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HYPEBEAST

Hypebeast Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00150)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE SERVICE AGREEMENT

THE VIE AGREEMENTS (INCLUDING THE SERVICE AGREEMENT)

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 and Hypebeast Cultural has become an indirect subsidiary of the Company.

As at the date of the VIE Agreements and this announcement, Hypebeast Cultural is principally engaged in creative production and provision for digital advertising services.

LISTING RULES IMPLICATIONS

Prior to 1 April 2019 (i.e. the effective date of the VIE Agreements), the Legal Owner was a third party independent of the Company and its connected persons. As all applicable percentage ratios in respect of the transactions contemplated under the VIE Agreements were less than 5%, the transactions contemplated under the VIE Agreements did not constitute a notifiable transaction when the VIE Structure was established under the VIE Agreements.

As at the date of the VIE Agreements and this announcement, the Legal Owner is the (i) sole shareholder, (ii) executive director, (iii) manager and (iv) legal representative of Hypebeast Cultural.

As the total assets, profits and revenue of Hypebeast Cultural for the financial years ended 31 December 2018 and 2019 were less than 10% of those of the Company for each of the two financial years ended 31 March 2019 and 2020, Hypebeast Cultural was an insignificant subsidiary of the Company for the purpose of Rule 14A.09(1) of the Listing Rules, and the Company had relied on the insignificant subsidiary exception in respect of the Service Agreement and the transactions contemplated thereunder. As such, the Legal Owner and Hypebeast Cultural (being an associate of the Legal Owner) were not regarded as connected persons of the Company as at the date of the VIE Agreements, and the Service Agreement and the transactions conducted and contemplated under the Service Agreement did not constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

However, based on (i) the audited accounts of Hypebeast Cultural for the financial year ended 31 December 2020 and (ii) the consolidated financial results of the Group for the year ended 31 March 2020 and the six months ended 30 September 2020, Hypebeast Cultural is no longer an insignificant subsidiary of the Company as one or more of the applicable percentage ratios exceed 10%. Accordingly, the Company is no longer able to rely on the insignificant subsidiary exception set out in Rule 14A.09(1) of the Listing Rules. 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 contemplated under the Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

This announcement is therefore made pursuant to Rule 14A.60(1) of the Listing Rules. No annual cap has been set on the amount of service fee payable by Hypebeast Cultural to Beijing Hypebeast in relation to the transactions contemplated under the Service Agreement to avoid limiting the flow of economic interests and benefits generated by Hypebeast Cultural to the Group, which is in the interests of the Company and its Shareholders as a whole.

The Board has approved the transactions contemplated under the Service Agreement and the independent non-executive Directors have also confirmed that the terms of the Service Agreement are fair and reasonable and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The Company would ensure annual review and relevant disclosures be made on the VIE Agreements in the next published annual report of the Company in accordance with Rules 14A.60, 14A.71 and 14A.72 of the Listing Rules.

GENERAL INFORMATION OF BEIJING HYPEBEAST, THE COMPANY AND THE GROUP

Beijing Hypebeast is a wholly foreign-owned enterprise established under the laws of the PRC on 3 April 2018, which is a wholly owned subsidiary of the Company and principally engaged in the provision of creative agency services.

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.

To the best of the knowledge, information and belief of the Directors, no Director had a material interest in the transactions contemplated under the VIE Agreements and was required to abstain from voting at the Board meeting for considering and approving the same.

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 announcement, 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 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 value-added telecommunications 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 value-added telecommunications 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 value-added telecommunications 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, 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 foreign-invested enterprise 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.

