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HYPEBEAST

Hypebeast Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00150)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

THE SUBSCRIPTION

On 25 March 2021 (after trading hours), the Company entered into the Investment Agreement with the Investor in relation to the Subscription. Pursuant to the Investment Agreement, the Investor has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 6,533,397 Shares at the Subscription Price of HK\$1.05924 per Investor Share. The total consideration payable by the Investor under the Investment Agreement amounts to HK\$6,920,415.22, equivalent to approximately JPY100,000,000 as at the date of the Investment Agreement. The Investor Shares will be allotted and issued pursuant to the General Mandate.

The Investor Shares represent (i) approximately 0.32% of the issued Shares of the Company as at the date of this announcement; and (ii) approximately 0.32% of the issued Shares of the Company as enlarged by the Subscription (assuming that there will be no change in the total number of issued Shares (other than the issue of the Investor Shares) between the date of this announcement and Completion).

The Subscription Price of HK\$1.05924 per Investor Share represents (i) a premium of approximately 15.13% to the closing price of HK\$0.92 per Share as quoted on the Stock Exchange on the date of the Investment Agreement; and (ii) a premium of approximately 4.26% to the average closing price of HK\$1.016 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to the date of the Investment Agreement.

The aggregate gross proceeds from the Subscription will be approximately HK\$6,920,415.22. The net proceeds from the Subscription (after deducting all applicable cost and expenses of the Subscription) will be approximately HK\$6,620,415.22 and the net issue price will be approximately HK\$1.013 per Investor Share. The Company intends to use the net proceeds for strategic collaborations and implementation of business plans with the Investor and general working capital of the Group.

The Completion of the Subscription is subject to the fulfilment of the Condition(s) Precedent as set out in the Investment Agreement. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE SUBSCRIPTION

On 25 March 2021 (after trading hours), the Company entered into the Investment Agreement with the Investor in relation to the Subscription. Pursuant to the Investment Agreement, the Investor has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 6,533,397 Shares at the Subscription Price of HK\$1.05924 per Investor Share. The total consideration payable by the Investor under the Investment Agreement amounts to HK\$6,920,415.22, equivalent to approximately JPY100,000,000 as at the date of the Investment Agreement.

The principal terms of the Investment Agreement are as follows:

Date : 25 March 2021 (after trading hours)

Parties : (i) the Company (as the Issuer)
(ii) Avex Entertainment Inc. (as the Investor)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Investor and its ultimate beneficial owners are Independent Third Parties.

Number of Investor Shares : 6,533,397

Subscription Price : HK\$1.05924 per Investor Share

The Subscription Price represents:

- (i) a premium of approximately 15.13% to the closing price of HK\$0.92 per Share as quoted on the Stock Exchange on the date of the Investment Agreement; and
- (ii) a premium of approximately 4.26% to the average closing price of HK\$1.016 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to the date of the Investment Agreement.

The Subscription Price was determined after arm's length negotiation between the Company and the Investor with reference to, among other things, (i) the historical 12-month average closing price of the Shares immediately prior to the execution of the non-binding memorandum of understanding dated 10 September 2020 entered into between the Company and the Investor; and (ii) other reasons and benefits of the Subscription. The Board considers that the terms of the Investment Agreement (including the Subscription Price) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Subscription of
Shares

: Pursuant to the Investment Agreement, the Investor has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 6,533,397 Shares at the Subscription Price of HK\$1.05924 per Investor Share, representing:

- (i) approximately 0.32% of the issued Shares of the Company as at the date of this announcement; and
- (ii) approximately 0.32% of the issued Shares of the Company as enlarged by the Subscription (assuming that there will be no change in the total number of issued Shares (other than the issue of the Investor Shares) between the date of this announcement and Completion).

The aggregate nominal value of the Investor Shares is HK\$65,333.97.

On the Completion Date, the Investor shall make the payment of the consideration for the Investor Shares to the Company by wire transfer to the bank account designated.

After Completion of the Subscription, the Investor will hold 6,533,397 Shares, representing approximately 0.32% of the issued Shares of the Company as enlarged by the Subscription (assuming that there will be no change in the total number of issued Shares (other than the issue of the Investor Shares) between the date of this announcement and Completion).

Ranking of the Investor Shares : The Investor Shares, when fully paid and allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Investor Shares.

