HYPEBEAST
ANNUAL REPORT 年報 2022–2023

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

Website

hypebeast.xyz

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 at Landmark, Hong Kong

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

2019
- **Hypebeast** Limited successfully transferred from GEM 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

2021
- **Hypebeast** Arabia was launched

2022
- **HBX New York** and **Hypebeans** opened in Chinatown, New York
- **Hypegolf Japan** store opened in Tokyo, Japan
- **Hypebeast Brazil** was launched

Chairman's Statement

We are focused on the path to drive culture forward. Our ambition remains unchanged, and our passion for cultural discovery is as strong as ever.

The 2023 financial year presented us with challenges and put our resilience to the test. We acted decisively and focused on long-term value creation; by year-end, we were able to traverse in a generally stabilized position. I thank the Hypebeast team for their steadfast dedication, and I am confident we will drive continued progress in the coming year.

In the initial 6 months of the fiscal year, our investments in pursuit of post-pandemic growth faced challenges amid economic headwinds that lasted longer than anticipated. While the macroenvironment affected our business, there were other impacting factors that were specific to Hypebeast, such as an increase in marketing investment and workforce expansion. To mitigate the risks, we implemented a series of cost and efficiency measures, and sharpened investments back to our core strengths and values. To that end, we were able to achieve improved dynamics by the end of the fiscal year.

As we look towards the future, we are focused on the path to drive culture forward. Our ambition remains unchanged, and our passion for cultural discovery is as strong as ever.

Building the Hypebeast brand

To strengthen the Hypebeast brand presence, we launched a number of new and innovative initiatives to enhance engagement, expand our reach and increase readership. To better engage with our readers, we accelerated our production of video content across our editorial platforms, and invested in social media platforms popular among younger audiences. We continued to develop editorial properties that appeal to a diverse readership, with topics ranging from golf to art. We also broadened our reach by expanding into previously untapped markets, such as the launch of Hypebeast Latin America and Africa, where we offered quality content tailored to the unique interests and preferences of the new regions.

As a result of these efforts, the 12-month average website monthly unique visitors[1] was up by 14.6% over the 2022 fiscal year, and aggregated social media followers[2] currently stands at 34 million worldwide. Total signed contract for the Media segment increased by 2.9% as compared to the prior year. Geographically, EMEA and North America regions continued to track towards growth with a 17% and 14% increase in media revenue versus the prior fiscal year respectively. Whilst the Asia Pacific region experienced negative growth, we saw signs of gradual emergence as COVID-19 regulations were lifted in the latter half of the year.

The Hypebeast ecosystem: A 360 approach to engage with our community

As physical campaigns resume in full capacity, we were particularly excited about the opportunities to be able to connect brands with our community in tangible ways. Last summer, we unveiled our U.S. flagship store, HBX New York, and held strong activations for diverse clients in sectors ranging from fashion, alcohol, automotive and more. The brand activations, curated by Hypemaker, empowered brands to tell their stories through immersive live, digital and omni-experiences, ultimately driving customer conversion on HBX's e-commerce and retail platforms.

Furthermore, we brought our editorial properties to life by engaging with our community in physical forms. This included the launch of our first Hypegolf store in Japan, Hypegolf Invitational events in Japan and Korea, Hypeart group exhibitions in New York and Hong Kong and much more. Our 360 approach set us apart from our competitors, and allowed us to curate meaningful conversations across various touchpoints in our reader's journey — all within the Hypebeast ecosystem.

Focused and decisive moves for future growth

While the 2023 financial year had been uniquely challenging, our second half momentum reflected progressive recovery and positive signs towards growth. Moving forward, our strategic approach involves several key directions to set a clear course for the future.

We will continue to prioritize operational efficiency and cost control to ensure profitability across all divisions. By further improving efficiency and balancing resources for current and future demand, we will be able to unlock business opportunities, such as innovating new products and experiences, and create long-term value for our business.

We take a community-centric approach to ensure our products and experiences always resonate with our audience, in particular Gen Z. Staying ahead of future emerging trends, our flagship editorial platforms will focus on curating authentic content in unique formats to engage and excite our readers. Through new editorial properties, we aim to attract and reach a wider audience with content and experience tailored to their niche interests.

Lastly, the Hypebeast ecosystem is one-of-a-kind and difficult to replicate. We will further refine our ecosystem to better connect brands with our audience. Taking advantage of the strong Hypebeast brand presence, consistent demand for events production and offline partnerships, as well as technological advancements, the goal is to deliver a more cohesive and effective platform to bridge brands with readers, and drive customer acquisition and conversion.

Navigating a challenging environment is never straightforward, yet our team has demonstrated incredible resilience and determination. Our foundation built over the last 18 years is solid, our community enjoys the content and experience we curate, and we take pride in improving and innovating our products for them.

I am confident that our strategic direction will position us to future continued and sustainable growth and success. Thank you to our shareholders, the board, and our community for helping us drive culture forward.

Sincerely,

Kevin, Pak Wing, Ma
Chairman and Executive Director
Hong Kong, 26 June 2023

1. Number of user who requests webpages across Hypebeast, Hypebae and Popbee platforms in a month.
2. Total number of followers on all third-party social media platforms, including but not limited to Facebook, Instagram, Twitter and TikTok.

Business Overview

Founded in 2005, Hypebeast has evolved from a sneaker blog to a global leading platform for contemporary culture and lifestyle, and a premier destination for editorially-driven news and commerce.

Driving Culture Forward

Trusted by millions worldwide, we share the most authentic aspect of fashion, arts, music and culture to our vast and diverse audience from around the globe.

Bridging the universe of cultural discovery and with our global audience, our business comprises three strategic divisions - Hypemedia, our online and social media platforms; Hypemaker, an in-house creative agency; and HBX, an e-commerce, retail and experiential platform.

Our diverse yet highly interrelated divisions integrate as a complete business model and a one-stop media service provider in the global cultural market.

The Hypebeast Ecosystem

Our interconnected ecosystem enables us to capture growth opportunities for the Group. With three major divisions, Hypemedia, HBX and Hypemaker, 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 global platform for men's contemporary fashion and the Group's flagship platform. Its devotion to discovery has made it one of the premier online destinations for editorially-driven news and commerce.

hypebeast.com

Hypebae
Established in 2016, Hypebae is a leading female online destination at the intersection of fashion and creative dialogue. Empowering next-gen creatives, the platform shares its distinctive vision through visually stimulating narratives, and provides impactful insights on the dynamic face of emerging youth culture.

hypebae.com

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

popbee.com

Hypegolf
Hypegolf is a community at the intersection of creatives, athletes and golf. Combining style and youth culture with sporting and social elements, modern-day golfers of all levels of experience 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.

hypebeast.com/tags/hypegolf

Hypeart

Established in 2019, Hypeart is a contemporary art platform that spotlights and connects leading and emerging artists with collectors and audiences from across the globe. Complementing the online experience, Hypeart has debuted its group art exhibitions in New York and Hong Kong in 2022.

hypeart.com

Commerce

HBX

HBX is a global e-commerce, retail and experiential platform catered to the increasing demand of a retail outlet within the Hypebeast community. Focusing on delivering the latest, trendsetting fashion, accessories, footwear, home and lifestyle goods to its customers, HBX curates a truly global and exciting assortment at the leading edge of culture.

HBX stocks over 250 highly curated luxury and contemporary menswear, womenswear, and lifestyle brands that are sourced from all over the world. Servicing over 80 markets worldwide, the platform is available in 5 languages on hbx.com and the HBX App, has retail flagship stores in New York and Hong Kong, official shops on regional marketplaces including Tmall and WeChat Mini Program, and also boasts a very active digital community on Instagram, Facebook, Twitter, LINE, WeChat, RED, Weibo, and Kakao.

hbx.com

Agency

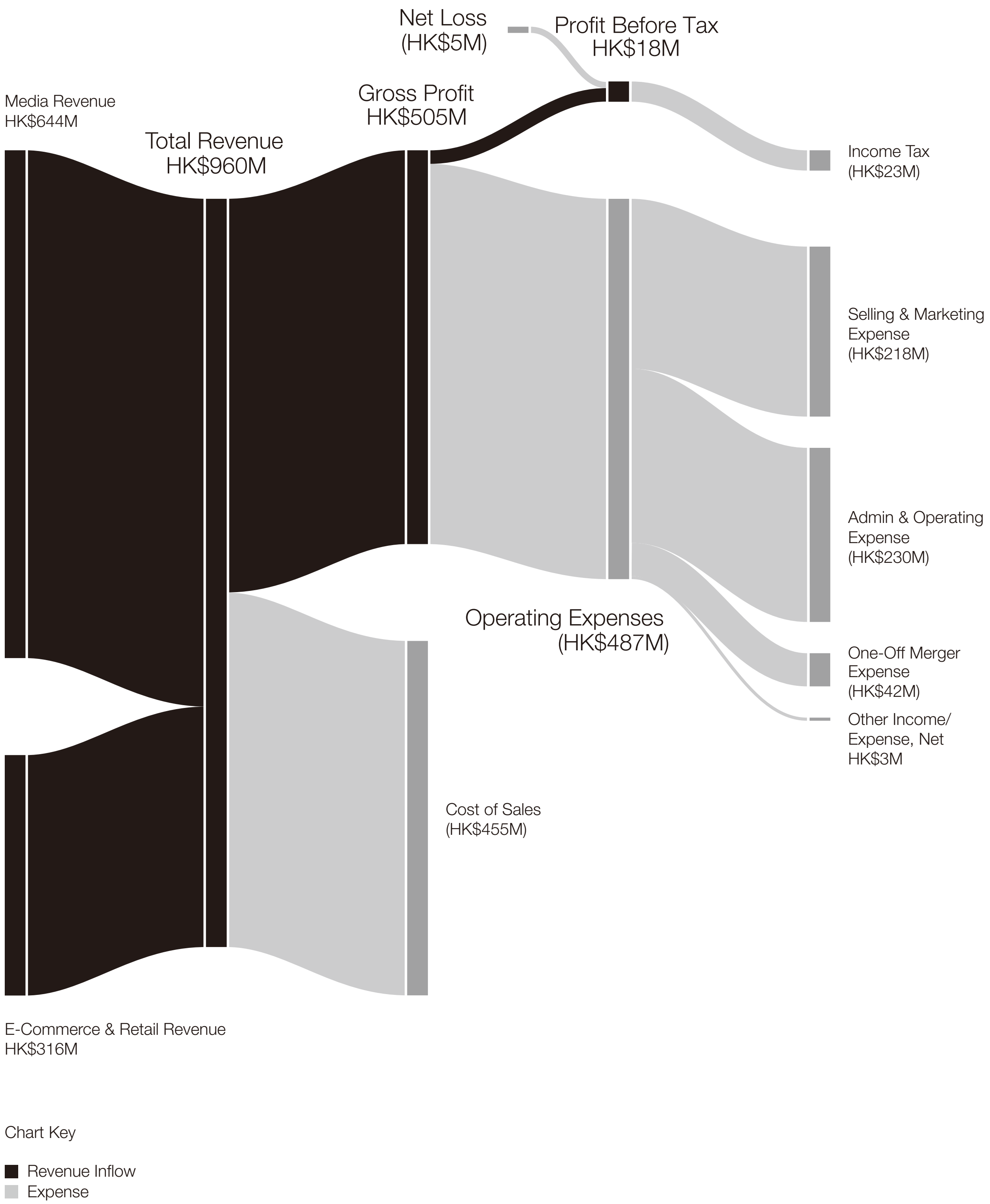
Hypemaker

Hypemaker is a global, award-winning, full-service creative agency. With its uncommon 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.

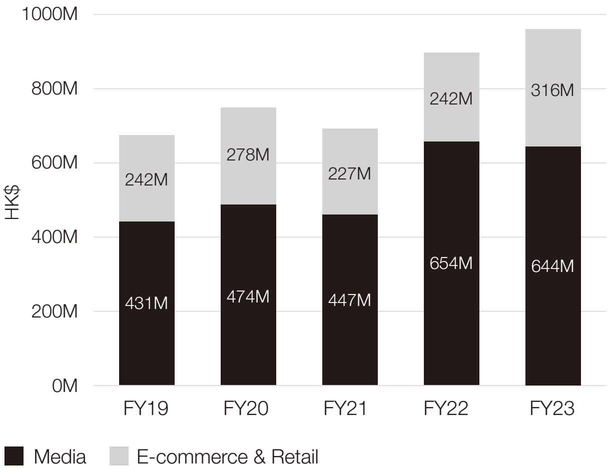
hypemaker.co

Financial Highlights

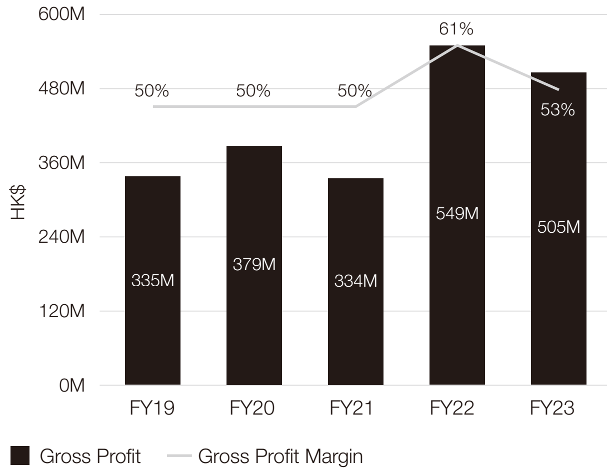
FY2023 Income Statement



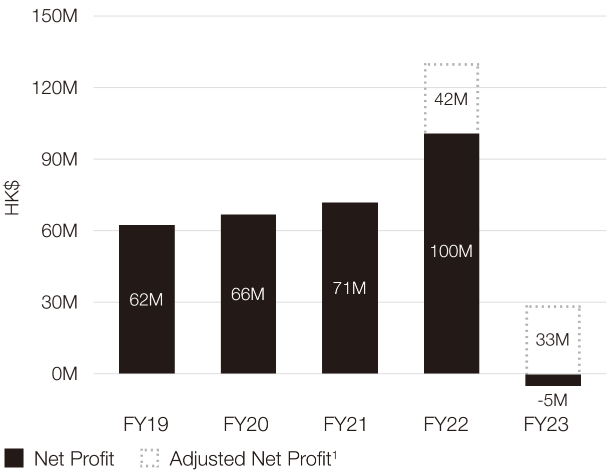
Revenue



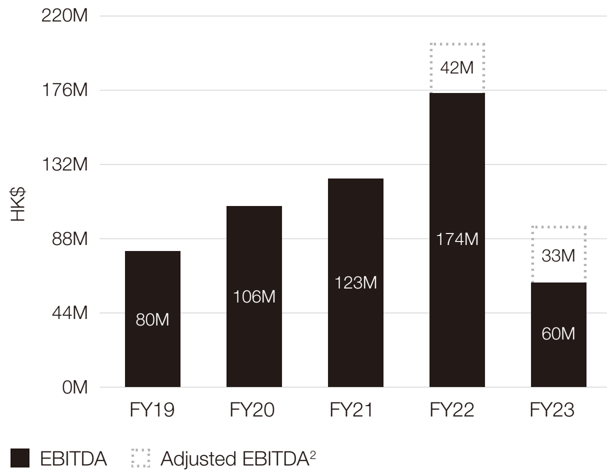
Gross Profit and Gross Profit Margin



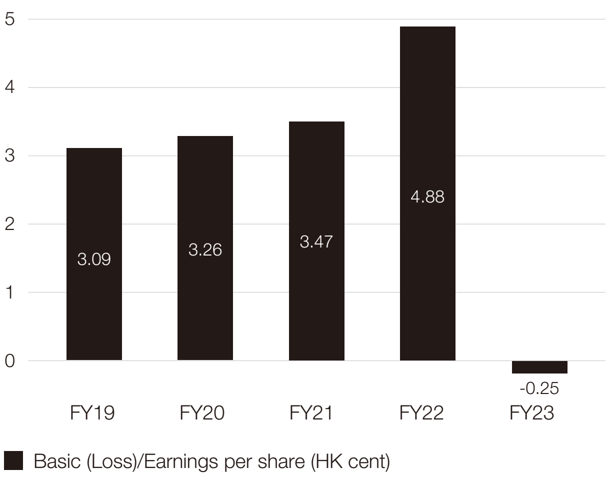
Net Profit



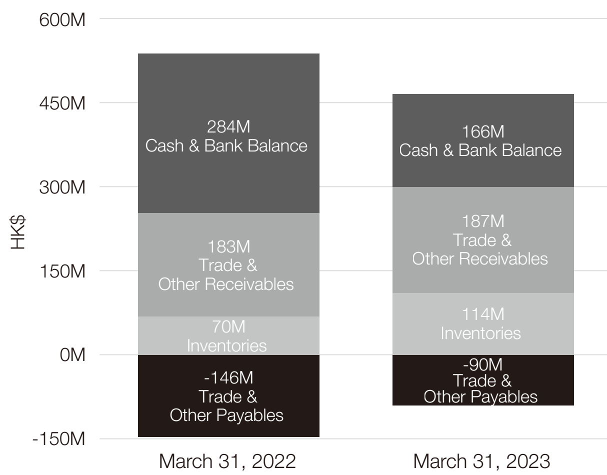
EBITDA



(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 for prior years.

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 for prior years.

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

Management Discussion and Analysis

Business Overview

The Group is a digital media 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, Twitter, 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, homeware and lifestyle goods 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

- The Group has noted consistent demand for event production and offline partnerships under the Media Segment on a global level, and particularly in Europe and North America. Although the Media Segment in the Asia Pacific ("APAC") region was impacted by COVID-19 related policies in FY2023, with the pandemic and related restrictions drawing to a close, management believes demand in the region will resume growth amongst broader increases in consumer spending and increased demand for media and agency services.

- After COVID-19, the Group has identified new ways to connect with niche audiences. The digitalization of advertising has accelerated, resulting in global brands shifting marketing dollars from traditional channels to digital channels. As a result, the Group forecasts a positive effect on the Media Segment with an increase in the number and size of media contract over the long term, and the future of brand activations to incorporate both live experiences and digital interactions. The Group has proactively adjusted to the new macroeconomic environment and industry dynamics in the post-COVID era. Our value proposition, centered around immersive media campaigns that blend real-life experiences, omnichannel engagement and digital amplification, remains attractive to global brand partners. The Group continues to see sales growth and new opportunities with clients in expanding categories like alcohol, automobiles, travel, and financial services;

- In aim to attract and reach a wider user-customer base, the Group continued to develop new editorial properties, particularly into adjacencies such as golf, arts and entertainment, and other content that appeals to our audience. The Group further expanded its regional footprint globally by presenting the cultural festival, BRED Abu Dhabi, which offered fully immersive experiences ranging from fashion and music to art across the site as well as an exclusive retail space. In terms of digital presence, the Group launched Hypebeast Latin America and Hypebeast Africa, where the platforms offered quality contents tailored to the unique interests and preferences of the new regions. To drive the Group's brand awareness and increase engagement with wider and new users and customers, the Group will continue to explore similar opportunities by curating region specific content, and establishing various offline channels and touchpoints;

- The Group's flagship building in New York City in the United States of America (the "US") opened in June 2022. The flagship location hosts the Group's HBX retail store, a Hypebeans café and multifunctional spaces for cultural activations, events and Media Segment sales campaigns. The space will be a strong accelerator for the Company's growth in North America and core point of marketing for the E-commerce and Retail Segment and an attractive venue for Media brand partnership executions. Several high profile sales campaigns and cultural events were hosted at the space during FY2023, and the Group continues to realize its strategy of omnichannel and immersive experiences with retail execution at the New York flagship location;

- Continuing the cadence in monetizing its wide-reaching and ever-growing follower base, the Group encourages user conversion through the integration of its E-commerce and Retail Segment services directly with the compelling and engaging content produced from the Group's media platforms. With the ultimate aim to allow the Group's loyal community of readers to enjoy a seamless shopping experience on an integrated site and mobile app, the Group continued to upgrade and invest on the HBX platform and various back-end platforms to enhance its user journey. The Group remains focused on value-added, return-on-investment driven upgrades to its E-commerce capabilities on broadening its reach and base of customers and enhancing revenue and margin over time; and

- The Group is geographically and strategically well-positioned to capture growth opportunities in both its Media and E-commerce and Retail Segments in its key operating regions, through leveraging the Group's brand popularity and high-profile networks, particularly, in the U.S, United Kingdom, Mainland China, South Korea, Japan and Southeast Asia.