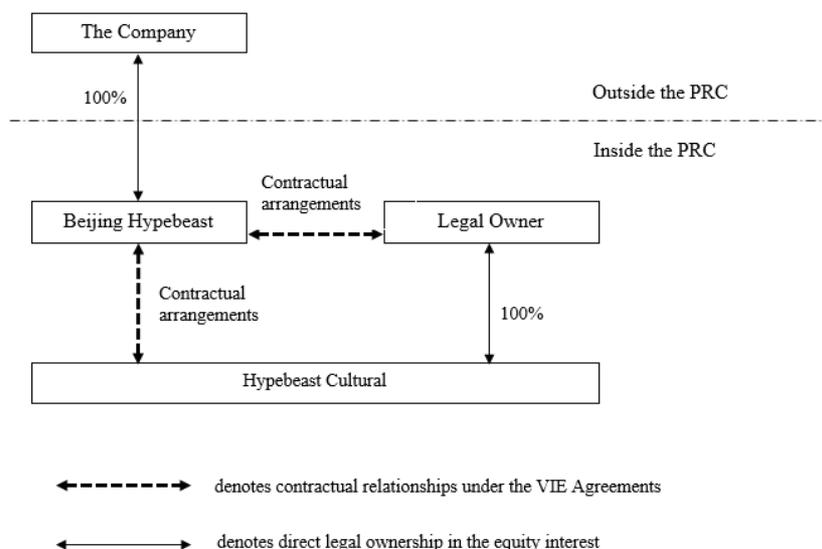
According to the PRC Legal Adviser, (i) at the time when the Company decided to conduct the Restricted Business within the PRC back in 2019, if the Company was going to acquire 49% equity interests in Hypebeast Cultural, Hypebeast Cultural would need to obtain an extra approval from the Ministry of Commerce of the PRC (or its local counterparts) and the authority could exercise a broad discretionary power when reviewing the approval; (ii) if the Company was going to acquire 49% equity interests in Hypebeast Cultural, Hypebeast Cultural, as the holder of the Permit, would need to cancel the previous Permit issued by Beijing Communications Administration (北京市通信管理局) and then apply for a new Permit with the MIIT; (iii) in order to apply for the new Permit, the foreign investor (i.e. the Company) shall satisfy several strict requirements on performance and operational experience, including having a good track record and experience for operating the business of value-added telecommunications service offshore. Meanwhile, the MIIT could also exercise a broad discretionary power when reviewing the approval, creating uncertainties as to whether Hypebeast Cultural is able to obtain the new Permit after the completion of the equity acquisition. According to the information available in the public domain, the MIIT only issued the Permit to a few foreign-invested companies in the past; and (iv) pursuant to the relevant PRC laws, Hypebeast Cultural would need to suspend the business of value-added telecommunications service until it gets the new Permit from the MIIT. The Company has considered that, if Hypebeast Cultural would need to suspend the Restricted Business until it gets the new Permit from the MIIT, there may be an adverse impact on the business of the Group. Having considered the above factors, the Company did not try to acquire 49% of equity interests in Hypebeast Cultural and adopted the VIE Structure 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 will be valid till 20 July 2021 and Hypebeast Cultural intends to apply for its renewal in or around June 2021. 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 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 announcement:



(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 and 2020 were approximately RMB7,100,000 and RMB18,500,000, 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 and 2020 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 announcement, 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.

To the best information and knowledge of the Directors upon making reasonable enquiries, save for the understanding in relation to the transactions contemplated under the Service Agreement, the Legal Owner has not entered into any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with the Company or its connected persons before the entering of the VIE Agreements.

Dispute Resolutions

The Loan Agreement, the Exclusive Option and Equity Trust Agreement, the Service Agreement, the Equity Pledge Agreement and the Non-Competition Agreement are governed by and construed in accordance with the laws of the PRC and contain a provision for resolving disputes through negotiation and in case the dispute cannot be resolved within 30 days, any party may submit the said dispute to the Shanghai International Economic and Trade Arbitration Commission (“**SHIAC**”) to be resolved through arbitration in Shanghai in Chinese in accordance with its then prevailing arbitration rules.

According to the PRC Legal Adviser, the courts of the PRC shall be considered as having the power to grant interim remedies in support of arbitration pending formation of the arbitral tribunal.

Liquidation

Pursuant to the Exclusive Option and Equity Trust Agreement, Hypebeast Cultural will not pass any resolution regarding the merger, consolidation, liquidation or restructuring of Hypebeast Cultural and its subsidiaries and branches without Beijing Hypebeast's consent.

