.3% in the second half of the fiscal year, compared to the first half. Additionally, our company-wide cost conscious approach has resulted in an improved cash balance with the bank and cash balance reached HK$183.5 million, 10.5% higher than last fiscal year. With a reinforced statement of financial position, we are able to reinvest into our products and provide returns to our shareholders.

Looking ahead, I am confident that our team will deliver greater value with the plan we have put into action. We are excited to continue this journey with all of you, and alongside our incredible community and team. Thank you all for your support.

Sincerely,

Kevin, Pak Wing, Ma
Chairman and Executive Director
Hong Kong, 27 June 2024

Business Overview

Hypebeast Ltd. operates through the following business segments: media, e-commerce and retail, distribution and merchandising, as well as food and beverage. The media segment offers creative advertising services and digital media distribution for global brands across its media properties. The e-commerce and retail segment focuses on the sale of fashion and lifestyle products through its online and offline retail channels. The distribution and merchandising segment specializes in production, distribution, retail and sale of fashion and lifestyle products. The food and beverage segment engages in the production, marketing and retailing of culinary offerings and beverage selections. The company was founded by Kevin Ma in September 2015, and is headquartered in Hong Kong SAR.

The Hypebeast Ecosystem

Driving Culture Forward

Our interconnected network enables us to capture growth opportunities for the Group. With five major divisions, Hypemedia, Hypemaker, HBX, Hyperoom and Hypebeans, we share a mission to connect our global audience to the universe of cultural discovery.

Media

Standing at the forefront of fashion and culture, Hypemedia encompasses our editorial, social and video platforms. We curate digital and print content on the latest emerging trends to inspire and educate our global audience, as well as connect them with our community of artists and creatives. Encompassing websites, mobile applications and popular third-party social media platforms, Hypemedia includes Hypebeast, Hypebae, Popbee, Hypegolf and Hypeart.

Hypebeast

Founded in 2005, Hypebeast is a leading platform for men's contemporary fashion and culture that highlights curated brands and emerging lifestyles through editorially-driven news and features. Its devotion to discovery has made it one of the premier online destinations for fashion and lifestyle editorial and news.

Hypebae

Established in 2016, Hypebae is a leading female destination that empowers our next-gen creatives by navigating today's emerging youth culture with stimulating, organic narratives. Standing at the intersection of fashion and creative dialogue, Hypebae shares its distinctive vision, and provides impactful insights on the dynamic face of emerging youth culture.

Popbee

Popbee is a female-driven platform leading the pack with its breaking news, exclusive features, fresh trend developments and editorials in the world of Asian womenswear and lifestyle. Established in 2008, the platform offers daily updated news, and consistently delivers visually impactful, thought provoking and curated content that resonates with Gen Z women.

Hypegolf

Hypegolf is a contemporary golf platform at the cutting edge of trends, products, lifestyle and discovery in this new era of golf. Combining style and youth culture, modern-day golfers of all levels of experience and creatives come together to enjoy the sport in their own ways. Hypegolf currently has a retail store in Japan, and the Hypegolf Invitational events tour have made appearances around the world, including various locations in the U.S., Japan and Korea.

Hypeart

Hypeart is an contemporary art platform that spotlights and connects leading and emerging artists with collectors and audiences from across the globe. Established in 2019, the platform champions in-depth storytelling and curation in both the physical and digital spheres, and fosters accessible experiences for those looking to elevate their personal journey in the ever-evolving world of art. Complementing the online experience, Hypeart has debuted its group art exhibitions in New York and Hong Kong in 2022.

Agency

Hypemaker

Hypemaker is a global, award-winning, full-service creative agency. With its ability to transform perception through visual presentation and carefully curated content, it empowers brands to be relevant in the cultural landscape. The global creative studio provides total creative solutions, from insights, creative to content production and experiences, through access to our global talent network for brands around the world.

Commerce

HBX

HBX is a global e-commerce platform and retail destination for the world's most well-known and up-and-coming brands in menswear, womenswear and lifestyle from around the world. Curating a truly global and exciting assortment at the leading edge of culture, HBX focuses on delivering the latest, trend-setting fashion, accessories, shoes, home and lifestyle goods to its customers. Servicing over 80 markets worldwide, the platform is available in 5 languages on hbx.com and the HBX App, has a retail store in Hong Kong, official shops on regional marketplaces including Tmall and WeChat Mini Program, and also boasts a very active digital community on Instagram, Facebook, X, LINE, WeChat, RED, Weibo, and Kakao.

Distribution and Merchandising

Hyperoom

Hyperoom is a platform that goes beyond connecting brands to the right global fashion market, and also provides strategic brand building, distribution and merchandise services. With a range of cutting-edge solutions, it exists for brands and creatives looking for a holistic strategy and global presence to stay ahead of the curve.

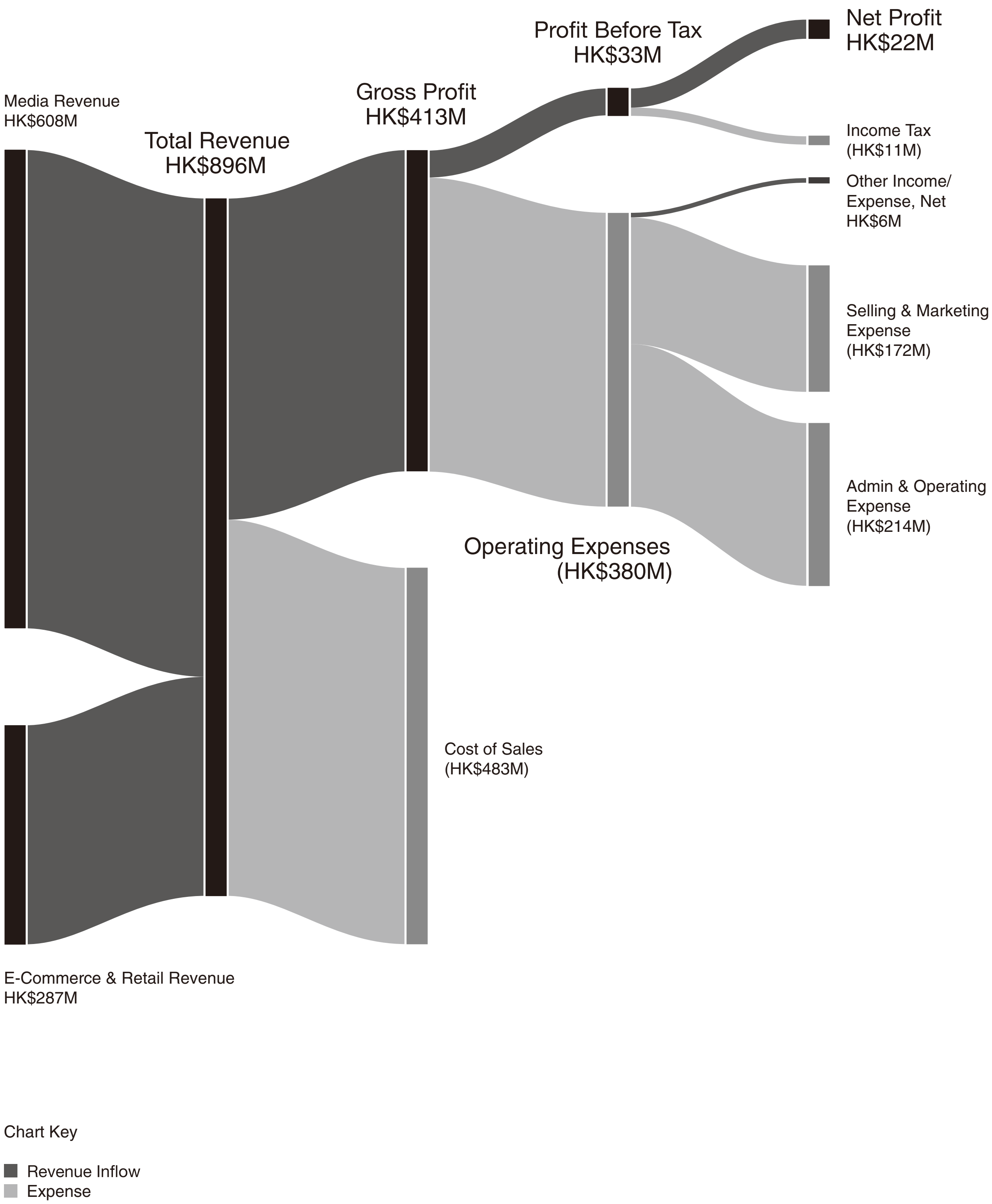
Food and Beverage

Hypebeans

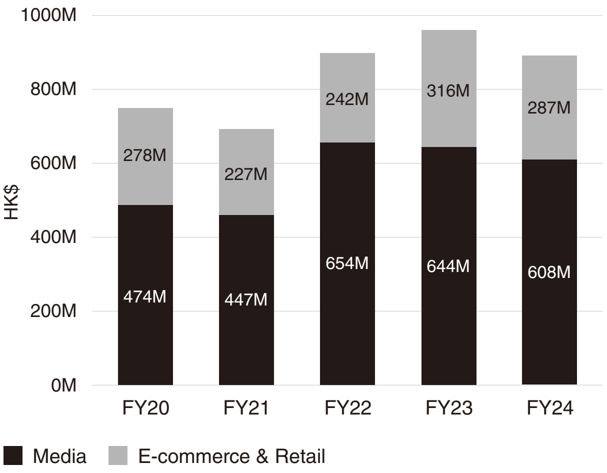
Hypebeans is a communal destination for quality coffee. It currently has 3 cafés worldwide, situated in Hong Kong and Japan.

Financial Highlights

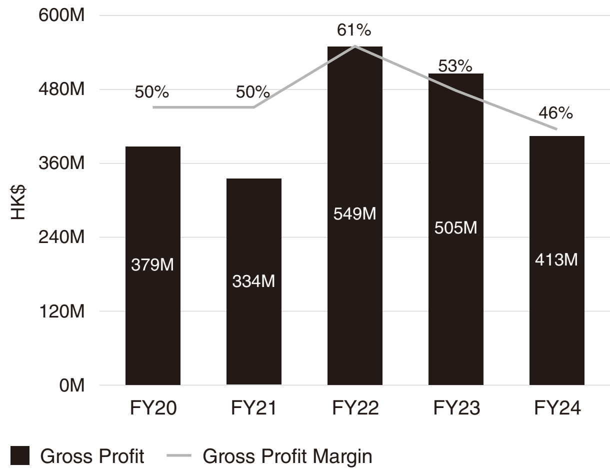
FY2024 Income Statement



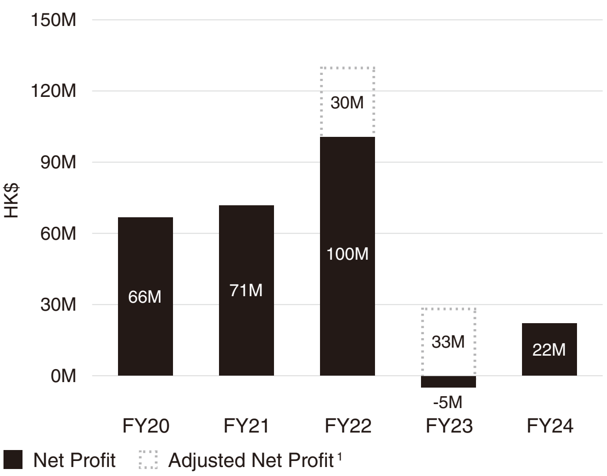
Revenue



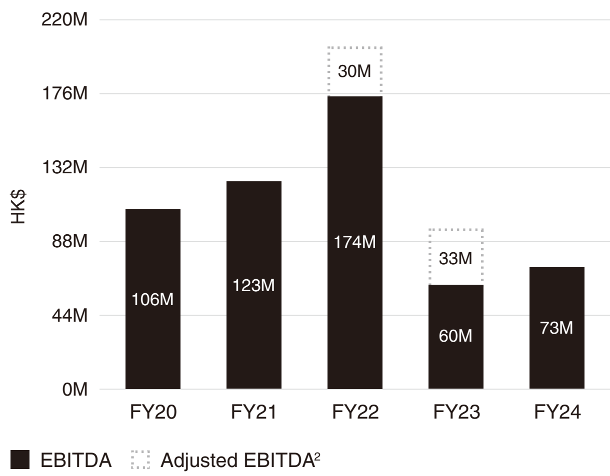
Gross Profit and Gross Profit Margin



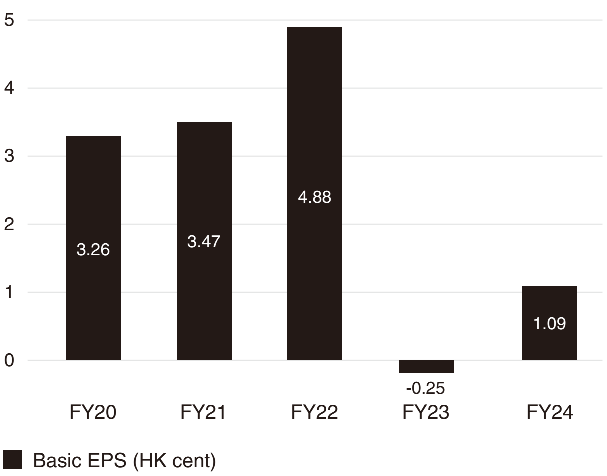
Net Profit



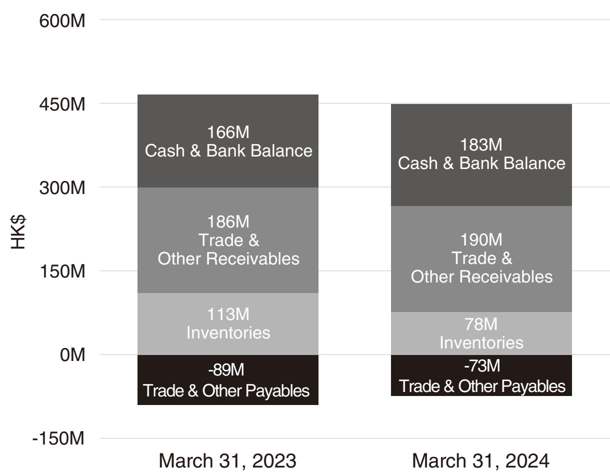
EBITDA



(Loss)/Earnings Per Share



Net Operating Working Capital[3]



1 Adjusted net profit refers to net profit for the year excluding the one-off professional fee related to the merger recorded in FY2022 and FY2023, while no such cost was recognized in FY2024.

2 Adjusted EBITDA for the year excluding the one-off professional fee related to the merger recorded in FY2022 and FY2023, while no such cost was recognized in FY2024.

3 Net operating working capital is calculated by as cash + trade and other receivables + inventories — trade and other payables.

Management Discussion and Analysis

Business Overview

The Group is a media and e-commerce and retail company primarily engaged in (i) the provision of creative advertising services and advertising spaces for global brands (the "media segment"); and (ii) the sale of goods through its online and offline retail platform (the "e-commerce and retail segment").

The Group produces and distributes youth-focused digital content centering on fashion, lifestyle, technology, arts & entertainment, culture and music to its visitors and followers. Digital content is distributed via the Group's media platforms (including its Hypebeast, Hypebae and Popbee websites and mobile apps) and popular third-party social media platforms, including but not limited to Facebook, Instagram, X, TikTok, Youtube, Wechat, Weibo, Kakao and Naver. The Group also maintains multi-language versions of its flagship Hypebeast property across both website and social media platforms, with content available in English, Chinese, Japanese, Korean and Indonesian. The Group delivers bespoke creative solutions through its agency business to its brand clients, with services including but not limited to creative conceptualization, talent curation, technical production, campaign execution, data intelligence and distribution of digital media advertisement via the Group's digital media platforms.

The Group engages in retail of footwear, apparel, accessories and other products under its HBX e-commerce platform and retail shop. The HBX e-commerce platform focuses on delivering the latest, trend-setting apparel, accessories and lifestyle products to its customers, curating and creating fashion-forward pieces and collaborations to include in its merchandise portfolio. Combining the Group's unique insight into youth culture, and its longstanding reputation in the industry as a community and cultural leader, the Group is able to source and curate products most desired by its target demographic, thereby generating growing popularity and usage amongst shoppers.

Business Prospect and Future Developments

Operational Efficiency and Profitable Growth

We are prioritizing operational efficiency and cost management to ensure profitable growth across all of our digital media and e-commerce and retail divisions. By optimizing our internal processes and carefully managing expenses, we aim to maximize profitability, unlock resources for strategic reinvestment and position Hypebeast for sustainable long-term growth.

Some of the key initiatives in this area include:

- Prioritizing the correct balance of staffing across our divisions relative to impact on results and return on investment;

- Automating repetitive administrative tasks through intelligent workflow automation, freeing up our teams to focus on higher-value activities;

- Continuously reviewing and optimizing our process of delivering our products and services to save time and costs for both the company and our customers and clients;

- Rigorously evaluating our technology stack to ensure we are leveraging the most efficient and cost-effective solutions; and

- Implementing stringent cost controls and budgeting measures to maintain discipline across all operational expenditures.

Year of Efficiency

The Group has implemented significant measures this year across the entire business to promote efficiency and stabilize profits. Such actions include a holistic rightsizing of the business' people and processes, with a focus on producing impactful results and profitable growth whilst streamlining unnecessary costs. The objective is to make Hypebeast a better media and e-commerce and retail company, to improve our financial performance in challenging environments so the business can execute its long-term vision and to re-allocate its resources to the right place to produce results.

Please refer to discussions of such actions and their impact in the Business and Financial Review section below.

Focus on Engagement and Community

At the core of Hypebeast's business is our vibrant, globally-engaged community of young, style-conscious and culturally aware readers and consumers. We are deeply committed to nurturing these relationships and empowering our audience to become active participants across our platforms and points of engagement.

Our key initiatives in this area include:

- Investing in community management and delivering meaningful, thought provoking content to foster community dialogue, strengthen brand loyalty, and drive user engagement;

- Developing and curating immersive virtual and physical experiences that bring our readership and consumer community together around shared passions and interests;

- Collaborating with influential figures, tastemakers, and industry partners to curate content and product offerings that resonate with our target demographic; and

- Exploring topic adjacencies that are culturally important and relevant to our audience, such as golf, arts, entertainment and technology, and developing a unique way to experience these themes through the Hypebeast lens.

By placing our readership and consumer community at the heart of our strategy, we can deepen our understanding of their evolving needs and preferences, unlock new avenues for growth, and solidify Hypebeast's position as a trusted, go-to destination for youth culture and style.

Strengthen the Hypebeast Ecosystem

At the heart of Hypebeast's business lies a powerful, interconnected network that unites our core divisions of media and e-commerce and retail and agency services.

Our media platforms serve as the heart of the Hypebeast community, engaging our readers with captivating content that shapes trends and fuels cultural discourse. This, in turn, empowers our e-commerce and retail division to serve as a direct conduit to our engaged, style-conscious consumer base. The data and insights gleaned from our e-commerce and retail operations inform our media strategy, enabling us to deliver personalized, relevant content and product recommendations that anticipate and meet the evolving needs of our community.

Our agency business offers a unique opportunity to bridge the gap between our media influence and e-commerce and retail capabilities. By tapping into the wealth of data, insights, and creative expertise within our agency division, we can continuously optimize our own media and e-commerce and retail strategies, ensuring that we remain at the forefront of youth culture and style.

We aim to upgrade our platform into a more cohesive and effective system to further benefit from this virtuous cycle of growth and influence, bridging the relationship between brands and our audience and driving customer acquisition and conversion.

Business and Financial Review

Media Segment

Revenue and gross profit of the media segment for FY2024 and FY2023, are as follows:

	1H2024 HK$'000	2H2024 HK$'000	**FY2024 HK$'000 (Audited)**	FY2023 HK$'000 (Audited)	Change HK$'000	% Change
Revenue	283,111	325,161	**608,272**	644,205	(35,933)	(5.6%)
Gross Profit	153,131	173,983	**327,114**	374,504	(47,390)	(12.7%)
Gross Profit Margin	54.1	53.5%	**53.8%**	58.1%		

- Revenue from the media segment amounted to HK$608.3 million in FY2024, a decrease of 5.6% against a comparative of HK$644.2 million in FY2023. Against strong headwinds in the economy and industry, slower media campaign executions in Asia Pacific region and North America regions as well as a decrease in luxury client spend in the Middle East and Africa regions dampened revenue in the first half of FY2024. As at the first half of FY2024, revenue from the media segment amounted to HK$283.1 million.

- An improvement in performance in the second half of FY2024 led by a global increase in Media campaign executions improved revenue from the Media segment in the second half of FY2024 to HK$325.2 million, a 14.9% increase compared to revenue recorded in the first half of FY2024.

- Gross profit of the media segment amounted to HK$327.1 million, representing a decrease of HK$47.4 million, or 12.7%, versus FY2023. Gross profit margin decreased from 58.1% in FY2023 to 53.8% in FY2024. The difference was mainly due to increases in campaign costs associated with "in real life" sales executions produced by the Group in FY2024.

- Gross profit in the first half of FY2024 was HK$153.1 million, compared to HK$174.0 million recorded in the second half of FY2024. Other than the impact of increases in revenue in the second half of FY2024, the improvement in gross margin in the second half of FY2024 was also driven by a comprehensive cost efficiency exercise conducted by the Group in the second half of FY2024, which includes reviewing and downsizing the Group's people and processes to drive more efficient operations and improve margin and profitability.

E-Commerce and Retail Segment

Revenue and gross profit of the e-commerce and retail segment for FY2024 and FY2023, are as follows:

	1H2024 HK$'000	2H2024 HK$'000	**FY2024 HK$'000 (Audited)**	FY2023 HK$'000 (Audited)	Change HK$'000	% Change
Revenue	156,896	130,484	**287,380**	315,768	(28,388)	(9.0%)
Gross Profit	53,695	32,649	**86,344**	130,914	(44,570)	(34.0%)
Gross Profit Margin	34.2%	25.0%	**30.0%**	41.5%		

- Revenue from the e-commerce and retail segment decreased from HK$315.8 million in FY2023 to HK$287.4 million in FY2024, or a decrease of 9.0%. Gross profit of the e-commerce and retail segment amounted to HK$86.3 million in FY2024, representing a decrease of HK$44.6 million, or 34.0%, as compared to FY2023. This translates to a gross profit margin of 30.0%, a decrease of 11.5 percentage points as compared to 41.5% in FY2023.

- The decrease in e-commerce revenue was primarily driven by an increase in promotion and discounts deployed in the course of rightsizing the Group's inventory portfolio. The Group's main focus within the e-commerce segment is to improve the division's long term profitability and reduce segment risk by decreasing working capital tied up in inventory, onboarding more cost effective channels for product procurement and distribution, focussing on brand and product gross margins and adhering to stringent operational cost management.

Cost of Revenue

The Group's cost of revenue increased from HK$454.6 million for FY2023 to HK$482.2 million for FY2024, representing an increase of approximately 6.1%. The increase was mainly attributable to increase in promotional activities for the e-commerce and retail segment due to the aforementioned long-term margin improvement efforts deployed by the Group during the fiscal year. Cost of revenue in the first half of FY2024 was HK$233.2 million, compared to HK$249.0 million recorded in the second half of FY2024.

