HYPEBEAST
LIMITED

ANNUAL REPORT 年報
2017 - 2018

HYPEBEAST

–

Incorporated
in the Cayman Islands
with limited liability

–

STOCK CODE
8359

–

於開曼群島
註冊成立的有限公司

–

股份代號
8359

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, 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 report.

This report, for which the directors (the "Directors") of Hypebeast Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") 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 report 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 report misleading.

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

COMPLIANCE OFFICER

Ms. Lee Yuen Tung Janice

AUTHORISED REPRESENTATIVES

Mr. Ma Pak Wing Kevin
Ms. Cheung Nga Man

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu

COMPLIANCE ADVISER

Lego Corporate Finance Limited

REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 10008, Willow House, Cricket Square
Grand Cayman KY1-1001
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

12/F, 10-16 Kwai Ting Road
Kwai Chung
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Tricor Services (Cayman Islands) Limited
P.O. Box 10008, Willow House, Cricket Square
Grand Cayman KY1-1001
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISER

As to Hong Kong Law
Deacons

PRINCIPAL BANKER

The Hongkong and Shanghai
Banking Corporation Limited

WEBSITE

hypebeast.xyz

STOCK CODE

08359

CHAIRMAN'S STATEMENT

Dear Shareholders:

If 2017 was a year of milestones and notable moments for Hypebeast, then 2018 was certainly another significant step in the same direction. I am proud of the strong progress we have made in many areas of our business over the last year. From the inception of our business, we stayed true to our core mission to improve the lives of people through inspirational content. It has always been about the process, not just the result – as a company it is important for us to do what we believe in. In 2018, we continued to do precisely that while planting seeds for future endeavours.

Working with our global network of employees and contributors, we continued fostering a community of readers and subscribers through unique, insightful and trend-driving content across our multi-language portfolio of websites and social media channels. Our website platforms boasted an aggregate 13.0 million unique visitors as at March 2018, an approximate 31.3% increase compared to the same period last year. Aggregate followers on our social media platforms (including Instagram, Facebook, Twitter, Weibo and WeChat) totalled 17.2 million as at 31 March 2018. Our expanding visitor and follower base demonstrates strong engagement with our readers and conveys our influence within youth culture on a global scale.

As our visitor and subscriber following increased, so did our level of collaboration with brands in delivering innovative advertising content. In particular, our HYPEMAKER creative service agency made significant stride in its scope and size of engagements with new and existing advertisers. We continue to augment our capabilities in delivering bespoke advertising and creative agency services in pursuit of strong and stable growth from our media service offerings.

Further, to fulfil our vision of bringing the Hypebeast experience from the online to the offline world, in late 2017 we brought together a host of the most influential people from the art, music, fashion and creative industries at our HB100 dinner and after-party event in Miami, with many industry titans and icons numbering amongst the attendees. We are grateful for the support from such an influential crowd and we will continue to pursue opportunities to bring what has been historically a solely online Hypebeast experience to the real world.

In February 2018, we formed a US-based joint venture company in partnership with The Berrics, an esteemed and well-regarded company in the skateboarding digital media and event production market. The addition of the Berrics into the Hypebeast portfolio and our partnership with its renowned team and founders enriches the breadth, diversity and scope of our content and the demographic coverage of our readership base.

Our e-commerce platform, HBX, continued to define trends through its curation of offerings, and in 2018 we introduced many exciting new brands to our portfolio of merchandise and drove forward our collaboration with existing brands. Further, in late 2017, we opened our first physical retail presence at the Landmark shopping mall in Hong Kong from where we ran a series of pop-ups and exhibitions with acclaimed brands and artists. The pop-up experience is another avenue to bring the innovative and culture-driving content we are known for from the digital world to the real world, while simultaneously building strong brand recognition and acting as a showcase for our products and ideas.