Succession

Pursuant to the Undertaking, the Legal Owner undertakes and confirms that (i) she has no spouse, (ii) she will procure her spouse to execute an undertaking in the form and substance satisfactory to Beijing Hypebeast if the Legal Owner is married within the term of the Main Contracts, and (iii) she will take all necessary measures to ensure that, in the event of her death, restricted capacity or incapacity, bankruptcy, divorce or any other event which causes her inability to comply with the Main Contracts, her successors and any other person/entity which may as a result of the above events obtain the equity interest or relevant rights will be bound by the Undertaking to support and safeguard the enforcement of the Main Contracts.

Arrangement to Address Potential Conflict of Interests

Pursuant to the Exclusive Option and Equity Trust Agreement, the Legal Owner authorises Beijing Hypebeast or its designated party to manage all the equity interests in Hypebeast Cultural, and the person appointed by Beijing Hypebeast will exercise all the shareholder rights owned by the Legal Owner on behalf of the Legal Owner. Beijing Hypebeast has the exclusive nomination right for the positions of the general manager and other senior management personnel in Hypebeast Cultural. In addition, pursuant to such agreement, without the prior written consent from Beijing Hypebeast, Hypebeast Cultural and the Legal Owner shall not engage in any transaction or action that may cause any substantial influence to the asset, business, right or operation and management of Hypebeast Cultural and any enterprises invested or controlled by it. Save for being (i) sole shareholder, (ii) executive director, (iii) manager and (iv) legal representative of Hypebeast Cultural, the Legal Owner has no other positions or roles in the Company or the Group since 1 April 2019 (i.e. the effective date of the VIE Agreements) and up to the date of announcement.

Compliance of the VIE Agreements with the PRC laws, rules and regulations

As advised by the PRC Legal Adviser, the VIE Agreements have not violated any laws, rules and regulations in the PRC applicable to the business of Hypebeast Cultural and have not be deemed as “concealing illegal intentions with a lawful form” and void under the PRC Contract Law* (中華人民共和國合同法) and, subsequent to the expiration of the PRC Contract Law and the PRC Civil Code (中國人民共和國民法典) being effective on 1 January 2021, are not deemed as void under applicable PRC laws and regulations currently in effect. The VIE Agreements entered into by Beijing Hypebeast, Hypebeast Cultural and the Legal Owner are legally binding on and enforceable against each party in accordance with their terms and provisions under the PRC laws except certain terms of the VIE Agreements as set out in the paragraph headed “Risk factors in relation to the VIE Structure” below.

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 announcement, 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 announcement amounted to approximately RMB25.6 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 announcement.

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 under the VIE Agreements 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 ownership structures of Hypebeast Cultural and Beijing Hypebeast, comply with all existing PRC laws and regulations; and the contractual arrangements between Hypebeast Cultural, Beijing Hypebeast and the Legal Owner 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, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules;

accordingly, the PRC regulatory authorities may take a view that is contrary to the opinion of the PRC Legal Adviser. It is uncertain whether any other new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. 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 the Group's ability to consolidate, derive economic interests from, or exert effective control over Hypebeast Cultural; or
- restricting or prohibiting the Group's use of the proceeds of any of its financing outside PRC to finance the Group's 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 contractual arrangements of the Group 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.

2. There is no assurance that the VIE Agreements could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the VIE Agreements do not comply with applicable regulations