Gross Profit Margin

Gross profit of the Group decreased from HK$505.4 million for FY2023 to HK$413.5 million for FY2024, representing a decrease of approximately 18.2%. The decrease was mainly caused by the increase in cost of revenue for FY2024 as discussed above. The overall gross profit margin decreased from approximately 52.6% for FY2023 to approximately 46.2% for FY2024. Gross profit in the first half of FY2024 was HK$206.8 million, compared to HK$206.6 million recorded in the second half of FY2024.

Selling and Marketing Expenses

Selling and marketing expenses of the Group decreased by 21.0% from HK$218.3 million in FY2023 to HK$172.4 million in FY2024 and, correspondingly as a percentage of revenue, decreased from 22.7% in FY2023 to 19.2% in FY2024, primarily due to an efficiency improvement exercise deployed by the Group during the fiscal year. The Group holistically scrutinized all of the Company's expenses and significantly downsized both people and processes in order to improve margin and profitability whilst maintaining productivity.

A reduction in marketing expenses also drove a portion of the decrease. The Group shifted its marketing strategy from higher cost paid channels to lower cost organic marketing channels to drive customer acquisition and conversion within the e-commerce and retail segment. As a result, the segment maintained similar levels of performance while generating cost efficiencies.

As a result, selling and marketing expenses decreased to HK$80.6 million in the second half of FY2024, as compared to HK$91.8 million in the first half of FY2024. Such cost savings are expected to continue its positive impact to the Group's financial results in the next fiscal year.

Administrative and Operating Expenses

Administrative and operating expenses of the Group decreased by 7.1% from HK$229.8 million in FY2023 to HK$213.6 million in FY2024 and correspondingly as a percentage of revenue, it remained constantly stable at 23.9% in FY2023 and FY2024. The decrease was mainly led by the Group's cost efficiency actions to improve margin and profitability. Administrative and operating expenses decreased to HK$89.1 million in the second half of FY2024, as compared to HK$124.6 million in the first half of FY2024. As with Selling and Marketing expenses, the impact of cost savings measures are expected to continue its positive impact to the Group's financial results in the next fiscal year.

Professional Fees related to the Merger

In FY2023, there was approximately HK$42.2 million of one-time legal and professional fees incurred for the Merger. Please refer to all the relevant announcements during FY2023 for details. No such cost was incurred in FY2024.

Gain on Disposal of JV

In FY2023, the Company agreed, to dispose of its entire equity interest of its joint venture and outstanding amount due from its joint venture, at an aggregate cash consideration of approximately US$2,503,000 (equivalent to approximately HK$19,646,000) (the "Consideration"), payable in 2 installments. The disposal was completed on 30 September 2022 and HK$16,497,000 was received in FY2023. As at the date of disposal, the carrying amount of interest in a joint venture is nil. During the year ended 31 March 2023, the Company had advanced an aggregate amount to The Berrics of HK$1,298,000. Upon settlement of this outstanding amount, the Group recognised the remaining consideration of HK$18,348,000 as the gain on disposal of the joint venture in FY2023. No such amount was incurred in FY2024.

Impairment Assessment of Property, Plant and Equipment ("PPE") and Right-of-use ("ROU") Assets

In FY2023, the Directors were of the view that impairment of PPE and ROU assets had occurred based on the results of impairment assessments conducted. Impairment losses of approximately HK$0.5 million and HK$3.4 million have been recognised against the carrying amounts of PPE and ROU assets respectively, for FY2023. No such impairment losses were recognised in FY2024.

Cash Flow

The Group recorded net cash inflow from operating activities of HK$70.6 million in FY2024 versus an outflow of HK$65.5 million in FY2023. Such net cash inflow was mainly driven by improvements in working capital primarily from optimization of inventory and improvements in accounts receivable collections.

Net cash used in investing activities amounted to HK$15.2 million in FY2024, compared to cash inflows of HK$1.2 million from investing activities in FY2023. Such cash outflows were mainly due to the placement of time deposits with original maturity over three months, offset by net proceeds from disposals of financial assets of FVTPL.

Net cash used in financing activities amounted to HK$31.5 million in FY2024 as compared to HK$40.8 million in FY2023. Such cash outflows primarily related to the Group's financing of office, retail and warehouse space, as well as a reduction in bank borrowings.

Extracts of cash flow	FY2024 HK$'000	FY2023 HK$'000
Net cash from/(used in) operating activities	**70,577**	(65,467)
Net cash (used in)/from investing activities	**(15,205)**	1,217
Net cash used in financing activities	**(31,503)**	(40,770)
Net increase/(decrease) in cash and cash equivalents	**23,869**	(105,020)
Cash and cash equivalents at beginning of the year	**166,021**	284,269
Effect of foreign exchange rate changes	**(6,398)**	(13,228)
Cash and cash equivalents at end of the year, representing bank balances and cash	**183,492**	166,021
Capital expenditure	**(2,149)**	(16,581)
Free cash flow (Note)	**68,428**	(82,048)

Note: Free cash flow is calculated as Net cash from/(used in) operating activities minus Capital expenditure.

Liquidity And Financial Resources

As at 31 March 2024, the Group had total assets of approximately HK$629.9 million (31 March 2023: approximately HK$642.4 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK$149.6 million (31 March 2023: approximately HK$175.8 million) and approximately HK$480.3 million (31 March 2023: approximately HK$466.6 million), respectively.

The Company's current liabilities comprise mainly of trade and other payables in the normal course of business, while long term liabilities comprise mainly of long term leases relating to the Company's warehouse and office. The Company had no outstanding interest-bearing bank borrowings of the Group as at 31 March 2024 (31 March 2023: approximately HK$2.7 million). Bank borrowings in FY2023, which were repaid in FY2024, were denominated in HK dollar, due within one year or contain a repayable on demand clause and the interest rates applied were primarily subject to floating rate terms. Current ratio increased from approximately 3.7 times as at 31 March 2023 and to approximately 4.1 times as at 31 March 2024.

As at 31 March 2024, the Group has HK$88.8 million available credit facilities comprising of revolving loans, term loan, trade loan, tax loan and bank guarantee, and none of the facilities has been utilized as of year end. As at 31 March 2024, the Company had bank balances and cash of HK$183.5 million mainly denominated in HK dollar, US dollar and RMB, primarily invested in short-term, liquid term deposits and operating and savings accounts.

The Group maintained its efforts on the collection of trade receivables and the sell-through of inventories throughout FY2024, which led to the overall health of the treasury position and working capital as of year end.

Inventories

The Group's inventories principally comprise third-party apparel and footwear for resale to end customers. The balance of the Group's inventories decreased from approximately HK$113.8 million as at 31 March 2023 to approximately HK$77.9 million as at 31 March 2024. The decrease in inventories was the result of the Group's effort in rightsizing our inventory portfolio.

In addition to pricing and promotional strategies, the Group monitors various metrics in relation to its inventories such as sell-through, gross margin by product, product performance, stock turns and inventory aging to ensure inventory balances are properly and actively managed relative to sales performance, and to ensure there are no significant unsold inventories.

Property, Plant And Equipment

Property, plant and equipment consists of leasehold improvements, furniture and fixtures and office equipment. The decrease of approximately HK$11.3 million from HK$52.0 million as at 31 March 2023 to HK$40.7 million as at 31 March 2024 was mainly from depreciation during FY2024.

Right Of Use Assets And Lease Liabilities

As at 31 March 2024 and 31 March 2023, the Group's rights of use assets amounted to approximately HK$37.6 million and HK$55.4 million, respectively, and the Group's lease liabilities amounted to approximately HK$44.4 million and HK$63.2 million, respectively.

Rental Deposits

As at 31 March 2024 and 31 March 2023, the Group's rental deposits amounted to approximately HK$9.7 million and HK$9.1 million, respectively. The increase of approximately HK$0.6 million in rental deposits in FY2024 was mainly due to the combined effect of the refund of deposits from the discontinuation of the Hypebeans café in Korea and the former office space in Hong Kong, offset against deposits paid for the offices in Hong Kong and the U.S., and Hypebeans café in Hong Kong.

Gearing Ratio

The gearing ratio of the Group as at 31 March 2024 was nil (31 March 2023: approximately 0.6%). 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 year ended.

Treasury Policy

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

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

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

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

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

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

Charges On Group Assets

As at 31 March 2024, the Group pledged its bank deposits of approximately HK$10.4 million to a bank as collateral to secure the available and unused bank facilities granted to the Group.

Foreign Exchange Exposure

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

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

Capital Structure

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

Commitments

As at 31 March 2024, the contractual lease commitments of the Group were primarily related to its office premises, warehouse, retail store and the Director's quarter.

Segment Information

Segmental information is presented for the Group as disclosed on note 6 to the audited consolidated financial statements.

Future Plans For Material Investments And Capital Assets

Save as disclosed in this report, the Group did not have other approved plans for material investments or capital assets as of 31 March 2024.

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 year ended 31 March 2024.

Contingent Liabilities

As at 31 March 2024, the Group had no significant contingent liabilities.

Employees And Remuneration Policies

As at 31 March 2024, the Group employed a total of 495 employees (31 March 2023: 576 employees). Staff costs of our Group (including salaries, allowances, other benefits and contribution to the defined contribution retirement plan) for the year ended 31 March 2024 were approximately HK$319.9 million (for the year ended 31 March 2023: approximately HK$317.2 million). The increase was mainly led by the severance and other personnel related expenses in FY2024. For each of the two years ended 31 March 2024 and 31 March 2023, the Group had no employer's voluntary contributions to the MPF Scheme that no forfeited contributions will be used to reduce the contributions payable by the Group.

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

Significant Investments Held

The Group did not hold any significant investments during the year ended 31 March 2024.

Major Risk And Uncertainties

The Group believes that risk management practices are important and uses its best effort to ensure they are sufficient to mitigate risks present in our operations and financial position. The followings are the major risks and uncertainties of our business:

- Our business depends on our ability to offer digital media content and online retail products that attract visitors and online shoppers;
- We depend on the Internet traffic to our websites for the operation of our business;
- We rely on our e-commerce suppliers to supply goods to us for sale on our e-commerce platform;
- We generally do not enter into long term business contracts with our customers;
- Our business depends on our ability to maintain our existing relationship with brand owners and advertising agencies and our ability to attract new digital media customers to place advertisements with us;
- Our business depends on a strong brand, which we might not be able to maintain or enhance, and unfavorable customer feedback or negative publicity could adversely affect our brand;

- Any unauthorised use of our brand name or any other intellectual property rights by competitors or third parties, and the expenses incurred in protecting such intellectual property rights, may adversely affect our business and reputation;

- Our international footprint exposes us to a variety of different local legal, regulatory, tax, payment, and cultural standards which we might fail to comply with;

- We are exposed to the risk of infringement of intellectual property rights owned by third Parties; and

- We rely on third-party courier to deliver goods to e-commerce customers and third-party suppliers for technical and payment services.

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in the Prospectus and "Business and Financial Review" in this report.

An analysis of the Group's financial risk management (included market risk, credit risk, and liquidity risk) objectives and policies are provided in note 31 to the consolidated financial statements.

Save as disclosed above, as at 31 March 2024, 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.

Biographical Details of Directors, Senior Management and Company Secretary

Directors

Executive Directors

Mr. Ma Pak Wing Kevin, aged 41, who founded the Group in 2007, was appointed as an executive director of the Company with effect from 25 September 2015. He also acts as the chief executive officer, the chairman of the Board, the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company.

Mr. Ma is a director of CORE Capital Group Limited, a controlling shareholder of the Company. He is primarily responsible for the overall management, business direction and strategies of the Group. Mr. Ma has over 16 years of industry experience in digital media marketing, web business development and social media marketing.

Mr. Ma has been defined as a leading cultural entrepreneur by global media outlets. Through the global expansion and growth of HYPEBEAST, he has cemented his position on an international level.

HYPEBEAST has transitioned today into the most relevant and reliable source for culture news. Mr. Ma has transformed HYPEBEAST into a global platform through his creativity, innovation and experimental spirit.

Mr. Ma obtained a Bachelor of Arts degree with a major in economics and psychology in May 2005 from the University of British Columbia, Canada.

Ms. Lee Yuen Tung Janice, aged 41, was appointed as an executive director of the Company on 18 March 2016. Ms. Lee joined the Group as an editor-in-chief on 14 February 2008 and established our Popbee website which targets Asian female millennials. She is responsible for the day-to-day operations of our Popbee website including leading its editorial team and marketing functions. Ms. Lee has over 16 years of experience in the digital media industry. She obtained a Bachelor of Science degree with a major in biochemistry in June 2004 from Simon Fraser University, Canada.

Independent Non-executive Directors

Ms. Kwan Shin Luen Susanna, aged 57, was appointed as an independent non-executive director of the Company on 18 March 2016. Ms. Kwan is a member of the Audit Committee and Nomination Committee of the Company. Ms. Kwan has served as an independent non-executive director of Emperor Entertainment Hotel Limited (stock code: 0296) since August 2015. Ms. Kwan has a legal practice focusing on corporate/commercial and corporate finance matters in Hong Kong for more than 24 years, including mergers & acquisitions, regulatory compliance, public offerings, private placement of securities and open offers, joint ventures and securities related legislation. Ms. Kwan obtained a Bachelor of Laws degree in August 1989 from the London School of Economics and Political Science of the University of London, the United Kingdom.

Ms. Poon Lai King, aged 61, was appointed as an independent non-executive director of the Company on 18 March 2016. Ms. Poon is the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. She has over 22 years of experience in the publishing and media industry. Since September 2007, Ms. Poon has been the shareholder and director of Joyful Books Company Limited, a company that publishes Chinese books in Hong Kong. Ms. Poon commenced operating a public relations and event management business under the business name, Impact Communications Company, in 2012. Ms. Poon served as an arts consultant for the Hong Kong Arts Development Council from January 2013 until the end of March 2017. Ms. Poon obtained a Bachelor of Arts degree in November 1985 and a Master of Arts degree in November 1991 from the University of Hong Kong.

Mr. Wong Kai Chi, aged 52, was appointed as an independent non-executive director of the Company on 18 March 2016. Mr. Wong is also the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Since April 2019, Mr. Wong has started his own business and investment in the area of both healthcare and AI Education as the Founder and Managing Partner. Mr. Wong held several key executive roles which include Chief Operating Officer, Chief Human Resources and IT Officer at Tianda Group Limited in the period of June 2017 to March 2019. From August 2014 to March 2017, Mr. Wong worked for the finance department of Bloomberg L.P., an information technology data services company and is responsible for accounting and finance matters. Mr. Wong has over 19 years of experience in finance and professional accounting, in which he has advanced to a Fellow Certified Practising Accountant (Australia) since March 2015. Mr. Wong obtained a Bachelor of Commerce degree in July 1996 from Monash University, Australia. He obtained a Master of Business Administration degree in August 2005 from Deakin University, Australia through distance learning. Mr. Wong is also a director of Eternal Life Music Charity Foundation Limited, a chairman of Hong Kong Girl Guides New Territories Region Association and a director of Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies since 2015.

Senior Management

Mr. Wong Kar Hang Patrick, aged 42, our Chief Financial Officer, is primarily responsible for the financial management of Hypebeast, including accounting, business support, strategic planning and analysis, budgeting and forecasting, mergers and acquisitions and investor relations. Mr. Wong began his professional career with PricewaterhouseCoopers in Vancouver and has more than 17 years of finance and leadership experience working with top-tier, global enterprises in Canada, the United Kingdom and Hong Kong. He obtained a Bachelor of Business Administration degree in October 2005 from Simon Fraser University in Canada, and is a member of both the Chartered Professional Accountants of British Columbia and The Institute of Chartered Accountants in England and Wales.

Mr. Huan Khoa Nguyen, aged 46, our Chief Revenue Officer, leads the global development, growth and performance of all processes that generate revenue across our media, agency, and all business franchises and verticals outside of HBX. Mr. Nguyen has been with Hypebeast since 2015, has been instrumental in the extraordinary growth of our North American and global Media and Agency businesses. Mr. Nguyen obtained a Bachelor of Arts degree from the University of California, Los Angeles.

Company Secretary

Ms. Cheung Nga Man, aged 43, our senior director of finance and Company Secretary, is primarily responsible for supervising Hypebeast's finance activities and accounting operations, liaising with external accountants, auditors and lawyers to ensure that all of the Group's financial practices are in line with statutory regulations and legislation, and providing support to the Group's strategic planning, budgeting and forecasting. Ms. Cheung has over 18 years of experience in audit and finance. Ms. Cheung obtained a Bachelor of Commerce degree in December 2004 from the University of Melbourne, Australia. She is a Certified Public Accountant and member of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant (Australia).

Corporate Governance Report

Corporate Governance Practices

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

To the best knowledge of the Board, the Company has met the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Main Board Listing Rules during the year ended 31 March 2024, save for the deviations from the code provision C.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Key corporate governance principles and practices of the Company as well as details relating to the foregoing deviation are summarized below.

Directors' Securities Transactions

The Company adopted the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Main Board Listing Rules, as part of its code of conduct regarding Directors' transactions in the securities of the Company. Specific enquiry has been made of all the Directors and all Directors confirmed that they had fully complied with the required standard of dealings and there was no event of non-compliance throughout the period from 1 April 2023 to the date of this annual report.

Board of Directors

Board Composition
The Board comprises the following Directors:

Executive Directors
Mr. Ma Pak Wing Kevin (Chairman of the Board and Chief Executive Officer)
Ms. Lee Yuen Tung Janice

Independent Non-executive Directors
Ms. Poon Lai King
Ms. Kwan Shin Luen Susanna
Mr. Wong Kai Chi

The biographical details of the Directors and the relationships among the members of the Board are disclosed under the section headed "Biographical Details of Directors, Senior Management and Company Secretary" on pages 19 to 20 of this annual report.

With the various experience of the executive Directors and the independent non-executive Directors, the Board has maintained a necessary balance of skills and experience sufficient to oversee the business of the Group and for the exercise of independent judgement.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in code provision A.2.1 of the CG Code. During the year ended 31 March 2024, the Board reviewed and discussed the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and the Company's compliance with the code provision in the CG Code and disclosures in this report. The Board is satisfied with the effectiveness of its corporate governance policies.

Functions of the Board and Management

The Board supervises the overall management of the business and affairs of the Company and ensures that it is managed in the best interests of the shareholders as a whole while taking into account the interest of other stakeholders. The Board is primarily responsible for providing leadership, formulating business strategies, reviewing and monitoring the business performance of the Company, approving the financial statements and annual budgets as well as directing and supervising the management of the Company. All Directors make decisions objectively and act in the interests of the Company and of the shareholders at all times.

The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Execution of operational matters and the powers thereof are delegated to the management by the Board with clear directions. The delegated functions and work tasks are regularly reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The Board is regularly provided with management update reports to give a balanced and understandable assessment of the performance, position, recent development and prospect of the Company in sufficient details.

All Directors have timely access to all relevant information as well as the advice and services of the company secretary and senior management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Directors may request independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism ("Mechanism") which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director. The Board reviews the implementation and effectiveness of the Mechanism at least annually.

During the year ended 31 March 2024, the Board has reviewed the Mechanism and considered that the implementation of the Mechanism was effective.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established. Mr. Ma Pak Wing Kevin currently assumes the role of both chairman and chief executive officer of the Company. The Board considers that consolidation of these roles by Mr. Ma provides strong and consistent leadership to the Company which facilitates effective planning and efficient management of the Company.

Furthermore, having considered Mr. Ma's extensive experience in the digital media industry, the relationships Mr. Ma has built with the customers and the historical development of the Group, the Board considers it beneficial for the Group for Mr. Ma to continue to act as both chairman and chief executive officer of the Company.

Independent Non-Executive Directors

In compliance with the Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board throughout the year ended 31 March 2024 with at least one of whom having appropriate professional qualifications, or accounting or related financial management expertise.

Confirmation of Independence

The Company received from each independent non-executive Director a written annual confirmation of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the criteria set out in the Listing Rules.

Directors' and Officers' Liabilities

Pursuant to code provision C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. The Company has taken out directors' and officers' liability insurance to cover liabilities arising from legal action against the Directors.

Terms of Appointment and Re-Election of Directors

Each of the executive Directors entered into a service agreement with the Company for a term of three years, during which either party may terminate the service agreement by giving the other party not less than three months' written notice.

Each of the independent non-executive Directors signed a letter of appointment for a term of three years. The independent non-executive Directors are subject to termination in accordance with their respective terms by not less than one month's notice in writing and served by the independent non-executive Director or the Company.

According to the articles of association of the Company, one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Any new Directors appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting after the appointment, and is subject to re-election by shareholders of the Company. Any Director appointed by the Board as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to the above provisions in the articles of association of the Company, Ms. Lee Yuen Tung Janice and Ms. Kwan Shin Luen Susanna, shall retire by rotation at the forthcoming 2024 annual general meeting. The retiring Directors will offer themselves for re-election. The Company's circular, sent together with this annual report, contains detailed information of such retiring Directors as required by the Listing Rules.

Number of Meetings and Directors' Attendance

The Board meets regularly to consider, review and/or approve matters relating to, among others, financial and operating performance, overall strategies and various policies of the Company. Additional meetings are held when significant events or important issues require discussion and approval. Attendance records of each Director at the Board meetings, Board committee meetings and general meeting of the Company held during the year ended 31 March 2024 are set out as follows:

	Attendance/Number of Meetings				
Name of Directors	**Board meeting**	**Audit Committee meeting**	**Remuneration Committee meeting**	**Nomination Committee meeting**	**Annual General Meeting**
Mr. Ma Pak Wing Kevin	7/7	–	2/2	1/1	1/1
Ms. Lee Yuen Tung Janice	7/7	–	–	–	1/1
Ms. Poon Lai King	7/7	4/4	2/2	1/1	1/1
Ms. Kwan Shin Luen Susanna	7/7	4/4	–	1/1	1/1
Mr. Wong Kai Chi	6/7	3/4	1/2	–	1/1

Board Committee

The Board established three Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee particular aspects of the Company's affairs. All Board committees were established with defined written terms of reference, which are posted on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (hypebeast.com). All Board committees report to the Board on their decisions and recommendations made.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

Audit Committee

The Audit Committee consists of three members, being the three independent non-executive Directors, namely Mr. Wong Kai Chi (chairman), Ms. Poon Lai King and Ms. Kwan Shin Luen Susanna. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The primary duties of the Audit Committee include reviewing, in draft form, the annual report and accounts, half-year report and quarterly reports and providing advice and comments to the Board. In this regard, members of the Audit Committee liaise with the Board, senior management, reporting accountants and auditors. The Audit Committee also considers any significant or unusual items that are, or may need to be, reflected in such reports and accounts and gives consideration to any matters raised by the accounting staff, compliance officers or auditors. Members of the Audit Committee are also responsible for reviewing the Group's financial reporting system, risk management and internal control systems.

During the year ended 31 March 2024, the Audit Committee (i) reviewed the Group's consolidated financial statements, results announcements and reports for the year ended 31 March 2023 and for the six months ended 30 September 2023; (ii) reviewed and discussed the related accounting principles and practices adopted by the Group, the relevant audit findings, the report on the Company's risk management and internal control review; (iii) made recommendation of the re-appointment of the external auditor; and (iv) reviewed the arrangements for employees of the Company to raise concerns about possible improprieties.