CHAIRMAN'S STATEMENT

Delivering trend setting content to our readers and increasing the scope and quantity of digital media service and e-commerce products to our customers translated to success in our financial performance. Revenue grew approximately 77.0% to approximately HK$385.1 million for the fiscal year ended 31 March 2018 compared to the same period last year. Net profit after tax increased from approximately HK$23.3 million for the fiscal year ended 31 March 2017 to approximately HK$45.2 million in the fiscal year ended 31 March 2018. The management team continues to pursue profitable growth while delivering the best and greatest from culture and fashion to our followers, visitors, customers and the wider community.

I would like to take this opportunity to appreciate Hypebeast's Board of Directors, management team and all of our dedicated and hardworking employees for their invaluable support, commitment and belief in our company's mission. Last but not least, I am grateful for the continued support from our readers, subscribers, customers and shareholders, without whom none of our accomplishments in the past year would have been possible. I look forward to many years of success working together with you all.

By Order of the board
MA Pak Wing Kevin
Chairman and Executive Director
Hong Kong, 20 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

The Group is a digital media company primarily engaged in (i) the provision of advertising and creative agency services to brands 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. Under its digital media business segment, the Group produces and distributes millennial-focused digital content reporting the latest trends on fashion, lifestyle, culture and music to its visitors and followers. Digital content is delivered via the Group's digital media platforms (including its Hypebeast, Hypebae, Hypekids and Popbee websites and mobile apps) and popular third-party social media platforms (including Facebook, Google+, Instagram, Twitter, Youtube, Wechat and Weibo). Central to the Group's digital media strategy is the development of new platforms to reach a wider scope of users and followers both demographically and geographically. In addition to its flagship Hypebeast digital media platform, the Group launched new platforms catering to cultural, fashion and lifestyle trends for diverse user segments such as young women (Hypebae, launched in 2016) and fashion-conscious parents & children (Hypekids, launched in 2017). The Group also launched local language versions of its flagship Hypebeast property across both website and social media platforms, with content now available in Traditional Chinese, Simplified Chinese, Japanese, Korean and French. This expansion in the breadth of scope of its target audience as well as the enrichment and enhancement of its digital media content supports substantial growth in the Group's visitor and follower base, thereby increasing the reach and appeal of the Group's digital media services to brands and advertising partners globally. Since April 2017, the Group's monthly unique visitors across all its platforms grew by approximately 31.3%, and this increasing support from our target audience has been instrumental in fueling the Group's business growth and development.

As part of its digital media segment, the Group also delivers bespoke creative agency services to brands, including but not limited to creative conceptualization, technical production and campaign execution in the development and creation of digital media based content. The unique combination of industry and cultural knowledge, exceptional creative and technical talent and a distinct aesthetic lens helped drive support of our creative agency service offerings amongst brands and advertisers, thereby helping the Group develop its various creative services into a focused suite of deliverables to bring to market. The Group began marketing its creative agency services as "Hypemaker" in early 2017 to consolidate its various creative service offerings under a unified brand.

The Group engages in online retail of apparel and accessories under its HBX e-commerce platform. The HBX e-commerce platform focuses on delivering the latest, trend-setting apparel and accessories to its customers, curating fashion forward pieces and collections to include in its merchandise portfolio. With its unique insight into street-wear and youth-focused fashion, the Group is able to deliver products most desired by its target demographic, thereby supporting a growing number of online shoppers. The Group is intent on enhancing the online retail experience for its customers, driving improvements from website usability to order processing to shipping and delivery. During the year ended 31 March 2018, the number of customer orders on its HBX e-commerce platform increased by approximately 91.4%, which is a testament to the increasing appeal of HBX as a leading destination for online street-wear and youth-focused fashion worldwide. As at 31 March 2017 and 31 March 2018, the number of brands offered on our e-commerce platform were 391 and 348, respectively, representing a decrease of 43 brands for the year ended 31 March 2018. As at 31 March 2017 and 31 March 2018, the number of products offered on the Group's e-commerce platform were approximately 5,300 and 6,300, respectively, representing an increase of approximately 1,000 products for the year ended 31 March 2018. The decrease in the number of brands and increase in the number of products carried on our e-commerce platform reflects our strategy of delivering a more exclusive and fashion driven shopping experience and trend focused product offerings to our customers.