Conditions Precedent for the Subscription : The Investor's obligations under the Investment Agreement shall be subject to the satisfaction of the following Conditions:

- (i) The Company holds a board meeting to pass the necessary board resolutions in order to, amongst others, issue and allot, subject to receipt of the consideration for the Investor Shares, the Investor Shares credited as fully paid to the Investor and enter the name of the Investor (or its nominee) in the register of members and/or where legally required;
- (ii) The Company's warranties as set out in the Investment Agreement are all true and correct in all material respects as at the Completion Date;
- (iii) The Stock Exchange grants approval for the listing of, and permission to deal in, the Investor Shares, and such approval is not revoked or withdrawn;

- (iv) All approvals, authorisations, consents or permissions that are required of the Company for the transactions contemplated by the Investment Agreement have been obtained, and no such approvals, authorisations, consents and permissions have been revoked or withdrawn (if applicable);
- (v) The Company complies with the applicable requirements under the Listing Rules, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and
- (vi) The Company performs and complies with its obligations under the Investment Agreement that are required to be performed or complied with on or no later than the Completion Date.

The Company shall use its best endeavours to procure the fulfilment of the above Conditions on or before the Long Stop Date.

The Investor may in its absolute discretion at any time before Completion waive the Conditions set out above (except paragraphs (iii) and (iv)) by notice in writing to the Company and such waiver may be subject to such terms and conditions as the Investor deems fit.

The Company's obligations under the Investment Agreement shall be subject to the satisfaction of the following Conditions:

- (i) The Investor's warranties as set out in the Investment Agreement are all true and correct in all material respects as at the Completion Date;

- (ii) The Investor performs and complies with its obligations under the Investment Agreement that are required to be performed or complied with on or no later than the Completion Date; and
- (iii) No events occur or are likely to occur which may have an adverse material impact on the assets, management, financial or other conditions of, or future expectations relating to, the Investor.

The Investor shall use its best endeavours to procure the fulfilment of the above Conditions on or before the Long Stop Date.

The Company may in its absolute discretion at any time before Completion waive the Conditions set out above by notice in writing to the Investor and such waiver may be subject to such terms and conditions as the Company deems fit.

In the event that the Conditions Precedent are not fulfilled or waived (if applicable) on or before the Long Stop Date, the Investment Agreement, save in respect of certain clauses as specified in the Investment Agreement shall terminate and the obligations of the Parties shall immediately cease and be null and void, and none of the Parties shall, save in respect of certain clauses as specified in the Investment Agreement and any right or liability accrued before such termination, have any right against or liability towards the other Party arising out of or in connection with the Investment Agreement.

Completion of the Subscription : Completion of the Subscription shall take place on the 5th Business Day after the date on which all the Conditions Precedent have been fulfilled or (if applicable) waived, or such other date as the parties may agree in writing.

GENERAL MANDATE

The Investor Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM and therefore the issue of the Investor Shares will not be subject to the further approval by the Shareholders.

Pursuant to the General Mandate, the total number of new Shares that the Company is authorised to allot and issue is 407,102,500 Shares, representing 20% of the issued Shares of the Company as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate.

APPLICATION FOR LISTING OF THE INVESTOR SHARES

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Investor Shares on the Stock Exchange.

INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 September 2015. The principal activity of the Company is investment holding. The Group's principal activities are the provision of advertising services to brand owners and advertising agencies on the Group's digital media platforms, and the sale of third-party branded clothing, shoes and accessories on the Group's e-commerce platform.

INFORMATION ON THE INVESTOR

Avex Entertainment Inc. is a limited company incorporated in Japan under Avex Group, whose shares are (i) listed on the Tokyo Stock Exchange and the Frankfurt Stock Exchange with stock codes 7860 and AX8, respectively; and (ii) owned by Max 2000, Inc. (5.08%), T's Capital Co., Ltd. (4.97%) and The Master Trust Bank of Japan (4.60%). Founded in 1988, the Avex Group is a Japanese entertainment conglomerate that holds over 33 years of expertise across business domains including music, talent management, anime, events, and more.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Investor and its ultimate beneficial owners are Independent Third Parties.