On 15 March 2019, the National People’s Congress promulgated the 2019 PRC Foreign Investment Law or the FIL, which has become effective on 1 January 2020 and replaced the outgoing laws regulating foreign investment in China, namely, the PRC Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, as well their implementation rules and ancillary regulations, or the Outgoing FIE Laws. Meanwhile, the Implementation Rules to the PRC Foreign Investment Law came into effect on 1 January 2020, which clarified and elaborated the relevant provisions of the 2019 PRC Foreign Investment Law. However, uncertainties still exist in relation to interpretation and implementation of the FIL, especially in regard to, including, among other things, the nature of variable interest entities contractual arrangements and specific rules regulating the organisation form of foreign-invested enterprises within the five-year transition period. While FIL does not define contractual arrangements as a form of foreign investment explicitly, it has a catch-all provision under definition of “foreign investment” that includes investments made by foreign investors in the PRC through other means as provided by laws, administrative regulations or the State Council, it cannot be assured that future laws and regulations will not provide for contractual arrangements as a form of foreign investment. Therefore, there can be no assurance that the control of the Group over Hypebeast Cultural through contractual arrangements will not be deemed as foreign investment in the future. In the event that any possible implementing regulations of the FIL, any other future laws, administrative regulations or provisions deem contractual arrangements as a way of foreign investment, and any of the Group’s operations through contractual arrangements is classified in the “restricted” or “prohibited” industry in the future “negative list” under the FIL, the contractual arrangements may be deemed as invalid and illegal, and the Group may be required to unwind the variable interest entity contractual arrangements and/or dispose of any affected business. Also, if future laws, administrative regulations or provisions mandate further actions to be taken 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. Furthermore, under the FIL, foreign investors or the foreign investment enterprise should be imposed legal liabilities for failing to report investment information in accordance with the requirements. In addition, the FIL provides that foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within a five-year transition period, which means that the Group may be required to adjust the structure and corporate governance of Beijing Hypebeast in such transition period. Failure to take

timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect the current corporate structure, corporate governance, financial condition and business operations of the Group.

3. The VIE Agreements may not be as effective as direct ownership in providing control over Hypebeast Cultural

The Group relies on the contractual arrangement under the VIE Agreements to operate the business of Hypebeast Cultural. Such contractual arrangement may not be as effective in providing Beijing Hypebeast with control over Hypebeast Cultural as direct ownership. 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 VIE Agreements, the Group relies on the performance by the Legal Owner of her obligations under the VIE Agreements 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 the Legal Owner. However, if any dispute relating to these contracts remains unresolved, the Group will have to enforce its rights under the VIE Agreements through the operations of PRC law and courts and therefore will be subject to uncertainties in the PRC legal system. Therefore, the VIE Agreements with the Legal Owner may not be as effective in ensuring Beijing Hypebeast's control over Hypebeast Cultural as direct ownership would be.

4. The Legal Owner may potentially have a conflict of interests with the Group

The Group's control over Hypebeast Cultural is based on the contractual arrangement under the VIE Agreements. Therefore, conflict of interests of the Legal Owner will adversely affect the interests of the Company. Pursuant to the Exclusive Option and Equity Trust Agreement, the Legal Owner will irrevocably appoint any person as designated by Beijing Hypebeast as their representative to exercise the voting rights of the shareholders of Hypebeast Cultural. Therefore, it is unlikely that there will be potential conflict of interests between the Company and the Legal Owner. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Company will consider removing and replacing the Legal Owner.

5. 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 arrangements under the VIE Agreements 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.

6. 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.

7. Any failure by Hypebeast Cultural or the Legal Owner to perform their obligations under the VIE Agreements with them would have a material and adverse effect on the business of the Group

If Hypebeast Cultural or the Legal Owner 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 Legal Owner 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 VIE Agreements, 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 VIE Agreements 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 require additional expenses and delay. Hypebeast Cultural holds the necessary licenses and permits of the Company. In the event the Group are unable to enforce the contractual arrangements, the Group may not be able to exert effective control over Hypebeast Cultural, and the Group's ability to conduct these businesses may be negatively affected.

8. The Company does not have any insurance which covers the risks relating to the VIE Agreements and the transactions contemplated thereunder

The insurance of the Group does not cover the risks relating to the VIE Agreements and the transactions contemplated thereunder. If any risk arises from the VIE Agreements in the future, such as those affecting the enforceability of the VIE Agreements and the relevant agreements for the transactions contemplated thereunder and the operation of VIE Agreements, 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 Company will continue evaluating the feasibility, the cost and the benefit of insuring the transactions contemplated under the VIE Agreements.

9. 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 VIE Agreements. 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.