MANAGEMENT DISCUSSION AND ANALYSIS

In late 2017, the Group opened its first offline retail store at the Landmark shopping mall in Hong Kong from where HBX hosted a series of retail pop-ups and exhibitions. The Group will continue to explore similar opportunities to bring our online presence to the offline world.

Looking forward, the Group aims to become the leading online destination for fashion followers by continuing to set trends. It intends to enhance its digital media production capability, thereby increasing the quality and quantity of both its in-house editorial and sales campaign driven content, which is expected to translate to increased revenue from sales of services through the Group's integrated digital platforms and creative agency. The Group intends to deliver an industry leading online retail experience to its fashion and culture conscious customers on its e-commerce platform, both through sourcing trend leading products and enhancing website and mobile app user experience. The Group will foster its development in line with a series of business strategies, which include the following:

1. For the digital media segment, the Group is enhancing its advertising production capabilities through various methods, including attracting and retaining content production executives and creative talent so as to create high quality production campaigns and editorial features to meet the demands and expectations of brand owners, advertising agencies and its visitors and followers.

   The Group will continue to look for opportunities to increase the depth and breadth of engagement with its target audience, through strategies such as content enrichment as well as platform development.

2. For the e-commerce segment, the Group will continue delivering the best online shopping experience for its customers by enhancing the quality of its customer service, the capabilities of its inventory systems as well as improving the functionality and usability of its website and app based e-commerce platforms. The Group also intends to work closely with both up-and-coming and established fashion brands to bring trend setting fashion pieces and collections to its customers.

As part of its strategy to better manage the Group's existing business and to expand its overseas markets, the Group incorporated the following entities during the fiscal year ended 31 March 2018:

– 102 Media Lab Limited, a Hong Kong entity incorporated on 10 April 2017. It is primarily engaged in creative agency services. The company began active operations on 1 July 2017.

– Hypebeast UK Limited, a UK entity incorporated on 19 May 2017. It is primarily engaged in supporting brand relationships and production services within the digital media segment in the UK and the EU. The company began active operations on 1 October 2017.

In February 2018, the Company's US subsidiary, Hypebeast, Inc., entered into an agreement with a joint venture partner to form a majority owned joint venture company called The Berrics Company, LLC ("**The Berrics**"). The Berrics is engaged in the provision of skateboarding related digital content and advertising and offline event organisation services. For more details, please refer to the announcement of the Company dated 9 February 2018.

Save as disclosed herein, there have not been any important events affecting the Group since 31 March 2018 up to the date of this annual report.

With the Group's experienced management team and reputation in the market, the Directors consider the Group to be well-positioned to compete against its competitors under potential future challenges.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

	Year ended 31 March 2017			**Year ended 31 March 2018**		
	Revenue HK$'000	Gross Profit HK$'000	Gross Profit Margin %	**Revenue HK$'000**	**Gross Profit HK$'000**	**Gross Profit Margin %**
Digital media	150,393	91,326	60.7	**259,863**	**145,585**	**56.0**
E-commerce	67,227	30,989	46.1	**125,216**	**58,300**	**46.6**
Overall	217,620	122,315	56.2	**385,079**	**203,885**	**52.9**

The Group's revenue increased from approximately HK$217.6 million for the year ended 31 March 2017 to approximately HK$385.1 million for the year ended 31 March 2018, representing a growth of approximately 77.0%. Such increase was mainly due to increase in scope and quantity of our provision of advertising and creative agency services to brand owners and advertising agencies on our digital media platforms, as well as growth in sales volume of third-party branded apparel on our e-commerce platform. The number of customer orders on our e-commerce platform increased by 91.4% compared with our last fiscal year.

Cost of Revenue

The Group's cost of revenue increased from approximately HK$95.3 million for the year ended 31 March 2017 to approximately HK$181.2 million for the year ended 31 March 2018. Such increase was mainly attributable to (i) the increase in campaign costs of creative agency services to provide high quality, tailor-made production services to clients and (ii) the increase in direct staff costs for the purpose of current and future expansion and development.