Business and Financial Review

Media Segment

Revenue and gross profit of the Media Segment for FY2023 and FY2022, are as follows:

	FY2023 HK$'000 (Audited)	FY2022 HK$'000 (Audited)
Revenue	**644,205**	653,590
Gross Profit	**374,504**	450,916

- Revenue from the Media Segment amounted to HK$644.2 million in FY2023, a modest decrease of 1.4% against a strong comparative of HK$653.6 million in FY2022 due to (i) postponed delivery and longer execution period for certain planned advertising campaigns in North America and Europe, Middle East and Africa ("EMEA") regions, caused deferrals in the timing of completion of certain campaigns compared to plan and consequent deferral in the revenue recognition of signed media contracts; (ii) negative carryover effect, such as dampening activities from restrictions and COVID-19 outbreaks in Mainland China which weighed on the Group's signing and execution of media contracts; and (iii) gradual emergence in the rest of APAC region affecting its media and agency business in FY2023.

- Despite the broader macroeconomic headwinds which may put pressure on brand advertising dollars and have near-term impact on the Media Segment, the Group maintained a solid performance as indicated by a stable total signed contract value (a key operating measure defined as the total dollar value of media contracts signed during the year) and number of signed contracts (a key operating measure defined as the total number of signed media contracts during the year).

- The Group is geographically and strategically well-positioned to capture significant growth opportunities in its key operating regions through leveraging the Group's brand popularity and high-profile networks, particularly in the US and EMEA regions. As a highlight in FY2023, the EMEA and North America regions showcased continued growth and momentum with media revenue increasing by 17% and 14% respectively.

- Gross profit of the Media Segment amounted to HK$374.5 million, representing a decrease of HK$76.4 million, or 16.9%, versus FY2022. Gross profit margin decreased from 69.0% in FY2022 to 58.1% in FY2023. The difference was mainly due to increases in editorial, production and creative headcounts. With key resources already in place, the Group does not expect a material increase in headcounts next year in these departments. Broadly as a Group, management foresees opportunities to improve overall workforce efficiency while balancing resources for current and future demand in the coming fiscal year.

- As the pandemic has come to an end, the Group expects to resume physical campaign production at nearly full capacity worldwide, while remaining cautiously optimistic on near-term concerns and uncertainties as the global economy resumes activity.

- The Company continues to focus on on-going business development and sales opportunities in pursuit of overall profitable growth of the Media Segment with expectations on media campaign execution and delivery focusing on the traditional peak season falling in the next fiscal year.

E-Commerce and Retail Segment

- Revenue from the E-commerce and Retail Segment increased from HK$242.0 million in FY2022 to HK$315.8 million in FY2023, or an increase of 30.5%. Gross profit of the E-commerce and Retail Segment amounted to HK$130.9 million in FY2023, representing an increase of HK$32.5 million, or 33.0%, as compared to FY2022. This translates to a gross profit margin of 41.5%, an improvement of 0.8 percentage points as compared to 40.7% in FY2022. The increase in revenue was mainly driven by sales and promotional activities in FY2023. The Company continues to right-size inventory, build network efficiency, and focus on gross margins. The Group also continues to maintain a balanced view of investments in acquiring and engaging customers as the business enters peak season centred around global holidays, which is expected to induce an increase in consumer activities.

- The HBX physical retail shop located in Central, Hong Kong remains a strong marketing window and attraction point for customers to participate in the Hypebeast ecosystem offline. In addition, the Group's U.S. flagship opened in June 2022, spanning seven floors and integrating our U.S. HBX New York flagship store with multifunctional event spaces. The New York flagship store will accelerate growth of our strong North American customer base and serve as a focused point of marketing for the E-commerce and Retail Segment.

- HBX continues to be one of the most curated online destinations for cultural enthusiasts. It focuses on customer experience and operational excellence, and has expanded its offerings into homeware, toys, and other lifestyle products. These additions have been well-received by customers.

Non-IFRS Measures and Their Adjustment

To supplement our condensed consolidated financial statements, which are presented in accordance with the IFRS, we also adopted certain non-IFRS measures such as earnings before interest and tax ("EBIT"), EBITDA, adjusted EBITDA and adjusted profit for the year as additional financial measures, which is not required by, or presented in accordance with, the IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of, for example, one-off professional fee related to the Merger, non-cash impairment losses on property, plant and equipment ("PPE"), right-of-use assets ("ROU assets") and intangible assets, gain on disposal of joint venture and impairment losses recognised on amount due from a joint venture ("JV"), that the Management do not consider to be indicative of the Company's operating performance. The Group believes these adjusted measures provide useful information to shareholders and potential investors in understanding and evaluating the Group's consolidated operating results in the same manner as the Group's management.

The following table sets forth the reconciliation from profit before tax to EBIT and EBITDA for the years indicated:

	FY2023 HK$'000 (Audited)	FY2022 HK$'000 (Audited)
Profit Before Tax	**17,739**	142,050
Add:		
Interest Expense	**3,504**	4,588
EBIT	**21,243**	146,638
Profit Before Tax	**17,739**	142,050
Add:		
Interest Expense	**3,504**	4,588
Depreciation Expense	**38,795**	27,503
Amortization Expense	**61**	111
EBITDA	**60,099**	174,252

The following tables set forth the reconciliation between (loss)/profit for the year to adjusted profit for the year, EBIT to Adjusted EBIT and EBITDA to Adjusted EBITDA for the year indicated:

	FY2023 HK$'000 (Audited)	FY2022 HK$'000 (Audited)
(Loss)/Profit for the year	**(5,069)**	100,167
Add:		
Professional fee related to the Merger	**42,235**	30,185
Impairment loss recognised on amount due from a JV	**–**	8,694
Gain on disposal of a joint venture	**(18,348)**	–
Impairment loss recognised on PPE and ROU assets	**3,915**	–
Impairment loss recognised on intangible assets	**5,211**	2,648
Adjusted Profit for the year	**27,944**	141,694

	FY2023 HK$'000 (Audited)	FY2022 HK$'000 (Audited)
EBIT	**21,243**	146,638
Add:		
Professional fee related to the Merger	**42,235**	30,185
Impairment loss recognised on amount due from a JV	**–**	8,694
Gain on disposal of a joint venture	**(18,348)**	–
Impairment loss recognised on PPE and ROU assets	**3,915**	–
Impairment loss recognised on intangible assets	**5,211**	2,648
Adjusted EBIT	**54,256**	188,165

	FY2023 HK$'000 (Audited)	FY2022 HK$'000 (Audited)
EBITDA	**60,099**	174,252
Add:		
Professional fee related to the Merger	**42,235**	30,185
Impairment loss recognised on amount due from a JV	**–**	8,694
Gain on disposal of a joint venture	**(18,348)**	–
Impairment loss recognised on PPE and ROU assets	**3,915**	–
Impairment loss recognised on intangible assets	**5,211**	2,648
Adjusted EBITDA	**93,112**	215,779

Adjusted profit for the year decreased by 80.3% from HK$141.7 million in FY2022 to HK$27.9 million in FY2023, whilst adjusted EBITDA decreased by 56.8% from HK$215.8 million in FY2022 to HK$93.1 million in FY2023. Such decreases were mainly attributable to increase in operating expenses in headcounts and investments in long term development projects, from which the Company expects to build a foundation for long term business growth and expansion. With key headcounts already in place to address current and anticipated business capacity, the Group does not expect material increases in headcounts. Broadly as a Group, management foresees opportunities to improve overall workforce efficiency while balancing resources for current and future demand in the coming fiscal year.

Cost of Revenue

The Group's cost of revenue increased from HK$346.3 million for FY2022 to HK$454.6 million for FY2023, representing an increase of approximately 31.3%. The increase was mainly attributable to the increase in staff headcounts in editorial and creative teams in Media Segment and strong performance in E-commerce and Retail Segment in FY2023 which led to the increase in inventory related costs.

Gross Profit Margin

Gross profit of the Group decreased from HK$549.3 million for FY2022 to HK$505.4 million for FY2023, representing a decrease of approximately 8.0%. The decrease was mainly caused by the increase in cost of revenue for FY2023 as discussed above. The overall gross profit margin decreased from approximately 61.3% for FY2022 to approximately 52.6% for FY2023.

Selling and Marketing Expenses

Selling and marketing expenses of the Group increased by 36.1% from HK$160.4 million in FY2022 to HK$218.3 million in FY2023 and, correspondingly as a percentage of revenue, increased from 17.9% in FY2022 to 22.7% in FY2023. The Group's recovery from the COVID-19 pandemic led to increase in revenue followed by increase in (i) new headcounts within the Group's sales and marketing team to drive current and future revenue and business growth; and (ii) spending in the Group's social media marketing and advertising for digital and e-commerce platforms. As the Group continues to integrate its Media platforms and its E-commerce and Retail services, the Group anticipates increased reliance by ratio on lower cost, organic marketing compared to paid channels in stimulating customer acquisition and conversion, therefore creating cost efficiencies in its marketing investment. As with other aspects of the Group's business, with key resources secured, management foresees opportunities to improve overall workforce efficiency.

Administrative and Operating Expenses

Administrative and operating expenses of the Group increased by 13.4% from HK$202.7 million in FY2022 to HK$229.8 million in FY2023 and correspondingly as a percentage of revenue, increased from 22.6% in FY2022 to 23.9% in FY2023. The overall increase was mainly led by (i) staff costs in support of headcount additions to meet increasing demand; (ii) rental, utilities and renovation costs for retail store, offices and warehouse; and (iii) additional travel expenses in support of the US store opening in FY2023.

Professional Fees related to the Merger

In April 2022, the Company entered into the Merger Agreement (as amended by the Amendment No. 1 to Merger Agreement dated 12 August 2022 and Amendment No. 2 to Merger Agreement dated 11 November 2022) and the Merger (the "Merger Agreement") with Iron Spark I Inc. (the "Iron Spark"). In December 2022, the Merger Agreement was terminated. Accordingly, there was approximately HK$42.2 million of one-time legal and professional fee incurred for the Merger recorded for the year. Please refer to all the relevant announcements during FY2023 for details.

Impairment Loss Under Expected Credit Loss Model, Net of Reversal and Gain on Disposal of JV

In September 2022, Hypebeast, Inc., an indirectly wholly-owned subsidiary of the Company, entered into a membership interest transfer agreement (the "Agreement") with an independent third party, 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 instalments. The disposal was completed on 30 September 2022 and HK$16,497,000 had been received during the year ended 31 March 2023. As at the date of disposal, the carrying amount of interest in a joint venture is HK$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.

Impairment Assessment of PPE and ROU assets

Management of the Group concluded there was indication for impairment relating to its e-commerce business and performed impairment assessment on certain property, plant and equipment and right-of-use assets as at 31 March 2023. Based on the value in use calculations and the allocations, the Directors were in the view that impairment losses have been recognised against the carrying amounts of PPE and ROU assets of approximately HK$0.5 million and HK$3.4 million, respectively, for FY2023.

Cash Flow

The Group recorded net cash outflow from operating activities of HK$65.5 million in FY2023 versus an inflow of HK$158.6 million in prior year. Such net cash outflow was mainly driven by increases in working capital relating to its E-commerce and Retail Segment and payments of accrued commissions and bonuses. Net cash inflows of HK$1.2 million were reported from investing activities, compared to cash outflows of HK$70.1 million from investing activities in FY2022. Such cash inflows were due to the combined effect of disposal of a joint venture and a decrease in capital additions in FY2023. Cash flow used in financing activities amounted to HK$40.8 million in FY2023 as compared to HK$15.7 million in FY2022, representing an increase of HK$25.0 million or 158.9%. Such increase results in particular from one time payments of merger related costs as well as the repayment of bank borrowings in FY2023.

Overall, including the net effect of foreign exchange rate changes of negative HK$13.2 million, cash and cash equivalents decreased by HK$118.2 million at the beginning of the year to HK$166.0 million on 31 March, 2023.

Extracts of cash flow	**FY2023** **HK$'000**	FY2022 HK$'000
Net cash (used in)/from operating activities	**(65,467)**	158,568
Net cash from/(used in) investing activities	**1,217**	(70,110)
Net cash used in financing activities	**(40,770)**	(15,746)
Net (decrease)/increase in cash and cash equivalents	**(105,020)**	72,712
Cash and cash equivalents at beginning of the year	**284,269**	209,575
Effect of foreign exchange rate changes	**(13,228)**	1,982
Cash and cash equivalents at end of the year, representing bank balances and cash	**166,021**	284,269

Liquidity And Financial Resources

As at 31 March 2023, the Group had total assets of approximately HK$642.4 million (31 March 2022: approximately HK$730.0 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK$175.8 million (31 March 2022: approximately HK$252.1 million) and approximately HK$466.6 million (31 March 2022: approximately HK$477.9 million), respectively. Total interest-bearing loans and interest-bearing bank borrowings of the Group as at 31 March 2023 were approximately HK$2.7 million (31 March 2022: approximately HK$7.4 million), and current ratio increased from approximately 2.9 times as at 31 March 2022 and to approximately 3.7 times as at 31 March 2023. These bank borrowings 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. As at 31 March 2023, the Group has HK$88.8 million available credit facilities comprising of revolving loans, term loan, trade loan, tax loan and bank guarantee; and bank balances and cash of HK$166.0 million mainly denominated in HK dollar, US dollar and RMB.

The Group maintained its efforts on the collection of trade receivables and the sell-through of inventories throughout FY2023, 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 increased from approximately HK$69.7 million as at 31 March 2022 to approximately HK$113.8 million as at 31 March 2023. The increase in inventories was mainly due to the resume of inventory purchase to the levels of pre-COVID-19 pandemic period.

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. The Group does not anticipate recording any significant write-offs or valuation adjustments in relation to its inventory balance. As at 26 June 2023, approximately HK$22.2 million or approximately 1.9% of inventories as at 31 March 2023 had been sold.

Property, Plant And Equipment

Property, plant and equipment consists of leasehold improvements, furniture and fixtures, office equipment, motor vehicle and construction in progress. The decrease of approximately HK$0.7 million from HK$52.7 million as at 31 March 2022 to HK$52.0 million as at 31 March 2023 was mainly due to renovation cost for the retail and office premises in the US which opened in June 2022.

Right Of Use Assets And Lease Liabilities

As at 31 March 2023 and 31 March 2022, the Group's rights of use assets amounted to approximately HK$55.4 million and HK$70.0 million, respectively, and the Group's lease liabilities amounted to approximately HK$63.2 million and HK$73.9 million, respectively.

Rental Deposits

As at 31 March 2023 and 31 March 2022, the Group's rental deposits amounted to approximately HK$9.1 million and HK$10.0 million, respectively. The decrease of approximately HK$0.9 million in rental deposits in FY2023 was mainly due to the refund of deposit from KC100.

Gearing Ratio

The gearing ratio of the Group as at 31 March 2023 was approximately 0.6% (31 March 2022: approximately 1.5%). 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 FY2023. 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.

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 2023, the Group pledged its bank deposits of approximately HK$10.0 million to a bank as collateral to secure the available and unused bank facilities granted to the Group. In addition, as at 31 March 2023, the Group's bank borrowings with carrying amount of approximately HK$2.7 million was guaranteed by a corporate guarantee of the Company.

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 2023, the contractual lease commitments of the Group were primarily related to its office premises, warehouse, retail store and the Director's quarter. The capital commitments were set out in note 38 to the audited consolidated financial statements.

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 2023.

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 2023.

Contingent Liabilities

As at 31 March 2023, the Group had no significant contingent liabilities.

Employees And Remuneration Policies

As at 31 March 2023, the Group employed a total of 576 employees (31 March 2022: 470 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 2023 were approximately HK$317.2 million (for the year ended 31 March 2022: approximately HK$240.9 million). The increase was mainly led by the increase in headcounts in FY2023 compared to FY2022. As at 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 2023.

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 33 to the consolidated financial statements.

Biographical Details of Directors, Senior Management and Company Secretary

Directors

Executive Directors

Mr. Ma Pak Wing Kevin, aged 40, 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 15 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. In 2012, he launched the e-commerce site, HBX, with the aim of bridging the gap for readers to purchase products, resulting in tremendous business.

Always on the move and striving to achieve more by experimenting and creating new products, Mr. Ma also developed a creative agency arm, HYPEMAKER, serving globally recognized clients worldwide through delivery of premium creative services and adding to his list of professional achievements. 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. Mr. Ma is the husband of Ms. Lee Yuen Tung Janice, an executive director of the Company.

Ms. Lee Yuen Tung Janice, aged 40, 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 15 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. Ms. Lee is the wife of Mr. Ma Pak Wing Kevin, an executive director of the Company.

Independent Non-executive Directors

Ms. Kwan Shin Luen Susanna, aged 56, 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 23 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 60, 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 21 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 51, 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 18 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, 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 16 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, 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, 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 17 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 14 to the Main Board Listing Rules during the year ended 31 March 2023, 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 10 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 2022 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 2023, 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 2023, 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 2023 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, Mr. Ma Pak Wing Kevin and Ms. Poon Lai King, shall retire by rotation at the forthcoming 2023 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 2023 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	9/9	–	2/2	1/1	1/1
Ms. Lee Yuen Tung Janice	9/9	–	–	–	1/1
Ms. Poon Lai King	9/9	4/4	2/2	1/1	1/1
Ms. Kwan Shin Luen Susanna	9/9	4/4	–	1/1	1/1
Mr. Wong Kai Chi	9/9	4/4	2/2	–	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.xyz). 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 2023, the Audit Committee (i) reviewed the Group's consolidated financial statements, results announcements and reports for the year ended 31 March 2022 and for the six months ended 30 September 2022; (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 2023, 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 2023 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 2023 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 2023, the Group had a total of 300 female staff out of 576 employees, representing 52% 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 2023.

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 2023, 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 2022 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 2023, 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 2023, 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 2023 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 2023 is set out as follows:

Services rendered	**HK$'000**
Audit services	1,950
Non-audit services	
– Hong Kong profit tax filling service	154
– US tax compliance service	490
– Commercial Rent Tax Compliance	62
– Other	179

Directors' Responsibility Statement

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2023, 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 confidential information, monitoring information disclosure and responding to enquiries.

The Company 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, including the financial, operational and compliance controls of the Group for the year ended 31 March 2023. 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 2023, 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 2023, the Company has amended its Memorandum and Articles of Association by way of a special resolution passed on 31 August 2022. Details of the amendments are set out in the circular dated 27 July 2022 to the Shareholders.

Shareholders' Right

The Company has amended its articles of association during the year under review. An up-to-date version of the articles of association is available on the websites of the Company and of the Stock Exchange.

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.xyz) 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 2023, 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.xyz 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.

Environmental, Social and Governance Report

Board Statement

Dear Stakeholders,

On behalf of the board (the "Board") of directors (the "Directors") of Hypebeast Limited (the "Company") and its subsidiaries (collectively referred to as the "Group" or "we" or "us"), I would like to present the annual results of the Group's policies, measures and performance on the key Environmental, Social and Governance ("ESG") issues for the year ended 31 March 2023.

Our Company adheres great importance to ESG concerns as we understand that all of us and our next generation could be affected by ESG issues. Therefore, as an influential listing company, the Board has responsibility for evaluating and identifying the Group's ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. It makes sense, therefore, that a strong ESG motion can create value for the Group's development. We put the sustainable development of our business as the top priority of our long-term development goals and incorporate climate-related issues and ESG elements into our long-term business strategic plan. In response to climate change, we have set clear short-term and long-term sustainable development targets to support the Hong Kong government in achieving carbon neutrality by 2050. The Group achieves ongoing emissions and resources consumption reduction progress according to the Group's performance after implementing the reduction initiatives and measures.

The Board will also monitor and review the effectiveness of management approach on a regular basis, including reviewing the Group's ESG performance and adjusting corresponding action plans. Effective implementation of ESG policies relies on the collaboration of different departments Following the recommendations given by the Stock Exchange, in order to endeavour to achieve the objective of sustainable development, the Group has established an inter-departmental ESG Working Group to coordinate different departments and enhance their mutual co-operation, for ensuring consistent work performance which could be aligned with the stakeholders' expectations.