INTERNAL CONTROL MEASURES IMPLEMENTED BY THE GROUP

Under the Exclusive Option and Equity Trust Agreement, Beijing Hypebeast is granted with various shareholder's rights which enable Beijing Hypebeast to fully exercise the voting rights as if a shareholder and nominate the director and senior management member of Hypebeast Cultural. Further, since the implementation of the VIE Structure, the Company has also put in place the following internal controls to safeguard its assets held through the VIE Structure:

- (i) the seals, chops, incorporation documents of Hypebeast Cultural are kept at the office of Beijing Hypebeast to the extent permitted by PRC laws;
- (ii) Beijing Hypebeast is involved in making corporate strategy, business plan and budgets of Hypebeast Cultural;
- (iii) terms of appointment of director and senior management of Hypebeast Cultural are subject to review and approval by Beijing Hypebeast; and
- (iv) Beijing Hypebeast is involved in assessing material financial matters of Hypebeast Cultural.

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, (iii) manager and (iv) legal representative 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, manager and legal representative of which is the Legal Owner. Hypebeast Cultural is principally engaged in creative production and provision for digital advertising services.

Financial Information

Set out below is the financial information of Hypebeast Cultural based on (i) the unaudited financial statements of Hypebeast Cultural for the year ended 31 December 2017 and (ii) the audited financial statements of Hypebeast Cultural for the three years ended 31 December 2020:

	For the year ended 31 December			
	2017	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)	(audited)	(audited)
Revenue	–	6,641	22,879	25,166
Net profits/(losses) before tax	(206)	374	1,530	8,098
Net profits/(losses) after tax	(206)	374	1,421	6,073

The unaudited total assets of Hypebeast Cultural were approximately RMB240,000 as at 31 December 2017. The audited total assets of Hypebeast Cultural were approximately RMB1,981,000, RMB8,674,000 and RMB13,199,000 as at 31 December 2018, 31 December 2019 and 31 December 2020, respectively.

The unaudited net assets of Hypebeast Cultural were approximately RMB8,000 as at 31 December 2017. The audited net assets of Hypebeast Cultural were approximately RMB381,000, RMB1,904,000 and RMB7,978,000 as at 31 December 2018, 31 December 2019 and 31 December 2020, respectively.

As confirmed with the Company's auditors under the applicable accounting principles, the financial results of Hypebeast Cultural is consolidated into the accounts of the Company as if it was a subsidiary of the Company.

GENERAL INFORMATION OF BEIJING HYPEBEAST, THE COMPANY AND THE GROUP

Beijing Hypebeast is a wholly foreign-owned enterprise established under the laws of the PRC on 3 April 2018, which is a wholly owned subsidiary of the Company and principally engaged in the provision of creative agency services.

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.

To the best of the knowledge, information and belief of the Directors, no Director had a material interest in the transactions contemplated under the VIE Agreements and was required to abstain from voting at the Board meeting for considering and approving the same.

LISTING RULES IMPLICATIONS

Prior to 1 April 2019 (i.e. the effective date of the VIE Agreements), the Legal Owner was a third party independent of the Company and its connected persons. As all applicable percentage ratios in respect of the transactions contemplated under the VIE Agreements were less than 5%, the transactions contemplated under the VIE Agreements did not constitute a notifiable transaction when the VIE Structure was established under the VIE Agreements.

As at the date of the VIE Agreements and this announcement, the Legal Owner is the (i) sole shareholder, (ii) executive director, (iii) manager and (iv) legal representative of Hypebeast Cultural.

As the total assets, profits and revenue of Hypebeast Cultural for the financial years ended 31 December 2018 and 2019 were less than 10% of those of the Company for each of the two financial years ended 31 March 2019 and 2020, Hypebeast Cultural was an insignificant subsidiary of the Company for the purpose of Rule 14A.09(1) of the Listing Rules, and the Company had relied on the insignificant subsidiary exception in respect of the Service Agreement and the transactions contemplated thereunder. As such, the Legal Owner and Hypebeast Cultural (being an associate of the Legal Owner) were not regarded as connected persons of the Company as at the date of the VIE Agreements, and the Service Agreement and the transactions conducted and contemplated under the Service Agreement did not constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