Gross Profit Margin

Gross profit of the Group increased by approximately 66.7% from approximately HK$122.3 million for the year ended 31 March 2017 to approximately HK$203.9 million for the year ended 31 March 2018. The increase was mainly driven by the increase in revenue as discussed above. Overall gross profit margin decreased from approximately 56.2% for the year ended 31 March 2017 to approximately 52.9% for the year ended 31 March 2018 which was mainly attributable to the decrease in gross profit margin in our digital media segment as more tailor-made creative agency services were provided which entailed relatively lower gross profit margin and more production staff were employed during the year ended 31 March 2018.

Selling and Marketing Expenses

Selling and marketing expenses of the Group increased by approximately 72.0% from approximately HK$48.6 million for the year ended 31 March 2017 to approximately HK$83.6 million for the year ended 31 March 2018. Selling and marketing expenses primarily consist of advertising and social media marketing expenses for both digital media and e-commerce platforms and staff costs of our sales and marketing department. The increase in selling and marketing expenses was attributable to higher investment in social media marketing to support platform growth, an increase in sales and marketing headcount during the year ended 31 March 2018 to drive current and future business expansion and an increase in sales commissions reflective of revenue growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative and Operating Expenses

Administrative and operating expenses of the Group increased by approximately 47.9% from approximately HK$44.6 million for the year ended 31 March 2017 to approximately HK$65.9 million for the year ended 31 March 2018 but decreased as a percentage of revenue from 20.5% in 2017 to 17.1% in 2018. Administrative and operating expenses mainly consist of head office and corporate staff costs, professional fees, freelancers costs and others. The increase in amount was attributable to the increase in staff headcount and freelancers costs to drive current and future business expansion during the year ended 31 March 2018, however this was balanced against the decrease in administrative and operating expenses as a percentage of revenue which is reflective of management's cost control initiatives, in pursuit of profitable growth.

Income Tax Expenses

Income tax expense for the Group increased from approximately HK$4.8 million for the year ended 31 March 2017 to approximately HK$10.0 million for the year ended 31 March 2018. The increase was mainly due to the increase in profit before tax during the year ended 31 March 2018.

Profit and Total Comprehensive Income for The Year

Profit and total comprehensive income for the year increased by approximately 93.8% from approximately HK$23.3 million for the year ended 31 March 2017 to approximately HK$45.2 million for the year ended 31 March 2018, primarily attributable to the increase in revenue and gross profit. Net profit margin increased from 10.7% for the year ended 31 March 2017 to 11.7% for the year ended 31 March 2018. Such increase was mainly due to management's cost control initiatives which was partially offset by more tailor-made creative agency services provided which entailed relatively lower gross profit margin for the year ended 31 March 2018. Management is keenly focused on driving margin growth alongside business and topline expansion.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the Group had total assets of approximately HK$199.9 million (31 March 2017: HK$146.9 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK$58.7 million (31 March 2017: HK$52.5 million) and approximately HK$141.2 million (31 March 2017: HK$94.3 million), respectively. The total interest-bearing loans and interest-bearing bank borrowings of the Group as at 31 March 2018 were approximately HK$4.7 million (31 March 2017: HK$5.0 million), and current ratio as at 31 March 2018 was approximately 3.2 times (31 March 2017: 2.7 times).

CAPITAL EXPENDITURE

Total capital expenditure for the year ended 31 March 2018 was approximately HK$3.2 million (2017: HK$3.5 million), which was mainly used in the purchase of computer, audiovisual and media production equipment.

CONTINGENT LIABILITIES

At the end of the reporting date, the Group had no significant contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

GEARING RATIO

The gearing ratio of the Group as at 31 March 2018 was approximately 3.7% (31 March 2017: 5.3%), which decreased as the Group repaid bank borrowings and increased its reserves during the year ended 31 March 2018. The gearing ratio is calculated as total loans and borrowings (interest-bearing bank borrowings and bank overdrafts) divided by total equity as at the respective reporting date.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2018. The Group strives to reduce exposure to credit risk by performing ongoing credit assessment and evaluation of the financial status of its customers. To manage liquidity risk, management closely monitors the Group's liquidity position and maintains sufficient cash and cash equivalents and committed credit facilities relative to the payables of the Group.