As COVID-19 related restrictions have largely ceased in Europe and North America during the reporting period, the Group has noted increasing demand for events production and offline partnerships under the Media Segment in these regions, and the momentum for growth in these regions remains strongly positive. The impact of continuing COVID-19 related closures in Mainland China and slow emergence from lock-down precautions in the rest of APAC affected its media and agency business in the APAC region in the first half of the reporting period. As COVID-19 restrictions begin to ease across APAC in countries like Japan, Korea and those within Southeast Asia, the Group shifts additional focus on sales momentum associated with the region's reopening, while remaining cautiously optimistic around the eventual normalization of business activities in Mainland China during the reporting period.

Looking ahead, the Board will continue to review and monitor the ESG performance of the Group and provide material, reliable, consistent and comparable ESG information to its stakeholders for making contributions to create a better environment.

Yours faithfully,
For and on behalf of the Board
Ma Pak Wing Kevin
Chairman and Executive Director
Hong Kong, 26 June 2023

About this Report

The Group is pleased to present the Environmental, Social and Governance Report (the "Report") for the year ended 31 March 2023 to provide an overview of the Group's management of significant issues affecting the operation, including ESG issues.

Reporting Period

This Report illustrates the Group's policies and performance regarding the environmental and social aspects from 1 April 2022 to 31 March 2023 (the "reporting period" or "2022/2023").

Reporting Scope and Boundary

This Report focuses on the ESG issues of the Group's core and material businesses, including (i) digital media and (ii) e-commerce businesses in Hong Kong, the People's Republic of China (the "PRC"), Japan, Korea, the United States of America (the "USA") and the United Kingdom (the "UK"). 99.7% the Group's revenue in the reporting period were covered in the reporting scope.

Reporting Basis and Principle

This Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the "ESG Guide") of Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and based on the four reporting principles — materiality, quantitative, balance and consistency:

- "Materiality" Principle:
  The Group determines material ESG issues by stakeholder engagement and materiality assessment. Details are explained in the section headed "Materiality Assessment".

- "Quantitative" Principle:
  Information is presented with quantitative measure, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.

- "Balance" Principle:
  This Report identifies the achievements and challenges faced by the Group.

- "Consistency" Principle:
  Methodologies adopted for preparing this Report are consistent with last year, unless otherwise stated.

The Group has complied with all "comply or explain" provisions set out in the ESG Guide.

The information contained herein is sourced from official documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries in accordance with the Group's relevant policies. A complete content index is appended in the last section hereof for quick reference. This Report is prepared and published in both English and Chinese. In the event of contradiction or inconsistency, the English version shall prevail.

Review and Approval

This Report was reviewed and approved by the Board of Directors of the Company on 26 June 2023.

Feedbacks

The Group respects your view on this Report. Should you have any opinions or suggestions, you are welcome to send to us via email to the following address: info@hypebeast.com.

About the Group

The Group is a digital media 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, Twitter, 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's mission is to enrich people's lives and connect people through culture-driving media content and the latest in youth culture in order to shape a better understanding of contemporary culture for our audience and readers around the globe. Delivering inspirational content is, therefore, the core focus of the Group's business, and the Group has always aspired to create platforms that open our readers' eyes to all of the amazing things happening around the world.

The Group was built by and surrounded a global community of followers primarily in the millennial generation, a demographic which places strong importance and focus on environmental and social issues happening around the world. The Group firmly believes and places a strong commitment and a sense of responsibility in its operating approach with respect to environmental and social issues.

Award and Recognition

The Group's efforts have been recognised by award(s) during the reporting period. The details are as follows.

- **Good MPF Employer Award**
  The Group has been awarded the "Good MPF Employer Award — e-Contribution Award and MPF Support Award". The award is given in recognition of the Group's compliance with Mandatory Provident Fund ("MPF") legislation and provision of better retirement benefits for its employees which help foster positive energy in the community. The Group will keep providing the latest MPF information and assistance to employees encouraging them to manage their MPF accounts in time and providing assistance for them to make better arrangements for retirement.

- **BOCHK Corporate Environmental Leadership Award — Eco Partner**
  The Group has also been awarded the "Eco Partner — BOCHK Corporate Environmental Leadership Awards" as a recognition of its environmental protection efforts. Co-hosted by The Federation of Hong Kong Industries (FHKI) and Bank of China (Hong Kong) (BOCHK), the "BOCHK Corporate Environmental Leadership Awards" was aimed to encourage and promote environmental practices among the manufacturing and services enterprises in Hong Kong and the Pan Pearl River Delta region to shoulder corporate social responsibility and create a green community.

Looking ahead, the Group will continuously commit to protecting the environment, striving to incorporate various sustainable practices into business operations, and implementing energy-saving and waste reduction measures in administration and daily retail operations.

ESG Governance

The Board has the overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for evaluating and determining the Group's ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

The Board has delegated the day-to-day responsibility of the implementation to the ESG Working Group (the "Working Group") with representatives from different departments in the Group. The Working Group is responsible for facilitating the adoption of ESG strategies and policies throughout the Group. It collects data, evaluates performance and reports major issues to the Board periodically. The Board reviews and approves the ESG Report on an annual basis.

Stakeholder Engagement

The Group emphasises the participation of its stakeholders, including shareholders of the Company, staff, customers, suppliers etc. All of them have a substantial impact on the success of its business or activities.

The Group believes that stakeholder engagement has a significant level of influence in developing sustainable development strategies and fulfilling social responsibilities which is the basis for the Group's strategy formulation and decision-making. The Group communicates with its stakeholders through various channels, shown as below.

Stakeholders	**Communication Channel**
Government and regulatory agencies	• Annual reports, interim reports, ESG reports and other public information
Shareholders and investors	• Annual general meetings and other general meetings of shareholders • Company website • Press releases or announcements • Annual reports, interim reports, ESG reports and other public information • Investor conferences • Regular meetings
Employees	• Regular meetings • Performance evaluation • Leisure activities • Company intranet
Customers	• Website • Social media platforms • Emails • Online live chat and phone calls
Suppliers	• Regular meetings • Site visits • Surveys
Community	• Community activities • ESG reports

Materiality Assessment

When preparing the ESG Report, the Group directly engaged with various stakeholders as part of the materiality assessment process to identify and prioritise the issues to be included in the ESG Report which the Board believes would have significant impact on the Group's business and its stakeholders.

Process

Stage 1 Identification

A selection of ESG issues that may reasonably be considered important for the Group and its stakeholders from various sources, including listing rules requirement, industry trends and internal policies. 28 issues were identified and grouped into 4 categories: Environment, Employment and Labour Practices, Operating Practices and Community.

Stage 2 Prioritisation

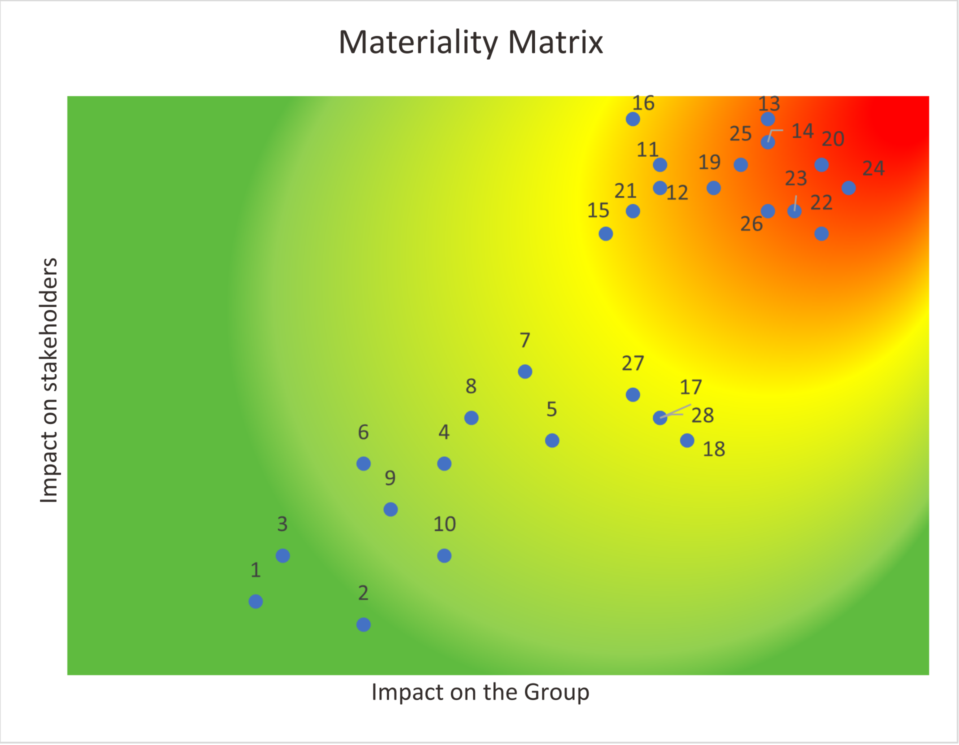
Conducted online surveys to rate the importance of each issue from the perspective of a stakeholder and the Group using a scale of 1 to 5. Developed the materiality matrix based on the scores of the surveys, set the threshold for materiality (i.e. at a score of average) and prioritised a list of sustainability issues.

Stage 3 Validation

Management reviewed the materiality matrix and the threshold for materiality. ESG issues, with a score of average or above from the perspective of a stakeholder and the Group, were prioritised as the most important sustainability issues for the Group to address and report on.

Materiality Matrix

Based on the materiality matrix, the Board believes that the most pertinent sustainability issues which are material to both the Group and its stakeholders include the following:



In 2022/2023, the identified material topics are as follows:

Topics of high importance	11	Employment practices
	12	Diversity and equal opportunities
	13	Anti-discrimination
	14	Staff occupational health and safety
	15	Staff development and training
	16	Prohibition of child labour and forced labour
	19	Compliance with regulations on marketing, product and service labelling
	20	Customers' privacy and confidentiality
	21	Customer satisfaction
	22	Intellectual property
	23	Safety of services/products
	24	Quality of services/products
	25	Business ethics
	26	Anti-corruption training for management and employees
Topics of medium importance	17	Responsible supply chain management
	18	Environmental friendliness on products or service purchased
	27	Contributions to the society
	28	Communication and connection with local community
Topics of lower importance	1	Air Emissions
	2	Greenhouse gas ("GHG") emissions
	3	Effluents management
	4	Waste management
	5	Energy efficiency
	6	Water efficiency
	7	Use of raw materials and packaging materials
	8	Environmental regulations compliance
	9	Land use, pollution and restoration
	10	Climate change

Subject Area A. Environmental

A1 Emissions

As the main workplace of the Group's employees is the general office and the method of the transactions with our customers is primarily through online medium, the Group's day-to-day business does not involve direct production and emission of air, water, and land pollution. Due to its business nature, the Group is not aware of any relevant environmental laws and regulations in respect of air and greenhouse gas emissions, discharge into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on us. However, the Group has established the Environmental Policy in order to mitigate the environmental impact associated with its business operations. The Policy outlines the strategies to minimize the direct environmental impact of the Group's business operations by strengthening external and internal communication and implementing environmental measures to reduce and minimize our footprint from emissions, energy consumption and waste generation. The corresponding approaches are illustrated in the following sections.

In addition, the Group advocates energy saving and carbon reduction, and is committed to achieving sustainable operations. To this end, we have set clear emission reduction targets, with 2020/2021 as the base year, and strive to achieve the following targets:

- In view of the Group's business nature, we do not generate significant amount of air pollutants. Therefore, relevant data for the establishment of air emission reduction target is not available;
- Reduce energy consumption intensity (kWh per employee) by 5% by 2028 and 7% by 2032;
- Reduce water consumption intensity (m3 per employee) by 5% by 2028 and 7% by 2032; and
- Reduce waste disposal intensity (tonnes per employee) by 5% by 2028 and 7% by 2032.

Greenhouse Gas (GHG) Emissions

The Group's indirect emission of greenhouse gases is primarily related to the electricity consumption at our offices and our staff's business travel. The Group's logistics solution for its e-commerce business is outsourced to third-party vendors. Management places a strong emphasis on sourcing vendors with strict adherence to environmental protection and sustainability measures. We will continue to review such metrics on an annual basis in our decision to work with our logistics partners and vendors to ensure that our business continues to scale and grow with minimal impact to the environment. The Group does not include emissions generated by its third-party vendors in the Group's greenhouse gas inventory. Initiatives to reduce GHG emissions from energy consumption will be discussed in the section headed "Use of Resources".

The total GHG emissions and its intensity were 170,843.67 kilograms CO_2-equivalent (kg CO_2-e) and 296.60 kg CO_2-e per employee respectively in 2022/2023, representing an increase of approximately 12% in total GHG emissions and a decrease of approximately 9% in intensity, as compared to last year. The decrease was attributable to the drop in electricity consumption in scope 2, as flexible working arrangement was implemented, as well as proving the effectiveness of our energy-saving initiatives. Meanwhile, scope 3 emission increased as travel restrictions were loosened in many countries and flights resumed during the reporting period, and our business operations start to return to normal.

During the reporting period, the Group's GHG inventory principally comprise of scope 2 and 3 emissions, similar to last year. Scope 2 emissions account for approximately 61% of the total GHG emissions and it included GHG emissions arising from purchased electricity which was also the major contributor of GHG emission for the reporting period.

Looking ahead, the Group will continue to monitor and record GHG emissions, enhance related data collection system and develop targets and reduction plans as when appropriate.

Greenhouse Gas Emissions[1]	**2022/2023 kg CO_2-e**	2021/2022 kg CO_2-e
Scope 1[2]	**–**	–
Scope 2[3]	**103,795.35**	117,667.51
Scope 3[4]	**67,048.32**	35,149.00
Total GHG emissions	**170,843.67**	152,816.51
Intensity[5] (Total GHG emissions per employee[6])	**296.60**	325.14

1 The greenhouse gas emissions are calculated with reference to Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong published by the Environmental Protection Department and the Electrical and Mechanical Services Department, sustainability reports published by the CLP Power Hong Kong Limited, annual reports published by Water Suppliers Department, sustainability reports published by the Drainage Service Department.

2 Scope 1 refers to direct emissions from operations that are owned or controlled by the Group.

3 Scope 2 refers to Indirect energy emissions resulting from internal consumption by the Group (purchased or acquired) of electricity, heating, cooling and steam. It includes the use of electricity on the premises in Hong Kong only. The electricity consumption data in the USA, the UK, the PRC, Japan and South Korea are not available as the related fee was included in the rental fee or shared with other tenants.

4 Scope 3 refers to all other indirect emissions that occur outside the company, including both upstream and downstream emissions. It includes the emissions produced indirectly from commercial business travel, processing fresh water and sewage by third party and paper wastes disposed at landfills.

5 Intensity (Total GHG emissions per employee) = Total GHG emissions/ Total number of employees at the end of the reporting period.

6 The total number of employees was 470 and 576 in FY2021/2022 and FY2022/2023 respectively.

Waste

As a digital company, our inherent business nature does not require significant resource consumption or waste generation, contributing to a low environmental footprint.

The Group encourages its employees to initiate the practice of waste reduction. Our employees have developed environmentally friendly habits such as utilising recycled paper, and using paper saving techniques such as two-sided printing whenever possible.

The Group encourages the use of reusable crockery and utensils as opposed to their paper and plastic counterparts. Used batteries, printer toners carton box and carton boxes are gathered and returned to designated recycling collectors.

In 2022/2023, the total amount of non-hazardous wastes and hazardous wastes generated were 11.17 tonnes and 0.025 tonnes respectively compared to 12.66 tonnes and 0.025 tonnes last year. There was a slight decrease in the amount of non-hazardous wastes generation compared to the previous reporting period.

Waste Generation[7]	**2022/2023 tonnes**	2021/2022 tonnes
Non-hazardous waste		
— General unsorted waste (disposed to landfill)	**3.35**	4.26
— Carton box (Recycled)	**7.82**	8.40
Total	**11.17**	12.66
Intensity (Total non-hazardous waste generation per employee[8])	**0.04**	0.05
Hazardous waste		
— Toner (Recycled)	**0.010**	0.008
— Battery (Recycled)	**0.015**	0.017
Total	**0.025**	0.025
Intensity (Total hazardous waste generation per employee[8])	**0.0001**	0.0001

The Group is currently enhancing the waste management system, the amount of waste disposal for its overseas premises will be recorded and disclosed in the coming years. During the reporting period, the Group was not aware of any non-compliance case in relation to non-hazardous waste handling.

A2 Use of Resources

Due to the nature of the Group's principal business as a digital media and e-commerce platform, the Group is not involved in the manufacturing and production of goods. No significant raw materials and natural resources were consumed by the Group for this reason.

The Group's primary resource consumption relates to its use of paper, packaging materials, electricity and water within our offices. Except tap water sourced from municipal water supplies, no other natural water resource such as surface water or underground water is used.

Energy and Other Materials

The Group mainly interacts and engages with our viewers and customers through our digital media and e-commerce platforms. This provides an environmentally efficient way for viewers and customers to access our content, products and services online, reducing time and energy consumed by customers without having to actually commute to a traditional brick and mortar store or purchase physically printed content. Further, our energy consumption is much lower than vendors that operate physical retail stores as its main business. The nature of our business naturally supports reduced environmental impact and low levels of emissions.

The Group has also taken various environmentally friendly initiatives such as installing LED lighting fixtures, energy-efficient air conditioners and refrigerators and other energy-efficient electrical appliances at our Hong Kong head office, which significantly reduced our energy consumption.

In addition, management encourages the Group's employees to turn off their electric equipment (including computers, monitors and desk lamps) before leaving the office especially for periods of extended holidays or absences.

The Group has established an Environmental Policy which mandates the purchase and use of energy-efficient electrical appliances and other products.

7 It includes consumption in Hong Kong only. The Group will continue to improve its internal data collection mechanism for a complete disclosure in the coming years.

8 It refers to the employees in Hong Kong only. The total number of employees in Hong Kong was 249 in both 2021/2022 and 2022/2023.

Office Paper

In 2022/2023, the total paper consumption was approximately 498.38 kg, representing a slight decrease of approximately 14%, as compared with last year. The percentage of paper recycled was approximately 39% in 2022/2023 and that in 2021/2022 was approximately 30%. Looking ahead, the Group will continue to encourage recycle and reuse of office paper in order to reduce paper consumption.

Paper[9]	**2022/2023 kg**	2021/2022 kg
Office Paper		
— Consumed	**498.38**	580.05
— Recycled	**195.00**	175.00

We will continue to improve our internal data collection mechanism for a complete disclosure in the coming years.

Packaging Materials

The Group's packaging materials principally comprise of bubble wrap, panfix tape, clear tape, clear zipper bag and fulfilments for cardboard boxes. To promote and fulfil our commitment in sustainable development, we strive to use as many environmentally friendly packaging materials as possible. In 2022/2023, the total packaging material consumption was approximately 48,042.82 kg and its intensity was approximately 0.17 per unit of products sold, the total packaging materials consumption representing an increase of approximately 22%; whilst the intensity has an increase of approximately 13% compared with last year. The increase was due to the relaxation of COVID-19 related restrictions around the world during the reporting period that our business activities started to return to normal, increasing the demand for our products and packaging material.

Packaging Material Consumption[10]	**2022/2023 kg**	2021/2022 kg
Bubble wrap	**132.97**	119.70
Panfix tape	**49.28**	32.20
Clear tape	**71.60**	468.00
Clear zipper bag	**17.78**	12.66
Fulfilments for cardboard boxes	**46,563.17**	38,592.72
Air pillows	**356.60**	—
Bubble bags	**511.60**	—
Stretch film roll	**337.82**	—
Total packaging material consumption	**48,040.82**	39,225.28
Intensity[11] (Total packaging material consumption per unit of product sold and/or delivered[12])	**0.17**	0.15

The Group is currently improving its internal data collection mechanism, the amount of packaging materials consumed for its overseas premises will be disclosed in the coming years.

Energy

In 2022/2023, the total energy consumption and its intensity were approximately 232,953.00 kilowatt-hours (kWh) and approximately 935.55 kWh per employee respectively, representing a decrease of approximately 17% for total energy consumption and approximately 17% for the intensity compared to 2021/2022. The Group's energy consumption mainly attributed to electricity consumption in office and warehouses located in Hong Kong. Looking ahead, the Group will continue to monitor and record energy consumption, enhance related data collection system and develop reduction plans when appropriate.