The external auditor was invited to attend the Audit Committee meetings to discuss with the Audit Committee members on issues arising from the audit and financial reporting matters. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of the external auditor.

Remuneration Committee

The Remuneration Committee consists of three members, being an executive Director, namely Mr. Ma Pak Wing Kevin, and two independent non-executive Directors, namely Ms. Poon Lai King (chairman) and Mr. Wong Kai Chi.

The primary duties of the Remuneration Committee are to determine the remuneration packages of all executive Directors and senior management, (including benefits in kind, pension rights and compensation payments, and any compensation payable for loss or termination of their office or appointment) and to make recommendations to the Board on the remuneration of independent non-executive Directors. The Remuneration Committee also reviews and makes recommendations to the Board on the Group's remuneration policy and structure, and establishes formal and transparent procedures for developing such remuneration policies. This is to ensure that no director or any of their associates participate in deciding their own remuneration, and that remuneration is determined by reference to the performance of the individual and the Company as well as market practice and conditions.

During the year ended 31 March 2024, the Remuneration Committee reviewed the remuneration package of the Directors and senior management of the Company.

Pursuant to code provision E.1.5 of the CG Code, the annual remuneration of the member of senior management by band for the year ended 31 March 2024 is set out below:

	Number of individual
Nil to HK$1,000,000	—
HK$1,000,001 to HK$1,500,000	—
HK$1,500,001 to HK$2,000,000	—
HK$2,000,000 above	2

Details of the remuneration of each Director of the Company for the year ended 31 March 2024 are set out in note 12 to the consolidated financial statements in this annual report.

Nomination Committee

The Nomination Committee consists of three members, being an executive Director, namely Mr. Ma Pak Wing Kevin (chairman), and two independent non-executive Directors, namely Ms. Kwan Shin Luen Susanna and Ms. Poon Lai King.

The primary duties of the Nomination Committee are to review the Board structure, size and composition, make recommendations to the Board regarding appointment and succession planning of directors and candidates for nomination to directorship, and assess the independence of independent non-executive Directors.

Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining the Company's competitive advantage. A Board Diversity Policy is adopted by the Company, pursuant to which the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience. The Board reviews the implementation and effectiveness of the Board Diversity Policy at least annually.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

Gender Diversity

As of the date of this annual report, 3 of 5 of the Company's Directors are female. As of 31 March 2024, the Group had a total of 242 female staff out of 495 employees, representing 49% of the employees of the Group. Under the Board Diversity Policy, the Company aims to appoint at least one female director. The Group will continue to take opportunities to increase the proportion of female board members and workforce over time as and when suitable candidates are identified. Further details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report of the Company. The Board and the Nomination Committee have reviewed the implementation and effectiveness of the Board Diversity Policy and considered it to be effective for the year ended 31 March 2024.

Director Nomination Policy

The Company has also adopted the Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of directors of the Company, and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following: character and integrity; qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; requirements of independent non-executive directors on the Board and independence of the proposed independent non-executive directors in accordance with the Listing Rules; and commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

During the year ended 31 March 2024, the Nomination Committee reviewed the composition and diversity of the Board and considered that balance and diversity of perspective is maintained across the Board. The Nomination Committee also recommended the re-election of retiring directors at the Company's 2023 annual general meeting and assessed the independence of all the independent non-executive Directors.

Directors' Continuous Training and Professional Development

Pursuant to code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Reading materials on relevant topics are issued to Directors where appropriate. Each Director received induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other relevant legal and regulatory requirements.

During the year ended 31 March 2024, all Directors, namely, Mr. Ma Pak Wing Kevin, Ms. Lee Yuen Tung Janice, Ms. Poon Lai King, Ms. Kwan Shin Luen Susanna and Mr. Wong Kai Chi, participated in continuous professional development relevant to the duties and responsibility of the Directors under the relevant legal and regulatory requirement. Such continuous professional development was delivered via reading materials in relation to legal or regulatory updates and/or attending training courses provided by the legal advisors.

Company Secretary

During the year ended 31 March 2024, Ms. Cheung Nga Man, the company secretary, has taken no less than 15 hours of relevant professional training to update her skills and knowledge in accordance with the Listing Rules. The biographical details of Ms. Cheung are set out under the section headed "Biographical Details of Directors, Senior Management and Company Secretary" on pages 19 to 20 of this annual report.

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Group about its reporting responsibilities for the Group's financial statements for the year ended 31 March 2024 is set out in the section headed "Independent Auditor's Report" in this annual report.

The remuneration paid/payable to the auditor of the Company for the year ended 31 March 2024 is set out as follows:

Services rendered	**HK$'000**
Audit services	980
Non-audit services	
— Hong Kong profit tax filling service	169
— US tax compliance service	393
— Commercial Rent Tax Compliance	62

Directors' Responsibility Statement

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2024, which give a true and fair view of the state of affairs of the Group.

The Board is responsible for presenting a balanced, clear and understandable assessment of the annual and interim reports and other financial disclosures required by the Listing Rules and other regulatory requirements. Senior management has provided to the Board such explanation and information as necessary to enable the Board to carry out an informed assessment and review of the financial information and position of the Group. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Risk Management and Internal Controls

The Board acknowledges its responsibility for risk management and internal control systems and for reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks the Company is willing to take to achieve its strategic objectives, and for maintaining adequate risk management and internal control systems to safeguard the interests of the shareholders and the assets of the Group.

The Company has also in place the Whistle-Blowing Policy to safeguard against corruption and bribery. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the Audit Committee, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organises anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

The Group has in place risk management and internal control systems and the Audit Committee assists the Board in overseeing the design and implementation of the said systems. All business units conduct internal control assessments regularly to identify risks factors which potentially impact the business of the Group. The management of the Company assessed the likelihood of risk occurrence, monitored the control process and reported to the Board and Audit Committee on relevant findings.

The Group has in place a disclosure policy which provides a general guide to the Company's directors, officers, senior management and relevant employees in handling inside information, monitoring information disclosure and responding to enquiries.

The Company, without an internal audit function, has engaged an external professional firm to provide internal audit services and perform independent review of the adequacy and effectiveness of its risk management and internal control systems. Key issues such as accounting practices and material controls were examined. Relevant findings and recommendations were provided to the Board and the Audit Committee.

The Board, as assisted by the Audit Committee and management, reviewed the report on internal audit findings, and conducted a review on the effectiveness of its risk management and internal control systems on an annual basis, including the financial, operational and compliance controls of the Group for the year ended 31 March 2024. The annual review covered areas on financial reporting, staff qualification, experiences and relevant resources. The Board considered such systems to be adequate and effective, and ongoing review of the same nature will be conducted in subsequent years.

Furthermore, as disclosed in the Prospectus, the Board has in place a system to evaluate sanction risks prior to determining whether the Company should embark on any business opportunities in sanctioned countries, or with the individuals sanctioned by the US, the EU, the United Nations, Canada or Australia, including but without limitation, any government, individual or entity that is subject of any Office of Foreign Assets Control ("OFAC") administered sanctions ("Sanctioned Countries" or "Sanction Persons"). Under the system, the Company must seek advice from reputable external legal counsel with the necessary expertise and experience in matters relating to International Sanctions laws if the Company encounters any possible sanction risks. During the year ended 31 March 2024, the Board conducted a review of the system's effectiveness in preventing any prohibited or otherwise restricted sales to Sanctioned Countries and Sanctioned Persons and considered such system to be effective.

Dividend Policy

The Company has adopted a Dividend Policy on payment of dividends. Depending on the financial conditions, financial results, business conditions and strategies of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval. There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

Constitutional Documents

During the year ended 31 March 2024, there had been no change in the Company's constitutional documents.

Shareholders' Right

An annual general meeting of the Company is held each year at a location determined by the Board. Each general meeting, other than an annual general meeting, is called an extraordinary general meeting ("EGM"). All resolutions proposed at shareholder meetings are voted by poll pursuant to the Listing Rules and the poll results are posted on the Stock Exchange's website (www.hkexnews.com) and the Company's website (hypebeast.com) respectively, immediately after the relevant general meeting.

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting.

Procedures and Right for Shareholders to Convene EGM

The following procedures for shareholders to convene an EGM are subject to the Company's articles of association, and applicable legislations and regulations, in particular the Listing Rules:

(a) Any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the "Eligible Shareholder(s)") carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition;

(b) The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the Company Secretary at the Company's principal place of business in Hong Kong at 40/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists;

(c) the requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned together with a deposit of a sum of money reasonable sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders;

(d) the requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the requisition has been verified as not in order or the Shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM;

(e) If within 21 days of such deposit the Board fails to proceed to convene such meeting the Eligible Shareholder(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

Right to Put Enquiries to the Board

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

Communication with Shareholders and Investor Relations

The Group believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group recognises the importance of transparent and timely disclosure of corporate information, which enables shareholders and investors to make the best investment decision.

The Company has in place a Shareholders Communication Policy which aims at promoting channels for shareholders to communicate their views on various matters affecting the Company and how the Company solicits and understand the views of shareholders and stakeholders. The Board reviews the implementation and effectiveness of the Shareholders Communication Policy at least annually.

During the year ended 31 March 2024, the Board has reviewed the Shareholders Communication Policy and considered the policy was effectively implemented with the below measures in place.

The Group maintains a website at hypebeast.com as a communication platform with shareholders and investors, where information and updates on the Company's business developments, operations and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company via the following points of contact:

Address: 40/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong
Email: info@hypebeast.com / investors@hypebeast.com

The Company considers the annual general meeting as an important occasion as it provides an important opportunity for direct communications between the Board and the shareholders. All Directors and senior management shall make an effort to attend, and all shareholders are given at least 21 days' notice of the annual general meeting and are encouraged to attend the annual general meeting and other shareholders' meetings.

Report of Directors

The Directors hereby present this annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2024.

Corporate Reorganisation

The Company was incorporated with limited liability in the Cayman Islands on 25 September 2015.

In preparation for the listing of the Company on the Stock Exchange, the Company underwent reorganisation, becoming the holding company of the group of companies, together comprising the Group, the reorganisation was completed on 30 October 2015, details of the reorganisation are set out in the prospectus of the Company dated 31 March 2016.

The shares of the Company were listed on GEM with effect from 11 April 2016 and were transferred to be listed on the Main Board of the Stock Exchange with effect from 8 March 2019.

Principal Activities

The Company is an investment holding company and its subsidiaries are principally engaged in (i) the provision of advertising spaces and services for creative agency projects; and (ii) the sale of goods through online and offline retail platform.

Results and Appropriations

The Group's results for the year ended 31 March 2024 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 53 to 109 of this annual report.

Business Review

A review of the business of the Group for the year ended 31 March 2024, which includes a description of the principal risks and uncertainties facing the Group, an analysis of financial key performance indicators of the Group's business, particulars of important events affecting the Group, review of likely future developments in the Group's business, and a discussion on the Company's environmental policies and performance and the relationships with its stakeholders, can be found in the sections headed "Management Discussion and Analysis", "Corporate Governance Report" of this annual report and Environmental, Social and Governance Report of the Company. The review forms part of this Directors' report.

Convertible Securities, Options, Warrants or Similar Rights

There is no convertible securities, options, warrants or similar rights issued or granted by the Company or any of its subsidiaries as at 31 March 2024.

Compliance with Laws and Regulations

To the best of the Directors' knowledge, information and belief, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 March 2024.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Distributable Reserves

As at 31 March 2024, the Company has no reserves available for cash distribution and/or distribution in specie, computed in accordance with the Companies Law of Cayman Islands.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2024.

Summary Financial Information

A summary of the published results and assets and liabilities of the Group, as extracted from the consolidated financial statements of the Company for the last five years ended 31 March 2024 is set out on page 110 of the annual report. This summary does not form part of the audited financial statements.

Share Option Schemes

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

	Details	**Pre-IPO Scheme**	**Post-IPO Scheme**
1.	Purpose	To motivate eligible persons to optimize their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group.	To motivate eligible persons to optimize their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.
2.	Participants	Any director or proposed director (including an independent non-executive director) of any member of our Group, any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of our Group, any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group, a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group, a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of our Group, or a close associate (as defined under the Listing Rules) of any of the foregoing persons.	
3.	Total number of shares available for issue	750,000 shares (2023: 750,000 shares) (being approximately 0.04% (2023: 0.04%) of the issued share capital as at the date of this annual report)	169,287,499 shares (2023: 169,287,499 shares) (being approximately 8.24% (2023: 8.24%) of the issued share capital as at the date of this annual report)
4.	Maximum entitlement of each participant	The maximum entitlement of each participant is determined by the Board.	Substantial shareholders/independent non-executive directors: 0.1% of the issued shares/aggregate value not exceeding HK$5 million in the 12-month period up to and including the date of such grant Other participants: in any 12-month period shall not exceed 1% of the issued shares from time to time
5.	Period within which the securities must be taken up under an option	An option may be exercised within a period to be determined and notified by the Board to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the share option schemes.	
6.	Minimum period for which an option must be held before it can be exercised	The minimum period for which an option must be held before it can be exercised is determined by the Board.	

	Details	Pre-IPO Scheme	Post-IPO Scheme
7.	Acceptance of offer	A letter comprising acceptance of the share option duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within the period specified in the letter containing the offer of the grant of the share option.	
8.	Basis of determining the exercise price	The basis of determining the exercise price is determined by the Board.	Determined by the Board but shall not be less than whichever is the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the grant of options; (ii) the average of the closing prices of the ordinary shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the grant of options; and (iii) the nominal value of an ordinary share of the Company.
9.	Remaining life of the scheme	Expired on 11 April 2016.	Valid and effective for a period of 10 years commencing on 11 April 2016.
10.	The number of shares options available for grant under the scheme mandate	No further options can be granted.	113,737,500 and 114,270,833 shares options are available for grant as at 1 April 2023 and 31 March 2024, respectively.

Details of the movements within the two share option schemes of the Company for the year ended 31 March 2024 are set out below:

(1) Pre-IPO Scheme

				Number of share options		
Category of grantee	**Date of grant**	**Exercise period**	**Exercise price per share** (HK$)	**As at 1 April 2023**	**Exercised during the year**	**As at 31 March 2024**
Employees in aggregate	18 March 2016	From 18 March 2019 to 17 March 2026	0.026	750,000	–	750,000
Total				750,000	–	750,000

Notes:

(1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

(2) No share options have been granted/cancelled/lapsed under the Pre-IPO Scheme during the year ended 31 March 2024.

(2) Post-IPO Scheme

Category of grantee	Date of grant	Vesting Period	Exercise period	Exercise price per share (HK$)	Number of share options: As at 1 April 2023	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	As at 31 March 2024	Fair value of Shares at the date of grant during the year (HK$)
Director											
Mr. Ma Pak Wing Kevin	28 June 2019	–	From 28 June 2019 to 27 June 2029	1.04	4,800,000	–	–	–	–	4,800,000	–
	8 December 2020	From 8 December 2020 to 7 December 2024	From 8 December 2024 to 7 December 2030	0.788	4,800,000	–	–	–	–	4,800,000	–
Ms. Lee Yuen Tung Janice	28 June 2019	–	From 28 June 2019 to 27 June 2029	1.04	4,800,000	–	–	–	–	4,800,000	–
	8 December 2020	From 8 December 2020 to 7 December 2024	From 8 December 2024 to 7 December 2030	0.788	4,800,000	–	–	–	–	4,800,000	–
					19,200,000	–	–	–	–	19,200,000	–
Employees in aggregate	6 July 2017	From 6 July 2017 to 5 July 2020	From 6 July 2020 to 5 July 2027	0.198	333,333	–	–	–	–	333,333	–
	10 August 2018	From 10 August 2018 to 9 August 2021	From 10 August 2021 to 9 August 2028	0.62	8,300,000	–	–	–	–	8,300,000	–
	28 June 2019	From 28 June 2019 to 27 June 2022	From 28 June 2022 to 27 June 2029	1.04	2,766,666	–	–	–	–	2,766,666	–
	28 June 2019	From 28 June 2019 to 27 June 2023	From 28 June 2023 to 27 June 2029	1.04	10,725,000	–	–	–	–	10,725,000	–
	8 December 2020	From 8 December 2020 to 7 December 2023	From 8 December 2023 to 7 December 2030	0.788	7,000,000	–	–	(133,333)	–	6,866,667	–
	8 December 2020	From 8 December 2020 to 7 December 2024	From 8 December 2024 to 7 December 2030	0.788	7,225,000	–	–	(400,000)	–	6,825,000	–
					36,349,999	–	–	(533,333)	–	35,816,666	–
Total					55,549,999	–	–	(533,333)	–	55,016,666	–

Notes:

(1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

(2) No share options have been granted/exercised/cancelled under the Post-IPO Scheme during the year ended 31 March 2024.

Further details of the share option schemes of the Company are set out in note 29 to the consolidated financial statements.

Equity-Linked Agreements

Other than the Subscription Agreement and share option schemes of the Company as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

Directors

The Directors of the Company during the year ended 31 March 2024 and up to the date of this report were as follows:

Executive Directors
Mr. Ma Pak Wing Kevin
Ms. Lee Yuen Tung Janice

Independent non-executive Directors
Ms. Poon Lai King
Ms. Kwan Shin Luen Susanna
Mr. Wong Kai Chi

In accordance with the Company's articles of association, Ms. Lee Yuen Tung Janice and Ms. Kwan Shin Luen Susanna will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming 2024 annual general meeting.

Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out on pages 19 to 20 of the annual report.

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed in this report, no transactions, arrangements or contracts of significance to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 March 2024 or at any time during the year ended 31 March 2024.

Contract of Significance

No contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders or any of its subsidiaries during the year and there is no contract of significance in relation to provision of services by the controlling shareholder or any of its subsidiaries to the Group.

Directors' Service Contracts

Each of our executive Directors has entered into a service agreement with our Company for a term of three years, during which either party may terminate the service agreement by giving the other not less than three-months written notice.

Each of the independent non-executive Directors were appointed for a term of three years. The letters of appointment are subject to termination in accordance with their respective terms by not less than one-month notice in writing served by independent non-executive Director or the Company.

Save as disclosed above, none of the Directors entered into any service contracts with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment compensation other than the statutory compensation.

Permitted Indemnity Provision

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the year.

Emoluments of the Directors and the Five Highest Paid Individuals

Details of the emoluments of the Directors and the five highest paid individuals of the Company are set out in note 12 to the consolidated financial statements in this annual report.

Save as disclosed in note 12 to the consolidated financial statements,

(i) no other payment was made to the former employer or Directors for making available the services of them as the Director during the year ended 31 March 2024 (2023: Nil);

(ii) no other payment was made or benefit provided in respect of termination of the service of Directors, whether in the capacity of Directors or in any other capacity while being Directors (2023: Nil); and

(iii) there are no loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporated by and connected entities with such Directors during the year ended 31 March 2024 (2023: Nil);

Save as disclosed in note 34 to the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which the Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during year ended 31 March 2024.

Emolument Policy

The Remuneration Committee reviews and determines the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group and reviewed the matters relating to share schemes under Chapter 17 of the Listing Rules during the year. The Directors and other employees who have made valuable contribution to the Group may also receive options granted under the share option scheme.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

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 31 March 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

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

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

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 31 March 2024.

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 1,485,780,000 shares of the Company through the interest of her spouse, Mr. Ma Pak Wing Kevin.

(2) Long positions in underlying shares of the Company:

Share options — physically settled unlisted equity derivatives

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

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

* The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 31 March 2024.

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

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

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

* The percentage represents the number of ordinary shares divided by the number of CORE Capital's issued shares as at 31 March 2024.

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

Save as disclosed above, as at 31 March 2024, 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.

Directors' Rights to Acquire Shares

Apart from those as disclosed in the above paragraph under "Directors' and Chief Executives' Interests and Short Positions in the Shares, the Underlying Shares or Debentures of the Company and its Associated Corporations", at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 year or age, or were any rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable to the Directors to acquire such rights in any other body corporation.

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

As at 31 March 2024, the following parties (other than the Directors or the chief executives of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in ordinary shares of the Company:

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

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 31 March 2024.

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 31 March 2024, 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.

Major Customers and Suppliers

For the year ended 31 March 2024, the percentage of revenue attributable to the Group's major customers is set out below:

Revenue

— The largest customer: 2.5%

— The total of the five largest customers: 8.6%

For the year ended 31 March 2024, the percentage of cost of services attributable to the Group's major suppliers is set out below:

Cost of Revenue

— The largest supplier: 3.3%

— The total of the five largest suppliers: 8.6%

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers and major suppliers noted above.

Connected Transaction and Continuing Connected Transactions

The following transactions constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are required to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules. The Company confirmed that the related party transactions do not fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules and complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Please see below the information required to be disclosed in compliance with Chapter 14A of the Listing Rules.

On 27 August 2019, due to certain foreign investment restrictions in the PRC, 北京賀彼貿易有限公司 ("Beijing Hypebeast"), a wholly owned subsidiary of the Company, concurrently entered into various agreements with 賀彼文化傳播(北京)有限公司 ("Hypebeast Cultural" or the "VIE Entity") and Ms. Yu Na (the "Legal Owner") which together constituted the VIE Agreements. Through the VIE Agreements, the Group has obtained effective control over the finance and operation of Hypebeast Cultural and the entire economic interests and benefits generated by Hypebeast Cultural (the "VIE Structure"). Upon the entering into of the VIE Agreements, the financial results of Hypebeast Cultural have been consolidated into the consolidated financial statements of the Group and Hypebeast Cultural has become an indirect subsidiary of the Company.

As at the date of the VIE Agreements and this annual report, the Legal Owner is the (i) sole shareholder, (ii) executive director and (iii) chairman of Hypebeast Cultural. Therefore, the Legal Owner, and Hypebeast Cultural (being an associate of the Legal Owner), are connected persons of the Company at the subsidiary level and the transactions conducted and contemplated under the Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For the year ended 31 March 2024, the service fees charged by Beijing Hypebeast to Hypebeast Cultural in respect of the transactions conducted under the Service Agreement amounted to approximately RMB17.9 million (equivalent to approximately HK$19.3 million).

Save for disclose above, the Company has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the Rules 14A.49 and 14A.71 of the Listing Rules for the year ended 31 March 2024.

The Board has approved the transactions contemplated under the Service Agreement and the independent non-executive Directors have also confirmed that the transactions contemplated under the Service Agreement have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal or better commercial terms which are not less favourable to the Group than those for independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole. Further, the independent non-executive Directors have confirmed that no dividends or other distributions have been made by Hypebeast Cultural to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the year ended 31 March 2024.

The VIE Agreements (Including the Service Agreement)

Introduction

On 27 August 2019, due to certain foreign investment restrictions in the PRC, Beijing Hypebeast (a wholly owned subsidiary of the Company) concurrently entered into various agreements with Hypebeast Cultural and the Legal Owner (including the Service Agreement for the provision of certain management consulting and technical services by Beijing Hypebeast to Hypebeast Cultural) which together constituted the VIE Agreements. Through the VIE Agreements, the Group has obtained effective control over the finance and operation of Hypebeast Cultural and the entire economic interests and benefits generated by Hypebeast Cultural. Upon the entering into of the VIE Agreements, the financial results of Hypebeast Cultural has been consolidated into the consolidated financial statements of the Group since 1 April 2019 and Hypebeast Cultural has become an indirect subsidiary of the Company. As at the date of the VIE Agreements and this report, Hypebeast Cultural is principally engaged in creative production and provision for digital advertising services.

