

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

HYPEBEAST

Hypebeast Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08359)

DISCLOSEABLE TRANSACTION FORMATION OF A JOINT VENTURE COMPANY

FORMATION OF A JOINT VENTURE COMPANY

The Board is pleased to announce that, on 8 February 2018 (Pacific Standard Time), our US subsidiary, Hypebeast, Inc., entered into the JV Agreement with The Berrics, LLC (the “**JV Partner**”), an online skateboarding website platform based in Los Angeles, the United States, in relation to the formation of The Berrics Company, LLC (“**The Berrics**”) in the United States. On the same day, Hypebeast Inc., also entered into the Contribution Agreement with the JV Partner and The Berrics, among others, in relation to the capital contribution of The Berrics. The Berrics will be engaged in the provision of skateboarding related digital content and advertising and offline event organization services. The Berrics shall be 51% owned by Hypebeast, Inc. and 49% by the JV Partner and remain a non-wholly owned subsidiary of the Company after capital contributions. Hypebeast, Inc. shall contribute US\$750,000 in cash; and the JV Partner shall contribute approximately US\$2.5 million of assets by way of Contribution in Kind currently owned by the JV Partner and The Berrics shall assume approximately US\$1.0 million of liabilities of the JV Partner.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios is more than 5% but less than 25%, the formation of The Berrics constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

On 8 February 2018 (Pacific Standard Time), Hypebeast, Inc. entered into the JV Agreement with the JV Partner in relation to the formation of The Berrics in Delaware, the United States. On the same day, Hypebeast Inc., also entered into the Contribution Agreement with the JV Partner and The Berrics, among others, in relation to the capital contribution of The Berrics.

THE JV AGREEMENT

Date

8 February 2018 (Pacific Standard Time)

Parties

- (i) Hypebeast, Inc.; and
- (ii) the JV Partner.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the JV Partner and its ultimate beneficial owner(s) are Independent Third Parties.

Purpose of The Berrics

The Berrics will be engaged in the provision of skateboarding related digital content and advertising and offline event organization services.

Board composition

The board of directors of The Berrics will consist of three directors, two of whom will be appointed by Hypebeast, Inc. and the remaining one director will be appointed by the JV Partner.

Distribution of profit

Any available cash of The Berrics, after allowance for payment of all obligations of The Berrics then due and payable, including debt and operating expenses and for such reasonable reserves as the board of directors of The Berrics may determine, shall be distributed to Hypebeast, Inc. and the JV Partner pro rata in accordance with their respective shareholding percentage in The Berrics.

THE CONTRIBUTION AGREEMENT

Date

8 February 2018 (Pacific Standard Time)

Parties

- (i) The Berrics;
- (ii) the JV Partner;
- (iii) Hypebeast, Inc.; and
- (iv) the Founding Members.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the JV Partner, the Founding Members and their ultimate beneficial owner(s) are Independent Third Parties.

Capital contribution

The Berrics shall be owned as to 51% by Hypebeast, Inc. and 49% by the JV Partner, subject to adjustment as specified in the Contribution Agreement if liabilities agreed to be assumed by The Berrics is higher than the amount stated in the Contribution Agreement. Upon completion, The Berrics will become a non-wholly owned subsidiary of the Company and the financial results and position of The Berrics will be consolidated in the financial statements of the Company.

Pursuant to the Contribution Agreement, each of Hypebeast, Inc. and the JV Partner shall contribute cash and assets to The Berrics in the following manner:

1. Hypebeast, Inc. shall contribute US\$750,000 in cash; and
2. the JV Partner shall contribute approximately US\$2.5 million of assets by way of Contribution in Kind currently owned by the JV Partner and The Berrics shall assume approximately US\$1.0 million of liabilities of the JV Partner.

The unaudited carrying value of the assets and net asset value of the JV Partner is approximately US\$2.5 million and US\$1.4 million as at 31 December 2017, respectively. Such capital contribution shall be completed on the Closing Date.

The amount of capital contribution to be made by each of Hypebeast, Inc. and the JV Partner was arrived at after arm's length negotiations between the parties with reference to (i) the carrying value of the assets to be contributed by the JV Partner by way of Contribution in Kind and the amount of liabilities that will be assumed by The Berrics; (ii) the respective shareholding percentage of Hypebeast, Inc. and the JV Partner in The Berrics upon completion; and (iii) the expected capital requirements of The Berrics.

The capital contribution payable by Hypebeast, Inc. will be funded by internal resources of the Group.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

The JV Partner is an online skateboarding website platform based in Los Angeles, the United States. Through the formation of The Berrics, the Company and the JV Partner will be able to complement each other's strength and share resources, which create synergy between the two companies as The Berrics will reach a broader demographic of viewers and customers.

The Directors are of the view that the terms of the Contribution Agreement and the JV Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Company

The Company was incorporated in the Cayman Islands with limited liability and the shares of the Company have been listed on the GEM of the Stock Exchange since 11 April 2016. The Company is a digital media company which is primarily engaged in (i) the provision of advertising services to brand owners and advertising agencies on its digital media platforms; and (ii) the sale of third-party branded clothing, shoes and accessories on its e-commerce platform.

Hypebeast, Inc.

Hypebeast, Inc. is a company established in Delaware, the United States and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the digital media segment in the United States.

The JV Partner

The JV Partner is a company established in the United States. It is principally engaged in the publication of skateboarding related content, provision of other advertisement services and organization of offline events.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios is more than 5% but less than 25%, the formation of The Berrics constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of directors of the Company
“Closing Date”	date of the Contribution Agreement which is 8 February 2018 (Pacific Standard Time)
“Company”	Hypebeast Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the GEM of the Stock Exchange (stock code: 8359)
“Contribution Agreement”	the contribution agreement dated 8 February 2018 (Pacific Standard Time) entered into between The Berrics, the JV Partner, Hypebeast, Inc. and the Founding Members, in relation to the formation of The Berrics
“Contribution in Kind”	the contribution of capital in The Berrics proposed to be made by the JV Partner in the form of injecting the assets under the JV Partner currently owned and managed by the JV Partner (such assets include but not limited to registered and unregistered trademarks, copyrights, domain name registrations and the leased property)

“Directors”	the directors of the Company
“Founding Members”	(i) Stephen Edward Berra and (ii) Eric Koston, who are the founding members of the JV Partner
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hypebeast, Inc.”	Hypebeast, Inc., a subsidiary of the Company incorporated in Delaware, the United States as a limited liability company
“Independent Third Party(ies)”	party(ies) which is/are independent of the Group and the connected persons of the Company
“JV Agreement”	the joint venture agreement dated 8 February 2018 (Pacific Standard Time) entered into between Hypebeast, Inc. and the JV Partner in relation to the formation of The Berrics
“JV Partner”	The Berrics, LLC, a company incorporated in California, the United States with limited liability
“LLC”	Limited Liability Company
“Pacific Standard Time”	the standard time in a zone that includes the State of California, the United States
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The Berrics”	The Berrics Company, LLC, the joint venture company established in Delaware, the United States with limited liability on 28 December 2017

“United States” or “US”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

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

Hong Kong, 9 February 2018

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at “www.hkgem.com” for at least seven days from the date of its publication and on the Company’s website at “hypebeast.xyz”.