9 It includes consumption in Hong Kong only. The Group will continue to improve its internal data collection mechanism for a complete disclosure in the coming years.

10 It includes consumption in Hong Kong only. The Group will continue to improve its internal data collection mechanism for a complete disclosure in the coming years.

11 Intensity (Total packaging material consumption per unit of product sold and/or delivered) = Total packaging material consumption/Total number of unit product sold and/or delivered.

12 Total number of products sold or delivered was 259,769 and 283,860 units in 2021/2022 and 2022/2023 respectively.

Energy Consumption[13]	**2022/2023 kWh**	2021/2022 kWh
Direct energy consumption	**—**	—
Indirect energy consumption		
— Electricity	**232,953.00**	280,771.00
Total energy consumption	**232,953.00**	280,771.00
Intensity[14] (Total energy consumption per employee[15])	**935.55**	1,127.59

Water

Regarding the water consumption of the Group, tap water is sourced from municipal water supplies. The Group does not consume other natural water resources such as surface water or underground water and does not encounter any material issue in sourcing water that is fit for purpose. The Group has formulated the Warehouse and Office Water Efficiency Policy during the reporting period. During work hours, administrative staff monitor water consumption by ensuring that faucets are not running when unused. Water storage capacity of the flushing cistern is also adjusted to avoid over washing for the flush system. The Group has installed water-efficient filtration systems for drinking water at our offices and installed flow controller on the water tap to reduce water consumption. Our staff are also encouraged to consume filtered rather than bottled water. During the reporting period, it is noticed that the average daily water consumption of one of our premises decreased.

In 2022/2023, the total water consumption and its intensity were approximately 355.02 cubic meters (m^3) and approximately 1.43 m^3 per employee respectively, representing a decrease of approximately 30% in both consumption and intensity compared with last year. This is due to the implementation of the Warehouse and Office Water Efficiency Policy during the reporting period. Water consumption was incurred by the offices and warehouse located in Hong Kong only. The warehouse located at Cable TV Tower in Hong Kong was the major water consumer which accounted for approximately 63% of the total water consumption. Going forward, the Group will continue to monitor and record water consumption, enhance related data collection system and develop targets and reduction plans as and when appropriate.

Water Consumption[16]	**2022/2023 m^3**	2021/2022 m^3
Total water consumption	**355.02**	507.31
Intensity[17] (Total water consumption per employee[18])	**1.43**	2.04

13 It includes consumption in Hong Kong only. The Group will continue to improve its internal data collection mechanism for a complete disclosure in the coming years.
14 Intensity (Total energy consumption per employee) = Total energy consumption/Total number of employees at the end of the reporting period.
15 It refers to the employees in Hong Kong only. The total number of employees in Hong Kong was 249 in both 2021/2022 and 2022/2023.
16 It includes consumption in Hong Kong only. The Group will continue to improve its internal data collection mechanism for a complete disclosure in the coming years.
17 Intensity (Total water consumption per employee) = Total water consumption/Total number of employees at the end of the reporting period.
18 It refers to the employees in Hong Kong only. The total number of employees in Hong Kong was 249 in both 2021/2022 and 2022/2023.

A3 The Environment and Natural Resources

Given the nature of the Group's principal business, the Group considers that the impacts of its operations on the environmental and natural resources are minimal. The Group strives to manage both direct and indirect environmental impacts associated with our operations, which are summarised as follows.

Our business activities	Interactions with the environment and natural resources	Potential environmental impacts	Direct or Indirect
	Electricity consumption	Uses of resources	Direct
	Water consumption (for cleaning, drinking or flushing)	Uses of resources	Direct
	Consumption and disposal of office paper, carton box, general wastes, toner and battery	Use of resource Waste management	Direct
Office operations	Greenhouse gas emissions arising from the above interactions	Climate change	Indirect
Business travel	Greenhouse gas emissions	Climate change	Indirect
Product packaging	Consumption of packaging materials	Uses of resources	Direct

The Group strives to further reduce our direct environmental impacts through various measures mentioned in the sections headed "Emissions" and "Use of resources".

As there are also indirect environmental impacts arising from our ability to influence environmental performance within the value chain and our investments, we will continue to make effort on mitigating such impacts and ultimately contributing towards the goal of creating a low carbon and environmentally conscious economy. The Group will strive to raise awareness of environmental issues and promote eco-friendly practices among communities operated by partnering with industry groups and environmental organisations. Efforts extend to the facilitation and contribution towards policy discourse to further environmental stewardship.

A4 Climate Change

Climate change is one of the biggest global challenges faced by the society nowadays, and we must act now for our climate and our communities. In recent years, extreme weather, such as strong winds and heavy rainfall, as well as tides and floods, have become the focus of news. Logistics and supply chains are particularly vulnerable. Heavy rainfall, rising tides, and floods can cause serious damage to assets such as buildings, warehouses, and goods in storage, resulting in financial losses. Although such incidents are beyond everyone's control, the Group believes that all stakeholders should work together to address climate change, which will also be regarded as one of the most significant risks to the world in the next five years.

In response to the Paris Agreement, the Hong Kong Government issued the "Hong Kong's Climate Action Plan", and formulated various plans and actions, setting out the vision of "Zero-carbon Emissions, Liveable City, Sustainable Development". The government has determined to set medium-term goal as halving Hong Kong's total carbon emissions from 2005 levels before 2035, committed to achieve carbon neutrality by 2050, and the PRC will strive to achieve carbon neutrality by 2060. In the context of the global transition to a low-carbon economy, the Group has also identified potential risks associated with regulatory, technological, market and reputational aspects specific to the location in which we operate. We will integrate these identified risks into our business strategy, integrate assessment and its results into the business risk management framework, and continuously and regularly update and identify, assess and manage various risks.

The Group essentially plans to respond to local government initiatives and follow local governments' emission reduction requirements. We aim to reduce GHG emissions by around 3% by 2026 and ensure the Group's greenhouse gas emissions will comply with the local requirements on or before 2030. Our target is to achieve carbon neutrality by 2050 in Hong Kong region and by 2060 in PRC. We are committed to continuously improving our energy efficiency, applying professional knowledge to improve on-site efficiency and maintain efficient management support, in order to safeguard the Group's reputation.

The COVID-19 pandemic has presented many new challenges this year, but it has not changed our commitment to climate action. The pace of change has expedited around the world, underscoring the importance for us to accelerate its transition to a low-carbon economy. Over the years, we have been grasping different opportunities to expand our business, accelerate the transformation and make the Group smarter, more environmentally friendly, and safer for employees and users (such as automation, and utilising digital platforms for online conference to reduce carbon footprint in transportation during the pandemic). These measures have made our facilities becoming more sustainable and fulfil our commitment to resource management and environmental protection.

Action on climate change

Action on climate change is embedded in the Group's business strategy and reflected in the governance and management processes of the Company. The index table below outlines the core elements and the Group's responses to the Stock Exchange's recommendations in this Report according to the Task Force on Climate-Related Disclosures:

Governance	Strategy	Risk Management	Metrics and Targets
• Setting up ESG Working Group and regular meeting • Integrating ESG topics (including climate-related issues) in corporate decision making	• Identifying risks and opportunities in low-carbon transition	• ESG Working Group take the lead to discuss and review ESG risks • Preparing for the transition to a low-carbon economy • Implementing measures to eliminate physical climate risks	• Establish GHG reduction targets so as to achieve net zero emissions

When developing these scenarios, the Group has identified a series of climate-related risk and opportunities relevant to our assets and services which are significant to us. These transition and physical risks are discussed in the sections below.

	Risks	Opportunities
Short term (0–1 year)	• Physical risks from extreme weather events • Securing the skills and capability required to implement climate strategy	• New services to help communities decarbonise • Technologies to enhance the performance of operations and energy efficiency
Medium term (5 years)	• Transition risks — Implementation of low-carbon policies for the operation • Transition risks — Supply and demand for certain commodities, products and services may change as climate related risks and opportunities are increasingly taken into account	• Transitioning to low carbon economy market to meet government decarbonisation targets
Medium to long term (5+ years)	• Transition risks — Potential new regulation and policies • Transition risks — Development and use of emerging technologies may increase the operational costs, and reduce the Groups' competitiveness • Transition risks — the Group's reputation may be impacted due to changing customer or community perceptions of said the Group's contribution to or detraction from the transition to a lower-carbon economy	• Transitioning to low carbon economy market to meet government decarbonisation targets • To work as a pioneer in the industry and build up the relevant reputations

Physical climate risks have the potential to damage the integrity of the Group's assets or interrupt our service delivery and customers directly. The Group has already set up a range of measures in place to enhance the reliance of its operations, including contingency plan for extreme weather or emergency conditions.

Transition risks have the potential to increase the operational cost and legal risk due to change of policy, technology development, digitalisation, relevant risk affected to supply and demand, and reputation due to public perceptions. The Group has already identified the relevant risks and keep monitoring the market and policy updates. The Group has also planned to invest according to the market needs and take this as an opportunity for long term development.

A series of measures have been adopted to put in place along the Group's value chain to help the Company prepare for climate events. These measures are deployed for the different geographies, taking into account the asset type, location and relevance. These are summarised in the table below:

Relevant part of the value chain	Relevant measures
Supply chain	— Diversify material supply from multiple suppliers, sources and countries — Ensure that employees along the supply chain work under places with stringent safety precautions and procedures
Retail	— Through engagement events, inform customers of the initiatives already undertaken to increase system resilience
Services	— Establish typhoon response protocol and coordinating system to maintain business continuity — Enhance the communication capacity of customer services, in particular post-incident customer communication

Our Path to 2050

The Group is prepared to address the threats climate change poses both to its business and to the communities that it serves. The Group is determined to deliver and provide safe, reliable, and affordable services for its customers and the Group is fully aware of the importance of the environmental responsibility. The Group will consider raising the targets, wherever possible, to strengthen the environmental protection measures in future.

Subject Area B. Social

Employment and Labour Practices

B1 Employment

Employees are the most valuable asset of the Group. During the reporting period, the Group has complied with local employment laws and regulations relating to compensation, recruitment, promotion, termination, working hours, rest periods, equal opportunity, workplace diversity, anti-discrimination and other benefits and welfare, which are mentioned in the section headed "Laws and Regulations". The unlawful employment of minors or forced labour is strictly prohibited by the Group.

Recruitment, Promotion, Equal Opportunities, Anti-Discrimination and Diversity

The Group strictly opposes to any kind of discrimination, clear anti-discrimination policies are published in the Employee's Handbook. The Group selects and promotes staff on a diversified basis, including but not limited to areas such as their qualifications and merit, skills, aptitude, availability, experience and overall suitability for the vacancy without discrimination or concern for race, religion, national origin, colour, gender, sexual orientation, gender identity or expression, age or disability.

In terms of recruitment, applicants will be assessed so far as reasonably practical against a set of objectives which will be directly related to the demands of the vacancy. As for promotion, all decisions will be made in accordance with the objective selection criteria outlined in the job specification. Promotion requests will need to be submitted to the Head of the department and the Human Resources team for approval.

The Group believes that a workplace should be safe and civilised. The Group will not tolerate sexual harassment, discrimination or offensive behaviour of any kind, which includes the persistent demeaning of individuals through actions or words, the display or distribution of offensive material, or the use or possession of weapons in the Group's premises. Staff can report such violations or any suspected violations to Human Resources Department through the Group's whistleblowing system.

Remuneration, compensation and dismissal

The Group offers competitive remuneration, medical benefits (including health & dental), rental reimbursement program and promotion as well as advancement opportunities to attract and retain talent.

Salaries are benchmarked to the objective market data and external remuneration reports. In addition, policies are in place for regular employee performance reviews, and salary adjustments are made as part of the performance evaluation process every year. Discretionary bonus awards might be given depending on a number of factors including individual performance, company performance and market condition. To retain talents, the Group adopted a shared-options scheme in order to reward the valuable staff, who are nominated by the Team Heads.

Either the Company or the employee may terminate the employment by giving us sufficient time of notice in writing, as stated in the Letter or Contract of Employment. The Contract of Employment shall be terminated immediately without prior notice or payment in lieu of the cases, including but not limited to, conviction of any criminal offence, guilty of serious misconduct, intentional negligence of his/her duties and breach of any terms of his/her Letter of Employment.

Working hours and rest periods

Policies on standard working hours and public holidays are followed in accordance with relevant laws and regulations, which detailed in section headed "Laws and regulations". Employees are entitled to, as applicable, public holidays, annual leave, sick leave, marriage leave, maternity leave, paternity leave, compassionate leave, jury service leave and sabbatical leave. The Group has always been people-oriented and does not support overtime work unless necessary.

The Group actively engages and motivates employees through various communication channels and provides internal training which allow employees to share work experience and work-related skills.

Other benefits and welfare of the Group

In addition to health and dental insurance, the Group offers other benefits including but not limited to fitness membership discount, staff discounts with its online store, pet-friendly office in some regions, a common area for gathering in various offices, and a coffee machine, amongst other benefits. During the reporting period, the Group also hosted year-end parties in different regions to show appreciation to our staff members' contribution over the year. The following tables show the workforce and turnover rate of the Group during the reporting period.

Workforce As at 31 March	**2022/2023**	2021/2022
By Gender		
— Male	**276**	256
— Female	**300**	214
By Employment Type		
— Full-time	**540**	446
— Part-time	**36**	24
By Age Group		
— Below 30	**263**	232
— 30–50	**300**	224
— Above 50	**13**	14
By Geographical Region		
— Hong Kong	**249**	249
— Japan	**22**	16
— USA	**156**	114
— UK	**81**	54
— PRC	**35**	37
— South Korea	**33**	N/A[19]
Overall	**576**	470

Turnover Rate[20] As at 31 March	**2022/2023**	2021/2022
By Gender		
— Male	**27%**	20%
— Female	**25%**	34%
By Age Group		
— Below 30	**26%**	31%
— 30–50	**26%**	23%
— Above 50	**28%**	26%
By Geographical Region		
— Hong Kong	**28%**	29%
— Japan	**8%**	20%
— USA	**26%**	21%
— UK	**26%**	23%
— PRC	**22%**	37%
— South Korea	**27%**	0%
Overall	**26%**	27%

19 Employment data in South Korea is not available as they are freelance in nature.

20 Turnover rate = Total number of employees left during the reporting period/(Total number of employees left during the reporting period + Total number of employees at the end of the reporting period). The Group had a total of 176 and 202 employees turnover in 2021/2022 and 2022/2023 respectively.

B2 Health and Safety

To provide and maintain a safe and healthy workplace, the Group's Health and Safety Policy adheres to regulations and guidelines set out by the Occupational Safety & Health Council. Safety arrangements in cases of emergency such as typhoons, rainstorm warnings and fire evaluation are stated in the Employee's Handbook to ensure that all employees are aware of emergency procedures. The Group has complied with relevant laws and regulations that have a significant impact on providing a safe and hazard-free working environment, which are illustrated in the section headed "Laws and Regulations".

The Group is committed to raising employees' awareness of a safe and healthy work culture proactively by disseminating safety education and issuing health guidelines such as stretching exercises to prevent strain, fatigue and injuries from sitting at the desk for extended periods. The Group also provides ergonomic office chairs and desks for employees to optimise their work environment and working posture. The Group also uses air filters and routinely performs air quality tests and air-conditioning system cleaning work.

The following table shows the performance indicators regarding occupational health and safety.

Safety Performance	2022/2023	2021/2022	2020/2021
Injury rate[21]	**0.00%**	0.00%	0.00%
Occupation disease rate[22]	**0.00%**	0.00%	0.00%
Lost day rate[23]	**0.00%**	0.00%	0.00%
Absentee rate[24]	**0.00%**	0.00%	0.00%
Fatality rate[25]	**0.00%**	0.00%	0.00%

Response to COVID-19 outbreak

The challenges arising from the COVID-19 pandemic are unprecedented. The Group has implemented necessary actions for its operations in Hong Kong and overseas, to protect its employees from infection as follows.

— Medical insurance plan was upgraded for the Group's employees, which includes an increased amount of claim per visit to the clinic and extended coverage for medical check-ups and dental services.

— For employees in the PRC and Japan, we have introduced the medical check-up allowance, while psychological support services were provided to employees in the UK and USA.

— Instructions and guidance from the local government are strictly followed, therefore, special work arrangements, including "Work from home" and/or roster arrangements were adopted.

— Routine environmental cleaning and disinfection were conducted in the office and warehouse area.

— All employees are advised to check body temperature before entering the office premises and wear masks in the office area and disposable masks can be provided upon request.

B3 Development and Training

The Group is committed to the continuous training and development of its employees. Employees attend training programs relevant to their field of work, with needs determined jointly between the staff, their direct supervisor and the Human Resources team. The Human Resources team also provides training and coaching to managers on management topics and issues.

The Group fosters a culture of constant learning and development by encouraging all managers to provide on-the-job coaching with ample feedback to the employees.

The Group continues to organise the Training and Development Scholarship Program twice during the reporting period by committing subsidies to eligible employees in assistance with their professional development.

During the reporting period, the Group provided internal trainings to enhance the capacity of employees and encouraged our employees to up-skill themselves and develop professionally by attending external courses. Although the average training hours of employees decreased, the percentage of employees who underwent trainings during the reporting period increased significantly.

21 The frequency of injuries relative to the total time worked by all workers during the reporting period.
22 The frequency of occupational diseases relative to the total time worked by the total workforce in the reporting period.
23 The total lost days relative to the total number of hours scheduled to be worked by workers in the reporting period.
24 The measure of actual absentee days lost, expressed as a percentage of total days scheduled to be worked by workers for the same period.
25 The frequency of fatality relative to total time worked by all workers during the reporting period.

The following table illustrates the percentage of employees undergone training of the Group.

Percentage of Employees Undergone Training[26]	2022/2023	2021/2022
By Gender		
— Male	**100%**	38%
— Female	**100%**	64%
By Employment Category		
— Assistant General Manager or above	**100%**	30%
— Senior Manager	**100%**	38%
— Manager	**100%**	39%
— Assistant Manager	**100%**	30%
— General Staff	**100%**	53%
— Operation Staff	**100%**	66%
Overall	**100%**	49%

Average Training Hours[27]	2022/2023	2021/2022
By Gender		
— Male	**2.41**	4.23
— Female	**2.23**	7.09
By Employment Category		
— Assistant General Manager or above	**2.40**	3.15
— Senior Manager	**2.53**	4.02
— Manager	**1.79**	4.44
— Assistant Manager	**1.60**	3.24
— General Staff	**2.62**	5.81
— Operation Staff	**1.47**	7.99
Overall	**2.32**	5.53

B4 Labour Standards

The Group primarily engages in internet advertising and online retail activities. There has never been any unlawful child labour or forced labour practices in the Group. The Group was not aware of any significant risks relating to child or forced labour in its business activities and operating locations.

As stipulated in our Employee's Handbook, background checks on new employed staff are performed to ensure they meet statutory standards in recruitment and ensure the Group's compliance with labour laws and regulations. Due to the Group's policies in place, risk relating to the unlawful employment of child labour and forced labour and violation of applicable labour standards is considered insignificant. The Group reviews relevant practices regularly with internal and external lawyers. Once child or forced labour is discovered, we will immediately terminate the employment contract and conduct detailed investigations. The Group also strives to strictly adhere to any labour standards, in particular to issues regarding equality and discrimination, as illustrated in the section headed "Employment".

The Group strictly complies with laws and regulations relating to employment as stated in the section headed "Laws and Regulations" and is not aware of any laws and regulations relating to preventing child or forced labour that have a significant impact on us.

Operating Practices

B5 Supply Chain Management

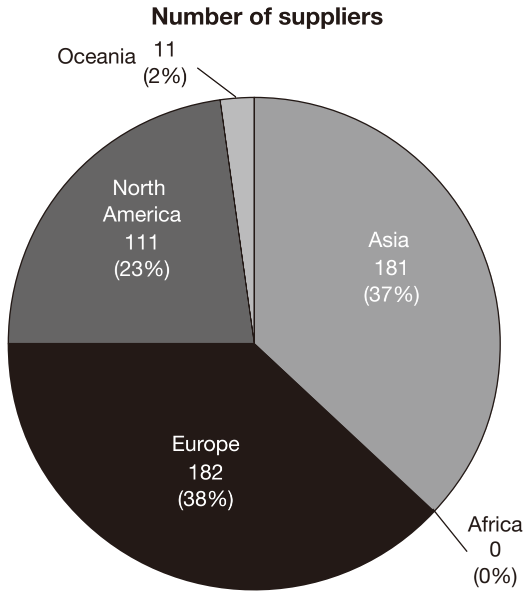
The Group values the importance of ethical business conducted by itself and its business partners. In order to do so, the Group established the Supply Chain Management Policy to encourage suppliers to maintain high standards in various operational aspects, including but not limited to anti-fraud and corruption policies, upholding labour laws and ethical human rights, anti-discrimination, open and fair competition, environmental laws and respect of intellectual property rights.