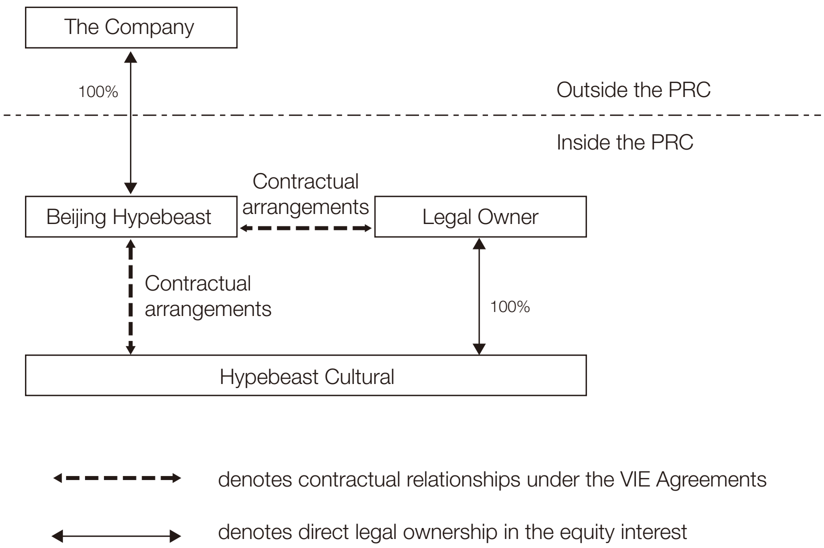
As advised by the PRC Legal Adviser, under the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020) (《外商投資准入特別管理措施(負面清單)(2020年版)》) promulgated by the National Development and Reform Commission and the Ministry of Commerce of the PRC on 23 June 2020 (including any amended and updated versions), special administrative measures for the access of foreign investment are imposed on the investment in the business of value-added telecommunications ("VAT") service by foreign investors. The foreign stake in an entity engaging in the business of value-added telecommunications service (except e-commerce, domestic conferencing, store-and-forward, and call center services) shall not exceed 50%. Under the 2015 Catalogue of Telecommunications Services (《電信業務分類目錄(2015年版)》) promulgated by the Ministry of Industry and Information Technology of the PRC, the Restricted Business is classified as one of the categories of the business of VAT services, and hence the foreign stake in an entity engaging in Internet information services shall not exceed 50%. As such, the Group cannot wholly own the Restricted Business by way of equity owing to the aforesaid restriction. Furthermore, according to the PRC Legal Adviser, (i) in order to acquire any equity interests in the business of VAT service in the PRC, the foreign investors shall satisfy several strict requirements on performance and operational experience, including having a good track record and experience for operating the business of VAT service offshore; (ii) the foreign investors that satisfy the requirements shall obtain the approval from the Ministry of Industry and Information Technology of the PRC (the "MIIT"), while the MIIT could exercise a broad discretionary power when reviewing the approval; (iii) according to the information available in the public domain, the relevant PRC authorities only issued the Value-added Telecommunications Business Permit (增值電信業務經營許可證) (the "Permit") to a few foreign-invested companies in the past; and (iv) in light of the foregoing, the Company decided to obtain effective control over the finance and operation of Hypebeast Cultural and the entire economic interests and benefits generated by Hypebeast Cultural through the VIE Structure. On the other hand, as (i) foreign-invested enterprises ("FIE"), including Beijing Hypebeast, are prohibited from holding equity interest exceeding 50% in any enterprise engaging in the Restricted Business; and (ii) Hypebeast Cultural is not a FIE and hence is eligible to apply for the relevant licenses required for conducting the Restricted Business in accordance with applicable PRC laws, namely, Regulation on Telecommunications of the People's Republic of China (中華人民共和國電信條例) according to the PRC Legal Adviser, Hypebeast Cultural has obtained the relevant Permit with the business type specified as "information services (only including Internet information services)" for the purpose of conducting the Restricted Business.

The relevant Value-added Telecommunications Business Permit was issued by the Beijing Communications Administration (北京市通信管理局) to Hypebeast Cultural on 19 March 2019 and was renewal in December 2021 and valid till 8 July 2026. To the best of the knowledge, information and belief of the Directors, the Directors are of the view that Hypebeast Cultural is likely to be able to renew the relevant Value-added Telecommunications Business Permit with the Beijing Communications Administration.

Accordingly, Beijing Hypebeast entered into the VIE Agreements with Hypebeast Cultural and the Legal Owner whereby Beijing Hypebeast can exercise control over Hypebeast Cultural and manage and operate its business operation by contractual arrangements (the "Contractual Arrangements") and consolidate the financial results of Hypebeast Cultural into the accounts of the Company as if it was a subsidiary of the Company, as confirmed with the Company's auditors under the applicable accounting principles.

Summary of the Material Terms of the VIE Agreements

The following diagram illustrates the flow of economic benefits from Hypebeast Cultural to the Group stipulated under the VIE Agreements as at the date of the VIE Agreements and this report:



(1) The Loan Agreement

Date: 27 August 2019

Parties: (i) Beijing Hypebeast; (ii) the Legal Owner

Major Terms:

Beijing Hypebeast (as the lender) shall lend to the Legal Owner (as the borrower), RMB1 million for the sole purpose of investing into the equity interest in Hypebeast Cultural. The Loan Agreement shall take effect on 1 April 2019.

The Loan Agreement stipulates that, among others:

(i) the loan must only be repaid by way of the Legal Owner transferring the Legal Owner's respective equity interests in Hypebeast Cultural to Beijing Hypebeast or its nominee;

(ii) the loan may only be used by the Legal Owner for the purpose of investing in Hypebeast Cultural; and

(iii) the Legal Owner cannot transfer her respective interests in Hypebeast Cultural to any third party.

To the best of the knowledge, information and belief of the Directors, the basis of the RMB1 million loan was determined according to the estimated daily operational expenses of Hypebeast Cultural to be incurred over a one-year period.

(2) The Exclusive Option and Equity Trust Agreement

Date: 27 August 2019

Parties: (i) Beijing Hypebeast; (ii) Hypebeast Cultural; (iii) the Legal Owner

Major Terms:

With effect from 1 April 2019, the Legal Owner, being the sole shareholder of Hypebeast Cultural, has granted the full power and authority to Beijing Hypebeast and its nominee to:

(i) exercise all of the shareholder's rights of the Legal Owner in Hypebeast Cultural in accordance with applicable laws and the articles of Hypebeast Cultural; and

(ii) nominate the director, chief executive officer and other senior management of Hypebeast Cultural;

Beijing Hypebeast or its nominee shall be entitled to (i) exercise an option to purchase all or part of the Legal Owner's equity interests in Hypebeast Cultural at the consideration being either RMB1 (or any price mutually agreed by the parties) or the minimum price allowed by applicable laws if such transfer of equity interests is allowed by the applicable PRC laws ("Exclusive Option"); and (ii) purchase all or part of the assets of Hypebeast Cultural at the minimum price allowed under the applicable PRC laws during the option period, being the period from the effective date of the Exclusive Option and Equity Trust Agreement to the date on which all the equity interest in Hypebeast Cultural having been transferred to Beijing Hypebeast or its nominee.

Before the entire equity interest of Hypebeast Cultural is transferred to Beijing Hypebeast or its nominee ("Exercise Period"), without the prior written consent of Beijing Hypebeast, Hypebeast Cultural and the Legal Owner shall not engage in any transaction or action which will create any substantive influence to the assets, business, rights or operation management of Hypebeast Cultural and its investment company, controlling or shareholding company.

The Exclusive Option and Equity Trust Agreement shall remain effective during the Exercise Period unless terminated by Beijing Hypebeast by written notice.

(3) The Service Agreement

Date: 27 August 2019

Parties: (i) Beijing Hypebeast; (ii) Hypebeast Cultural

Period:

10 years with effect from 1 April 2019, which shall be optional to Beijing Hypebeast to extend for another 10 years, without any limitation on number of times exercising the extension option.

Major Terms:

With effect from 1 April 2019, Beijing Hypebeast shall provide to Hypebeast Cultural certain management consulting and technical services, including but not limited to business and strategic planning, marketing development, clientele management and development, software development and application, etc. at the agreed service fees.

The service fee shall be an amount reasonably determined by Beijing Hypebeast, which is based on the management consulting and technical services provided by Beijing Hypebeast to Hypebeast Cultural under the Service Agreement. Any fees and expenses incurred when providing such services, such as travel expenses, transportation expenses and postage, shall be borne by Hypebeast Cultural. Beijing Hypebeast shall issue a payment notice within 30 working days of the end of each quarter.

In the absence of prior written consent of Beijing Hypebeast, Hypebeast Cultural may not accept any management consulting and technical services provided by any third party (including its shareholder).

Beijing Hypebeast has the exclusive proprietary rights to all intellectual property rights created or bought by Hypebeast Cultural.

Based on the records of the Group, the service fees payable by Hypebeast Cultural to Beijing Hypebeast for the services provided by Beijing Hypebeast for the years ended 31 December 2019, 2020, 2021, 2022 and 2023 were approximately RMB7,100,000, RMB18,500,000, RMB22,900,000, RMB8,824,000 and RMB17,868,000, respectively. To the best of the knowledge, information and belief of the Directors, such service fees payable by Hypebeast Cultural to Beijing Hypebeast for the services provided by Beijing Hypebeast for the years ended 31 December 2019, 2020, 2021, 2022 and 2023 represent the maximum amount of economic benefits that could be obtained by the Group from Hypebeast Cultural, being the net amount of the contract value of projects of Hypebeast Cultural after deducting the production costs incurred by Hypebeast Cultural.

To the best of the knowledge, information and belief of the Directors, (i) Beijing Hypebeast is not required to share the losses of, or provide financial support to Hypebeast Cultural under the VIE Agreements; and (ii) between the effective date of the Service Agreement (i.e. 1 April 2019) to the date of this report, there were no instances where the costs incurred for a project pursued by Hypebeast Cultural exceeded the revenue generated.

(4) The Equity Pledge Agreement

Date: 27 August 2019

Parties: (i) Beijing Hypebeast; (ii) Hypebeast Cultural; (iii) the Legal Owner

Major Terms:

With effect from 1 April 2019, the Legal Owner has pledged all her equity interests in Hypebeast Cultural as well as all rights and benefits relating to such equity interests to Beijing Hypebeast to secure Hypebeast Cultural and Legal Owner's due performance of their respective obligations under the VIE Agreements. During the term of the pledge, all interests, distributions and dividends arising from the pledged equity shall belong to Beijing Hypebeast.

The pledge shall take effect on 1 April 2019 and shall remain valid until the last contract in the VIE Agreements is terminated (including any renewal). Upon the occurrence and during the continuance of an event of default (as defined in the Equity Pledge Agreement), Beijing Hypebeast shall be entitled to issue written notice to Hypebeast Cultural to demand for the disposal of the pledged equity interests in accordance with the Equity Pledge Agreement.

(5) The Non-Competition Agreement

Date: 27 August 2019

Parties: (i) Beijing Hypebeast; (ii) Hypebeast Cultural; (iii) the Legal Owner

Major Terms:

With effect from 1 April 2019, the Legal Owner agreed to avoid any direct or indirect competition in the same businesses with Beijing Hypebeast and Hypebeast Cultural, during the period that the Legal Owner pledged her respective interests in Hypebeast Cultural. Such businesses include, but are not limited to (i) management consulting, marketing and promotion planning and economic and trade consulting services; technical development, consulting, assignment, services and computer graphic design in relation to computer and mobile software; (ii) information services business under type II value-added telecom services; and (iii) sales of clothes, apparel accessories and daily necessities, commission agent (excluding auctioning) and the importation and exportation of goods and technology.

The Non-Competition Agreement shall take effect on 1 April 2019 and has a term of ten (10) years commencing from the effective date. At the request of Beijing Hypebeast, the Non-Competition Agreement may be renewed for a further term of ten (10) years for unlimited times. Notwithstanding the above, all obligations of the Legal Owner under the Non-Competition Agreement shall automatically terminate upon the expiration of two (2) years from the date on which the Legal Owner is no longer a shareholder, director or staff of Hypebeast Cultural.

(6) Undertaking of the Legal Owner

Date: 27 August 2019

Party: the Legal Owner

Major Terms:

The Legal Owner has signed an undertaking (the "Undertaking"), pursuant to which she unconditionally and irrevocably acknowledged and undertook that appropriate arrangement shall be made to ensure that when the Legal Owner passes away, is incapacitated, is bankrupt, is divorced or where there are any events which may affect the Legal Owner's performance of the obligations under the Main Contracts, the Legal Owner's successors, guardians, creditors, spouse or any person who obtains the Legal Owner's equity interest or relevant rights shall agree that:

(i) the Legal Owner's equity interest in the Company shall and can be pledged, sold or disposed of in other manner in accordance with the Main Contracts;

(ii) the Main Contracts shall be applicable to the legal rights of the Legal Owner's equity interest that may be owned by the successor of the Legal Owner's equity interest; and

(iii) in any event, the successor of the Legal Owner's equity interest will not propose any requirements which are not in compliance with the Main Contracts, and will not take any actions which are not in compliance with the contents of the Main Contracts.

The Legal Owner has undertaken she would procure her spouse to execute a letter of spouse undertaking in such format and substance to the satisfaction of Beijing Hypebeast if she was to enter into a marriage during the term of the Main Contracts.

The Undertaking shall take effect on 1 April 2019.

The signing date and effective date of the VIE Agreements were 27 August 2019 and 1 April 2019, respectively, since (i) services were performed by Beijing Hypebeast for Hypebeast Cultural between 1 April 2019 and 27 August 2019 and payment obligations of Hypebeast Cultural to Beijing Hypebeast only arose after 27 August 2019. The risk and benefits of the services rendered under the Service Agreement have been passed to the Company since 1 April 2019; and (ii) it would align the effective date of the VIE Agreements with the start of the financial year of the Company from 1 April 2019, thus facilitating the preparation of the financial reporting process of the Company. Based on the VIE Agreements, the Company has obtained effective control of Hypebeast Cultural on 1 April 2019.

Commercial benefits of entering into the VIE Agreements

Based on the above, the Directors are of the view that the VIE Agreements are narrowly tailored to achieve the Group's business purpose and to minimise the potential conflict with the relevant PRC laws. The Directors are of the view that VIE Agreements enable the Group to exercise control over Hypebeast Cultural and manage and operate its business operation. The Group is able to engage in the Restricted Business in the PRC and is entitled to the economic interests and benefits of Hypebeast Cultural as a result of the entering into of the VIE Agreements by the parties thereto. The Directors believe that the VIE Agreements will provide a mechanism that enables the Group to exercise effective control over Hypebeast Cultural and the financial results of Hypebeast Cultural would be consolidated into the financial statements of the Group. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this report, Hypebeast Cultural has not encountered any interference or encumbrance from any governing bodies in operating its business. According to the Exclusive Option and Equity Trust Agreement, at any time during the option exercise period, Beijing Hypebeast is entitled to request the Legal Owner to transfer all or part of the equity interest held by the Legal Owner in Hypebeast Cultural to Beijing Hypebeast (or a third party designated by Beijing Hypebeast) to the extent allowed by the applicable PRC laws then. Furthermore, according to the Loan Agreement, once the applicable PRC laws allow the foreign investors to directly invest in the business operated by Hypebeast Cultural, the Legal Owner or her successor shall make the repayment to Beijing Hypebeast immediately by way of the following repayment method only: the Legal Owner to transfer the Legal Owner's respective equity interests in Hypebeast Cultural to Beijing Hypebeast or its nominee, and the Legal Owner shall then return all the payments so obtained to Beijing Hypebeast.

Commercial benefits of entering into the transactions conducted and contemplated under the Service Agreement

The Directors are of the view that the provision of management consulting and technical services by Beijing Hypebeast to Hypebeast Cultural through transactions contemplated under the Service Agreement diversifies the revenue stream and customer base of the Group's existing businesses.

The service fees charged by Hypebeast Cultural to Beijing Hypebeast in respect of the transactions conducted under the Service Agreement from the effective date of the Service Agreement (i.e. 1 April 2019) to the date of this report amounted to approximately RMB75.2 million. Furthermore, according to the Equity Pledge Agreement, the Legal Owner has pledged all her equity interests in Hypebeast Cultural as well as all rights and benefits relating to such equity interests to Beijing Hypebeast to secure Hypebeast Cultural and Legal Owner's due performance of their respective obligations under the VIE Agreements. During the term of the pledge, all interests, distributions and dividends arising from the pledged equity shall belong to Beijing Hypebeast. To the best of the knowledge, information and belief of the Directors after making reasonable enquiries, no distributions or dividends have been made by Hypebeast Cultural to the Legal Owner (i.e. its sole shareholder) from the effective date of the VIE Agreements on 1 April 2019 to the date of this report.

The Directors (including the independent non-executive Directors) are of the view that terms of the Service Agreement and the transactions conducted and contemplated thereunder have been and will be entered into in the ordinary and usual course of business, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Risk Factors In Relation to The VIE Structure

1. **If the PRC government deems that the Contractual Arrangements that establish the structure for operating the operations in mainland China do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, the Group could be subject to severe penalties or be forced to relinquish its interests in those operations.**

   The PRC government regulates certain businesses through strict business licensing requirements and laws and regulations including restrictions on foreign investment. For instance, foreign investors are not allowed to own more than 50% equity interests in any PRC company engaging in VAT services with certain exceptions relating to online retail and mobile commerce, domestic multi-party communications, store-and-forward, call centers business. In addition, foreign investments in the video production business are prohibited. Because the Company is an exempted company incorporated in the Cayman Islands, it is classified as a foreign enterprise under PRC laws and regulations, and its wholly-owned PRC subsidiary, Beijing Hypebeast, is a FIE. To comply with PRC laws and regulations, the Group relies on the Contractual Arrangements with Hypebeast Cultural and its shareholder to conduct VAT services and video production services in mainland China. The Group's control over Hypebeast Cultural and its position of being the primary beneficiary of Hypebeast Cultural for the accounting purposes are limited to the conditions that the Group met for consolidation of Hypebeast Cultural under IFRS. Such conditions include that (i) the Group controls Hypebeast Cultural through power to govern the activities which most significantly impact Hypebeast Cultural's economic performance, and (ii) the Group is entitled to receive benefits from Hypebeast Cultural that could potentially be significant to Hypebeast Cultural. Only if the Group meets the aforementioned conditions, the Group will be deemed as the primary beneficiary of Hypebeast Cultural, and Hypebeast Cultural will be treated as its consolidated affiliated entities for the accounting purposes.

   The Group believes that the ownership structures of Hypebeast Cultural and Beijing Hypebeast comply with all existing PRC laws and regulations, and the Contractual Arrangements between Beijing Hypebeast, Hypebeast Cultural and its shareholder governed by PRC law are valid, binding and enforceable, and will not result in any violation of PRC laws or regulations currently in effect. However, the legality and enforceability of such Contractual Arrangements as a whole have not been tested in any PRC courts and there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. If the Group or Hypebeast Cultural is found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures, including:

   - revoking the business licenses of such entities;
   - discontinuing or restricting the conduct of any transactions between the Group and Hypebeast Cultural;
   - imposing fines, confiscating the income from Hypebeast Cultural, or imposing other requirements with which the Group or Hypebeast Cultural may not be able to comply;
   - requiring the Group to restructure its ownership structure or operations, including terminating the Contractual Arrangements with Hypebeast Cultural and deregistering the equity pledges of Hypebeast Cultural, which in turn would affect its ability to consolidate, derive economic interests from, or exert control over Hypebeast Cultural; or
   - restricting or prohibiting the Group's use of the proceeds of any of its financing outside PRC to finance its business and operations in PRC.

The imposition of any of these penalties would result in a material and adverse effect on the Group's ability to conduct its business. In addition, it is unclear what impact the PRC government actions would have on the Group and on its ability to consolidate the financial results of Hypebeast Cultural in its consolidated financial statements, if the PRC government authorities were to find the legal structure and the Contractual Arrangements to be in violation of PRC laws and regulations. If the imposition of any of these government actions causes the Group to lose its right to direct the activities of Hypebeast Cultural or its right to receive substantially all the economic benefits and residual returns from Hypebeast Cultural and the Group is not able to restructure its ownership structure and operations in a satisfactory manner, the Group would no longer be able to consolidate the financial results of Hypebeast Cultural in its consolidated financial statements. Either of these results, or any other significant penalties that might be imposed on the Group in this event, would have a material adverse effect on its financial condition and results of operations and cause the value of its securities to significantly decline.

Furthermore, it is uncertain whether any new PRC laws, rules or regulations relating to Contractual Arrangements will be adopted or if adopted, what they would provide. For example, the National People's Congress approved the PRC Foreign Investment Law on 15 March 2019 (the "Foreign Investment Law") and the State Council approved the Regulation on Implementing the Foreign Investment Law (the "Implementation Regulations") on 12 December 2019, effective from 1 January 2020. The Supreme People's Court of China issued a judicial interpretation on the Foreign Investment Law on 26 December 2019, effective from 1 January 2020. The Foreign Investment Law and the Implementation Regulations do not touch upon the relevant concepts and regulatory regimes that were historically suggested for the regulation of the variable interest entity structures, and thus this regulatory topic remains unclear under the Foreign Investment Law. Since the Foreign Investment Law and the Implementation Regulations are new, there are substantial uncertainties exist with respect to its implementation and interpretation and it is also possible that variable interest entities will be deemed as FIE and be subject to restrictions in the future. Such restrictions may cause interruptions to the Group's operations, products and services and may incur additional compliance cost, which may in turn materially and adversely affect its business, financial condition and results of operations and cause the value of its securities to significantly decline.

Any of these events could cause significant disruption to the Group's business operations and severely damage its reputation, which would in turn materially and adversely affect its business, financial condition and results of operations and cause the value of its securities to significantly decline. If occurrences of any of these events results in the Group's inability to direct the activities of the VIE Entity in mainland China that most significantly impact their economic performance, or the Group's failure to receive the economic benefits from the VIE Entity, the Group may not be able to consolidate the entity in its consolidated financial statements in accordance with IFRS.

2. The Contractual Arrangements may not be as effective as direct ownership in providing control over Hypebeast Cultural.

The Group relies on the Contractual Arrangements to operate its business in mainland China. Such Contractual Arrangement may not be as effective in providing Beijing Hypebeast with control over Hypebeast Cultural as direct ownership. The Group's control over Hypebeast Cultural and its position of being the primary beneficiary of Hypebeast Cultural for the accounting purposes are limited to the conditions that the Group met for consolidation of Hypebeast Cultural under IFRS. Such conditions include that (i) the Group controls Hypebeast Cultural through power to govern the activities which most significantly impact Hypebeast Cultural's economic performance, and (ii) the Group is entitled to receive benefits from Hypebeast Cultural that could potentially be significant to Hypebeast Cultural. Only if the Group meets the aforementioned conditions, the Group will be deemed as the primary beneficiary of Hypebeast Cultural, and Hypebeast Cultural will be treated as its consolidated affiliated entities for the accounting purposes. If Beijing Hypebeast has direct ownership of Hypebeast Cultural, it will be able to exercise its rights as a shareholder to effect changes in the board of directors of Hypebeast Cultural, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the Contractual Arrangements, the Group relies on the performance by the shareholder of Hypebeast Cultural of her obligations under the Contractual Arrangements to exercise control over Hypebeast Cultural. Such risks exist throughout the period in which the Group intends to operate its business through the Contractual Arrangements with Hypebeast Cultural. The Group may replace the shareholder of Hypebeast Cultural at any time pursuant to the Contractual Arrangements with Hypebeast Cultural and its shareholder. However, if any dispute relating to these contracts remains unresolved, the Group will have to enforce its rights under the Contractual Arrangements through the operations of PRC law and courts and therefore will be subject to uncertainties in the PRC legal system. Therefore, the Contractual Arrangements with the shareholder of Hypebeast Cultural may not be as effective in ensuring Beijing Hypebeast's control over Hypebeast Cultural as direct ownership would be.