However, based on (i) the audited accounts of Hypebeast Cultural for the financial year ended 31 December 2020 and (ii) the consolidated financial results of the Group for the year ended 31 March 2020 and the six months ended 30 September 2020, Hypebeast Cultural is no longer an insignificant subsidiary of the Company as one or more of the applicable percentage ratios exceed 10%. Accordingly, the Company is no longer able to rely on the insignificant subsidiary exception set out in Rule 14A.09(1) of the Listing Rules. 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 contemplated under the Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

This announcement is therefore made pursuant to Rule 14A.60(1) of the Listing Rules. No annual cap has been set on the amount of service fee payable by Hypebeast Cultural to Beijing Hypebeast in relation to the transactions contemplated under the Service Agreement to avoid limiting the flow of economic interests and benefits generated by Hypebeast Cultural to the Group, which is in the interests of the Company and its Shareholders as a whole.

The Board has approved the transactions contemplated under the Service Agreement and the independent non-executive Directors have also confirmed that the terms of the Service Agreement are fair and reasonable and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The Company would ensure annual review and relevant disclosures be made on the VIE Agreements in the next published annual report of the Company in accordance with Rules 14A.60, 14A.71 and 14A.72 of the Listing Rules.

DEFINITIONS

Unless otherwise defined, the following expressions have the following meanings in this announcement:

“2019 PRC Foreign Investment Law” or “FIL”	the 2019 PRC Foreign Investment Law promulgated by the National People’s Congress on 15 March 2019, which has become effective on 1 January 2020
“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Hypebeast”	北京賀彼貿易有限公司 (Beijing Hypebeast Trading Company Limited), a wholly foreign-owned enterprise established under the laws of the PRC on 3 April 2018, which is a wholly owned subsidiary of the Company
“Board”	the board of Directors
“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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)” or “CCT”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company

“Equity Pledge Agreement”	the equity pledge agreement entered into among Beijing Hypebeast, Hypebeast Cultural and the Legal Owner on 27 August 2019
“Exclusive Option and Equity Trust Agreement”	the exclusive option and equity trust agreement entered into among Beijing Hypebeast, Hypebeast Cultural and the Legal Owner on 27 August 2019
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hypebeast Cultural”	Hypebeast Cultural Communication (Beijing) Limited* (賀彼文化傳播(北京)有限公司), a company established under the laws of the PRC on 4 December 2015 and is solely owned by the Legal Owner
“Loan Agreement”	the loan agreement entered into between Beijing Hypebeast and the Legal Owner on 27 August 2019
“Legal Owner”	Ms. Yu Na
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Contracts”	the Loan Agreement, the Exclusive Option and Equity Trust Agreement, the Equity Pledge Agreement and the Non-Competition Agreement
“Non-Competition Agreement”	the non-competition agreement entered into among Beijing Hypebeast, Hypebeast Cultural and the Legal Owner on 27 August 2019
“PRC” or “China”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC Legal Adviser”	King & Wood Mallesons (金杜律師事務所)

“Restricted Business”	Internet information services, which is classified as one of the categories of the business of value-added telecommunications services 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, and hence the foreign stake in an entity engaging in Internet information services shall not exceed 50%
“RMB”	Renminbi, the lawful currency of the PRC
“Service Agreement”	the service agreement entered into between Beijing Hypebeast and Hypebeast Cultural on 27 August 2019
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly
“Undertaking of the Legal Owner”	the undertakings given by the Legal Owner to Beijing Hypebeast on 27 August 2019
“VIE Agreements”	a series of contractual agreements reached to consolidate the Group’s interest in Hypebeast Cultural entered into among, Beijing Hypebeast, Hypebeast Cultural and the Legal Owner, namely the Loan Agreement, the Exclusive Option and Equity Trust Agreement, the Service Agreement, the Equity Pledge Agreement, the Non-Competition Agreement, and the Undertaking of the Legal Owner, details of which are described in the section headed “THE VIE AGREEMENTS (INCLUDING THE SERVICE AGREEMENT) – Summary of the Material Terms of the VIE Agreements” in this announcement

“VIE Structure” the contractual arrangement pursuant to the VIE Agreements for the Group to obtain effective control over the finance and operation and the entire economic interests and benefits generated by Hypebeast Cultural

“%” per cent

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

Hong Kong, 30 April 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.

* *For identification purpose only*