[26] Percentage of Employees Undergone Training = (total number of employee undergone training/ total number of employee)*100% as of the end of the reporting period. The total number of employees who received trainings in 2021/2022 and 2022/2023 are 232 and 576 respectively.

[27] Average Training Hours = Total number of training hours / Total number of employees at the end of the reporting period. The total number of training hours in 2021/2022 and 2022/2023 are 2599.5 and 1334 respectively.

In order to maintain long-lasting and sustainable business relationships with the Group's suppliers and vendors, the Group conducts a strict vetting and assessment process prior to working with new business partners, including but not limited to business and due diligence, product sampling and inspection, use of environmentally preferable products and services, quality control checks and labour practices reviews. The Group only works with vendors and suppliers with a strong ESG compliance and is dedicated to continually monitoring and working closely with its suppliers to maintain its environmentally sustainable and socially responsible practices.

The Group's suppliers provide us with footwear, clothing, accessories, homeware, packaging material and logistic services. They are located in different geographical regions and we had a total of 485 suppliers during the reporting period. The pie chart shows the proportion of suppliers from various geographical regions in 2022/2023.



Number of suppliers by geographical regions[28] As at 31 March	**2022/2023**	2021/2022
Asia[29]	**181**	236
Africa[30]	**0**	1
Europe[31]	**182**	178
North America[32]	**111**	130
Oceania[33]	**11**	20
Total number of suppliers	**485**	565

B6 Product Responsibility

Quality Management

E-commerce Business

The Group insists on delivering the highest-quality products to its customers. The Group was in compliance with relevant laws and regulations that have a significant impact on the issues relating to product responsibility, health and safety, which are stated in the section headed "Laws and Regulations". During the reporting period, the Group did not have any significant non-compliance issues in this regard. Also, no products sold or delivered were recalled for safety and health reasons.

The Groups has in place quality control procedures to ensure all products that arrived at its warehouses and ultimately sent out to its customers are carefully inspected so as to meet the Group's quality standards. When goods arrive at the warehouse, the warehousing team will inspect and crosscheck each item to ensure they are brand new and have no visible defects. Once the inspection is completed, the team will carefully store the items in an assigned shelf.

The Group's products are stored in a secured warehouse with 24-hour surveillance and securely locked to prevent unauthorised access. The warehouse is air-conditioned year-round to prevent humidity and other damages.

When a customer order is received, the logistics team will perform a final inspection on the selected products to ensure there are no damages or defects before packing the order for shipment to the customer.

28 Freelancers in South Korea are not considered as suppliers/service providers.

29 Asia includes Hong Kong, Dubai, India, Indonesia, Japan, PRC, Singapore, South Korea, and Taiwan

30 Africa includes South Africa.

31 Europe includes Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Georgia, Germany, Italy, Lithuania, Netherlands, Norway, Poland, Spain, Sweden, Switzerland, Ukraine and the UK.

32 North America includes Canada and the USA.

33 Oceania includes Australia and New Zealand.

Digital Media business

The Group implements various quality control policies with regard to its digital media business, including policies for monitoring the quality of the editorial posts which the Group uploads to its digital media platforms and the quality of the photos or videos produced by our production team, as well as policies for monitoring of our visitors' posts on the Group's social media platforms.

The Group has a dedicated senior editorial team to oversee all digital content and to ensure that all digital content is properly processed and published. The senior editorial team focuses on screening the articles, videos and photos to ensure that all third-party sourced materials are identified and acknowledged. Where practicable, members of the senior editorial team will obtain third-party consent before posting if the author of the original work can be identified.

Every senior editor is experienced to ensure that all aspects, ranging from written text and imagery to public reception, comply with the Group's quality standards. The editor-in-chief or senior editors of the Group's websites[34] screen, review and approve all articles before they are posted on the websites.

The Group's sales team and production team maintain regular contact with its customers to ensure that the final products satisfy the requirements of our customers. Senior members in the editorial, sales and production teams will review the materials to ensure the quality and conformance with ethical and moral standards. The Group's social media team is responsible for monitoring its social media platforms and will remove any objectionable content.

Customers' Health and Safety

Regarding the Group's nature of business, we do not pose significant impact on customers' health and safety as well as products sold or shipped subject to recalls for safety and health reasons; therefore, no related policy is set up as well as data collected.

Customer Inquiries

Delivering the highest level of customer service to our customers is highly important to the Group. The Group has a team of customer service representatives to handle customer enquiries through email, online live chat and social media platforms. The Group has established written policies and procedures for handling customer complaints. There are different inquiry handling procedures, which depend on the contents of the inquiry, such as defective products, lost shipment or shipping the wrong products. Our customer service representatives will handle the cases and arrange suitable and reasonable compensations, if required. In general, customers worldwide can submit enquiries about their orders through any of the aforementioned channels and expect an instant response or a response within 24 hours, which vary with the communication channels being utilised. If the customer does not satisfy with the resolution provided by the representative and requests escalation, the representative will forward the case to the Customer Service Manager, who will review the case and respond to the customer directly. The Customer Service Manager reviews and monitors the handling of customer enquiries, and any complaints are handled personally to ensure that a high quality of service is consistently provided to the Group's customers. The Customer Service Manager also monitors customer feedback at least on a weekly basis through our customer feedback survey results to ensure quality standards are constantly maintained.

Indicators	**2022/2023**	2021/2022
Total number of complaints	**190**	180
Total number of orders placed	**136,018**	120,051
Percentage of complaints received[35]	**0.14%**	0.15%

Intellectual Property

The Group currently has 142 active trademarks registered and adheres great importance to the respect of intellectual property rights. A policy of the Group stipulates that pirated software is forbidden to be downloaded or used in the Group. The Group also actively monitors copyrights attached to its published media content and pictures used in its editorial operations to ensure that the Group has provided credits to all sources and in compliance with any required copyright laws and standards. During the reporting period, 1 court case in relation to the image copyright infringement has been initiated against the Group. It is currently under process and has yet been resolved. Nonetheless, to the best of the Director's knowledge, the Group did not have any significant non-compliance issues in this regard.

34 Hypebeast, Hypebae, Hypegolf or Popbee.

35 Percentage of complaints received = (total number of complaints/total number of orders placed)*100%.

Advertising and Labelling

Regarding the digital media business, the Group strictly abides by the laws and regulations relating to advertising practices, which are stated in the section headed “Laws and Regulations”. During the reporting period, the Group did not have any significant non-compliance issues in this regard.

The Group has established guidelines to ensure its editorial work is legal, responsible and professional. Contents relating to drugs or nudity are handled carefully. For the quality control of the editorial work, please refer to the section headed “Quality Management”.

As an e-commerce business, the Group does not involve in product labelling activities as products sold are sourced from suppliers.

Data Privacy

As the Group provides a payment platform for its e-commerce operations with a large number of public users, protection of customers’ privacy and safeguard of personal information are essential to its business.

The Group has strict access controls to only allow certain staff to access customer information. The Group’s servers are protected behind a software firewall, and data is backed up regularly. Stability of our IT network is constantly monitored by the Group’s engineering team and any abnormal network disconnections are prevented by multiline, built-in redundancies, spare machines and 24-hour maintenance and monitoring.

The Group has updated its Privacy Policy to reinforce its commitment to protecting customers’ data in light of the General Data Protection Regulation (GDPR). The Group’s Privacy Policy is available on its website: https://hypebeast.com/gdpr.

The Group has strictly complied with laws and regulations relating to data privacy, which are stated in the section headed “Laws and Regulations”. During the reporting period, the Group did not have any significant non-compliance issues in this regard.

B7 Anti-corruption

The Group has the Anti-fraud Policy mentioned in the Employee’s Handbook and complied with related laws and regulations that have a significant impact on it relating to bribery, extortion, fraud and money laundering. During the reporting period, the Group did not have legal cases regarding corrupt practices brought against the Group or its employees. Please refer to the section headed “Laws and Regulations” for the details of laws and regulations.

The Group has a zero-tolerance approach to fraud, corruption and any form of unethical act in all Company activities. The detection and management of fraud and corruption is an integral part of good governance and management practice, and a culture of honesty and integrity within the organisation is maintained to ensure the effective prevention, detection, reporting and management of fraud and corruption, misappropriation, and other irregularities. All employees are actively involved in the management of fraud and corruption risk. We have proactively promoted our whistleblowing channel, in which employees are encouraged to enquire and report on any matter in relation to potential corruption and other unethical acts. The practice aims to develop a just and transparent working atmosphere, as well as positive and responsible brand reputation. We attach great importance to our anti-fraud policy, so as to enhance the employees’ awareness of anti-corruption on a regular basis. The Group has strict policies on employees’ acceptance of gifts and entertainment and on the solicitation of discounts from brands and retailers. Abuse of the Company’s stores discounts and company-branded merchandises are strictly prohibited. Despite the fact that we were not able to arrange anti-corruption training for directors and staff of the Group during the reporting period due to COVID-19 pandemic, we stressed the importance of anti-corruption and the severity of consequences that any corruption activities may lead to by going through relevant materials on anti-corruption with staff during orientation.

The Group’s Whistleblower Policy is a communication channel for employees to report concerns relating to ethical business or personal conduct, accounting and financial matters, integrity and professionalism, or allegations of retaliation for having reported matters in good faith. Employees are welcomed to send his/her concerns via email. The reporting system is confidential, and employees can make anonymous report. Whistleblower will be protected from retaliation as a result of any valid report.

Under the Group’s Supplier Chain Management Policy, suppliers are required to uphold a number of ethical principles under social responsibilities, including but not limited to, anti-bribery, anti-corruption, encourage open and fair competition, etc.

Community

B8 Community Investment

The Group encourages and supports its staff to participate in acts of community involvement such as donations and volunteering events to care for different people in need. The Group has in place a Community Investment Policy to encourage the development of long-term relations with its community stakeholders. The Group supports initiatives that serve the need of those who are socio-economically disadvantaged.

The details of the community activity supported during the reporting period is as follows:

The Landmark — Hong Kong Land HOME FUND donations

Hong Kong Land HOME FUND aims to build a better community by supporting different types of philanthropic efforts. For the last Mid-Autumn Festival, the Group's employees donated a total of 2 boxes of surplus mooncake tins, toys, stationeries and clothing to the Christian Action and Box of Hope to support people in need through the fund. During the Chinese New Year, the Group also donated 3 boxes of red pockets, toys, stationeries and clothing to the Salvation Army, Foodlink Foundation and the Boys' and Girls' Clubs Association of Hong Kong through the Hong Kong Land HOME FUND. During the reporting period, the Group had a total of 70 employees participating in the events and committed a total of 1,488 hours to the events.

Laws and regulations

This section sets out a summary of certain aspects of the laws, rules, regulations, government policies and requirements, which have significant impacts on the Group's operations and businesses.

Location	Laws, regulations, guidelines
Employment	
Hong Kong	Disability Discrimination Ordinance Employee's Compensation Ordinance Employment Ordinance Family Status Ordinance Minimum Wage Ordinance Race Discrimination Ordinance Sex Discrimination Ordinance
Japan	Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment Child Welfare Act Labour Contracts Act Labour Relations Adjustment Act Labour Standards Act (1947) Labour Union Act Ordinance for Enforcement of the Labour Standards Act
PRC	Labour Contract Law of the People's Republic of China Labour Law of the People's Republic of China Law of the People's Republic of China on the Protection of Minors Provisions on the Prohibition of Using Child Labour
UK	Children and Young Persons Act 2008 Employment Rights Act 1996 Equality Act 2010 National Minimum Wage Regulations 2015 Transfer of Undertakings (Protection of Employment) Regulations 2006 Working Time Regulations 1998
USA	Age Discrimination in Employment Act Americans with Disabilities Act Employee Retirement Income Security Act (ERISA) Equal Pay Act Fair Labour Standard Act: The Federal Child Labour Provisions Family Medical Leave Act Immigration Reform and Control Act National Labour Relations Act Title VII of the Civil Rights Act
South Korea	Equal Employment Opportunity and Work-Family Balance Assistance Act Juvenile Protection Act Labour Standards Act (LSA)

Location	Laws, regulations, guidelines
Health and Safety	
Hong Kong	Occupational Safety and Health Ordinance
Japan	Industrial Accident Compensation Insurance Act Industrial Safety and Health Act Order for Industrial Safety and Health Act
PRC	Law of the People's Republic of China on Prevention and Control of Occupational Disease Production Safety Law of the People's Republic of China
UK	Health and Safety at Work etc Act 1974
USA	Occupational Safety and Health Act (OSHA)
South Korea	Occupational Safety and Health Act
Labour Standards	
Hong Kong	Employment Ordinance
Japan	Child Welfare Act Labour Standards Act (1947)
PRC	Law of the People's Republic of China on the Protection of Minors Provisions on the Prohibition of Using Child Labour
UK	Children and Young Persons Act 2008 Licensing Act 1964
USA	Fair Labour Standards Act: The Federal Child Labour Provisions
South Korea	Juvenile Protection Act

Location	Laws, regulations, guidelines
Product Responsibility	
Advertisement and labelling	
Australia	Spam Act 2003 (Cth)
UK	UK Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing (the "CAP Code")
Hong Kong	Control of Obscene and Indecent Articles Ordinance Supply of Services (Implied Terms) Ordinance Trade Descriptions Ordinance
South Korea	Fair Labeling and Advertising Act
Intellectual Property	
Australia	Trade Marks Act 1995
Canada	Section 27 of the Copyright Act
Hong Kong	Copyright Ordinance Trade Descriptions Ordinance
PRC	Copyright Law of the People's Republic of China Patent Law of the People's Republic of China Trademark Law of the People's Republic of China
USA	Section 1526(a) of the Tariff Act of 1930 US Copyright Law US Trademark Law
South Korea	Copyright Act of 1957 Trademark Act

Location	Laws, regulations, guidelines
Data Privacy	
Australia	Federal Privacy Act 1988 (Cth) ("Privacy Act")
Canada	Personal Information Protection and Electronic Documents Act
Hong Kong	Personal Data (Privacy) Ordinance
Singapore	Personal Data Protection Act 2012 (No. 26 of 2012)
UK	Data Protection Act EU General Data Protection Regulation (GDPR) Privacy and Electronic Communications (EC Directive) Regulations 2003 ("PECRegs").
USA	US data privacy laws and data security laws
South Korea	Personal Information Protection Act (General Law)
Product health and safety	
Canada	Canada Consumer Product Safety Act
Singapore	Consumer Protection (Consumer Goods Safety Requirements) Regulations 2011
USA	Consumer Product Safety Act (the "CPSA") Flammable Fabrics Act (the "FFA") Textile Fiber Products Identification Act (the "TFPIA")
South Korea	Product Liability Act

Location	Laws, regulations, guidelines
Other relevant laws and regulations	
UK	Consumer Rights Act 2015
USA	Tariff Act of 1930
Anti-Corruption	
Hong Kong	Prevention of Bribery Ordinance
Japan	Penal Code (Act No 45 of 1907) (the Penal Code) Unfair Competition Prevention Act (Act No 47 of 1993) (the UCPA)
PRC	Criminal Law of the People's Republic of China
UK	Bribery Act 2010
USA	Anti-Corruption Act (AACA)
South Korea	Improper Solicitation and Graft Act

ESG Reporting Guide Index

Subject Areas, Aspects, General Disclosures and KPIs		Section/ Statement	Page number
Subject Area A. Environmental			
Aspect A1 Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions	35
KPI A1.1	The types of emissions and respective emissions data.	Emissions	35
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Greenhouse Gas (GHG) Emissions	36
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste	37
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste	37
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Emissions	35
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste	37
Aspect A2 Use of Resources			
General Disclosure	Policies on efficient use of resources, including energy, water and other raw materials.	Energy and Other Materials	37
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per meal).	Energy	38
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water	39
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Energy and Other Materials	37
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Water	39
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging Materials	38

Subject Areas, Aspects, General Disclosures and KPIs		Section/ Statement	Page number
Aspect A3 The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources	40
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources	40
Aspect A4 Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change	41
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change	41
Subject Area B. Social			
Employment and Labour Practice			
Aspect B1 Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment	43
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment	43
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment	43
Aspect B2 Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	45
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety	45
KPI B2.2	Lost days due to work injury.	Health and Safety	45
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety	45

Subject Areas, Aspects, General Disclosures and KPIs		Section/ Statement	Page number
Aspect B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	45
KPI B3.1	The percentage of employees trained by gender and employee category.	Development and Training	45
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training	45
Aspect B4 Labour standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Labour Standards	46
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards	46
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards	46
Operating Practices			
Aspect B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of supply chain.	Supply Chain Management	46
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management	46
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management	46
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	46
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	46

Subject Areas, Aspects, General Disclosures and KPIs		Section/ Statement	Page number
Aspect B6 Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility	47
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No products sold or shipped subject to recalls for safety and health reasons in 2022/2023.	47
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility	47
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility	47
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility	47
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility	47
Aspect B7 Anti-corruption			
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption	49
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	No concluded case in 2022/2023.	49
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption	49
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption	49
Community			
Aspect B8 Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	50
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment	50
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment	50

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 2023.

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 2023 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 81 to 149 of this annual report.

Business Review

A review of the business of the Group for the year ended 31 March 2023, 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" and "Environmental, Social and Governance Report" of this annual report. The review forms part of this Directors' report.

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 2023.

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 30 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 2023, the Company's reserves available for cash distribution and/or distribution in specie, computed in accordance with the Companies Law of Cayman Islands, amounted to approximately HK$11.4 million.

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 2023.

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 2023 is set out on page 150 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 (2022: 750,000 shares) (being approximately 0.04% (2022: 0.04%) of the issued share capital as at the date of this annual report)	169,287,499 shares (2022: 169,287,499 shares) (being approximately 8.24% (2022: 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	No share option is available for grant as at 1 April 2022 and 31 March 2023, respectively.	112,729,167 and 113,737,500 shares options are available for grant as at 1 April 2022 and 31 March 2023, respectively.

Details of the movements within the two share option schemes of the Company for the year ended 31 March 2023 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 2022	Exercised during the year	As at 31 March 2023
Employees in aggregate	18 March 2016	From 18 March 2019 to 17 March 2026	0.026	750,000	–	750,000
	18 March 2016	From 18 March 2019 to 17 March 2026	0.052	500,000	(500,000)	–
Total				1,250,000	(500,000)	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 2023.

(3) The weighted average closing price of the shares immediately before the date of exercise is HK$1.05 regarding the options exercised by the employee.

(2) Post-IPO Scheme

Category of grantee	Date of grant	Vesting Period	Exercise period	Exercise price per share (HK$)	Number of share options: As at 1 April 2022	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	As at 31 March 2023	Fair value of Shares at the date of grant during the year (HK$)
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	10,825,000	–	–	(100,000)	–	10,725,000	–
	8 December 2020	From 8 December 2020 to 7 December 2023	From 8 December 2023 to 7 December 2030	0.788	7,533,333	–	–	(533,333)	–	7,000,000	–
	8 December 2020	From 8 December to 7 December 2024	From 8 December 2024 to 7 December 2030	0.788	7,600,000	–	–	(375,000)	–	7,225,000	–
					37,358,332	–	–	(1,008,333)	–	36,349,999	–
Total					56,558,332	–	–	(1,008,333)	–	55,549,999	–

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 2023.

Further details of the share option schemes of the Company are set out in note 31 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 2023 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, Mr. Ma Pak Wing Kevin and Ms. Poon Lai King will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming 2023 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 2023 or at any time during the year ended 31 March 2023.

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 2023 (2022: 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 (2022: 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 2023 (2022: Nil);

Save as disclosed in note 36 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 2023.