3. **The shareholder of Hypebeast Cultural may potentially have a conflict of interests with the Group.**

   The Group's control over Hypebeast Cultural and its position of being the primary beneficiary of Hypebeast Cultural for the accounting purposes are limited to the conditions that the Group met for consolidation of Hypebeast Cultural under IFRS. Such conditions include that (i) the Group controls Hypebeast Cultural through power to govern the activities which most significantly impact Hypebeast Cultural's economic performance, and (ii) the Group is entitled to receive benefits from Hypebeast Cultural that could potentially be significant to Hypebeast Cultural. Only if the Group meets the aforementioned conditions, the Group will be deemed as the primary beneficiary of Hypebeast Cultural, and Hypebeast Cultural will be treated as its consolidated affiliated entities for the accounting purposes. Therefore, conflict of interests of the shareholder of Hypebeast Cultural will adversely affect the interests of the Group. Pursuant to the Exclusive Option and Equity Trust Agreement, the shareholder of Hypebeast Cultural will irrevocably appoint any person as designated by Beijing Hypebeast as their representative to exercise the voting rights of such shareholder of Hypebeast Cultural. Therefore, it is unlikely that there will be potential conflict of interests between the Group and the shareholder of Hypebeast Cultural. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Group will consider removing and replacing the shareholder of Hypebeast Cultural.

4. **The Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed.**

   The Group could face material adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements were not entered into based on arm's length negotiations. If the PRC tax authorities determine that these agreements were not entered into on an arm's length basis, they may adjust income and expenses of Beijing Hypebeast and/or Hypebeast Cultural for PRC tax purposes, which could result in higher tax liabilities on Beijing Hypebeast and/or Hypebeast Cultural. The operating and financial results of the Group may be materially and adversely affected if the tax liabilities of Hypebeast Cultural or those of Beijing Hypebeast increase significantly or if they are required to pay interest on late payments and other penalties.

5. **A substantial amount of costs and time may be involved in transferring the ownership of Hypebeast Cultural to Beijing Hypebeast under the Exclusive Option and Equity Trust Agreement.**

   In case Beijing Hypebeast exercises its option to acquire all or part of the equity interests in Hypebeast Cultural under the Exclusive Option and Equity Trust Agreement, such acquisition may only be conducted to the extent as permitted by the applicable PRC laws and will be subject to necessary approvals and relevant procedures under the applicable PRC laws. In addition, the abovementioned acquisitions may be subject to a minimum price limitation (such as an appraised value for the equity interests in Hypebeast Cultural) or other limitations as imposed by the applicable PRC laws. Further, a substantial amount of taxes, other necessary costs (if any), expenses and time may be involved in transferring the ownership of Hypebeast Cultural, which may have a material adverse impact on the business, prospects and results of operation of the Group.

6. Any failure by Hypebeast Cultural or its shareholder to perform their obligations under the Contractual Arrangements with them would have a material and adverse effect on the business of the Group.

If Hypebeast Cultural or its shareholder fail to perform their respective obligations under the Contractual Arrangements, the Group may have to incur substantial costs and expend additional resources to enforce such arrangements. The Group may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, the effectiveness of which cannot be assured. For example, if the shareholder of Hypebeast Cultural was to refuse to transfer her equity interest in Hypebeast Cultural to Beijing Hypebeast or its designee when Beijing Hypebeast exercises the purchase option pursuant to the Contractual Arrangements, or if they were otherwise to act in bad faith towards the Group, the Group may have to take legal actions to compel them to perform its contractual obligations. All the Contractual Arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law, and as a result it may be difficult to predict how an arbitration panel would view such contractual arrangements. As a result, uncertainties in the PRC legal system could limit the Group's ability to enforce these Contractual Arrangements. Additionally, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would contain uncertainty and require additional expenses and delay. Hypebeast Cultural holds the necessary licenses and permits of the Group. In the event the Group is unable to enforce the Contractual Arrangements, the Group may not be able to exert control over Hypebeast Cultural, and its ability to conduct these businesses may be negatively affected.

7. The Group does not have any insurance which covers the risks relating to the Contractual Arrangements and the transactions contemplated thereunder.

The insurance of the Group does not cover the risks relating to the Contractual Arrangements and the transactions contemplated thereunder. If any risk arises from the Contractual Arrangements in the future, such as those affecting the enforceability of the Contractual Arrangements and the relevant agreements for the transactions contemplated thereunder and the operation of the Contractual Arrangements, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. The Group will continue evaluating the feasibility, the cost and the benefit of insuring the transactions contemplated under the Contractual Arrangements.

8. The Group would be adversely affected if Hypebeast Cultural suffers losses.

Beijing Hypebeast is not required to share the losses of, or provide financial support to Hypebeast Cultural under the Contractual Arrangements. Further, Hypebeast Cultural is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. However, given that (i) the business operations of Hypebeast Cultural is an important part of the PRC business conducted by the Group, (ii) Hypebeast Cultural holds the requisite PRC operational licenses and approvals, and (iii) the financial position and results of operations of Hypebeast Cultural are consolidated into the Group's financial statements under the applicable accounting principles, the Group's business, financial position and results of operations would be adversely affected if Hypebeast Cultural suffers losses.

9. Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and its Implementation Regulations and how they may impact the viability of the Group's current corporate structure, corporate governance and business operations.

The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, since the Foreign Investment Law and the Implementation Regulations are relatively new, uncertainties still exist in relation to its interpretation and implementation. For instance, under the Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in mainland China. Though it does not explicitly classify the Contractual Arrangements as a form of foreign investment, there is no assurance that foreign investment via the Contractual Arrangements would not be interpreted as a type of indirect foreign investment activities under the definition in the future. In addition, the definition contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for the Contractual Arrangements as a form of foreign investment. In any of these cases, it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations. Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be taken by companies with respect to existing Contractual Arrangements, the Group may face substantial uncertainties as to whether it can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect the Group's current corporate structure, corporate governance and business operations.

10. The Group may rely on dividends and other payments made by its PRC subsidiary to fund any cash and financing requirements it may have, and any limitation on the ability of the Group's PRC subsidiary to make payments to it could have a material and adverse effect on its ability to conduct its business.

The Company is a holding company incorporated under the laws of the Cayman Islands and as such relies on dividends and other payments made by its PRC subsidiary to satisfy part of its liquidity requirements. If the Group's PRC subsidiary incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to the Group. In addition, the income of the Group's PRC subsidiary in turn depends on the service fees paid by the VIE Entity and the PRC tax authorities may require us to adjust the taxable income under the Contractual Arrangements in a manner that would materially and adversely affect the ability of the Group's PRC subsidiary to pay dividends and make other payments to the Group.

In addition, the Group's PRC subsidiary are required to maintain certain statutory reserves and may also allocate a portion of their after-tax profits to statutory reserves, which in each case are not distributable as cash dividends except in the event of liquidation. Any limitation on the ability of the Group's PRC subsidiary to pay dividends or make other payments to it could materially and adversely limit the Group's ability to grow, make investments or acquisitions that could be beneficial to its business, pay dividends, or otherwise fund and conduct its business. For example, relevant PRC laws and regulations permit the PRC companies to pay dividends only out of their accumulated after-tax profits, if any, as determined in accordance with PRC accounting standards and regulations and the Group's PRC subsidiary shall make up its losses of previous years when conducting outward remittance. Additionally, the Group's PRC subsidiary can only distribute dividends upon approval of the shareholders after they have met the PRC requirements for appropriation to the statutory reserves. As a result of these and other restrictions under the PRC laws and regulations, the Group's PRC subsidiary are restricted to transfer a portion of their net assets to the Group either in the form of dividends, loans or advances.

Internal Control Measures Implemented by the Group

The Directors will consult the PRC Legal Adviser from time to time to check if there are any legal developments in the PRC affecting the VIE Agreements, and should immediately report to the Board so as to allow the Board to determine if any modification or amendment are required to be made.

If there are any changes to the VIE Agreements in the future, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

In case there would be material and adverse effect on the business of Hypebeast Cultural arising from the 2019 PRC Foreign Investment Law, the Company will disclose, as soon as possible: (i) updates of material development to the 2019 PRC Foreign Investment Law as and when it occurs; (ii) specific measures taken by the Company to fully comply with the development to the 2019 PRC Foreign Investment Law; and (iii) any material impact of the development of the 2019 PRC Foreign Investment Law on the Company's operations and financial position.

General Information of the Legal Owner and Hypebeast Cultural

The Legal Owner is responsible for the daily business operations and management of Hypebeast Cultural and is also the (i) sole shareholder, (ii) executive director and (iii) manager of Hypebeast Cultural. To the best information and knowledge of the Directors upon making reasonable enquiries, the Legal Owner has no relationship with the Company, its connected persons and their respective associates except for being a connected person at the subsidiary level due to her positions in Hypebeast Cultural.

Hypebeast Cultural is a company established under the laws of the PRC on 4 December 2015, the sole shareholder, executive director and manager of which is the Legal Owner. Hypebeast Cultural is principally engaged in creative production and provision for digital advertising services.

Material changes in relation to the VIE Agreements

During the year ended 31 March 2024, there has been no material change in the VIE Agreements and/or the circumstances under which they were adopted.

Unwinding the VIE Structure

The Directors confirm that the Company will unwind the VIE Structure as soon as PRC laws and regulations allow the Restricted Business to be operated without the VIE Structure.

However, for the year ended 31 March 2024, none of the VIE Agreements have been unwound as none of laws regulating the Restricted Business that led to the adoption of the VIE Agreements has been removed.

Confirmation from Auditor of the Company in relation to the Continuing Connected Transactions

Pursuant to Rule 14A.56 of the Listing Rules, the board of directors engaged, Deloitte Touche Tohmatsu, the auditor of the Company, to carry out assurance procedures in respect of the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported the conclusion to the board of directors by confirming the matters as stated in Rule 14A.56, where applicable. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Sufficiency of Public Float

As at the date of this report, based on information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained the public float as required under the Listing Rules.

Competing and Conflict of Interests

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Company and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 March 2024.

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of its respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, or has any other conflict of interests with the Group during year ended 31 March 2024, and confirm that none of them is engaged in any business which directly or indirectly, competes or is likely to compete with the business of the Company and any of its subsidiaries or has interest in such business. Each of the controlling shareholders has also confirmed that he/she/it has complied with the deed of non-competition dated 28 March 2016 during the year ended 31 March 2024.

Tax Relief

The Company is not aware of any relief from taxation available to Shareholders by reason of their holdings in the Shares.

Corporate Governance

The Company's corporate governance report is set out on pages 21 to 28 of this annual report.

Event After the Reporting Period

There has been no important events subsequent to 31 March 2024 and up to the date of this annual report, which would affect the Group's business operations in material aspects.

Auditor

There has been no change in auditor of the Company since the incorporation of the Company.

A resolution will be proposed at the forthcoming annual general meeting to re-appoint Messrs Deloitte Touche Tohmatsu as external auditor of the Company.

By order of the Board
Ma Pak Wing Kevin
Chairman and Executive Director

Hong Kong, 27 June 2024

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF HYPEBEAST LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Hypebeast Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 109, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key Audit Matter (Continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit losses of trade and unbilled receivables	
We identified impairment assessment of trade and unbilled receivables as a key audit matter due to the significance of trade and unbilled receivables to the Group's consolidated financial position and the involvement of subjective judgment and management estimates in evaluating the expected credit losses ("ECL") of the Group's trade and unbilled receivables at the end of the reporting period. As at 31 March 2024, the Group's net trade and unbilled receivables amounting to HK$140,116,000. As disclosed in notes 20 and 31 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of the trade and unbilled receivables, other than debtors with significant balances or credit-impaired balances, based on collective assessment through grouping of various debtors by geographical locations, and then further grouped by past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information that is reasonable and supportable available without undue costs or effort. Trade and unbilled receivables that with significant balances or credit-impaired are assessed for ECL individually. As disclosed in note 31 to the consolidated financial statements, the Group recognised impairment losses under ECL model, net of reversal of HK$1,739,000 for the year ended 31 March 2024.	Our procedures in relation to impairment assessment of trade and unbilled receivables included: • Understanding key controls on how the management estimates the credit loss allowance for trade and unbilled receivables; • Testing the integrity of information used by management to develop the collective assessment, including trade and unbilled receivables aging analysis as at 31 March 2024 and the geographic locations, on a sample basis, by comparing individual items in the analysis with the relevant sales agreements, sales invoices and other supporting documents; • Challenging management's basis and judgement in determining credit loss allowance on trade and unbilled receivables as at 31 March 2024, including their identification of significant balances and credit-impaired trade and unbilled receivables, the reasonableness of management's grouping of the remaining trade and unbilled receivables into different categories in the collective assessment, and the basis of estimated loss rates applied in each category in the collective assessment (with reference to historical default rates and forward-looking information); and • Evaluating the disclosures regarding the impairment assessment of trade and unbilled receivables in note 31 to the consolidated financial statements.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

(Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to estimate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Keung To Wai, David.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 June 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	NOTES	**2024** HK$'000	2023 HK$'000
Revenue	5	**895,652**	959,973
Cost of revenue		**(482,194)**	(454,555)
Gross profit		**413,458**	505,418
Other income, other gains and losses	8	**2,884**	16,836
Selling and marketing expenses		**(172,355)**	(218,259)
Administrative and operating expenses		**(213,636)**	(229,848)
Professional fee related to the merger		**—**	(42,235)
Impairment losses under expected credit losses model, net of reversal	9	**(1,739)**	(1,543)
Reversal of impairment loss recognised (impairment losses recognised) on intangible assets	16	**7,255**	(5,211)
Impairment loss recognised on property, plant and equipment and right-of-use assets	15	**—**	(3,915)
Finance costs	7	**(3,051)**	(3,504)
Profit before tax		**32,816**	17,739
Income tax expense	10	**(10,509)**	(22,808)
Profit (loss) for the year	11	**22,307**	(5,069)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(11,578)**	(12,546)
Total comprehensive income (expense) for the year		**10,729**	(17,615)
Earnings (loss) per share	14		
— Basic (HK cent)		**1.09**	(0.25)
— Diluted (HK cent)		**1.09**	(0.25)

Consolidated Statement of Financial Position

At 31 March 2024

	NOTES	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	15	**40,715**	51,960
Intangible assets	16	**21,258**	14,140
Right-of-use assets	17	**37,582**	55,379
Financial assets at fair value through profit or loss ("FVTPL")	18	**11,114**	14,327
Rental and other deposits	20	**6,047**	7,771
Deferred tax assets	27	**1,404**	1,115
		118,120	144,692
Current assets			
Inventories	19	**77,924**	113,770
Trade and other receivables	20	**189,960**	186,579
Tax prepayments		**20,915**	8,266
Contract assets	21	**9,625**	13,028
Pledged bank deposits	22	**10,438**	10,000
Time deposits with original maturity over three months	22	**19,403**	—
Cash and cash equivalents	22	**183,492**	166,021
		511,757	497,664
Current liabilities			
Trade and other payables	23	**73,387**	89,755
Contract liabilities	24	**27,115**	17,716
Bank borrowings	25	**—**	2,724
Lease liabilities	26	**18,308**	20,262
Tax payables		**4,686**	2,405
		123,496	132,862
Net current assets		**388,261**	364,802
Total assets less current liabilities		**506,381**	509,494
Non-current liability			
Lease liabilities	26	**26,049**	42,889
		26,049	42,889
Net assets		**480,332**	466,605
Capital and reserves			
Share capital	28	**20,541**	20,541
Reserves		**459,791**	446,064
		480,332	466,605

The consolidated financial statements on pages 53 to 109 were approved and authorised for issue by the Board of Directors on 27 June 2024 and are signed on its behalf by:

Ma Pak Wing Kevin
DIRECTOR

Lee Yuen Tung Janice
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000 (Note)	Translation reserve HK$'000	Share options reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 April 2022	20,536	44,530	5,486	6,770	18,426	382,168	477,916
Loss for the year	–	–	–	–	–	(5,069)	(5,069)
Exchange differences arising on translation of foreign operations	–	–	–	(12,546)	–	–	(12,546)
Total comprehensive expense for the year	–	–	–	(12,546)	–	(5,069)	(17,615)
Exercise of share options	5	506	–	–	(485)	–	26
Recognition of share-based payment expense	–	–	–	–	6,278	–	6,278
At 31 March 2023	20,541	45,036	5,486	(5,776)	24,219	377,099	466,605
Profit for the year	–	–	–	–	–	22,307	22,307
Exchange differences arising on translation of foreign operations	–	–	–	(11,578)	–	–	(11,578)
Total comprehensive (expense) income for the year	–	–	–	(11,578)	–	22,307	10,729
Recognition of share-based payment expense	–	–	–	–	2,998	–	2,998
At 31 March 2024	20,541	45,036	5,486	(17,354)	27,217	399,406	480,332

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 HK$'000	2023 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**32,816**	17,739
Adjustments for:		
Depreciation of property, plant and equipment	**12,152**	16,845
Depreciation of right-of-use assets	**24,780**	21,950
Amortisation of intangible assets	**99**	61
Share-based payment expense	**2,998**	6,278
Loss on disposal of property, plant and equipment	**872**	—
Gain on termination of lease	**(66)**	—
Impairment losses under expected credit loss model, net of reversal	**1,739**	1,543
(Reversal of impairment losses recognised) impairment losses recognised on intangible assets	**(7,255)**	5,211
(Gain) loss on fair value changes of financial assets at FVTPL	**(506)**	7,212
Write-down of inventories	**10,019**	4,256
Finance costs	**3,051**	3,504
Bank interest income	**(3,524)**	(1,088)
Gain on fair value changes of derivative financial instruments	**—**	(620)
Project income from non-fungible token ("NFT") projects	**—**	(7,188)
Gain on disposal of a joint venture	**—**	(18,348)
Impairment loss recognised on property, plant and equipment and right-of-use assets	**—**	3,915
Operating cash flows before movements in working capital	**77,175**	61,270
Decrease (increase) in inventories	**25,827**	(48,324)
Increase in trade and other receivables and deposits	**(6,371)**	(3,014)
Decrease (increase) in contract assets	**3,403**	(7,874)
Decrease in trade and other payables	**(17,690)**	(42,508)
Increase in contract liabilities	**9,399**	6,114
Cash generated from (used in) operations	**91,743**	(34,336)
Income taxes paid	**(21,166)**	(31,131)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**70,577**	(65,467)
INVESTING ACTIVITIES		
Placement of time deposits with original maturity over three months	**(19,403)**	—
Purchase of property, plant and equipment	**(2,149)**	(16,581)
Payments for rental deposits	**(1,669)**	(814)
Placement of pledged bank deposits	**(438)**	—
Proceeds from disposal of financial assets at FVTPL	**3,719**	2,753
Bank interest received	**3,524**	1,088
Refund of rental deposits	**1,016**	2,046
Proceeds from disposal of property, plant and equipment	**195**	—
Purchase of intangible assets	**—**	(512)
Proceeds from disposal of a joint venture	**—**	16,497
Investment in financial assets at FVTPL	**—**	(1,962)
Advance to a joint venture	**—**	(1,298)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(15,205)**	1,217

For the year ended 31 March 2024

	2024 **HK$'000**	2023 HK$'000
FINANCING ACTIVITIES		
Interest paid on bank borrowings	**(41)**	(531)
Repayment of bank borrowings	**(2,724)**	(21,989)
Interest paid on lease liabilities	**(3,010)**	(2,973)
Repayment of lease liabilities	**(25,728)**	(21,170)
Proceeds from exercise of share options	**—**	26
Proceeds from bank borrowings	**—**	5,867
NET CASH USED IN FINANCING ACTIVITIES	**(31,503)**	(40,770)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**23,869**	(105,020)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**166,021**	284,269
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(6,398)**	(13,228)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash	**183,492**	166,021

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

1. General Information

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

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

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

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which are the same as the functional currency of the Company.

2. Application of New and Amendments to International Financial Reporting Standard ("IFRSs")

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the Group's consolidated financial statements:

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

2. Application of New and Amendments to International Financial Reporting Standard ("IFRSs") (Continued)

New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in note 3.

2.2 Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

i. the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 April 2022;

ii. the Group also, as at 1 April 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group disclosed the related deferred tax assets of HK$8,933,000 and deferred tax liabilities of HK$8,933,000 on a gross basis in note 27 but it has no impact on the accumulated profits at the earliest period presented.

For the year ended 31 March 2024

2. Application of New and Amendments to International Financial Reporting Standard ("IFRSs") (Continued)

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[2]
Amendments to IAS 21	Lack of Exchangeability[3]
IFRS 18	Presentation and Disclosure in Financial Statements[5]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2024.

3 Effective for annual periods beginning on or after 1 January 2025.

4 Effective for annual periods beginning on or after 1 January 2026.

5 Effective for annual periods beginning on or after 1 January 2027.

Except as described below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Impacts on application of Amendments to IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The new IFRS Accounting Standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made. IFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the Group's consolidated financial statements.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

For the year ended 31 March 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including VIE) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in note 5.

Leases

The Group as a lessee

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease terms.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs. After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees, such as wages and salaries, after deducting any amount already paid.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Share-based payment

Equity-settled share-based payment transactions

Share options granted to directors and employees

Equity-settled share-based payments to directors of the Company and employees of the Group who have contributed or will contribute to the Group are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments without taking into consideration all non-market vesting conditions determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of the current and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment held for use in the supply of goods or services, or for administrative purposes, other than leasehold improvements in the course of construction as described below, are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Leasehold improvements in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than leasehold improvements in the course of construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives represent the website domain names which are acquired separately and carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives represent Digital Assets (as defined in note 16) that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The recoverable amounts of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade and unbilled receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

For the year ended 31 March 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income, other gains and losses" line item.

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 Financial Instruments ("IFRS 9")

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables and deposits, pledged bank deposits, time deposits with original maturity over three months and bank balances) and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade and unbilled receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instruments as at the reporting date with the risk of a default occurring on the financial instruments as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 Financial Instruments ("IFRS 9") (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

For the year ended 31 March 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 Financial Instruments ("IFRS 9") (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade and unbilled receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Geographical location of debtors;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and unbilled receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. Key Sources of Estimation Uncertainties

In the application of the Group's accounting policies which are described in note 3, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Impairment assessment of trade and unbilled receivables

Trade and unbilled receivables that with significant balances or credit-impaired are assessed for ECL individually. For the remaining balance, the management of the Group estimates the amount of the remaining trade and unbilled receivables based on collective assessment through grouping of various debtors by geographical locations and then further grouped by past due status of respective trade and unbilled receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information that is reasonable and supportable available without undue costs or effort.