CHARGES ON GROUP ASSETS

As at 31 March 2018, the Group pledged its bank deposits to a bank of approximately HK$1.9 million as collateral to secure its bank facilities. In addition to the pledged bank deposits, as at 31 March 2018, the Group's bank borrowings with carrying amount of approximately HK$4.7 million was guaranteed by a corporate guarantee of the Company.

FOREIGN EXCHANGE EXPOSURE

The Group undertakes certain operating transactions in foreign currency which exposes the Group to foreign currency risk. The Group's foreign currency denominated monetary assets and liabilities are primarily held in US$ and EURO. As HK$ is pegged with US$ under the Linked Exchange Rate System, and the Group's business operations and strategies involves expenditure in Europe by EURO, the Group's exposure to US$ and EURO exchange risk is minimal.

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

CAPITAL STRUCTURE

The shares of the Company began listing on GEM of the Stock Exchange on 11 April 2016 (the "Listing Date"). There has been no change in the capital structure of the Company since the Listing Date. The share capital of the Company comprises of ordinary shares.

As at 31 March 2018, the Company's issued share capital was HK$20,000,000 and the number of its issued ordinary shares was 2,000,000,000 of HK$0.01 each.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENT

Contractual commitments of the Group were primarily related to the leases of its office premises and the Director's quarter. The Group's operating lease commitments amounted to approximately HK$34.9 million as at 31 March 2018 (31 March 2017: HK$3.4 million). The significant increase was related to the lease of office premise for the Group's Hong Kong headquarters in support of the Group's current and future development.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on note 5 of the notes to the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 31 March 2016 (the "Prospectus") and in this report, the Group did not have other plans for material investments or capital assets as of 31 March 2018.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2018, our US subsidiary, Hypebeast, Inc., entered into a joint venture 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, being a non-wholly owned subsidiary of the Company.

Save as disclosed herein, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the year ended 31 March 2018.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group employed a total of 262 employees (31 March 2017: 132 employees). The staff costs of our Group (including salaries, allowances, other benefits, contribution to defined contribution retirement plan and share-based payment expense) for the year ended 31 March 2018 were approximately HK$93.9 million (2017: HK$42.4 million).

The remuneration package for our employees generally includes salary and bonuses. Our employees also receive other benefits, including retirement benefits, occupational injury insurance, medical insurance and other miscellaneous items. We conduct annual performance reviews of our employees and such performance evaluations are used in determining the level of bonus, salary adjustments and promotions for our employees. Management also conducts research on the remuneration packages across various labour markets in which the Group's operations are based in order to keep our employee compensation at a competitive level. The Company also adopted the Share Option Schemes upon Listing. The Share Option Schemes are designed to provide long-term incentives and retention-focused rewards to our key employees and management. For details of the Share Option Schemes, please refer to the paragraph headed "Share Option Schemes".

SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries and the formation of a joint venture company as set out above, the Group did not hold any significant investments during the year ended 31 March 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 31 March 2018 is set out below:

Objectives	Implementation Plan	Actual business progress up to 31 March 2018
Enhance content of our digital media platforms	– enrichment of our original digital media content through the recruitment and retention of editors to expand the variety of content and provide continuous updates on the latest trends in fashion, lifestyle, culture and music as well as customising our digital media platforms for different language preferences; – enhancement of our production capabilities through the recruitment and retention of digital content and video production personnel for video editing and production management; and – enhancement of our data analytics capabilities to research and analyse the preferences and needs of our followers and visitors.	To support continued development of original digital media content and the development, launch and operation of our Hypebae & Hypekids platforms and our local language Hypebeast digital media properties, we complemented our existing editorial team with 24 additional staff editors in Hong Kong, the United States and the United Kingdom since the Listing Date. We also engaged the services of 28 additional freelance editors in the United Kingdom, Japan, China, France, Taiwan and Korea. Further, to enhance our production capabilities and to support the expansion in product scope and client demand for our Hypemaker creative agency services, we recruited 31 additional digital content and video production personnel since the Listing Date in Hong Kong, the United States and the United Kingdom. The collective skillset, editorial and production experience, and cultural trend awareness brought on with the addition of these staff freelance editors, production personnel allow us to enhance the quality of our editorial content and to continue driving trends in fashion, lifestyle, culture and music catered to the preferences and interests of our visitors and followers. As validation to the return on investment in our people, during the period from the Listing Date to 31 March 2018, the number of unique visitors across our Hypebeast, Hypebae, Hypekids and Popbee website platforms grew from approximately 6.0 million unique visitors to approximately 13.0 million unique visitors, an increase of approximately 116.7%. During the fiscal year ended 31 March 2018, the number of unique visitors to our language specific platforms, which currently delivers localised content in Traditional Chinese, Simplified Chinese, Japanese and Korean, increased from approximately 2.3 million unique visitors to approximately 3.0 million unique visitors, representing a growth of approximately 30.4%.