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 2023, 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 2023.

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 2023.

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 2023.

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 2023, 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 2023, 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 2023.

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 2023, 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 2023, the percentage of revenue attributable to the Group's major customers is set out below:

Revenue

— The largest customer: 3.1%

— The total of the five largest customers: 9.9%

For the year ended 31 March 2023, the percentage of cost of services attributable to the Group's major suppliers is set out below:

Cost of Revenue

— The largest supplier: 4.1%

— The total of the five largest suppliers: 11.4%

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 2023, the service fees charged by Beijing Hypebeast to Hypebeast Cultural in respect of the transactions conducted under the Service Agreement amounted to approximately RMB8.8 million (equivalent to approximately HK$10.1 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 2023.

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 2023.

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.

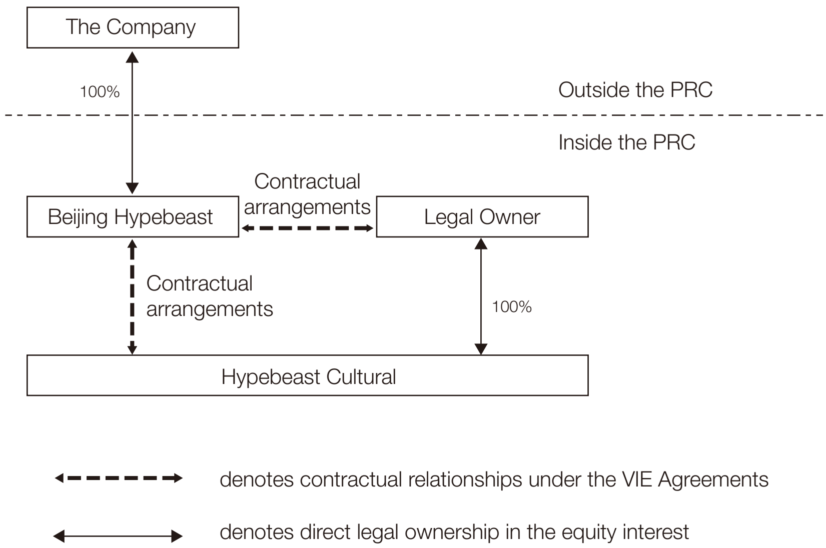
As advised by the PRC Legal Adviser, under the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020) (《外商投資准入特別管理措施(負面清單)(2020年版)》) promulgated by the National Development and Reform Commission and the Ministry of Commerce of the PRC on 23 June 2020 (including any 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 and 2022 were approximately RMB7,100,000, RMB18,500,000, RMB22,900,000 and RMB8,824,000, 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 and 2022 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 RMB57.3 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 2023, 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 2023, 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 2023.

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 2023, 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 2023.

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 2023 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, 26 June 2023

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 81 to 149, which comprise the consolidated statement of financial position as at 31 March 2023, 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 a summary of significant accounting policies.

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 2023, 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
Impairment assessment of the property, plant and equipment and right-of-use assets in relation to the e-commerce business	
We identified the impairment assessment of the property, plant and equipment and right-of-use assets in relation to the e-commerce business as a key audit matter due to the loss incurred in the e-commerce business during the year and significant management judgement and estimations involved in the determination of the recoverable amount of the cash generating unit ("CGU") in relation to the e-commerce business. The impairment assessment was based on a value in use calculation that required significant estimation with respect to the underlying discounted cash flow model. The Group has engaged an independent qualified professional valuer to perform such valuation. As detailed in notes 4 and 15 to the consolidated financial statements, for the purpose of the impairment assessment, the carrying amounts of property, plant and equipment and right-of-use assets are HK$3,642,000 and HK$17,532,000, after taking into account the impairment losses of HK$535,000 and HK$3,380,000 that have been recognised, respectively as at 31 March 2023.	Our procedures in relation to impairment assessment of the e-commerce CGU included: • Understanding the Group's impairment assessment process, including the valuation model adopted and key assumptions made by the management; • Evaluating the competence and objectivity of the independent qualified professional valuer and obtaining an understanding of the valuer's scope of work and the terms of engagement and engaging our internal valuation specialists to assess the appropriateness of the valuation methodology and certain assumptions including discount rate adopted; • Evaluating the reasonableness of the key assumptions including discount rate and budgeted sales of the CGU in the discounted cash flow model prepared by the management by considering the historical results of the CGU and the market development; • Evaluating the reasonableness of, and recalculating, the sensitivity analysis prepared by the management and assessing the impact on value in use of the CGU; and • Checking the mathematical accuracy of the value in use calculation.

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
26 June 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

	NOTES	2023 HK$'000	2022 HK$'000
Revenue	5	**959,973**	895,632
Cost of revenue		**(454,555)**	(346,319)
Gross profit		**505,418**	549,313
Other income, other gains and losses	8	**16,836**	4,880
Selling and marketing expenses		**(218,259)**	(160,391)
Administrative and operating expenses		**(229,848)**	(202,650)
Professional fee related to the merger		**(42,235)**	(30,185)
Impairment losses under expected credit loss model, net of reversal	9	**(1,543)**	(11,681)
Impairment losses recognised on intangible assets		**(5,211)**	(2,648)
Impairment loss recognised on property, plant and equipment and right-of-use assets	15	**(3,915)**	—
Finance costs	7	**(3,504)**	(4,588)
Profit before tax		**17,739**	142,050
Income tax expense	10	**(22,808)**	(41,883)
(Loss) profit for the year	11	**(5,069)**	100,167
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(12,546)**	2,878
Total comprehensive (expense) income for the year		**(17,615)**	103,045
(Loss) earnings per share	14		
— Basic (HK cent)		**(0.25)**	4.88
— Diluted (HK cent)		**(0.25)**	4.87

Consolidated Statement of Financial Position

At 31 March 2023

	NOTES	**2023 HK$'000**	2022 HK$'000
Non-current assets			
Property, plant and equipment	15	**51,960**	52,701
Intangible assets	16	**14,140**	11,767
Right-of-use assets	17	**55,379**	70,013
Interest in a joint venture	18	**—**	—
Financial assets at fair value through profit or loss ("FVTPL")	19	**14,327**	24,258
Rental and other deposits	22	**7,771**	7,622
Deferred tax assets	29	**1,115**	1,022
		144,692	167,383
Current assets			
Inventories	21	**113,770**	69,702
Trade and other receivables	22	**186,579**	183,018
Tax prepayments		**8,266**	10,510
Contract assets	23	**13,028**	5,154
Pledged bank deposits	24	**10,000**	10,000
Cash and cash equivalents	24	**166,021**	284,269
		497,664	562,653
Current liabilities			
Trade and other payables	25	**89,755**	145,708
Contract liabilities	26	**17,716**	11,602
Derivative financial instruments	20	**—**	620
Bank borrowings — due within one year	27	**2,724**	7,363
Lease liabilities	28	**20,262**	15,919
Tax payables		**2,405**	12,879
		132,862	194,091
Net current assets		**364,802**	368,562
Total assets less current liabilities		**509,494**	535,945
Non-current liability			
Lease liabilities	28	**42,889**	58,029
		42,889	58,029
Net assets		**466,605**	477,916
Capital and reserves			
Share capital	30	**20,541**	20,536
Reserves		**446,064**	457,380
		466,605	477,916

The consolidated financial statements on pages 81 to 149 were approved and authorised for issue by the Board of Directors on 26 June 2023 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 2023

	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 2021	20,459	36,773	–	3,892	12,632	287,487	361,243
Profit for the year	–	–	–	–	–	100,167	100,167
Exchange differences arising on translation of foreign operations	–	–	–	2,878	–	–	2,878
Total comprehensive income for the year	–	–	–	2,878	–	100,167	103,045
Issuance of ordinary shares (note 30)	65	6,855	–	–	–	–	6,920
Transaction costs attributable to issuance of ordinary shares	–	(300)	–	–	–	–	(300)
Exercise of share options	12	1,202	–	–	(491)	–	723
Recognition of share-based payment expense	–	–	–	–	6,285	–	6,285
Appropriations to statutory reserve (Note)	–	–	5,486	–	–	(5,486)	–
At 31 March 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

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 2023

	2023 HK$'000	2022 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**17,739**	142,050
Adjustments for:		
Depreciation of property, plant and equipment	**16,845**	6,186
Depreciation of right-of-use assets	**21,950**	21,317
Amortisation of intangible assets	**61**	111
Share-based payment expense	**6,278**	6,285
Gain on disposal of property, plant and equipment	**—**	(660)
Loss (gain) on fair value changes of financial assets at FVTPL	**7,212**	(4,181)
(Gain) loss on fair value changes of derivative financial instruments	**(620)**	620
Project income from non-fungible token ("NFT") projects	**(7,188)**	—
Gain on disposal of a joint venture	**(18,348)**	—
Impairment losses under expected credit loss model, net of reversal	**1,543**	11,681
Impairment losses recognised on intangible assets	**5,211**	2,648
Impairment loss recognised on property, plant and equipment and right-of-use assets	**3,915**	—
Write-down of inventories	**4,256**	1,825
Finance costs	**3,504**	4,588
Bank interest income	**(1,088)**	(350)
Operating cash flows before movements in working capital	**61,270**	192,120
Increase in inventories	**(48,324)**	(29,138)
(Increase) decrease in trade and other receivables and deposits	**(3,014)**	14,570
Increase in contract assets	**(7,874)**	(3,670)
(Decrease) increase in trade and other payables	**(42,508)**	27,822
Increase in contract liabilities	**6,114**	2,582
Cash (used in) generated from operations	**(34,336)**	204,286
Income taxes paid	**(31,131)**	(45,718)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(65,467)**	158,568
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(16,581)**	(36,987)
Investment in financial assets at FVTPL	**(1,962)**	(18,430)
Advance to a joint venture	**(1,298)**	—
Payments for rental deposits	**(814)**	(2,186)
Purchase of intangible assets	**(512)**	(13,528)
Proceeds from disposal of a joint venture	**16,497**	—
Proceeds from disposal of financial assets at FVTPL	**2,753**	—
Refund of rental deposits	**2,046**	924
Bank interest received	**1,088**	350
Repayment from a joint venture	**—**	407
Payment for deposit of long-term investment	**—**	(1,950)
Proceeds from disposal of property, plant and equipment	**—**	1,290
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**1,217**	(70,110)

For the year ended 31 March 2023

	2023 HK$'000	2022 HK$'000
FINANCING ACTIVITIES		
Proceeds from exercise of share options	**26**	723
Proceeds from bank borrowings	**5,867**	4,405
Interest paid on bank borrowings	**(531)**	(196)
Interest paid on lease liabilities	**(2,973)**	(4,392)
Repayment of lease liabilities	**(21,170)**	(19,868)
Repayment of bank borrowings	**(21,989)**	(3,038)
Payment of transaction costs attributable to issuance of ordinary shares	**—**	(300)
Proceeds from issuance of ordinary shares under a share subscription agreement	**—**	6,920
NET CASH USED IN FINANCING ACTIVITIES	**(40,770)**	(15,746)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(105,020)**	72,712
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**284,269**	209,575
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(13,228)**	1,982
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash	**166,021**	284,269

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

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 Third 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 Amendments to IFRSs

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRS Standards	Annual Improvements to IFRSs 2018–2020

The application of the 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 years and/or on the disclosures set out in these consolidated financial statements.

For the year ended 31 March 2023

2. Application of Amendments to 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:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[4]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[4]
Amendments to IAS 1	Non-current Liabilities with Covenants[4]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[4]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2023 (except for paragraphs 4A and 88A of IAS 12 which are immediately effective upon issue of the amendments)
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2024

Except for amendments mentioned 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.

Amendments to IAS 1 ***Classification of Liabilities as Current or Non-current*** *and Amendments to IAS 1* ***Non-current Liabilities with Covenants*** **(the "2022 Amendments")**

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least 12 months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least 12 months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within 12 months after the reporting period, if the entity classify liabilities arising from loan arrangements as noncurrent when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within 12 months after the reporting period.

2. Application of Amendments to IFRSs

(Continued)

New and amendments to IFRSs in issue but not yet effective (Continued)

Amendments to IAS 1 ***Classification of Liabilities as Current or Non-current*** *and Amendments to IAS 1* ***Non-current Liabilities with Covenants*** **(the "2022 Amendments")** *(Continued)*

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 March 2023, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to IAS 1 and IFRS Practice Statement 2 ***Disclosure of Accounting Policies***

IAS 1 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 is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to IAS 12 ***Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

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* ("IAS 12") so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 3, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognize 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 utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

For the year ended 31 March 2023

2. Application of Amendments to IFRSs
(Continued)

New and amendments to IFRSs in issue but not yet effective (Continued)

Amendments to IAS 12 ***Deferred Tax related to Assets and Liabilities arising from a Single Transaction*** *(Continued)*

The amendments are effective for the Group's annual reporting periods beginning on or after 1 January 2023. As at 31 March 2023, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to HK$55,379,000 and HK$63,151,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

Amendments to IAS 7 and IFRS 7 ***Supplier Finance Arrangements***

The amendments add disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.

The amendments supplement requirements already in IFRS Accounting Standards and require a company to disclose:

- the terms and conditions.
- the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the consolidated statement of financial position.
- ranges of payment due dates; and
- liquidity risk information.

An entity applies the amendments to IAS 7 for annual reporting periods beginning on or after 1 January 2024 and the amendments to IFRS 7 when it applies the amendments to IAS 7.

The application of the amendments is not expected to have significant impact on the financial position of the Group but may affect the disclosures of the Group. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies

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 consolidated financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment that are within the scope of the IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases* ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets* ("IAS 36").

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Significant accounting policies

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.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

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.

Interest in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Interest in a joint venture (Continued)

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant joint venture.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

For the year ended 31 March 2023

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (sales of goods and award credits for customers under the Group's customer loyalty scheme), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis. The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (such as sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

For the year ended 31 March 2023

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Leases (continued)

The Group as a lessee (continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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 if the interest rate implicit in the lease is not readily determinable.

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.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (Continued)

When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessor so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

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

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, 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 year ended 31 March 2023

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Foreign currencies (Continued)

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.

Borrowing costs

Borrowing costs which are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Employee benefit

Retirement benefit costs

Payments to state-managed retirement schemes/the Mandatory Provident Fund Scheme ("MPF Scheme") 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 and annual leave) after deducting any amount already paid.

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. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from (loss) 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 statement of financial position 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, 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.

The carrying amount of deferred tax assets is reviewed at the end of each 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.

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 rates (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 settle the carrying amount of its 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 right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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 is recognised in profit or loss.

For the year ended 31 March 2023

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

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 that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

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

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 of any goodwill (if applicable) and then to the other assets 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.

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.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position and the consolidated statement of cash flows include:

(a) cash, which comprises of cash on hand and demand deposit; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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 or 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.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(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.

(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

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables and deposits, amount due from a joint venture, pledged bank deposits 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.

For the year ended 31 March 2023

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(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.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instruments' external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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 (without taking into account any collaterals held by the Group).

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.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(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. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(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 the year ended 31 March 2023

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL (continued)

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

- Past-due status;
- 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.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss 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.

For the year ended 31 March 2023

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. When 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 2023, the carrying amounts of property, plant and equipment and right-of-use assets of e-commerce business subject to impairment assessment are 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 impairment losses have been recognised against the carrying amounts of property, plant and equipment and right-of-use assets of approximately HK$535,000 and HK$3,380,000 for the year (2022: HK$ nil impairment recognised for property, plant and equipment and right-of-use assets).

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 2023

5. Revenue

(i) Disaggregation of revenue from contracts with customers

Segments	Media		E-commerce and retail		Total	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Sales of goods through online and offline retail platform	**–**	–	**285,663**	232,435	**285,663**	232,435
Commission fee from consignment sales	**–**	–	**4,493**	4,869	**4,493**	4,869
Provision of advertising spaces	**434,980**	382,990	**4,332**	–	**439,312**	382,990
Provision of services for creative agency projects	**208,892**	270,600	**–**	–	**208,892**	270,600
Publication of magazines	**333**	–	**–**	–	**333**	–
Exhibition income	**–**	–	**15,873**	–	**15,873**	–
Beverage income	**–**	–	**5,407**	4,738	**5,407**	4,738
Total revenue from contracts with customers	**644,205**	653,590	**315,768**	242,042	**959,973**	895,632
Geographical markets						
Hong Kong	**36,210**	38,374	**81,673**	46,012	**117,883**	84,386
PRC	**52,310**	137,125	**32,092**	26,406	**84,402**	163,531
United States ("USA")	**272,931**	229,421	**89,423**	51,814	**362,354**	281,235
Other countries	**282,754**	248,670	**112,580**	117,810	**395,334**	366,480
Total	**644,205**	653,590	**315,768**	242,042	**959,973**	895,632
Timing of revenue recognition						
A point in time	**209,225**	237,433	**300,331**	242,042	**509,556**	479,475
Over time	**434,980**	416,157	**15,437**	–	**450,417**	416,157
Total	**644,205**	653,590	**315,768**	242,042	**959,973**	895,632

For the year ended 31 March 2023

5. Revenue (Continued)

(ii) Performance obligations for contracts with customers

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

The Group sells 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 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.

The Group typically receives payment in full before the sales orders processed. When the Group receives the payment in full 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 from the award credits 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 have no expiration 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.

For the year ended 31 March 2023

5. Revenue (Continued)

(ii) Performance obligations for contracts with customers (Continued)

b) Commission fee from consignment sales (Continued)

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.

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.

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.

For the year ended 31 March 2023

5. Revenue (Continued)

(ii) Performance obligations for contracts with customers (Continued)

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.

(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.

6. Segment Information (Continued)

Segment results represent the profit earned by each segment without allocation of finance costs, share-based payment expense, (loss) gain on fair value changes of financial assets at FVTPL, gain (loss) on fair value changes of derivative financial instruments, impairment losses recognised on intangible assets and amount due from a joint venture, central administration 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 2023

	Media HK$'000	**E-commerce and retail HK$'000**	**Consolidated HK$'000**
Total segment revenue	**644,205**	**315,768**	**959,973**
Segment results	**205,834**	**(32,424)**	**173,410**
Finance costs			**(3,504)**
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			**(48,681)**
Profit before tax			**17,739**

Year ended 31 March 2022

	Media HK$'000	E-commerce and retail HK$'000	Consolidated HK$'000
Total segment revenue	653,590	242,042	895,632
Segment results	295,222	(16,014)	279,208
Finance costs			(4,588)
Share-based payment expense			(6,285)
Gain on fair value changes of financial assets at FVTPL			4,181
Loss on fair value changes of derivative financial instruments			(620)
Impairment losses recognised on intangible assets			(2,648)
Impairment losses recognised on amount due from a joint venture			(8,694)
Professional fee related to the merger			(30,185)
Central administration costs			(55,331)
Unallocated expenses			(32,988)
Profit before tax			142,050

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:

	2023 HK$'000	2022 HK$'000
Reportable segment assets		
Media	**222,690**	206,110
E-commerce and retail	**186,514**	141,698
Total segment assets	**409,204**	347,808

For the year ended 31 March 2023

6. Segment Information (Continued)

Segment assets and liabilities (Continued)

Reconciliation of reportable segment total to group total:

	2023 HK$'000	2022 HK$'000
Segment assets	**409,204**	347,808
Unallocated assets:		
Property, plant and equipment	**907**	15,440
Intangible assets	**13,369**	10,896
Right-of-use assets	**4,015**	8,800
Financial assets at FVTPL	**14,327**	24,258
Deferred tax assets	**1,115**	1,022
Deposits and other receivables	**23,398**	27,543
Pledged bank deposits	**10,000**	10,000
Cash and cash equivalents	**166,021**	284,269
Consolidated total assets	**642,356**	730,036
Reportable segment liabilities		
Media	**93,746**	106,548
E-commerce and retail	**42,287**	49,987
Total segment liabilities	**136,033**	156,535
Reconciliation of reportable segment total to group total:		
Segment liabilities	**136,033**	156,535
Unallocated liabilities:		
Other payables and accrued expenses	**30,751**	66,269
Derivative financial instruments	**—**	620
Bank borrowings	**2,724**	7,363
Tax payables	**2,405**	12,879
Lease liabilities	**3,838**	8,454
Consolidated total liabilities	**175,751**	252,120

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 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, derivative financial instruments, lease liabilities, bank borrowings, and tax payables that are not attributable to the respective segments.