As at 31 March 2024, the carrying amounts of trade and unbilled receivables were HK$140,116,000 (2023: HK$145,867,000) and the Group recognised impairment losses under ECL model, of HK$1,739,000 (2023: HK$1,543,000) during the year ended 31 March 2024.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and unbilled receivables are disclosed in notes 31 and 20, respectively.

For the year ended 31 March 2024

4. Key Sources of Estimation Uncertainties (Continued)

Estimated impairment of property, plant and equipment and right-of-use assets of e-commerce business

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (iii) the appropriate key assumptions to be applied in estimating the recoverable amounts, including cash flow projections and an appropriate discount rate. It is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of CGUs, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including discount rates or the budgeted sales in the cash flow projections, could materially affect the recoverable amounts.

The key assumptions used for the discounted cash flow projections include discount rate and budgeted sales of the CGU. The discount rate applied was determined by the weighted average cost of capital with the consideration of specific risk premium. The budgeted sales were determined based on the past performance of the CGU and management's expectations on the market development.

As at 31 March 2024, the carrying amounts of property, plant and equipment and right-of-use assets of e-commerce business subject to impairment assessment are HK$835,000 and HK$4,410,000 (2023: HK$3,642,000 and HK$17,532,000), respectively. Based on the value in use calculations and the allocations, the directors of the Company were in the view that no impairment loss is recognised for the year (2023: HK$535,000 and HK$3,380,000 impairment recognised for property, plant and equipment and right-of-use assets), respectively.

Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in note 15.

For the year ended 31 March 2024

5. Revenue

(i) Disaggregation of revenue from contracts with customers

Segments	Media		E-commerce and retail		Total	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Sales of goods through online and offline retail platform	**–**	–	**269,347**	285,663	**269,347**	285,663
Commission fee from consignment sales	**–**	–	**3,560**	4,493	**3,560**	4,493
Provision of advertising spaces	**473,037**	434,980	**738**	4,332	**473,775**	439,312
Provision of services for creative agency projects	**134,813**	208,892	**–**	–	**134,813**	208,892
Publication of magazines	**422**	333	**–**	–	**422**	333
Exhibition income	**–**	–	**9,068**	15,873	**9,068**	15,873
Beverage income	**–**	–	**4,667**	5,407	**4,667**	5,407
Total revenue from contracts with customers	**608,272**	644,205	**287,380**	315,768	**895,652**	959,973
Geographical markets						
Hong Kong	**32,134**	36,210	**81,388**	81,673	**113,522**	117,883
PRC	**66,010**	52,310	**37,423**	32,092	**103,433**	84,402
United States ("US")	**251,564**	272,931	**71,357**	89,423	**322,921**	362,354
Other countries	**258,564**	282,754	**97,212**	112,580	**355,776**	395,334
Total	**608,272**	644,205	**287,380**	315,768	**895,652**	959,973
Timing of revenue recognition						
A point in time	**135,235**	209,225	**279,776**	300,331	**415,011**	509,556
Over time	**473,037**	434,980	**7,604**	15,437	**480,641**	450,417
Total	**608,272**	644,205	**287,380**	315,768	**895,652**	959,973

(ii) Performance obligations for contracts with customers and revenue recognition policies

a) *Sales of goods through online and offline retail platform*

The Group sells third-party branded clothing, shoes and accessories to customers through its retail store and online retail platform operated in Hong Kong and the US.

Taking into consideration of the relevant contract terms that entered into with customers on sales of goods through online and offline retail platform, the Group concluded that the Group does not have an enforceable right to payment prior to the relevant products shipped/delivered to customers.

Revenue from sales of goods through online and offline retail platform is therefore recognised at a point in time when the goods are shipped/delivered to customers or collected at its own retail store, being at the point that the customer obtains the control of the goods and the Group has present right to payment and collection of the consideration is probable. Payment of the transaction price is due immediately when the customer purchases the goods and takes delivery in store or makes an order online.

For the year ended 31 March 2024

5. Revenue (Continued)

(ii) Performance obligations for contracts with customers and revenue recognition policies (Continued)

a) Sales of goods through online and offline retail platform (Continued)

When the Group receives the payment before the goods is shipped/delivered to customers, this will give rise to contract liabilities at the start of a contract, until the revenue recognised when the goods are shipped/delivered to the customers.

The Group also grants award credits for customers under the Group's customer loyalty scheme. The transaction price is allocated to the product and the award credits, taking into account for the expected likelihood of redemption, on a relative stand-alone selling price basis. Revenue is recognised when the award credits are redeemed being at the point the customer purchases the goods using the award credits through its own online retail platform and the control of the good has transferred. Contract liabilities are recognised until the award credits are redeemed. Revenue for points that are not expected to be redeemed is recognised in proportion to the pattern of rights exercised by customers. The customer loyalty points is expired in one year and can be redeemed anytime at customers' discretion.

b) Commission fee from consignment sales

Commission fee from consignment sales represents commission received by the Group when the Group acts as consignee for certain suppliers on selling their clothing, shoes and accessories to customers through its online retail platform on consignment basis.

The Group is an agent under the consignment sales contracts as its performance obligation is to sell the products supplied by another party. In this regards, the Group does not control the products provided by another party before those goods sold and shipped/delivered to customers. Accordingly, the Group recognises revenue in the amount of commission to be received pursuant to the consignment sales contracts and is therefore recognised at a point in time when the goods is shipped/delivered to customers, being at the point that the customer obtains the control of the goods and the Group has present right to payment and collection of the consideration is probable.

The Group typically receives payment in full before the consignment sales orders are processed. When the Group receives the payment in full before the consignment goods is shipped/delivered to customers, this will give rise to contract liabilities and payable to consignor at the start of the contract, until the commission fee income recognised when the consignment goods is shipped/delivered to customers.

c) Provision of advertising spaces

Revenue from provision of advertising spaces is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue is recognised for provision of advertising spaces based on insertion order agreed by both parties using output method over the period that the advertisement launched. The normal credit term is 30 to 60 days in accordance with the invoice date.

The insertion order includes total contract value, period of advertisement launched in the online platform or social media platform and the target impression rate or click rate required by customers.

For the year ended 31 March 2024

5. Revenue (Continued)

(ii) Performance obligations for contracts with customers and revenue recognition policies (Continued)

c) *Provision of advertising spaces (Continued)*

The Group receives 50% of the contract value as deposits from new customers when they sign the contracts for provision of advertising spaces and the remaining contract value will be invoiced until the end of the advertisement period.

d) *Provision of services for creative agency projects*

Creative agency projects consist of project-based production of advertisement (including photo shooting, video production and editorial work prior to the publishing on advertising spaces). The relevant deliverables (i.e. completed advertisement) specified in the contracts are based on customer's specifications with no alternative use. Creative agency projects comprise of large scale projects and small scale projects.

For large scale projects, the Group will typically sign a service contract with the customer, taking into consideration of the relevant contract terms, the Group concluded that the Group has an enforceable right to payment prior to the completion of the relevant services and delivered to customers. Accordingly, revenue from the provision of services for large scale projects is therefore recognised based on the agreed payment schedule pursuant to the contracts using output method over the period of the projects.

For small scale projects, the Group will typically issue the insertion order to the customer. There is no contract terms to mention an enforceable right to payment prior to the completion of relevant services and delivered to customers. Accordingly, revenue from the provision of services for small scale projects is therefore recognised at a point in time when the completed advertisement is delivered to customers, being at the point that the customer obtains the control of the advertisement and the Group has present right to payment and collection of the consideration is probable.

The normal credit term is 30 to 60 days in accordance with the invoice date for both large scale and small scale projects.

e) *Publication of magazines*

The Group publishes its own magazine every quarter and delivers to its customers upon subscription made. Taking into consideration of the relevant contract terms that entered into with customers on the subscription of magazines, the Group concludes that the Group does not have an enforceable right to payment prior to the magazines published and shipped/delivered to customers. Revenue from publication of magazines is therefore recognised at a point in time when the published magazines is shipped/delivered to customers, being at the point that the customer obtains the control of the magazines and the Group has present right to payment and collection of the consideration is probable. The Group typically receives payment in full upon the subscription of magazines by the customers.

f) *Exhibition income*

The Group's exhibition revenue is comprised of event revenue, and merchandising revenue. Event revenues from provision of exhibition management services are recognised over the term of the event based on the number of days completed relative to the total days of the event, as this method best depicts the transfer of control to the customer.

Exhibition revenue also includes merchandising revenue for goods sold in relation to the exhibition held which are recognised at a point in time when control of the related goods are transferred to the customer.

g) *Beverage income*

The performance obligation is satisfied upon delivery of beverage products to the customers. Payment of the transaction price is due immediately at the point the customer purchases the beverage.

5. Revenue (Continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All of the Group's remaining performance obligations for contracts with customers are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. Segment Information

Information reported to the Chief Executive Officer ("CEO") of the Group, being the chief operating decision maker ("CODM") for the purpose of resource allocation and assessment of segment performance focuses on types of goods delivered, or service provided. The CODM has chosen to organise the Group's results according to the category of the business segment and differences in nature of the goods and services that each segment delivers. No operating segments identified by CODM have been aggregated in arriving at the reportable segments of the Group.

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

Media segment	—	Provision of advertising spaces, provision of services for creative agency projects and publication of magazines
E-commerce and retail segment	—	Operation of online and offline retail platform for the sale of third-party branded clothing, shoes and accessories, commission fee from consignment sales, provision of advertising space, exhibition income and beverage income.

Segment results represent the profit earned by each segment without allocation of certain finance costs, interest income, share-based payment expense, gain (loss) on fair value changes of financial assets at FVTPL, gain on fair value changes of derivative financial instruments, reversal of impairment loss recognised (impairment loss recognised) on intangible assets, gain on disposal of a joint venture, project income from NFT projects, central administrative costs including directors' emoluments, legal and professional fees and other operating expenses, professional fee related to the merger and unallocated expenses that are not directly attributable to respective segments as disclosed in the above table. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

Year ended 31 March 2024

	Media HK$'000	E-commerce and retail HK$'000	Consolidated HK$'000
Total segment revenue	608,272	287,380	895,652
Segment results	159,763	(39,012)	120,751
Finance costs			(199)
Interest income			3,524
Share-based payment expense			(2,998)
Gain on fair value changes of financial assets at FVTPL			506
Reversal of impairment loss recognised on intangible assets			7,255
Central administration costs			(61,492)
Unallocated expenses			(34,531)
Profit before tax			32,816

For the year ended 31 March 2024

6. Segment Information (Continued)

Year ended 31 March 2023

	Media HK$'000	E-commerce and retail HK$'000	Consolidated HK$'000
Total segment revenue	644,205	315,768	959,973
Segment results	204,162	(33,831)	170,331
Finance costs			(425)
Interest income			1,088
Share-based payment expense			(6,278)
Loss on fair value changes of financial assets at FVTPL			(7,212)
Gain on disposal of a joint venture			18,348
Gain on fair value changes of derivative financial instruments			620
Impairment losses recognised on intangible assets			(5,211)
Professional fee related to the merger			(42,235)
Project income from NFT projects			7,188
Central administration costs			(68,706)
Unallocated expenses			(49,769)
Profit before tax			17,739

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.

Segment assets and liabilities

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

	2024 HK$'000	2023 HK$'000
Reportable segment assets		
Media	**195,799**	214,424
E-commerce and retail	**125,244**	186,514
Total segment assets	**321,043**	400,938

Reconciliation of reportable segment total to group total:

	2024 HK$'000	2023 HK$'000
Segment assets	**321,043**	400,938
Unallocated assets:		
Property, plant and equipment	**1,134**	907
Intangible assets	**20,650**	13,369
Right-of-use assets	**3,586**	4,015
Financial assets at FVTPL	**11,114**	14,327
Deferred tax assets	**1,404**	1,115
Tax prepayment	**20,915**	8,266
Deposits and other receivables	**36,698**	23,398
Pledged bank deposits	**10,438**	10,000
Time deposits with original maturity over three months	**19,403**	—
Cash and cash equivalents	**183,492**	166,021
Consolidated total assets	**629,877**	642,356
Reportable segment liabilities		
Media	**66,839**	93,746
E-commerce and retail	**39,652**	42,287
Total segment liabilities	**106,491**	136,033
Reconciliation of reportable segment total to group total:		
Segment liabilities	**106,491**	136,033
Unallocated liabilities:		
Other payables and accrued expenses	**34,311**	30,751
Bank borrowings	**—**	2,724
Tax payables	**4,686**	2,405
Lease liabilities	**4,057**	3,838
Consolidated total liabilities	**149,545**	175,751

For the year ended 31 March 2024

6. Segment Information (Continued)

Segment assets and liabilities (Continued)

For the purposes of monitoring segment performances and collecting resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, certain right-of-use assets, certain intangible assets, tax prepayments, certain deposits and other receivables, financial assets at FVTPL, deferred tax assets, pledged bank deposits, time deposits with original maturity over three months and bank balances and cash that are not attributable to the respective segments.

- all liabilities are allocated to operating segments other than certain other payables and accrued expenses, certain lease liabilities, bank borrowings, and tax payables that are not attributable to the respective segments.

Other segment information

2024

Amounts included in the measure of segment profit or loss and segment assets:

	Media HK$'000	E-commerce and retail HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Impairment losses under ECL model, net of reversal	1,739	–	1,739	–	1,739
Write-down of inventories	–	10,019	10,019	–	10,019
Depreciation of right-of-use assets	10,098	12,240	22,338	2,442	24,780
Amortisation of intangible assets	–	99	99	–	99
Addition to non-current assets (Note)	6,304	394	6,698	4,639	11,337

Note: Including the additions of property, plant and equipment and right-of-use assets.

Amounts regularly provided to CODM but not included in the measure of segment profit or loss and segment assets:

	HK$'000
Depreciation of property, plant and equipment	12,152

2023

Amounts included in the measure of segment profit or loss and segment assets:

	Media HK$'000	E-commerce and retail HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Impairment losses under ECL model, net of reversal	1,400	143	1,543	–	1,543
Write-down of inventories	–	4,256	4,256	–	4,256
Depreciation of right-of-use assets	7,746	10,488	18,234	3,716	21,950
Amortisation of intangible assets	1	60	61	–	61
Addition to non-current assets (Note)	12,674	12,717	25,391	9,704	35,095

Note: Including the additions of property, plant and equipment, right-of-use assets and intangible assets.

Amounts regularly provided to CODM but not included in the measure of segment profit or loss and segment assets:

	HK$'000
Depreciation of property, plant and equipment	16,845

For the year ended 31 March 2024

6. Segment Information (Continued)

Geographical information

Analysis of the Group's revenue from external customers by geographic location, determine based on the location of customers as set out in note 5. An analysis of the Group's non-current assets by geographical location of the assets are detailed below:

	Non-current assets (Note ii)	
	2024	2023
	HK$'000	HK$'000
US	**62,001**	78,476
Hong Kong	**31,143**	35,220
The PRC	**1,530**	2,827
Others (Note i)	**4,881**	4,956
	99,555	121,479

Notes:

(i) Including other countries which individually contributing less than 10% of the total revenue of the Group for each respective reporting period.

(ii) Rental and other deposits, financial assets at FVTPL and deferred tax assets were excluded from the presentation of information of non-current assets by geographical locations.

Information about major customer

No (2023: No) single customer has accounted for 10% or more of the total revenue of the Group during the current year.

7. Finance Costs

	2024	2023
	HK$'000	HK$'000
Interest on bank borrowings	**41**	531
Interest on lease liabilities	**3,010**	2,973
	3,051	3,504

8. Other Income, Other Gains and Losses

	2024	2023
	HK$'000	HK$'000
Net exchange losses	**2,112**	5,723
(Gain) loss on fair value changes of financial assets at FVTPL	**(506)**	7,212
Gain on fair value changes of derivative financial instruments	**—**	(620)
Penalty on customers for overdue settlement	**(2)**	(797)
Bank interest income	**(3,524)**	(1,088)
Project income from NFT projects	**—**	(7,188)
Gain on disposal of a joint venture	**—**	(18,348)
Loss on disposal of property, plant and equipment	**872**	—
Others	**(1,836)**	(1,730)
	(2,884)	(16,836)

9. Impairment Losses Under Expected Credit Losses Model, Net of Reversal

	2024	2023
	HK$'000	HK$'000
Impairment losses recognised on:		
— trade and unbilled receivables	**1,739**	1,543

Details of impairment assessments are set out in note 31.

For the year ended 31 March 2024

10. Income Tax Expense

	2024 HK$'000	2023 HK$'000
Current tax:		
— Hong Kong Profits Tax	**1,944**	15,702
— The PRC Enterprise Income Tax ("EIT")	**1,860**	4,068
— Japan Corporate Income Tax	**2,759**	388
— Other jurisdictions	**1,501**	747
Overprovision in prior year		
— Hong Kong Profits Tax	**—**	(3)
PRC withholding tax on distributed profits from PRC subsidiaries	**2,734**	1,999
	10,798	22,901
Deferred tax (note 27):		
Credit for the year	**(289)**	(93)
	10,509	22,808

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

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

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

Japan corporate income tax has been calculated on the estimated assessable profit for both years at the rates of taxation prevailing in Japan in which the Group operates. The Group is subject to national corporate income tax, inhabitant tax, and enterprise tax in Japan, which in aggregate, resulted in effective statutory income tax rate of approximately 34.6% for both years.

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

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK$'000	2023 HK$'000
Profit before tax	**32,816**	17,739
Tax at the Hong Kong Profits Tax rate of 16.5%	**5,414**	2,927
Tax effect of income not taxable for tax purpose	**(1,704)**	(296)
Tax effect of expenses not deductible for tax purpose	**973**	13,266
Tax effect of tax losses not recognised	**1,817**	2,901
Utilisation of tax losses previously not recognised	**—**	(125)
Income tax at concessionary rate	**(165)**	(165)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,742**	3,102
Withholding tax on distributed earnings of PRC subsidiaries	**2,734**	1,999
Overprovision in prior year	**—**	(3)
Others	**(302)**	(798)
Income tax expense for the year	**10,509**	22,808

11. Profit (Loss) for the Year

	2024 HK$'000	2023 HK$'000
Profit (loss) for the year has been arrived at after charging:		
Directors' remuneration (note 12)	**6,985**	10,303
Other staff costs		
— salaries and allowances	**299,837**	292,955
— discretionary bonus	**—**	9,791
— retirement benefits scheme contribution	**11,228**	9,367
— Share-based payment expense	**1,820**	5,100
Total directors and other staff costs	**319,870**	327,516
Auditor's remuneration	**980**	1,950
Cost of inventories recognised as an expense (including write-down of inventories amounting to HK$10,019,000 (2023: HK$4,256,000))	**188,117**	169,860
Depreciation of property, plant and equipment	**12,152**	16,845
Depreciation of right-of-use assets	**24,780**	21,950
Amortisation of intangible assets	**99**	61

12. Directors' and Chief Executive's Emoluments and Employees' Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules and disclosure requirements of the CO, is as follows:

	Executive directors		**Independent non-executive directors**			
	Mr. Ma HK$'000 (Note)	**Ms. Lee Yuen Tung Janice HK$'000**	**Ms. Kwan Shin Luen Susanna HK$'000**	**Mr. Wong Kai Chi HK$'000**	**Ms. Poon Lai King HK$'000**	**Total HK$'000**
2024						
Fees	**3,014**	**1,704**	**202**	**202**	**202**	**5,324**
Other emoluments						
Salaries, allowances and other benefits	**226**	**210**	**—**	**—**	**—**	**436**
Retirement benefits scheme contribution	**29**	**18**	**—**	**—**	**—**	**47**
Share-based payment expense	**589**	**589**	**—**	**—**	**—**	**1,178**
	3,858	**2,521**	**202**	**202**	**202**	**6,985**

	Executive directors		Independent non-executive directors			
	Mr. Ma HK$'000 (Note)	Ms. Lee Yuen Tung Janice HK$'000	Ms. Kwan Shin Luen Susanna HK$'000	Mr. Wong Kai Chi HK$'000	Ms. Poon Lai King HK$'000	Total HK$'000
2023						
Fees	3,014	1,704	202	202	202	5,324
Other emoluments						
Salaries, allowances and other benefits	226	210	—	—	—	436
Discretionary bonus	2,533	785	—	—	—	3,318
Retirement benefits scheme contribution	29	18	—	—	—	47
Share-based payment expense	589	589	—	—	—	1,178
	6,391	3,306	202	202	202	10,303

Note: Mr. Ma is also the CEO of the Company and his emoluments disclosed above include those for services rendered by him as the CEO.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The emoluments of the independent non-executive directors shown above were mainly for their services as the directors of the Company.

For the year ended 31 March 2024

12. Directors' and Chief Executive's Emoluments and Employees' Remuneration (Continued)

Employees' remuneration

Of the five individuals with the highest emoluments in the Group, 1 (2023: 1) was the director whose emolument is included in the disclosures above. The emoluments of the remaining 4 (2023: 4) individuals were as follows:

	2024 HK$'000	2023 HK$'000
Salaries and allowances	**16,586**	14,009
Discretionary bonus	**—**	2,009
Retirement benefits scheme contribution	**193**	289
Share-based payment expense	**442**	961
	17,221	17,268

Their emoluments were fell within the following bands:

	Number of employees 2024	2023
HK$3,500,001 to HK$4,000,000	**1**	3
HK$4,000,001 to HK$4,500,000	**2**	—
HK$4,500,001 to HK$5,000,000	**1**	—
HK$5,500,001 to HK$6,000,000	**—**	1
	4	4

During the year, no emoluments were paid by the Group to the directors of the Company ("the Directors") or any of the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments during the years ended 31 March 2024 and 2023.

13. Dividends

No dividend was paid or proposed for ordinary shareholders of the Company during both years.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2024 of HK$0.00359 (2023: HK$nil) per ordinary share, in an aggregate amount of HK$7,370,000 and a special dividend of HK$0.01063 per ordinary share, in an aggregate amount of HK$21,830,000, have been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

14. Earnings (Loss) Per Share

The calculation of the basic and diluted earnings (loss) per share for the years ended 31 March 2024 and 2023 is based on the following data:

	2024 HK$'000	2023 HK$'000
Earnings (loss)		
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share (Profit (loss) for the year attributable to owners of the Company)	**22,307**	(5,069)

	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**2,054,129**	2,054,085
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**784**	—
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**2,054,913**	2,054,085

For the year ended 31 March 2024, diluted earnings per share did not assume the exercise of certain share options granted by the Company since the exercise prices for the computation of diluted earnings per share of those share options were higher than the average market price for shares.

The computation of diluted loss per share for the year ended 31 March 2023 did not assume the exercise of share options granted since the exercise would result in a decrease in loss per share for the year ended 31 March 2023.