REASONS AND BENEFITS FOR THE SUBSCRIPTION

The Board expects the Subscription to bring long-term strategic value to the Group by facilitating the collaboration between the Parties over envisioned strategic business plans. The intended strategic cooperation with the Investor will enable the Group to rapidly accelerate growth of its business in Japan due to the ability to leverage the Investor's deep domestic connections and local expertise in Japan as well as its strength as a leader in the event production, talent management and music label industries. Further, the Subscription would enable each of the Company and the Investor to benefit from the respective competitive advantages of their counterpart in strategic collaborations and implementation of business plans and develop new business opportunities mutually beneficial to the development of their respective businesses in Japan and abroad.

In view of the above, the Directors consider that the terms of the Investment Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and the allotment and issue of the Investor Shares is an appropriate means of raising additional capital for the Company since it will provide the Company with immediate funding for the purpose of strategic collaborations and implementation of business plans with the Investor.

USE OF PROCEEDS

The aggregate gross proceeds from the Subscription will be approximately HK\$6,920,415.22. The net proceeds from the Subscription (after deducting all applicable costs and expenses of the Subscription) will be approximately HK\$6,620,415.22 and the net issue price will be approximately HK\$1.013 per Investor Share. The Company intends to use the net proceeds for strategic collaborations and implementation of business plans with the Investor and general working capital of the Group.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 2,045,929,167 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion, assuming that there will be no change in the total number of issued Shares (other than the issue of the Investor Shares) between the date of this announcement and Completion:

Name of Shareholder	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
CORE Capital Limited (<i>Note</i>)	1,485,000,000	72.58	1,485,000,000	72.35
Mr. Ma Pak Wing Kevin (<i>Note</i>)	780,000	0.04	780,000	0.04
Fidelity China Special Situations PLC	125,935,000	6.16	125,935,000	6.14
The Investor	–	–	6,533,397	0.32
Other public Shareholders	434,214,167	21.22	434,214,167	21.15
Total	<u>2,045,929,167</u>	<u>100.00</u>	<u>2,052,462,564</u>	<u>100.00</u>

Note: CORE Capital Limited is a controlled corporation of Mr. Ma Pak Wing Kevin, an executive Director of the Company.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company did not conduct any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

The Completion of the Subscription is subject to the fulfilment of the Condition(s) Precedent as set out in the Investment Agreement. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 21 August 2020
“Avex Group”	Avex Group Holdings Inc., whose shares are (i) listed on the Tokyo Stock Exchange and the Frankfurt Stock Exchange with stock codes 7860 and AX8, respectively; and (ii) owned by Max 2000, Inc. (5.08%), T’s Capital Co., Ltd. (4.97%) and The Master Trust Bank of Japan (4.60%)
“Board”	board of Directors of the Company
“Business Day”	any day (excluding Saturday and days on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong
“Company”	Hypebeast Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the main board of the Stock Exchange (stock code: 00150)
“Completion”	completion of the Subscription on the Completion Date in accordance with the terms and conditions of the Investment Agreement
“Completion Date”	the 5 th Business Day after the date on which all the Conditions Precedent have been fulfilled or (if applicable) waived, or such other date as the Parties may agree in writing
“Conditions” or “Condition(s) Precedent”	the conditions to which the Investor’s obligation to complete shall be subject to and the conditions to which the Company’s obligation to complete shall be subject to, details of which are set out in the section headed “Conditions Precedent for the Subscription” in this announcement

“connected person”	has the meaning ascribed to it under the Listing Rules
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 407,102,500 Shares, representing 20% of the total number of issued Shares on the date of passing such resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Investment Agreement”	the investment agreement dated 25 March 2021 entered into between the Company and the Investor in relation to the Subscription
“Investor”	Avex Entertainment Inc., a limited company incorporated in Japan under Avex Group
“Investor Shares”	6,533,397 new Shares which will be subscribed by the Investor and issued and allotted by the Company in accordance with and subject to the terms and conditions of the Investment Agreement
“JPY”	Japanese yen, the lawful currency of Japan
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2021 (or such other date as the Parties may agree in writing)

“Party(ies)”	the party(ies) to the Investment Agreement, being the Investor or/(and) the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Investor Shares by the Investor pursuant to the terms and conditions of the Investment Agreement
“Subscription Price”	HK\$1.05924 per Investor Share
“%”	per cent.

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

Hong Kong, 25 March 2021

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