For the year ended 31 March 2023

6. Segment Information (Continued)

Other segment information

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
Share-based payment expense	–	–	–	6,278	6,278
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 the 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)

2022

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	2,987	–	2,987	8,694	11,681
Share-based payment expense	–	–	–	6,285	6,285
Write-down of inventories	–	1,825	1,825	–	1,825
Depreciation of right-of-use assets	8,740	5,943	14,683	6,634	21,317
Amortisation of intangible assets	1	110	111	–	111
Addition to non-current assets (Note)	23,460	12,729	36,189	26,363	62,552

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

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

	HK$'000
Gain on disposal of property, plant and equipment	660
Depreciation of property, plant and equipment	(6,186)

For the year ended 31 March 2023

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)	
	2023	2022
	HK$'000	HK$'000
US	**78,476**	85,218
Hong Kong	**35,220**	43,499
The PRC	**2,827**	1,935
Others (Note i)	**4,956**	3,829
	121,479	134,481

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 single customer has accounted for 10% or more of the total revenue of the Group during the current year (2022: revenue from the Company's largest customer contributed approximately 17% of the total revenue of the Group).

7. Finance Costs

	2023	2022
	HK$'000	HK$'000
Interest on bank borrowings	**531**	196
Interest on lease liabilities	**2,973**	4,392
	3,504	4,588

8. Other Income, Other Gains and Losses

	2023	2022
	HK$'000	HK$'000
Net exchange losses	**5,723**	1,619
Loss (gain) on fair value changes of financial assets at FVTPL	**7,212**	(4,181)
Marketing contribution income	**(34)**	(581)
(Gain) loss on fair value changes of derivative financial instruments	**(620)**	620
Penalty on customers for overdue settlement	**(797)**	(1,330)
Bank interest income	**(1,088)**	(350)
Logistics service fee income	**(1,696)**	—
Project income from NFT projects	**(7,188)**	—
Gain on disposal of a joint venture (note 18)	**(18,348)**	—
Gain on disposal of property, plant and equipment	**—**	(660)
Others	**—**	(17)
	(16,836)	(4,880)

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

	2023	2022
	HK$'000	HK$'000
Impairment losses recognised on:		
— trade and unbilled receivables	**1,543**	2,987
— amount due from a joint venture	**—**	8,694
	1,543	11,681

Details of impairment assessments are set out in note 33.

For the year ended 31 March 2023

10.Income Tax Expense

	2023 HK$'000	2022 HK$'000
Current tax:		
— Hong Kong Profits Tax	**15,702**	18,146
— The PRC Enterprise Income Tax ("EIT")	**4,068**	20,609
— Other jurisdictions	**1,135**	3,195
Overprovision in prior year		
— Hong Kong Profits Tax	**(3)**	(132)
PRC withholding tax on distributed profits from PRC subsidiaries	**1,999**	608
	22,901	42,426
Deferred tax (note 29):		
Credit for the year	**(93)**	(543)
	22,808	41,883

Income tax expense at concessionary rate

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.

Basis income tax expense

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.

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:

	2023 HK$'000	2022 HK$'000
Profit before tax	**17,739**	142,050
Tax at the Hong Kong Profits Tax rate of 16.5%	**2,927**	23,438
Tax effect of income not taxable for tax purpose	**(296)**	(702)
Tax effect of expenses not deductible for tax purpose	**13,266**	9,759
Tax effect of tax losses not recognised	**2,901**	1,594
Utilisation of tax losses previously not recognised	**(125)**	(102)
Income tax at concessionary rate	**(165)**	(165)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**3,102**	7,441
Withholding tax on undistributed earnings of PRC subsidiaries	**1,999**	608
Overprovision in prior year	**(3)**	(132)
Others	**(798)**	144
Income tax expense for the year	**22,808**	41,883

11.(Loss) Profit for the Year

	2023 HK$'000	2022 HK$'000
(Loss) profit for the year has been arrived at after charging:		
Directors' remuneration (note 12)	**10,303**	6,985
Other staff costs		
— salaries and allowances	**292,955**	204,057
— discretionary bonus	**9,791**	24,853
— retirement benefits scheme contribution	**9,367**	6,887
— Share-based payment expense	**5,100**	5,107
Total directors and other staff costs	**327,516**	247,889
Auditor's remuneration	**1,950**	1,400
Cost of inventories recognised as an expense (included in cost of revenue)	**165,604**	127,768
Depreciation of property, plant and equipment	**16,845**	6,186
Depreciation of right-of-use assets	**21,950**	21,317
Amortisation of intangible assets	**61**	111
Website content update expense (Note)	**2,730**	2,103
Write-down of inventories	**4,256**	1,825

Note: Amounts represent expenses incurred and paid to freelance bloggers for content update in the web pages and were recorded in "administrative and operating expenses".

For the year ended 31 March 2023

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**
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**

	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
2022						
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

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.

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

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.

Employees' remuneration

Of the five individuals with the highest emoluments in the Group, one (2022: one) was the director whose emolument is included in the disclosures above. The emoluments of the remaining four (2022: four) individuals were as follows:

	2023	2022
	HK$'000	HK$'000
Salaries and allowances	**14,009**	12,950
Discretionary bonus	**2,009**	423
Retirement benefits scheme contribution	**289**	221
Share-based payment expense	**961**	838
	17,268	14,432

Their emoluments were fell within the following bands:

	Number of employees	
	2023	2022
HK$3,000,001 to HK$3,500,000	**–**	1
HK$3,500,001 to HK$4,000,000	**3**	3
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 2023 and 2022.

13. Dividends

No dividend was paid or proposed for ordinary shareholders of the Company during both years, nor has any dividend been proposed since the end of the reporting period.

14. (Loss) Earnings Per Share

The calculation of the basic and diluted (loss) earnings per share for the years ended 31 March 2023 and 2022 is based on the following data:

	2023	2022
	HK$'000	HK$'000
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share		
((Loss) profit for the year attributable to owners of the Company)	**(5,069)**	100,167

	2023	2022
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**2,054,085**	2,052,921
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**–**	5,911
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**2,054,085**	2,058,832

For the year ended 31 March 2022, the weighted average number of ordinary shares for the purpose of basic and diluted earnings per share has been adjusted for the issuance of ordinary shares in April 2021 (details are disclosed in note 30).

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.

For the year ended 31 March 2022, diluted earnings per share did not assume the exercise of 30,791,666 share options, respectively, granted by the Company since the adjusted exercise prices for the computation of diluted earnings per share of those share options were higher than the average market price of shares.

For the year ended 31 March 2023

15. Property, Plant and Equipment

	Leasehold improvements HK$'000	Furnitures and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST						
At 1 April 2021	17,788	4,238	10,848	635	9,240	42,749
Additions	492	506	3,145	–	32,844	36,987
Disposals	–	–	(74)	(624)	–	(698)
Exchange translation	(4)	(17)	(36)	(11)	–	(68)
At 31 March 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
ACCUMULATED DEPRECIATION						
At 1 April 2021	10,534	2,685	6,940	–	–	20,159
Provided for the year	3,573	777	1,836	–	–	6,186
Eliminated on disposals	–	–	(68)	–	–	(68)
Exchange translation	(1)	(3)	(4)	–	–	(8)
At 31 March 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
CARRYING VALUES						
At 31 March 2023	45,054	1,306	5,600	–	–	51,960
At 31 March 2022	4,170	1,268	5,179	–	42,084	52,701

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	25%, or over the lease terms, whichever is shorter
Furnitures and fixtures	20%
Office equipment	20%
Motor vehicles	20%

For the year ended 31 March 2023

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 2023, with carrying amounts of approximately HK$3,642,000 and HK$17,532,000 (2022: certain property, plant and equipment and right-of-use assets as at 31 March 2022, with carrying amounts of approximately HK$4,302,000 and HK$19,135,000), respectively. With the assistance of an independent qualified professional valuer, the management performed the valuation of property, plant and equipment and right-of-use assets as at 31 March 2023.

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% (2022: 18.6%) while cash flows beyond the five-year period were extrapolated using growth rate of 1.9% (2022: 2.1%). 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 lower than its carrying amount. The impairment amount has been allocated to each category of property, plant and equipment and right-of-use assets of the CGU such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero.

Based on the value in use calculations and the allocations, the directors of the Company were in the view that impairment losses have been recognised against the carrying amounts of property, plant and equipment and right-of-use assets of approximately HK$535,000 and HK$3,380,000 for the year (2022: HK$ nil impairment recognised for property, plant and equipment and right-of-use assets).

16. Intangible Assets

	Digital assets HK$'000 (Note (i))	**Website domain names** HK$'000 (Note (ii))	**Total** HK$'000
COST			
At 1 April 2021	–	1,096	1,096
Additions	13,528	–	13,528
Exchange translation	–	46	46
At 31 March 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
AMORTISATION AND IMPAIRMENT			
At 1 April 2021	–	134	134
Charged for the year	–	111	111
Impairment loss recognised	2,648	–	2,648
Exchange translation	–	10	10
At 31 March 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
CARRYING VALUES			
At 31 March 2023	13,369	771	14,140
At 31 March 2022	10,880	887	11,767

Notes:

(i) As at 31 March 2023 and 2022, 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. With the decrease in the quoted prices on active exchanges, the management concluded there was indication for impairment and performed impairment assessment of Digital Assets.

During the year ended 31 March 2023, 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 2023, the carrying amount of Digital Assets held by the Group was HK$13,369,000 (2022: HK$10,880,000), after taking into account the impairment losses of HK$5,211,000 (2022: HK$2,648,000) 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.

For the year ended 31 March 2023

17. Right-of-Use Assets

	Leased properties HK$'000
As at 31 March 2022	
Carrying amount	70,013
As at 31 March 2023	
Carrying amount	55,379
For the year ended 31 March 2022	
Depreciation charge	21,317
For the year ended 31 March 2023	
Depreciation charge	21,950

	2023 HK$'000	2022 HK$'000
Expenses relating short-term leases	**5,037**	3,297
Variable lease payments not included in the measurement of lease liabilities (Note)	**2,789**	1,842
Total cash outflow for leases	**31,969**	29,399
Additions to right-of-use assets	**10,814**	12,037

Note: Leases of retail stores contain variable lease payment that are based on 12.0% to 13.0% (2022: 12.5%) of sales over the lease term. The amount of variable lease payments paid/payable to relevant lessor for the year ended 31 March 2023 amounted to HK$2,789,000 (2022: HK$1,842,000). 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 2023, the Group leases offices and warehouses for its operations. Lease contracts are entered into or modified for fixed term of 1 to 2 years (2022: 1 to 5 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 2023 and 2022, 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 2023, lease liabilities of approximately HK$63,151,000 (2022: HK$73,948,000) is recognised with related right-of-use assets of approximately HK$55,379,000 (2022: HK$70,013,000). 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. Interest in A Joint Venture

In the prior year, the Group held a 51% interest in The Berrics Company, LLC (The "Berrics") and accounted for the interest in a joint venture. In September 2022, Hypebeast, Inc., an indirectly wholly-owned subsidiary of the Company, entered into a membership interest transfer agreement (the "Agreement") with an independent third party, 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 instalments. The disposal was completed on 30 September 2022 and HK$16,497,000 had been received during the year ended 31 March 2023. As at the date of disposal, the carrying amount of interest in a joint venture is HK$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.

18. Interest in A Joint Venture (Continued)

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of entity	Country of incorporation	Principal place of business	Percentage of interest in ownership held by the Group		Principal activities
			2023	2022	
			%	%	
The Berrics	USA	USA	**–**	51	Provision of skateboarding related digital content and advertising and offline event organisation services

Pursuant to certain terms and conditions stated in the joint venture agreement, the financial and operating policies of The Berrics require unanimous approval from both joint venture partners. The Berrics was jointly controlled by the Group and another joint venture partner and, as such, it was accounted for as a joint venture of the Group.

Summarised financial information of joint venture

Summarised financial information of The Berrics is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

The joint venture is accounted for using the equity method in these consolidated financial statements.

	2022 HK$'000
Current assets	4,756
Non-current assets	
—Property, plant and equipment	11,904
—Others	523
Total non-current assets	12,427
Current liabilities	21,437

The above amounts of assets and liabilities include the following:

	2022 HK$'000
Cash and cash equivalents	482
Current financial liabilities	21,437
Revenue	18,089
Profit and total comprehensive income for the year	138

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements using equity method is as follow:

	2022 HK$'000
Net liabilities of The Berrics	(4,254)
Proportion of the Group's ownership interest in the joint venture	51%
	(2,170)
Unrecognised share of loss of the joint venture	2,170
Carrying amount of the Group's interest in the joint venture	—

For the year ended 31 March 2023

19. Financial Assets at FVTPL

	2023 HK$'000	2022 HK$'000
Non-current assets		
Financial assets measured at FVTPL		
— Investments in unlisted Real Estate Income Trust ("REIT")	**3,670**	6,241
— Investments in preference shares (Note (a))	**1,535**	4,820
— Unlisted equity investments (Note (b))	**7,160**	11,239
— Investment in simple agreement for future equity ("SAFE") (Note (c))	**1,962**	1,958
	14,327	24,258

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

Notes:

(a) The amounts represent investments in preference shares in unlisted entities established in the USA 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, (ii) an unlisted equity interest of an entity established in South Korea which is mainly engaged in wine industry and (iii) an unlisted investment holding company which further invested in an entity that engaged in computer hardware design and distribution.

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

20. Derivative Financial Instruments

	2023 HK$'000	2022 HK$'000
Foreign currency forward contracts	**—**	620

During the year ended 31 March 2022, the Group had entered into several foreign currency forward contracts with net settlement to the bank. Those foreign currency forward contracts were not designated for hedge purposes and were measured at fair value through profit and loss.

The amount represented the fair value change on the outstanding foreign currency forward contracts and the major terms of those foreign currency forward contracts were as follow:

2022

Notional amount	Maturity	Exchange rates
Buy USD2,517,304 and sell CAD3,195,613	07 April 2022	USD/CAD 0.7877
Buy USD2,519,175 and sell CAD3,205,549	08 April 2022	USD/CAD 0.7859

21. Inventories

	2023 HK$'000	2022 HK$'000
Finished goods	**113,770**	69,702

For the year ended 31 March 2023

22. Trade and Other Receivables

	2023 HK$'000	2022 HK$'000
Trade receivables	**127,258**	128,898
Unbilled receivables (Note (b))	**19,518**	23,747
Trade and unbilled receivables	**146,776**	152,645
Less: allowance for credit losses	**(909)**	(945)
Trade and unbilled receivables (net carrying amount)	**145,867**	151,700
Advance to staff	**790**	1,106
Rental and utilities deposits	**12,142**	11,401
Prepayments	**20,482**	22,404
Consideration receivable related to disposal of a joint venture	**3,149**	—
Other receivables	**9,962**	414
Deposit paid for long term investment	**1,958**	1,950
Deferred issue costs related to merger	**—**	1,665
Total	**194,350**	190,640
Analysed as:		
Current	**186,579**	183,018
Non-current (Note (a))	**7,771**	7,622
Total	**194,350**	190,640

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 2022, trade and unbilled receivables from contracts with customers amounted to HK$173,669,000.

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:

	2023 HK$'000	2022 HK$'000
Within 60 days	**86,776**	72,316
61–90 days	**7,913**	35,363
91–180 days	**29,219**	16,347
181–365 days	**1,760**	4,589
Over 365 days	**1,590**	283
	127,258	128,898

As at 31 March 2023, included in the Group's trade and unbilled receivables balance are debtors with aggregate gross carrying amounts of HK$54,816,000 (2022: HK$51,228,000) which are past due as at the reporting date. Out of the past due balances, HK$15,963,000 (2022: HK$11,750,000) 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% (2022: 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 33.

For the year ended 31 March 2023

23. Contract Assets

	2023 HK$'000	2022 HK$'000
Provision of advertising spaces	**13,028**	5,154

As at 1 April 2021, contract assets amounted to HK$1,484,000.

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 2023 and 2022, 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 33.

24. Pledged Bank Deposits/Cash and Cash Equivalents

Pledged bank deposits

Deposits amounting to HK$10,000,000 (2022: HK$10,000,000) have been pledged to secure bank borrowings and the banking facilities which carry interest at prevailing market rates at 1.85% per annum (2022: 1.85%).

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 4.63% (2022: 0.01%).

Details of impairment assessment of pledged bank deposits and bank balances are set out in note 33.

25. Trade and Other Payables

	2023 HK$'000	2022 HK$'000
Trade payables	**25,924**	14,639
Commission payable to staff	**23,329**	23,161
Accrual for campaign cost (Note)	**7,310**	33,025
Accrual for staff bonus	**—**	23,557
Accrual professional fee related to merger	**4,291**	16,738
Other payables and accrued expenses	**28,901**	34,588
	89,755	145,708

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:

	2023 HK$'000	2022 HK$'000
Within 30 days	**17,264**	10,240
31–60 days	**1,816**	1,401
61–90 days	**2,270**	404
Over 90 days	**4,574**	2,594
	25,924	14,639

For the year ended 31 March 2023

26. Contract Liabilities

	2023 HK$'000	2022 HK$'000
Provision of advertising spaces (Note a)	**16,151**	5,891
Sales of goods through online retail platform (Note b)	**420**	4,872
Customer loyalty scheme (Note c)	**1,145**	839
	17,716	11,602

As at 1 April 2021, contract liabilities amounted to HK$9,020,000.

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 and services for creative agency projects. 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 2023, the Group has recognised revenue of HK$5,891,000 (2022: HK$7,694,000) 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 2023 are expected to be recognised as revenue within one 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 2023, the Group has recognised revenue of HK$4,872,000 (2022: HK$1,326,000) 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 2023 are expected to be recognised as revenue within one 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. The award credits have no expiration.

27. Bank Borrowings

	2023 HK$'000	2022 HK$'000
Bank borrowings	**2,589**	7,363
Bank borrowings under supplier financing arrangement (Note)	**135**	—
	2,724	7,363

Note: During the year ended 31 March 2023, the Group has 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 are legally extinguished on settlement by the relevant bank. The Group then settles with the bank in 70 to 180 days after settlement by the bank, which extended beyond the original due dates of respective invoices. These bank borrowings carry 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 presents 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 are included within financing cash flows based on the nature of the arrangement, and payments to the suppliers by the bank are disclosed as non-cash transactions.

	2023 HK$'000	2022 HK$'000
Bank borrowings, secured with variable rate	**2,724**	7,363
Carrying amount repayable (according to scheduled repayment term):		
— Within one year	**2,724**	6,103
— In more than one year but not more than two years	**—**	1,260
	2,724	7,363
Carrying amount that contain a repayment on demand clause (shown under current liabilities)	**2,724**	7,363

As at 31 March 2023, one of the borrowings was secured by the pledge of the Group's bank deposits with carrying amount of HK$10,000,000 (2022: HK$10,000,000).

27. Bank Borrowings (Continued)

As at 31 March 2023, variable-rate bank borrowings carry 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 are as follows:

	2023	2022
Effective interest rate (per annum):		
Variable-rate borrowings	**4.13% to 4.65%**	1.41% to 3.50%

28. Lease Liabilities

	2023 HK$'000	2022 HK$'000
Lease liabilities payable:		
Within one year	**20,262**	15,919
In more than one year but not more than two years	**18,235**	19,352
In more than two years but not more than five years	**24,654**	35,122
More than five years	**—**	3,555
	63,151	73,948
Less: Amount due for settlement with 12 months shown under current liabilities	**(20,262)**	(15,919)
Amount due for settlement after 12 months shown under non-current liabilities	**42,889**	58,029

Weighted average incremental borrowing rates applied to lease liabilities range from 2.77% to 3.65% (2022: 2.85% to 3.50%).

29. Deferred Tax Assets

The following is the major deferred tax assets recognised by the Group and movements thereon during the years ended 31 March 2023 and 2022:

	Difference between tax and accounting depreciation HK$'000
At 1 April 2021	479
Credit to profit or loss	543
At 31 March 2022	1,022
Credit to profit or loss	93
At 31 March 2023	1,115

At the end of the reporting period, the Group has unused tax losses of HK$35,636,000 (2022: HK$18,810,000) 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$80,240,000 (2022: HK$120,074,000) 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.