15. Property, Plant and Equipment

	Leasehold improvements HK$'000	Furnitures and fixtures HK$'000	Office equipment HK$'000	Construction in progress HK$'000	Total HK$'000
COST					
At 1 April 2022	18,276	4,727	13,883	42,084	78,970
Additions	5,367	741	2,541	7,932	16,581
Transfer	50,016	–	–	(50,016)	–
Exchange translation	113	(34)	(9)	–	70
At 31 March 2023	73,772	5,434	16,415	–	95,621
Additions	840	202	1,107	–	2,149
Disposals	(1,164)	(100)	(447)	–	(1,711)
Exchange translation	(204)	(17)	(31)	–	(252)
At 31 March 2024	73,244	5,519	17,044	–	95,807
ACCUMULATED DEPRECIATION					
At 1 April 2022	14,106	3,459	8,704	–	26,269
Provided for the year	14,089	667	2,089	–	16,845
Impairment loss recognised in profit and loss	481	8	46	–	535
Exchange translation	42	(6)	(24)	–	12
At 31 March 2023	28,718	4,128	10,815	–	43,661
Provided for the year	9,631	482	2,039	–	12,152
Disposals	(450)	(36)	(158)	–	(644)
Exchange translation	(55)	(2)	(20)	–	(77)
At 31 March 2024	37,844	4,572	12,676	–	55,092
CARRYING VALUES					
At 31 March 2024	35,400	947	4,368	–	40,715
At 31 March 2023	45,054	1,306	5,600	–	51,960

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the lease terms
Furnitures and fixtures	20%
Office equipment	20%

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15. Property, Plant and Equipment (Continued)

Impairment assessment of the property, plant and equipment and right-of-use assets

As a result of the unsatisfactory performance of e-commerce business during the year, the management of the Group concluded there was indication for impairment and performed impairment assessment on certain property, plant and equipment and right-of-use assets as at 31 March 2024, with carrying amounts of approximately HK$835,000 (2023: HK$3,642,000) and HK$4,410,000 (2023: HK$17,532,000), respectively.

The Group estimates the recoverable amount of the CGU of e-commerce business to which the asset belongs when it is not possible to estimate the recoverable amount individually.

The recoverable amount of this CGU has been determined based on its value in use. The calculation uses discounted cash flow projections based on the financial budgets prepared by the management covering a five-year period, with a pre-tax discount rate of 20.2% (2023: 20.2%) while cash flows beyond the five-year period were extrapolated using growth rate of 1.5% (2023: 1.9%). The budgeted sales are estimated based on the past performance of the CGU and management's expectations on the market development. Based on the results of the assessment, the management of the Group determined that the recoverable amount of the CGU is approximated to its carrying amount (lower in 2023).

Based on the value in use calculations and the allocations, the directors of the Company were in the view that no impairment losses have been recognised against the carrying amounts of property, plant and equipment and right-of-use assets for the year (2023: HK$535,000 and HK$3,380,000 impairment recognised for property, plant and equipment and right-of-use assets, respectively).

16. Intangible Assets

	Digital assets HK$'000 (Note (i))	**Website domain names** HK$'000 (Note (ii))	**Total** HK$'000
COST			
At 1 April 2022	13,528	1,142	14,670
Additions	7,700	–	7,700
Exchange translation	–	(75)	(75)
At 31 March 2023	21,228	1,067	22,295
Exchange translation	–	(55)	(55)
At 31 March 2024	21,228	1,012	22,240
AMORTISATION AND IMPAIRMENT			
At 1 April 2022	2,648	255	2,903
Charged for the year	–	61	61
Impairment loss recognised	5,211	–	5,211
Exchange translation	–	(20)	(20)
At 31 March 2023	7,859	296	8,155
Charged for the year	–	99	99
Impairment loss reversed	(7,255)	–	(7,255)
Exchange translation	–	(17)	(17)
At 31 March 2024	604	378	982
CARRYING VALUES			
At 31 March 2024	20,624	634	21,258
At 31 March 2023	13,369	771	14,140

Notes:

(i) As at 31 March 2024 and 2023, the Group held certain Bitcoin, Ethereum and certain non-fungible token artwork (the "Digital Assets"). Given that the Group's intention is to hold these Digital assets for long term investment purpose and these Digital Assets have no legal useful lives, all Digital Assets are accounted for as indefinite-lived intangible assets. They are stated at cost less subsequent accumulated impairment losses, if any.

During the year ended 31 March 2024, the recoverable amount of these Digital Assets have been determined based on its fair value less costs of disposal. The Group estimated the fair value less cost of disposal with reference to the quoted prices on active exchanges. As at 31 March 2024, the carrying amount of Digital Assets held by the Group was HK$20,624,000 (2023: HK$13,369,000), after taking into account the accumulated impairment losses of HK$604,000 (2023: HK$7,859,000) that have been recognised.

(ii) The website domain names have finite useful lives. Such intangible assets are amortised on a straight-line basis over 10 years.

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17. Right-of-Use Assets

	Leased properties HK$'000
As at 31 March 2023 and 1 April 2023	
Carrying amount	55,379
As at 31 March 2024	
Carrying amount	37,582
For the year ended 31 March 2023	
Depreciation charge	21,950
For the year ended 31 March 2024	
Depreciation charge	24,780

	2024 HK$'000	2023 HK$'000
Expenses relating to short-term leases	**4,770**	5,037
Variable lease payments not included in the measurement of lease liabilities (Note)	**2,487**	2,789
Total cash outflow for leases	**35,995**	31,969
Additions to right-of-use assets	**9,188**	10,814

Note: Leases of retail stores contain variable lease payment that are based on 13.0% to 14.0% (2023: 12.0% to 13.0%) of sales over the lease term. The amount of variable lease payments paid/payable to relevant lessor for the year ended 31 March 2024 amounted to HK$2,487,000 (2023: HK$2,789,000). The overall financial effect of using variable payment term is that higher rental costs are incurred by the store with higher sales. Variable rent expenses are expected to continue to represent a similar proportion of store sales in future years.

The above right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the respective lease terms ranging from 1 to 7 years.

During the year ended 31 March 2024, the Group leases offices and warehouses for its operations. Lease contracts are entered into or modified for fixed term of 1 to 3 years (2023: 1 to 2 years).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for properties. As at 31 March 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions on assets

As at 31 March 2024, lease liabilities of approximately HK$44,357,000 (2023: HK$63,151,000) is recognised with related right-of-use assets of approximately HK$37,582,000 (2023: HK$55,379,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

18. Financial Assets at FVTPL

	2024 HK$'000	2023 HK$'000
Non-current assets		
Financial assets measured at FVTPL		
— Investments in unlisted Real Estate Income Trust ("REIT")	**—**	3,670
— Investments in preference shares (Note (a))	**1,708**	1,535
— Unlisted equity investments (Note (b))	**7,444**	7,160
— Investment in simple agreement for future equity ("SAFE") (Note (c))	**1,962**	1,962
	11,114	14,327

These investments are not held for trading but for long-term strategic purposes.

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18. Financial Assets at FVTPL (Continued)

Notes:

(a) The amounts represent investments in preference shares in unlisted entities established in the US and the Cayman Islands, which are mainly engaged in consumer electronics and live-streaming.

(b) The amounts represent (i) an unlisted equity investment in an investment capital fund which further invested in an entity that engaged in consumer electronics, and (ii) an unlisted equity interest of an entity established in South Korea which is mainly engaged in wine industry.

(c) The amounts an investment in SAFE in an unlisted entity established in the US, which is mainly engaged in the nail care industry.

19. Inventories

	2024 HK$'000	2023 HK$'000
Finished goods	**77,924**	113,770

20. Trade and Other Receivables

	2024 HK$'000	2023 HK$'000
Trade receivables	**125,372**	127,258
Unbilled receivables (Note (b))	**17,181**	19,518
Trade and unbilled receivables	**142,553**	146,776
Less: allowance for credit losses	**(2,437)**	(909)
Trade and unbilled receivables (net carrying amount)	**140,116**	145,867
Advance to staff	**1,533**	790
Rental and utilities deposits	**14,652**	12,142
Prepayments	**18,744**	20,482
Consideration receivable related to disposal of a joint venture	**3,149**	3,149
Other receivables	**15,855**	9,962
Deposit paid for long term investment	**1,958**	1,958
Total	**196,007**	194,350
Analysed as:		
Current	**189,960**	186,579
Non-current (Note (a))	**6,047**	7,771
Total	**196,007**	194,350

Notes:

a) The amounts included certain rental deposits and deposit paid for long term investment.

b) Certain tax bureaus in the PRC have set monthly quotas on the aggregate invoice amounts for transactions in the media segment. The unbilled receivables represent the amount of unconditional right to the consideration for completed performance obligations but the related invoices have not yet been issued as at year end as the quota limit has been exceeded.

As at 1 April 2023, trade and unbilled receivables from contracts with customers amounted to HK$145,867,000.

20. Trade and Other Receivables (Continued)

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

	2024	2023
	HK$'000	HK$'000
Within 60 days	**93,014**	86,776
61–90 days	**7,147**	7,913
91–180 days	**21,329**	29,219
181–365 days	**2,016**	1,760
Over 365 days	**1,866**	1,590
	125,372	127,258

As at 31 March 2024, included in the Group's trade and unbilled receivables balance are debtors with aggregate gross carrying amounts of HK$26,284,000 (2023: HK$54,816,000) which are past due as at the reporting date. Out of the past due balances, HK$5,401,000 (2023: HK$15,963,000) has been past due 90 days or more and are not considered as in default as there had not been a significant change in credit quality and the amounts were still considered recoverable based on historical experience. The Group does not hold any collateral over these balances and the Group will further charge at 1.5% (2023: 1.5%) on overdue balances of certain customers pursuant to the contracts upon negotiation as a penalty of overdue settlement.

Details of impairment assessment of trade and other receivables are set out in note 31.

21. Contract Assets

	2024	2023
	HK$'000	HK$'000
Provision of advertising spaces	**9,625**	13,028

As at 1 April 2022, contract assets amounted to HK$5,154,000.

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

As at 31 March 2024 and 2023, all contract assets are expected to be settled within 1 year, and accordingly classified as current.

Details of the impairment assessment of contract assets are set out in note 31.

22. Pledged Bank Deposits/Cash and Cash Equivalents/Time Deposits With Maturity Over Three Months

Pledged bank deposits

Deposits amounting to HK$10,438,000 (2023: HK$10,000,000) have been pledged to secure the banking facilities which carry interest at prevailing market rates at 3.92% per annum (2023: 1.85%). Since the bank facilities are cancellable anytime and therefore the deposits are classified as current assets.

Cash and cash equivalents

Cash and cash equivalents include short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates ranging from 0.001% to 5.80% per annum (2023: 0.001% to 4.63%).

Time deposits with maturity over three months

As at 31 March 2024, time deposits of HK$19,403,000 (2023: HK$nil) with original maturity over three months that carried interest at prevailing interest rate ranging from 1.35% to 5.15% per annum.

Details of impairment assessment of pledged bank deposits and bank balances are set out in note 31.

For the year ended 31 March 2024

23. Trade and Other Payables

	2024 HK$'000	2023 HK$'000
Trade payables	**20,726**	25,924
Commission payable to staff	**8,993**	23,329
Accrual for campaign cost (Note)	**7,992**	7,310
Accrual professional fee related to merger	**–**	4,291
Other payables and accrued expenses	**35,676**	28,901
	73,387	89,755

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

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

	2024 HK$'000	2023 HK$'000
Within 30 days	**10,313**	17,264
31–60 days	**3,710**	1,816
61–90 days	**1,138**	2,270
Over 90 days	**5,565**	4,574
	20,726	25,924

24. Contract Liabilities

	2024 HK$'000	2023 HK$'000
Provision of advertising spaces (Note a)	**25,374**	16,151
Sales of goods through online retail platform (Note b)	**596**	420
Customer loyalty scheme (Note c)	**1,145**	1,145
	27,115	17,716

As at 1 April 2022, contract liabilities amounted to HK$11,602,000.

Notes:

a) The Group receives 50% of the contract value as deposits from new customers when they sign the contracts for provision of advertising spaces. The deposits and advance payment schemes result in contract liabilities being recognised until the advertisement launched in relevant spaces and relevant benefits received by the customers. During the year ended 31 March 2024, the Group has recognised revenue of HK$16,151,000 (2023: HK$5,891,000) that was included in the contract liabilities balance at the beginning of the respective year. All contract liabilities attributable to the provision of advertising spaces and services for creative agency projects as at 31 March 2024 are expected to be recognised as revenue within 1 year.

b) When the Group receives the payment in full before the goods is shipped/delivered, this will give rise to contract liabilities at the start of a contract, until the revenue recognised when the goods is shipped/delivered to the customers. During the year ended 31 March 2024, the Group has recognised revenue of HK$420,000 (2023: HK$4,872,000) that was included in the contract liabilities balance at the beginning of the respective year. All contract liabilities attributable to the sales of goods through online retail platform as at 31 March 2024 are expected to be recognised as revenue within 1 year.

c) The Group grants award credits for customers for sales under the Group's customer loyalty scheme. The customers can use the award credits to purchase the goods through the Group's online retail platform in future purchases.

25. Bank Borrowings

	2024 HK$'000	2023 HK$'000
Bank borrowings	**–**	2,589
Bank borrowings under supplier financing arrangement (Note)	**–**	135
	–	2,724

For the year ended 31 March 2024

25. Bank Borrowings (Continued)

Note: During the year ended 31 March 2023, the Group had entered into a supplier finance arrangement with a bank. Under this arrangement, the bank pays certain suppliers the amounts owed by the Group in advance of the original due dates offered by the certain suppliers. The Group's obligations to certain suppliers were legally extinguished on settlement by the relevant bank. The Group then settled with the bank in 70 to 180 days after settlement by the bank, which extended beyond the original due dates of respective invoices. Those bank borrowings carried interest rates are at 1.15% per annum plus Hong Kong Interbank Offered Rate ("HIBOR").

Taking into consideration of the nature and substance of the above arrangement, the Group presented payables to the bank under this arrangement as "borrowings" in the consolidated statement of financial position. In the consolidated statement of cash flows, repayments to the bank were included within financing cash flows based on the nature of the arrangement.

	2024 HK$'000	2023 HK$'000
Bank borrowings, secured with variable rate	**–**	2,724
Carrying amount repayable (according to scheduled repayment term):		
— Within 1 year	**–**	2,724
	–	2,724
Carrying amount that contain a repayment on demand clause (shown under current liabilities)	**–**	2,724

As at 31 March 2023, variable-rate bank borrowings carried interest with reference to HIBOR and Hong Kong Dollar Best Lending Rate ("HKBLR") plus a specific margin of the relevant banks. The range of effective interest rates (which are also equalled to contractual interest rates) on the Group's borrowings were as follows:

	2024	2023
Effective interest rate (per annum):		
Variable-rate borrowings	**–**	4.13% to 4.65%

26. Lease Liabilities

	2024 HK$'000	2023 HK$'000
Lease liabilities payable:		
Within one year	**18,308**	20,262
In more than one year but not more than two years	**11,682**	18,235
In more than two years but not more than five years	**14,367**	24,654
	44,357	63,151
Less: Amount due for settlement with 12 months shown under current liabilities	**(18,308)**	(20,262)
Amount due for settlement after 12 months shown under non-current liabilities	**26,049**	42,889

Weighted average incremental borrowing rates applied to lease liabilities range from 2.77% to 4.38% (2023: 2.77% to 3.65%).

27. Deferred Taxation

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 HK$'000	2023 HK$'000
Deferred tax assets	**7,480**	8,709
Deferred tax liabilities	**(6,076)**	(7,594)
	1,404	1,115

For the year ended 31 March 2024

27. Deferred Taxation (Continued)

The following is the major deferred tax assets (liabilities) recognised by the Group and movements thereon during the years ended 31 March 2024 and 2023:

	Right of use assets HK$'000	**Lease liabilities** HK$'000	**Difference between tax and accounting depreciation** HK$'000	**Total** HK$'000
At 31 March 2022	—	—	1,022	1,022
Adjustment (note 2)	(8,933)	8,933	—	—
At 1 April 2022 (restated)	(8,933)	8,933	1,022	1,022
Credit (charge) to profit or loss	1,339	(1,339)	93	93
At 31 March 2023	(7,594)	7,594	1,115	1,115
Credit (charge) to profit or loss	1,518	(1,518)	289	289
At 31 March 2024	(6,076)	6,076	1,404	1,404

At the end of the reporting period, the Group has unused tax losses of HK$46,649,000 (2023: HK$35,636,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The unrecognised tax losses are carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$27,751,000 (2023: HK$80,240,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

28. Share Capital

The movements in the Company's authorised and issued ordinary share capital are as follows:

	Number of shares	Share capital HK$
Ordinary shares of HK$0.01 each		
Authorised:		
As 1 April 2022, 31 March 2023 and 31 March 2024	6,000,000,000	60,000,000
Issued:		
At 1 April 2022	2,053,629,231	20,536,293
Exercise of share options	500,000	5,000
At 31 March 2023 and 2024	2,054,129,231	20,541,293

29. Share Option Schemes

On 18 March 2016, the Company conditionally approved and adopted the pre-initial public offering (the "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 "Share" or "Shares"). The purpose of the share option schemes is to enable the Company to grant share options to selected participants as incentives or rewards for their contributions. The principal terms of the share option schemes are summarised below:

(a) Pre-IPO Scheme

(i) Purpose of the scheme

To motivate eligible persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

(ii) Participants of the scheme

Any Director or proposed Director (including an independent non-executive director) of any member of the Group, any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of the Group, any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group, a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group, a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group, or a close associate (as defined under the Listing Rules) of any of the foregoing persons.

(iii) Total number of Shares available for issue under the scheme

750,000 shares (2023: 750,000 shares) (being approximately 0.04% (2023: 0.04%) of the issued share capital as at the date of this annual report)

(iv) Maximum entitlement of each participant under the scheme

As determined by the board of directors (the "Board").

(v) The period within which the Shares must be taken up under an option

An option may be exercised within a period to be determined and notified by the Board to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the share option schemes.

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29.Share Option Schemes (Continued)

(a) Pre-IPO Scheme (Continued)

(vi) The minimum period for which an option must be held before it can be exercised

As determined by the Board upon the grant of an option.

(vii) The amount payable on acceptance of an option and the period within which payments shall be made

A letter comprising acceptance of the share option duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within the period specified in the letter containing the offer of the grant of the share option.

(viii) The basis of determining the exercise price

As determined by the Board.

(ix) The remaining life of the schemes

The Pre-IPO Scheme had been expired on 11 April 2016. No further options would be granted under the Pre-IPO Scheme.

Details of the movements within Pre-IPO Scheme of the Company for the years ended 31 March 2024 and 2023 are set out below:

	Number of share options												
Category of participants	Outstanding at 1.4.2022	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2023 & 1.4.2023	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2024	Date of grant of share options	Exercise period	Share price at the date of grant of share options HK$	Exercise price of share options HK$
Under the Pre-IPO Scheme													
Employees[1,2]	750,000	–	–	–	750,000	–	–	–	750,000	18.03.2016	From 18.3.2019 to 17.3.2026	N/A	0.026
Employees[1,2]	500,000	–	(500,000)	–	–	–	–	–	–	18.03.2016	From 18.3.2019 to 17.3.2026	N/A	0.052
Total	1,250,000	–	(500,000)	–	750,000	–	–	–	750,000				
Share options exercisable at the end of respective years	1,250,000				750,000				750,000				
Weighted average exercise price (HK$)	0.04	–	0.052	–	0.03	–	–	–	0.03				

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. The share options granted on 18 March 2016 are divided into 2 tranches exercisable from 18 March 2019 to 17 March 2026.

29. Share Option Schemes (Continued)

(b) Post-IPO Scheme

(i) *Purpose of the scheme*

To motivate eligible persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

(ii) *Participants of the scheme*

Any Director or proposed Director (including an independent non-executive director) of any member of the Group, any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of the Group, any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group, a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group, a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group, or a close associate (as defined under the Listing Rules) of any of the foregoing persons.

(iii) *Total number of Shares available for issue under the schemes*

169,287,499 shares (2023: 169,287,499 shares) (being approximately 8.24% (2023: 8.24%) of the issued share capital as at the date of this annual report)

(iv) *Maximum entitlement of each participant under the schemes*

Substantial shareholders/independent non-executive directors: 0.1% of the issued Shares/aggregate value not exceeding HK$5 million in the 12-month period up to and including the date of such grant.

Other participants: in any 12-month period shall not exceed 1% of the issued Shares from time to time.

(v) *The period within which the Shares must be taken up under an option*

An option may be exercised within a period to be determined and notified by the Board to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the share option schemes.

(vi) *The minimum period for which an option must be held before it can be exercised*

As determined by the Board upon the grant of an option.

(vii) *The amount payable on acceptance of an option and the period within which payments shall be made*

A letter comprising acceptance of the share option duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within the period specified in the letter containing the offer of the grant of the share option.

(viii) *The basis of determining the exercise price*

As determined by the Board but shall not be less than whichever is the highest of (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the grant of options; (2) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the grant of options; and (3) the nominal value of the Share.

For the year ended 31 March 2024

29. Share Option Schemes (Continued)

(b) Post-IPO Scheme (Continued)

(ix) The remaining life of the schemes

The Post-IPO Scheme is valid and effective for a period of 10 years commencing on 11 April 2016.

Details of the movements within the Post-IPO Scheme of the Company for the years ended 31 March 2024 and 2023 are set out below:

	Number of share options												
Category of participants	Outstanding at 1.4.2022	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31.3.2023 & 1.4.2023	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31.3.2024	Date of grant of share options	Exercise period	Share price at the date of grant of share options HK$	Exercise price of share options HK$
Directors[1,4]	9,600,000	–	–	–	9,600,000	–	–	–	9,600,000	28.06.2019	From 28.6.2019 to 27.6.2029	1.04	1.04
Directors[1,5]	9,600,000	–	–	–	9,600,000	–	–	–	9,600,000	08.12.2020	From 08.12.2024 to 07.12.2030	0.77	0.788
	19,200,000	–	–	–	19,200,000	–	–	–	19,200,000				
Employees[1,2]	333,333	–	–	–	333,333	–	–	–	333,333	06.07.2017	From 6.7.2020 to 5.7.2027	0.198	0.198
Employees[1,3]	8,300,000	–	–	–	8,300,000	–	–	–	8,300,000	10.08.2018	From 10.8.2021 to 9.8.2028	0.62	0.62
Employees[1,4]	2,766,666	–	–	–	2,766,666	–	–	–	2,766,666	28.06.2019	From 28.6.2022 to 27.6.2029	1.04	1.04
Employees[1,4]	10,825,000	–	–	(100,000)	10,725,000	–	–	–	10,725,000	28.06.2019	From 28.6.2023 to 27.6.2029	1.04	1.04
Employees[1,5]	7,533,333	–	–	(533,333)	7,000,000	–	–	(133,333)	6,866,667	08.12.2020	From 08.12.2023 to 07.12.2030	0.77	0.788
Employees[1,5]	7,600,000	–	–	(375,000)	7,225,000	–	–	(400,000)	6,825,000	08.12.2020	From 08.12.2024 to 07.12.2030	0.77	0.788
	37,358,332	–	–	(1,008,333)	36,349,999	–	–	(533,333)	35,816,666				
Total	56,558,332	–	–	(1,008,333)	55,549,999	–	–	(533,333)	55,016,666				
Share options exercisable at the end of respective years	18,233,333				20,999,999				38,591,666				
Weighted average exercise price (HK$)	0.863	–	–	0.813	0.864	–	–	0.788	0.865				

29. Share Option Schemes (Continued)

(b) Post-IPO Scheme (Continued)

(ix) The remaining life of the schemes (Continued)

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. The share options granted on 6 July 2017 are exercisable from 6 July 2020 to 5 July 2027.