MANAGEMENT DISCUSSION AND ANALYSIS

Objectives	Implementation Plan	Actual business progress up to 31 March 2018
		Within our Data team, we hired 7 additional Data Analysts to review the preferences and needs of our followers and visitors during the period from the Listing Date to 31 March 2018, bringing the team headcount to 9. The additional resources greatly enhance our capacity and throughput in the tracking and analysis of key statistics such as number of unique visitors, time spent on site, pages per visit and average views across all of our website properties and social media platforms. These enhancements provide real-time insight into the usage and behaviour of our followers and visitors as well as feedback on our editorial and creative content, allowing us to deliver a more curated experience to our followers and visitors. Our Data team works closely with our Editorial and Procurement teams in providing timely analysis and interpretation of data in support of editorial and creative decisions.
Increase sales and marketing efforts	– use of marketing strategies including social media marketing, placement of advertisements, and utilising search engine marketing to raise the profile of our integrated digital platforms; and – recruitment and retention of personnel to provide sales support in the provision of our advertising services to our media customers and support our digital marketing activities on social media platforms including analysing the preference of our followers, visitors and online shoppers so as to provide feedback to our editorial team and procurement team.	We continue to invest in driving engagement across our social media properties through a combined approach of delivering engaging platform specific custom content as well as raising the profile of our digital platforms through strategic and focussed advertising spend. During the period from the Listing Date to 31 March 2018, we grew the number of followers across our Facebook, Instagram, Twitter, Weibo, WeChat and other social media platforms from approximately 6.0 million to approximately 17.2 million, an increase of approximately 186.7%. To drive continued revenue growth and expand our market share in the global digital media and advertising space, we recruited 5 additional sales executive in Hong Kong, the United States and the United Kingdom, and augmented our marketing team with an additional 8 consultants in the United Kingdom, Japan, Korea, Taiwan and China. The enhanced sales and marketing team allows us to monetize the growth of our social media platforms and website properties in pursuit of profitable growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Objectives	Implementation Plan	Actual business progress up to 31 March 2018
Improve our working environment	– improvement in our rental and leasehold properties and upgrade of our tools through purchasing new computers, photographic and video production equipment.	To facilitate the ongoing growth of our business, we leased further space at the LMK Development Estate which hosts our Hong Kong headquarters. This expansion provides additional office and warehouse square footage for our Hong Kong operations. Our current useable warehouse space increased from approximately 7,500 sqft to 10,000 sqft compared to April 2016, greatly enhancing our storage and warehousing capacity in support of our expanding e-commerce business. Our current total office footprint at our headquarters is 10,000 sqft as compared to 5,000 sqft as at April 2016. We remain committed to providing our staff with up to date technology and equipment to increase our team's productivity and capability and enhance the quality of our output. For the period from the Listing Date to 31 March 2018, we invested approximately HK$3.2 million in computer software, computer hardware and video and photography production equipment.
Enhance our e-commerce platform	– improvement in our data analytic capabilities through recruitment and retention data and marketing staff to analyse the preferences and demands of our customers in support of inventory purchase strategies; and – enhancement of our customer service team to better serve our overseas customers across different time zones; and – enhancement of our inventory system by the addition of automated features and new functions.	We remain dedicated to the continued enhancement of our customers' shopping experience on our HBX e-commerce platform through investment in our data analytic and customer service capabilities as well as in our inventory system. Our Data and Digital Marketing Manager is responsible for leading the analysis of key customer, reader and traffic related data in support of improvements in user and customer engagement across our platforms. Within our Data team, we committed a dedicated Data Analyst to our HBX e-commerce platform, enhancing our capability and throughput in the analysis of customer usage, behaviour, spending pattern and other key e-commerce related data. Working closely with the rest of management, the Data team provides timely analysis and interpretation of data in support of strategic business decisions.