For the year ended 31 March 2023

30. 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 2021, 31 March 2022 and 31 March 2023	6,000,000,000	60,000,000
Issued:		
At 1 April 2021	2,045,929,167	20,459,292
Exercise of share options	1,166,667	11,667
Issuance of ordinary shares (Note)	6,533,397	65,334
At 31 March 2022	2,053,629,231	20,536,293
Exercise of share options	500,000	5,000
At 31 March 2023	2,054,129,231	20,541,293

The new shares rank pari passu with the existing shares in all respect.

Note: The Company entered into a subscription agreement with a limited company incorporated in Japan (the "Investor") on 25 March 2021. Pursuant to the subscription agreement, the Company intended to allot and issue 6,533,397 ordinary shares to the Investor at a subscription price of HK$1.05924 per ordinary shares with a total consideration of approximately HK$6,920,000. On 9 April 2021, such subscription agreement was completed and 6,533,397 ordinary shares were allotted and issued to the Investor.

31. 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.

For the year ended 31 March 2023

31. Share Option Schemes (Continued)

(a) Pre-IPO Scheme (Continued)

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

750,000 shares (2022: 750,000 shares) (being approximately 0.04% (2022: 0.04%) of the issued share capital as at the date of the 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.

(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.

31. Share Option Schemes (Continued)

(a) Pre-IPO Scheme (Continued)

(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 2023 and 2022 are set out below:

	Number of share options												
Category of participants	Outstanding at 1.4.2021	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2022 & 1.4.2022	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2023	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	–	(500,000)	–	–	18.03.2016	From 18.3.2019 to 17.3.2026	N/A	0.052
Total	1,250,000	–	–	–	1,250,000	–	(500,000)	–	750,000				
Share options exercisable at the end of respective years	1,250,000				1,250,000				750,000				
Weighted average exercise price (HK$)	0.04	–	–	–	0.04	–	0.05	–	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.

31. 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 (2022: 169,287,499 shares) (being 8.24% (2022: 8.24%) of the issued share capital as at the date of the 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.

31. 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 2023 and 2022 are set out below:

	Number of share options												
Category of participants	Outstanding at 1.4.2021	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2022 & 1.4.2022	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31.3.2023	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]	9,600,000	–	(1,166,667)	(133,333)	8,300,000	–	–	–	8,300,000	10.08.2018	From 10.8.2021 to 9.8.2028	0.62	0.62
Employees[1,4]	3,300,000	–	–	(533,334)	2,766,666	–	–	–	2,766,666	28.06.2019	From 28.6.2022 to 27.6.2029	1.04	1.04
Employees[1,4]	13,600,000	–	–	(2,775,000)	10,825,000	–	–	(100,000)	10,725,000	28.06.2019	From 28.6.2023 to 27.6.2029	1.04	1.04
Employees[1,5]	10,600,000	–	–	(3,066,667)	7,533,333	–	–	(533,333)	7,000,000	08.12.2020	From 08.12.2023 to 07.12.2030	0.77	0.788
Employees[1,5]	8,200,000	–	–	(600,000)	7,600,000	–	–	(375,000)	7,225,000	08.12.2020	From 08.12.2024 to 07.12.2030	0.77	0.788
	45,633,333	–	(1,166,667)	(7,108,334)	37,358,332	–	–	(1,008,333)	36,349,999				
Total	64,833,333	–	(1,166,667)	(7,108,334)	56,558,332	–	–	(1,008,333)	55,549,999				
Share options exercisable at the end of respective years	9,933,333				18,233,333				20,999,999				
Weighted average exercise price (HK$)	0.86	–	0.620	0.902	0.863	–	–	0.813	0.864				

31. 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 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$6,278,000 for the year ended 31 March 2023 (2022: HK$6,285,000) 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.

32. 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 27 and 28 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.

33. Financial Instruments

Categories of financial instruments

	2023 HK$'000	2022 HK$'000
Financial assets		
Financial assets at amortised cost	**358,511**	458,890
Financial assets at FVTPL	**14,327**	24,258
Financial liabilities		
At amortised cost	**51,977**	60,972
Derivative financial instruments	**—**	620

33. Financial Instruments (Continued)

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables and deposits, pledged bank deposits, bank balances and cash, amount due from a joint venture, financial assets at FVTPL, trade and other payables, bank borrowings, lease liabilities and derivative financial instruments. 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:

(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.

A fundamental reform of major interest rate benchmarks has been undertaken globally to replace some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HKBLR and HIBOR arising from the Group's HK$ denominated borrowings and being regularly monitored and evaluated by reference to anticipated changes in market interest rate by the Group.

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.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings at the end of the reporting period. The analysis is prepared assuming amounts of these financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

A 50 basis points increase or decrease in the prevailing rates of relevant banks is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower for variable rate bank borrowings, with all other variables held constant, the Group's post-tax loss for the year ended 31 March 2023 would increase/decrease by HK$11,000 (2022: post-tax profit decrease/increase by HK$31,000).

In the opinion of the directors of the Company, the expected change in interest rate will not have significant impact on interest income or expense on bank balances, hence sensitivity analysis is not presented on bank balance.

For the year ended 31 March 2023

33. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(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, bank balances and cash, and trade and other payables as at the end of each reporting period are as follows:

	2023		2022	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	**HK$'000**	HK$'000	HK$'000
United States Dollar ("US$")	**100,278**	**9,559**	133,072	7,740
Euro Dollar ("EURO")	**31,543**	**3,425**	26,010	5,273
Renminbi ("RMB")	**536**	**877**	7,224	944
Canadian Dollar ("CAD")	**251**	**22**	43,294	2

Sensitivity analysis

The Group is mainly exposed to the risk of fluctuation against US$, EURO, RMB and CAD during the years ended 31 March 2023 and 2022.

The following table details the sensitivity to a 2%, 5%, 5% and 5% increase and decrease in HK$ against US$, EURO, RMB and CAD, respectively. These rates are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a change in foreign currency rates. The negative number below indicates an increase in the post-tax loss (2022: decrease in the post-tax profit) where HK$ 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.

	Loss for the year	
	2023	2022
	HK$'000	HK$'000
US$	**(1,361)**	(2,093)
EURO	**(1,174)**	(866)
RMB	**15**	(262)
CAD	**(10)**	(1,807)

Credit risk and impairment provision

As at 31 March 2023 and 2022, 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 8% (2022: 16%) and 21% (2022: 30%) of the trade and unbilled receivables was due from the Group's largest customer and the five largest customers respectively.

33. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment provision (Continued)

Trade and unbilled receivables and contract assets arising from contracts with customers (Continued)

The Group's concentration of credit risk by geographical locations is in the USA which accounted for 40% (2022: 33% in the USA) of the trade and unbilled receivables as at 31 March 2023.

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. In addition, the management is confident that the target impression rate or click rate stipulated in the contracts will be satisfied in due course and the accrued revenue on the advertising spaces are fully recoverable but only subject to timing of satisfying the target impression rate or click rate pursuant to the contracts. Accordingly, the credit risk regarding contract assets is limited.

Amount due from a joint venture

For the purpose of impairment assessment for amount due from a joint venture, exposure to credit risk for this balance is assessed individually with lifetime ECL. Impairment of HK$8,694,000 was recognised by the Group during the year ended 31 March 2022.

Other receivables and deposits, pledged bank deposits and bank balances

The Group performs impairment assessment under ECL model on other receivables and deposits, pledged bank deposits 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.

The credit risk on pledged bank deposits and bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

For the year ended 31 March 2023

33. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment provision (Continued)

Other receivables and deposits, pledged bank deposits and bank balances (Continued)

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 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; and
- Amount due from a joint venture.

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 2023

33. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment provision (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	2023 Gross carrying amounts HK'000	2023 Gross carrying amounts HK'000	2022 Gross carrying amounts HK'000	2022 Gross carrying amounts HK'000
Financial assets at amortised cost								
Trade and unbilled receivables	22	N/A	(Note)	Lifetime ECL (collective assessment)	**97,961**		102,038	
			Low risk	Lifetime ECL (not credit-impaired)	**48,815**	**146,776**	50,607	152,645
Other receivables and deposits	22	N/A	Low risk	12m ECL		**23,595**		12,921
Pledged bank deposits	24	AA+	N/A	12m ECL		**10,000**		10,000
Bank balances	24	AA+	N/A	12m ECL		**166,021**		284,269
Amount due from a joint venture		N/A	Loss	Lifetime ECL (credit-impaired)		**–**		8,694
Contract assets	23	N/A	Low risk	Lifetime ECL (collective assessment)		**13,028**		5,154

Note: 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 2023 within lifetime ECL. Trade receivables with significant outstanding balances and credit-impaired balances with gross carrying amounts of HK$48,815,000 (2022: HK$50,607,000) as at 31 March 2023 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 0.20% (2022: 0.10% to 1.00%) is applied.

For the year ended 31 March 2023

33. 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:

	2023			2022		
	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%**	**84,522**	**163**	0.2%	68,144	152
1–30 days past due	**0.5%**	**1,013**	**5**	0.5%	13,636	68
31–60 days past due	**1.0%**	**2,776**	**28**	1.0%	9,426	94
61–90 days past due	**1.5%**	**3,003**	**45**	1.5%	1,501	23
91–180 days past due	**2.0%**	**4,181**	**84**	2.0%	6,736	135
181–365 days past due	**5.0%**	**1,004**	**50**	5.0%	2,505	125
More than 365 days past due	**10.0%**	**1,462**	**146**	10.0%	90	9
		97,961	**521**		102,038	606

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 receivables is updated.

During the year ended 31 March 2023, the Group provided impairment losses under ECL model for not credit-impaired trade and unbilled receivables of HK$521,000 (2022: HK$606,000) based on the collective assessment and HK$74,000 (2022: HK$322,000) based on significant balances.

33. 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 2021	928	–	928
Changes due to financial instruments recognised as at 1 April 2021:			
– transfer to credit-impaired	(220)	220	–
– impairment losses reversed	(708)	–	(708)
– write-offs (Note)	–	(220)	(220)
New financial assets originated:			
– impairment losses recognised	928	2,767	3,695
– write-offs (Note)	–	(2,767)	(2,767)
– exchange adjustments	17	–	17
As at 31 March 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

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 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 2023

33. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative financial instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management manages that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	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$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2023							
Non-derivative financial liabilities							
Trade and other payables	–	49,253	–	–	–	49,253	49,253
Bank borrowings	4.39	2,724	–	–	–	2,724	2,724
Lease liabilities	3.52	23,421	20,629	25,656	–	69,706	63,151
		75,398	20,629	25,656	–	121,683	115,128

	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$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2022							
Non-derivative financial liabilities							
Trade and other payables	–	53,609	–	–	–	53,609	53,609
Bank borrowings	2.37	7,363	–	–	–	7,363	7,363
Lease liabilities	3.50	22,630	21,937	38,393	3,581	86,541	73,948
		83,602	21,937	38,393	3,581	147,513	134,920
Derivative financial liabilities – net settlement							
Foreign currency forward contracts	–	620	–	–	–	620	620

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 (2022: HK$7,363,000). Taking into account the Group's financial position, the directors of the Company do 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.

For the year ended 31 March 2023

33. 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$'000	1 to 2 years HK$'000	2 to 5 years 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**
As at 31 March 2022	2.37	6,217	1,456	–	7,673	7,363

Interest rate benchmark reform

Several of the Group's HIBOR bank borrowings will be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

HIBOR

While the Hong Kong Dollar Overnight Index Average ("HONIA") has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

Progress towards implementation of alternative benchmark interest rates

As part of the Group's risk management for transition, new contracts entered into by the Group are linked to the relevant alternative benchmark rates or interest rates which are not subject to reform to the extent feasible. Otherwise, the Group ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

During the year, for a floating rate borrowing that is linked to HIBOR, the Group had confirmed with the relevant counterparty HIBOR will continue to maturity.

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.

For the year ended 31 March 2023

33. Financial Instruments (Continued)

Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities 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 and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets and liability	Fair value at 31 March 2023 HK$'000	Fair value at 31 March 2022 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Financial assets					
Investments in REIT	**3,670**	6,241	Level 3	Net asset value approach of the REIT	Net asset value of approximately US$1,550 per share (2022: US$1,500 per share)
Investments in preference shares	**1,535**	2,483	Level 3	Back-solve method and equity allocation method	Risk-free rate: 3.59% Volatility: 64.0% Liquidation scenario: 90% IPO scenario: 10% (2022: Risk-free rate: 2.41% Volatility: 63% Liquidation scenario: 90% IPO scenario: 10%)
Investments in preference shares	**–**	2,337	Level 3 (2022: Level 2) (Note)	Adjusted net asset approach (2022: The fair value is determined with reference to the recent transaction price of the investments)	Adjusted net asset value of approximately US$nil (2022: N/A)
Unlisted equity investments	**2,159**	3,979	Level 3	Equity allocation method	Risk-free rate: 3.64% Volatility: 64.5% Liquidation scenario: 50% Redemption scenario: 50% IPO scenario: 0% (2022: Risk free rate: 2.41% Volatility: 67% Liquidation Scenario: 50% Redemption Scenario: 50% IPO scenario: 0%)

For the year ended 31 March 2023

33. Financial Instruments (Continued)

Fair value measurements of financial instruments (Continued)

(i) *Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (Continued)*

Financial assets and liability	Fair value at 31 March 2023 HK$'000	Fair value at 31 March 2022 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Financial assets					
Unlisted equity investments	**3,017**	5,285	Level 3	Back-solve method and equity allocation method	Risk-free rate: 3.59% Volatility: 64.0% Liquidation scenario: 90% IPO scenario: 10% (2022: Risk-free rate: 2.41% Volatility: 63% Liquidation scenario: 90% IPO scenario: 10%)
Unlisted equity investments	**1,984**	1,975	Level 2	The fair value is determined with reference to the recent transaction price of the investments	N/A
Investments in SAFE	**1,962**	1,958	Level 2	The fair value is determined with reference to the recent transaction price of the investment	N/A
Financial liability					
Derivative financial instruments — net settlement	**N/A**	620	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates	N/A

Note: The investments in preference shares of HK$2,337,000 was transferred from Level 2 to Level 3 category during the year ended 31 March 2023, and the transfer was primarily attributable to changes in observability of valuation inputs in valuing the investments. Other than those disclosed above, there were no other transfer out of Level 2 and Level 3 during the years ended 31 March 2023 and 2022. No sensitivity analysis is performed for the Level 2 and Level 3 financial assets as the directors of the Company consider that the exposure is insignificant.

For the year ended 31 March 2023

33. Financial Instruments (Continued)

Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

	Investments in preference shares HK$'000	Unlisted equity investments HK$'000	Investments in REIT HK$'000	Total HK$'000
At 1 April 2021	—	1,647	—	1,647
Purchased	2,333	3,979	5,848	12,160
Change in fair value credited to profit or loss	150	3,638	393	4,181
At 31 March 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**

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.

34. 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$'000 (note 27)	Lease liabilities HK$'000 (note 28)	Interest payable HK$'000	Total HK$'000
At 1 April 2021	5,996	81,779	—	87,775
Financing cash flows	1,367	(24,260)	(196)	(23,089)
Interest expenses	—	4,392	196	4,588
New leases entered	—	12,037	—	12,037
At 31 March 2022	**7,363**	**73,948**	**—**	**81,311**
Financing cash flows	**(16,122)**	**(24,143)**	**(531)**	**(40,796)**
Supplier financing (note 40)	**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**

35. 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 2023, the total retirement benefits scheme contribution arising from the MPF Scheme and state-managed retirement benefit scheme charged to profit or loss were HK$9,414,000 (2022: HK$6,934,000).

36. 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**	**2023** **HK$'000**	2022 HK$'000
Mr. Lee Chung Ming and Ms. Chan Lai Kuen	Repayment of lease liabilities for Director's quarter	**210**	210
	Interest expense on lease liabilities for Director's quarter	**17**	11
	Right-of-use assets for Director's quarter at year end	**371**	168
	Lease liability for Director's quarter at year end	**372**	165

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 2023

37. 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		
			2023 %	2022 %	**2023** %	2022 %	
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.	USA	US$5,000	**–**	–	**100**	100	Provision of advertising spaces services, services for creative agency projects (2022: Investment holding)
HBX New York Inc.	USA	US$100	**–**	–	**100**	100	Operation of offline retail platform (2022: Customer service support of HBX retail operation)
HBX 41 Division LLC	USA	US$100	**–**	–	**100**	100	HBX retail operation
北京賀彼貿易有限公司[1] ("北京賀彼" or "Beijing Hypebeast")	PRC	RMB1,000,000	**–**	–	**100**	100	Provision of services for creative agency projects

For the year ended 31 March 2023

37. 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 Directly		Indirectly		Principal activities
			2023 %	2022 %	2023 %	2022 %	
Subsidiaries (continued)							
Hypebeast Japan 株式會社	Japan	JPY10,000,000	**–**	–	**100**	100	Provision of advertising spaces services, services for creative agency projects
Cravee Limited	Hong Kong	HK$1,000	**–**	–	**85**	85	Inactive
Hype Capital Limited	BVI	US$1	**–**	–	**100**	100	Investment holding
Hypebeast Asia Pacific Limited [3]	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. [4]	Singapore	SGD1	**–**	–	**100**	100	Provision of advertising spaces services and services for creative agency projects
Hypebeast WAGMI Inc. [5]	USA	US$10	**–**	–	**100**	100	Investment holding
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 advertising spaces services, services for creative agency projects (2022: 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.

3 Hypebeast Asia Pacific Limited was newly incorporated on 14 April 2021.

4 Hypebeast Company SG Pte. Ltd. was newly incorporated on 25 June 2021.

5 Hypebeast WAGMI Inc. was newly incorporated on 10 January 2022.

None of the subsidiaries had issued any debt securities at the end of both reporting periods.

For the year ended 31 March 2023

38. Capital Commitments

On 14 April 2021, the Group entered into a construction agreement for the renovation work of a lease premises in USA at a total contract sum of US$3,391,468 (equivalent to HK$26,413,000). As at the end of the current year, the remaining unpaid contract sum was US$nil (equivalent to HK$nil) (2022: US$134,574 (equivalent to HK$1,054,000)).

39. Statement of Financial Position of the Company

	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS		
Amounts due from subsidiaries (Note)	**16,859**	61,741
Unlisted investments in subsidiaries	**—**	—
	16,859	61,741
CURRENT ASSETS		
Prepayments and other receivables (Note)	**247**	1,588
Bank balances and cash (Note)	**219**	6,658
	466	8,246
CURRENT LIABILITIES		
Other payables	**9,695**	19,001
Amounts due to subsidiaries	**650**	650
	10,345	19,651
NET CURRENT LIABILITIES	**(9,879)**	(11,405)
NET ASSETS	**6,980**	50,336
CAPITAL AND (DEFICIT) RESERVES		
Share capital (see note 30)	**20,541**	20,536
(Deficit) reserves	**(13,561)**	29,800
	6,980	50,336

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 (deficit) reserves

	Share premium HK$'000	Share options reserve HK$'000	Accumulated profit (losses) HK$'000	Total HK$'000
At 1 April 2021	36,773	12,632	243	49,648
Loss and other comprehensive expense for the year	–	–	(33,399)	(33,399)
Issuance of ordinary shares	6,855	–	–	6,855
Transaction costs attributable to issuance of new shares	(300)	–	–	(300)
Exercise of share options	1,202	(491)	–	711
Recognition of share-based payment expense	–	6,285	–	6,285
At 31 March 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)**

40. Major Non-Cash Transactions

During the year ended 31 March 2023, bank borrowings under supply chain financing arrangements of HK$11,483,000 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 2019, 2020, 2021, 2022 and 2023

Results

	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**959,973**	895,632	674,212	751,367	672,192
Profit before tax	**17,739**	142,050	93,091	86,377	76,649
Income tax expense	**(22,808)**	(41,883)	(22,507)	(20,602)	(14,851)
(Loss) profit for the year	**(5,069)**	100,167	70,584	65,775	61,798

As at 31 March 2019, 2020, 2021, 2022 and 2023

Assets and Liabilities

	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total Assets	**642,356**	730,036	581,585	454,165	333,275
Total Liabilities	**(175,751)**	(252,120)	(220,342)	(178,970)	(127,308)
Net Assets	**466,605**	477,916	361,243	275,195	205,967