3. The share options granted on 10 August 2018 are exercisable from 10 August 2021 to 9 August 2028.

4. The share options granted on 28 June 2019 are divided into 3 tranches exercisable from 28 June 2019, 28 June 2022 and 28 June 2023 respectively to 27 June 2029.

5. The share options granted on 8 December 2020 are divided into 2 tranches exercisable from 8 December 2023 and 8 December 2024 respectively to 7 December 2030.

The Group recognised total expenses of HK$2,998,000 for the year ended 31 March 2024 (2023: HK$6,278,000) in relation to the share options granted by the Company.

The number of share options granted expected to vest has been reduced to reflect historical experience of forfeiture of options granted prior to completion of vesting period and accordingly the share option expense has been adjusted. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in the profit and loss over the remaining vesting period, with a corresponding adjustment to the share options reserve.

30. Capital Risk Management

The directors of the Company manage its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings and lease liabilities as disclosed in notes 25 and 26 respectively, net of cash and cash equivalents and equity.

The directors of the Company review the capital structure from time to time. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares, new debts or the redemption of existing debts.

31. Financial Instruments

Categories of financial instruments

	2024 HK$'000	2023 HK$'000
Financial assets		
Financial assets at amortised cost	**388,638**	347,931
Financial assets at FVTPL	**11,114**	14,327
Financial liabilities		
At amortised cost	**46,276**	65,419

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables and deposits, pledged bank deposits, time deposits with original maturity over three months, bank balances and cash, financial assets at FVTPL, trade and other payables, lease liabilities and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and foreign currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group is primarily exposed to the financial risks of changes in interest rates and foreign currency exchange rates. Details of each type of market risks are described as follows:

For the year ended 31 March 2024

31. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to pledged bank deposits and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings and bank balances.

The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

No sensitivity analysis are presented as the carrying amounts of the variable-rate bank borrowings are insignificant. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

(ii) Foreign currency risk

The Group undertakes certain operating transactions in foreign currency, which exposes the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the directors of the Company monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should such need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, which mainly includes trade and other receivables, time deposits with original maturity over three months, bank balances and cash, and trade and other payables as at the end of each reporting period are as follows:

	2024		2023	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	**HK$'000**	HK$'000	HK$'000
United States Dollar ("US$")	**181,999**	**9,203**	100,278	9,559
Euro Dollar ("EURO")	**15,532**	**7,159**	31,543	3,425
Renminbi ("RMB")	**2,458**	**772**	536	877
Canadian Dollar ("CAD")	**3,770**	**35**	251	22

Sensitivity analysis

The Group is mainly exposed to the risk of fluctuation against US$, EURO, RMB and CAD during the years ended 31 March 2024 and 2023.

The management of the Group considers that as HK$ is pegged to US$, the Group is not subject to significant foreign currency risk from change in foreign exchange rate of HK$ against US$ and no sensitivity analysis was presented for US$ denominated monetary assets held by subsidiaries incorporated in Hong Kong with HK$ as the functional currency. The following table details the sensitivity to a 2%, 5%, 5% and 5% increase and decrease in HK$ against US$, EURO, RMB and CAD, respectively. These rates are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a change in foreign currency rates. The negative number below indicates a decrease in the post-tax profit (2023: increase in the post-tax loss) where HK$ strengthens 2%, 5%, 5% and 5% against US$, EURO, RMB and CAD, respectively. For a 2%, 5%, 5% and 5% weakening of HK$ against US$, EURO, RMB and CAD, there would be an equal and opposite impact on the profit or loss for the year.

For the year ended 31 March 2024

31. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk

Sensitivity analysis

	Profit (Loss) for the year 2024 HK$'000	2023 HK$'000
US$	**—**	(1,361)
EURO	**(350)**	(1,174)
RMB	**(70)**	15
CAD	**(156)**	(10)

Credit risk and impairment provision

As at 31 March 2024 and 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of respective financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. The Group would charge penalty on certain customers for overdue settlement according to the sales agreement.

Trade and unbilled receivables and contract assets arising from contracts with customers

The Group has concentration of credit risk as 7% (2023: 8%) and 21% (2023: 21%) of the trade and unbilled receivables was due from the Group's largest customer and the 5 largest customers respectively.

The Group's concentration of credit risk by geographical locations is in the US which accounted for 28% (2023: 38% in the US) of the trade and unbilled receivables as at 31 March 2024.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. Trade and unbilled receivables and contract assets that with significant balances or credit-impaired are assessed for ECL individually. The management of the Group estimates the amount of lifetime ECL of the remaining trade and unbilled receivables and contract assets using a collective basis grouped by geographical locations, and then further grouped by past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information that is reasonable and supportable available without undue costs or effort. Details of the quantitative disclosures are set out below in this note.

In relation to contract assets arisen from provision of advertising spaces, the management performs impairment assessment on a periodic basis. Based on the assessment, the management is of the opinion that the probability of defaults of the relevant counterparties are insignificant since the counterparties are either listed or multinational companies with continuing business relationship. Accordingly, the credit risk regarding contract assets is limited.

Other receivables and deposits, pledged bank deposits and time deposits with original maturity over three months and bank balances

The Group performs impairment assessment under ECL model on other receivables and deposit, pledged bank deposits, time deposits with original maturity over three months and bank balances based on 12m ECL as no significant increase in credit risk since initial recognition.

The credit risk on other receivables and deposits is limited because the counterparties have no historical default record and the directors of the Company expect that the general economic conditions will not significantly changed for the 12 months after the reporting date.

For the year ended 31 March 2024

31. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment provision (Continued)

Other receivables and deposits, pledged bank deposits and time deposits with original maturity over three months and bank balances (Continued)

The credit risk on pledged bank deposits, time deposits with original maturity over three months and bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Based on the Group's internal credit rating, no material impairment loss allowance is recognised for other receivables and deposits. No material impairment loss allowance is recognised for pledged bank deposits, time deposits with original maturity over three months and bank balances based on external credit rating.

The Group is exposed to concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings.

Other than above, the Group does not have any other significant concentration of credit risk. The tables below is the internal credit policy of the Group:

Internal credit rating	Description	Trade and unbilled receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts Lifetime	ECL — not credit-impaired	12m ECL
High risk	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

For the year ended 31 March 2024

31. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment provision (Continued)

Other receivables and deposits, pledged bank deposits and time deposits with original maturity over three months and bank balances (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	Notes	Credit rating	Credit rating	12-month or lifetime ECL	2024 Gross carrying amounts		2023 Gross carrying amounts	
					HK$000	HK$000	HK$000	HK$000
Financial assets at amortised cost								
Trade and unbilled receivables	20	N/A	Low risk (Note (a))	Lifetime ECL (not credit-impaired)	**36,543**		48,815	
			(Note (b))	Lifetime ECL (not credit-impaired) (collective assessment)	**104,094**		97,961	
			Loss	Lifetime ECL (credit-impaired)	**1,916**	**142,553**	–	146,776
Other receivables and deposits	20	N/A	Low risk	12m ECL		**35,189**		26,043
Pledged bank deposits	22	Aa3	N/A	12m ECL		**10,438**		10,000
Bank balances	22	Aa3 to Baa3	N/A	12m ECL		**183,492**		166,021
Time deposits with original maturity over three months	22	Aa3	N/A	12m ECL		**19,403**		–
Other item								
Contract assets (collective assessment)	21	N/A	Low risk	Lifetime ECL (collective assessment)		**9,625**		13,028

(a) Trade receivables with significant outstanding balances with gross carrying amounts of HK$36,543,000 (2023: HK$48,815,000) as at 31 March 2024 were assessed individually. As all these debtors with significant balances are either listed or multinational companies with good financial position and without recent default history, they are all classified as low risk and loss rate of 0.15 % to 0.2 % (2023: 0.15% to 0.20%) is applied.

(b) The following table provides information about the exposure to credit risk for trade and unbilled receivables which are assessed based on collective assessment as at 31 March 2024 within lifetime ECL.

For the year ended 31 March 2024

31.Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment provision (Continued)

Gross carrying amount of trade and unbilled receivables assessed collectively:

	2024			2023		
	Average loss rate (Note)	**Gross trade receivables HK$'000**	**ECL HK$'000**	Average loss rate (Note)	Gross trade receivables HK$'000	ECL HK$'000
Current (not past due)	**0.2%**	**89,672**	**179**	0.2%	84,522	163
1–30 days past due	**0.5%**	**—**	**—**	0.5%	1,013	5
31–60 days past due	**1.0%**	**7,264**	**73**	1.0%	2,776	28
61–90 days past due	**1.5%**	**2,864**	**43**	1.5%	3,003	45
91–180 days past due	**2.0%**	**2,079**	**42**	2.0%	4,181	84
181–365 days past due	**5.0%**	**1,908**	**95**	5.0%	1,004	50
More than 365 days past due	**10.0%**	**307**	**31**	10.0%	1,462	146
		104,094	**463**		97,961	521

Note: The average loss rate is calculated as average loss rate of corresponding past due aging from various geographic locations.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the trade and unbilled receivables and are adjusted for forward-looking information that is available without undue cost or effort. The Group determines the average loss rate by considering the geographic locations of trade receivables, after considering aging, repayment history and/or past due status of respective trade receivables. The grouping is regularly reviewed by management to ensure relevant information about specific trade receivable is updated.

During the year ended 31 March 2024, the Group reversed impairment losses under ECL model for not credit-impaired trade and unbilled receivables of HK$235,000 (2023: HK$521,000) based on the collective assessment, recognised HK$58,000 (2023: HK$74,000) based on significant balances and HK$1,916,000 (2023: HK$nil) based on credit-impaired amount.

For the year ended 31 March 2024

31. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment provision (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade and unbilled receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
As at 1 April 2022	945	–	945
Changes due to financial instruments recognised as at 1 April 2022:			
– transfer to credit-impaired	(631)	631	–
– write-offs (Note)	–	(631)	(631)
New financial assets originated:			
– impairment losses recognised	595	948	1,543
– write-offs (Note)	–	(948)	(948)
As at 31 March 2023	909	–	909
Changes due to financial instruments recognised as at 1 April 2023:			
– impairment losses recognised	–	490	490
– impairment losses reversed	(667)	–	(667)
– transfer to credit-impaired	(211)	211	–
– write-offs (Note)	–	(211)	(211)
New financial assets originated:			
– impairment losses recognised	490	1,426	1,916
As at 31 March 2024	521	1,916	2,437

Note: The Group writes off trade and unbilled receivables when there is information indicating that the debtor is in severe financial difficulty or there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one year past due, whichever occurs earlier.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents as well as undrawn banking facilities deemed adequate by the directors of the Company to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The directors monitor the level of utilisation of bank borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity of other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of the reporting period.

For the year ended 31 March 2024

31.Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2024						
Non-derivative financial liabilities						
Trade and other payables	**–**	**46,276**	**–**	**–**	**46,276**	**46,276**
Lease liabilities	**3.70**	**22,491**	**12,564**	**14,803**	**49,858**	**44,357**
		68,767	**12,564**	**14,803**	**96,134**	**90,633**

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2023						
Non-derivative financial liabilities						
Trade and other payables	–	62,695	–	–	62,695	62,695
Bank borrowings	4.39	2,724	–	–	2,724	2,724
Lease liabilities	3.52	23,421	20,629	25,656	69,706	63,151
		88,840	20,629	25,656	135,125	128,570

Bank borrowings with a repayment on demand clause are included in the "repayable on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2023, the aggregate carrying amounts of these bank borrowings amounted to HK$2,724,000. Taking into account the Group's financial position, the directors of the Company did not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that these bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

31. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's aggregate principal and interest cash outflows for bank borrowings with a repayment on demand clause. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of the reporting period.

	Weighted average effective interest rate %	Less than 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Bank borrowings with repayment on demand clause				
As at 31 March 2023	4.39	2,724	2,724	2,724

Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purpose. In estimating the fair value, the Group uses market observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

For the year ended 31 March 2024

31. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value at 31 March 2024 HK$'000	Fair value at 31 March 2023 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Financial assets					
Investments in REIT	**–**	3,670	Level 3	Net asset value approach of the REIT	Net asset value of approximately US$1,550 per share in 2023
Investments in preference shares	**1,708**	1,535	Level 3	Back-solve method and equity allocation method	Risk-free rate: 4.22% Volatility: 46.25% Liquidation scenario: 90% IPO scenario: 10% (2023: Risk-free rate: 3.59% Volatility: 64.0% Liquidation scenario: 90% IPO scenario: 10%)
Unlisted equity investments	**2,159**	2,159	Level 3	Equity allocation method	Risk-free rate: 3.64% Volatility: 64.5% Liquidation scenario: 50% Redemption scenario: 50% IPO scenario: 0% (2023: Risk free rate: 3.64% Volatility: 64.5% Liquidation Scenario: 50% Redemption Scenario: 50% IPO scenario: 0%)
Unlisted equity investments	**3,382**	3,017	Level 3	Back-solve method and equity allocation method	Risk-free rate: 4.22% Volatility: 46.25% Liquidation scenario: 90% IPO scenario: 10% (2023: Risk-free rate: 3.59% Volatility: 64.0% Liquidation scenario: 90% IPO scenario: 10%)

For the year ended 31 March 2024

31. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value at 31 March 2024 HK$'000	Fair value at 31 March 2023 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Unlisted equity investments	**1,903**	1,984	Level 2	The fair value is determined with reference to the recent transaction price of the investments	N/A
Investment in SAFE	**1,962**	1,962	Level 2	The fair value is determined with reference to the recent transaction price of the investment	N/A

Reconciliation of Level 3 fair value measurements

	Investments in preference shares HK$'000	**Unlisted equity investments** HK$'000	**Investments in REIT** HK$'000	**Total** HK$'000
At 1 April 2022	2,483	9,264	6,241	17,988
Disposal	—	—	(2,753)	(2,753)
Change in fair value charged to profit or loss	(3,285)	(4,088)	182	(7,191)
Transfer into Level 3	2,337	—	—	2,337
At 31 March 2023	1,535	5,176	3,670	10,381
Disposal	—	—	(3,719)	(3,719)
Realised change in fair value charged to profit or loss	—	—	49	49
Unrealised change in fair value charged to profit or loss	173	365	—	538
At 31 March 2024	1,708	5,541	—	7,249

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

For the year ended 31 March 2024

32. Reconciliation of Liabilities Arising From Financing Activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings HK$'000 (note 25)	**Lease liabilities** HK$'000 (note 26)	**Interest payable** HK$'000	**Total** HK$'000
At 1 April 2022	7,363	73,948	—	81,311
Financing cash flows	(16,122)	(24,143)	(531)	(40,796)
Supplier financing	11,483	—	—	11,483
Interest expenses	—	2,973	531	3,504
New leases entered/modified	—	10,814	—	10,814
Exchange translations	—	(441)	—	(441)
At 31 March 2023	**2,724**	**63,151**	**—**	**65,875**
Financing cash flows	**(2,724)**	**(28,738)**	**(41)**	**(31,503)**
Interest expenses	**—**	**3,010**	**41**	**3,051**
New leases entered/modified	**—**	**7,323**	**—**	**7,323**
Exchange translations	**—**	**(389)**	**—**	**(389)**
At 31 March 2024	**—**	**44,357**	**—**	**44,357**

33. Retirement Benefits Schemes

The Group participates in MPF Scheme for all its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee.

The employees of the Group's subsidiaries in US, United Kingdom ("UK"), the PRC and Japan are members of respective state-managed retirement benefit scheme operated by the government of US, UK, the PRC and Japan. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits respectively. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year ended 31 March 2024, the total retirement benefits scheme contribution arising from the MPF Scheme and state-managed retirement benefit scheme charged to profit or loss were HK$11,275,000 (2023: HK$9,414,000).

34. Related Party Transactions

Apart from details of the balances with related parties disclosed in the consolidated statement of financial position and other details disclosed elsewhere in these consolidated financial statements, the Group also entered into the following significant transactions with related parties during the year:

		As at/Year ended 31 March	
Name of related party	**Nature of transactions**	**2024** **HK$'000**	2023 HK$'000
Mr. Lee Chung Ming and Ms. Chan Lai Kuen (Note)	Repayment of lease liabilities for Director's quarter	**210**	210
	Interest expense on lease liabilities for Director's quarter	**11**	17
	Right-of-use assets for Director's quarter at year end	**169**	371
	Lease liability for Director's quarter at year end	**172**	372

Note: Mr. Lee Chung Ming and Ms. Chan Lai Kuen are the parents-in-law of Mr. Ma.

Compensation of key management personnel

The directors of the Company are identified as key management member of the Group, and their compensation during the years was set out in note 12. The remuneration of key management personnel is determined with regard to the performance of individuals and market trends.

For the year ended 31 March 2024

35. Particulars of Subsidiaries and VIE of the Company

Details of the Company's subsidiaries and VIE at the end of the reporting period are set out below.

Name of subsidiaries and VIE	Place of incorporation/ registration	Issued and fully paid-up capital	Attributable equity interest held by the Group				Principal activities
			Directly		Indirectly		
			2024 %	2023 %	**2024** %	2023 %	
Subsidiaries							
COREone Limited	The British Virgin Island ("BVI")	US$1	**100**	100	**–**	–	Investment holding
COREtwo Limited	BVI	US$1	**100**	100	**–**	–	Investment holding
COREthree Limited	BVI	US$1	**100**	100	**–**	–	Investment holding
Hypebeast Hong Kong Limited	Hong Kong	HK$1,000	**–**	–	**100**	100	Provision of advertising spaces services, services for creative agency projects, operation of online and offline retail platform and publication of magazines
102 Media Lab Limited	Hong Kong	HK$1,000	**–**	–	**100**	100	Provision of advertising spaces services
Hypebeast UK Limited	UK	GBP1	**–**	–	**100**	100	Provision of advertising spaces services
Hypebeast Inc.	US	US$5,000	**–**	–	**100**	100	Provision of advertising spaces services, services for creative agency projects
HBX New York Inc.	US	US$100	**–**	–	**100**	100	Operation of offline retail platform
HBX 41 Division LLC	US	US$100	**–**	–	**100**	100	HBX retail operation
北京賀彼貿易有限公司[1] ("北京賀彼" or "Beijing agency projects Hypebeast")	PRC	RMB1,000,000	**–**	–	**100**	100	Provision of services for creative agency projects
Hypebeast Japan 株式會社	Japan	JPY10,000,000	**–**	–	**100**	100	Provision of advertising spaces services, services for creative agency projects

35. Particulars of Subsidiaries and VIE of the Company (Continued)

Name of subsidiaries and VIE	Place of incorporation/ registration	Issued and fully paid-up capital	Attributable equity interest held by the Group				Principal activities
			Directly		Indirectly		
			2024 %	2023 %	2024 %	2023 %	
Subsidiaries (Continued)							
Cravee Limited	Hong Kong	HK$1,000	–	–	85	85	Inactive
Hype Capital Limited	BVI	US$1	–	–	100	100	Investment holding
Hypebeast Asia Pacific Limited	Hong Kong	HK$1,000	–	–	100	100	Provision of advertising spaces services, services for creative agency projects and operation of offline retail platform
Hypebeast Company SG Pte. Ltd.	Singapore	SGD1	–	–	100	100	Provision of advertising spaces services and services for creative agency projects
Hypebeast EMEA (BVI) Limited	BVI	US$1	–	–	100	100	Investment holding
Hypebeast Germany GmbH	Germany	EUR25,000	–	–	100	100	Provision of advertising spaces services
VIE							
賀彼文化傳播(北京)有限公司[2] (“賀彼文化” or “Hypebeast Cultural”)	PRC	RMB383,000	–	–	VIE	VIE	Provision of services for creative agency projects

1 The entity was registered as a wholly foreign-owned enterprise under PRC law.

2 The entity is a limited liability company established under the PRC law and legally owned by an individual (the “Legal Owner”). Under certain agreements (the “VIE Agreements”) entered into among the Legal Owner, Hypebeast Cultural and Beijing Hypebeast, Beijing Hypebeast has the practical ability to direct the relevant activities of Hypebeast Cultural unilaterally and accordingly, the Group was deemed to have control over Hypebeast Cultural.

None of the subsidiaries had issued any debt securities at the end of both reporting periods.

For the year ended 31 March 2024

36. Statement of Financial Position of the Company

	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSET		
Amounts due from subsidiaries (Note)	14,368	16,859
	14,368	16,859
CURRENT ASSETS		
Prepayments and other receivables (Note)	262	247
Bank balances and cash (Note)	130	219
	392	466
CURRENT LIABILITIES		
Other payables	5,279	9,695
Amounts due to subsidiaries	650	650
	5,929	10,345
NET CURRENT LIABILITIES	(5,537)	(9,879)
NET ASSETS	8,831	6,980
CAPITAL AND RESERVES		
Share capital (see note 28)	20,541	20,541
Deficit	(11,710)	(13,561)
	8,831	6,980

Note: ECL for amounts due from subsidiaries, other receivables and bank balances are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition. No material impairment allowance is made based on the Company's internal and/or external credit rating.

Movements in the Company's reserves

	Share premium HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2022	44,530	18,426	(33,156)	29,800
Loss and other comprehensive expense for the year	–	–	(49,660)	(49,660)
Exercise of share options	506	(485)	–	21
Recognition of share-based payment expense	–	6,278	–	6,278
At 31 March 2023	45,036	24,219	(82,816)	(13,561)
Loss and other comprehensive expense for the year	–	–	(1,147)	(1,147)
Recognition of share-based payment expense	–	2,998	–	2,998
At 31 March 2024	45,036	27,217	(83,963)	(11,710)

37. Major Non-Cash Transactions

During the year ended 31 March 2024, the Group entered into new lease agreements and extended the use of leased properties. On the date of lease commencement and lease modification, the Group recognised HK$9,188,000 of right-of-use assets (2023: HK$10,814,000) and HK$9,188,000 (2023: HK$10,814,000) of lease liabilities, respectively.

During the year ended 31 March 2024, the Group negotiated with the landlord to early terminate certain leases. On the date of lease termination, the Group derecognised HK$1,799,000 of right-of-use assets and HK$1,865,000 of lease liabilities.

During the year ended 31 March 2023, bank borrowings under supply chain financing arrangements of HK$11,483,000 of represent the payments to the suppliers by the relevant bank directly.

During the year ended 31 March 2023, the project income from NFT projects has been settled in the form of Ethereum, an intangible asset, with the carrying amounts of HK$7,188,000.

Financial Summary

For the five years ended 31 March 2020, 2021, 2022, 2023 and 2024

Results

	2024 **HK$'000**	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
Revenue	**895,652**	959,973	895,632	674,212	751,367
Profit before tax	**32,816**	17,739	142,050	93,091	86,377
Income tax expense	**(10,509)**	(22,808)	(41,883)	(22,507)	(20,602)
Profit (loss) for the year	**22,307**	(5,069)	100,167	70,584	65,775

As at 31 March 2020, 2021, 2022, 2023 and 2024

Assets and Liabilities

	2024 **HK$'000**	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
Total Assets	**629,877**	642,356	730,036	581,585	454,165
Total Liabilities	**(149,545)**	(175,751)	(252,120)	(220,342)	(178,970)
Net Assets	**480,332**	466,605	477,916	361,243	275,195