MANAGEMENT DISCUSSION AND ANALYSIS

Objectives	Implementation Plan	Actual business progress up to 31 March 2018
		We also invested in our customer service (CS) capabilities by committing a US-based Assistant Customer Service Manager to facilitate engagement with our e-commerce customers. Our CS team offers full support in English, Mandarin and Cantonese on weekdays from 9 am to 6 pm (GMT+8), and customers are able to interact with us using different methods including email, live chat and voice call. Our IT team continues to deliver dedicated support and upgrades to our in-house, custom-built inventory system. We added several key features to our e-commerce system, including Apple Pay Support, Wechat payment, and auto-sizing and recommendation functions which allow us to maintain a first-class customer experience as we endeavour to grow our e-commerce business and expand our offerings.
Staff development	– establishment of external and internal training programs so as to promote staff retention and support our business growth.	Our Human Resources (HR) team performs ongoing needs assessment for our employees across different functional groups in order to develop and source training programs catered to their development goals and skill requirements. To welcome new employees to the Company and provide training on business policies and procedures, the HR team has developed a standardized on-boarding program for new joiners which has been implemented since December 2017.
Working capital and general corporate purposes	– working capital and funding for other general corporate purposes according to our current business plans.	We remain focussed on maintaining and investing in our working capital in order to fund our expanding business and enhance our operating liquidity as we deliver business and revenue growth.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The net proceeds from the placing of new shares as referred to in the Prospectus were approximately HK$29.7 million.

These proceeds are designated for the purposes in accordance with the "Statement of Business Objectives and Use of Proceeds" as set out in the Prospectus, which are (i) approximately 29% of the net proceeds, representing approximately HK$8.7 million to enhance the content of our digital media platforms to retain and expand our base of followers and visitors, (ii) approximately 35% of the net proceeds, representing approximately HK$10.3 million to increase sales and marketing efforts, (iii) approximately 18% of the net proceeds, representing approximately HK$5.5 million to improve our working environment and to purchase new equipment, (iv) approximately 7% of the net proceeds, representing approximately HK$2.1 million to enhance our e-commerce platform by improving our services and our inventory system, (v) approximately 1% of the net proceeds, representing HK$0.4 million for staff development and (vi) approximately 10% of the net proceeds, representing approximately HK$2.7 million for general working capital purposes.

An analysis of the utilisation of the net proceeds from the Listing Date up to 31 March 2018 is set out below:

	Use of proceeds as stated in the Prospectus HK$ million	**Planned use of net proceeds as stated in the Prospectus from the Listing Date to 31 March 2018** HK$ million	**Actual use of net proceeds from the Listing Date to 31 March 2018** HK$ million
Enhance content of our digital media platforms	8.7	8.7	8.7
Increase sales and marketing efforts	10.3	10.3	9
Improve our working environment	5.5	5.5	5.5
Enhance our e-commerce platform	2.1	2.1	2.1
Staff development	0.4	0.4	0.1
Working capital and general corporate purposes	2.7	2.7	2.7
	29.7	29.7	28.1

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while actual proceeds were applied based on the development of the Group's business and industry.

The enhancement of our digital media platform and our sales and marketing efforts will be an ongoing endeavor for the Group as we continue recruiting and retaining the best available talent to augment and complement the skills and experience of our team. Therefore, the actual use of net proceeds of the Group was approximately HK$28.1 million from the Listing Date to 31 March 2018 compared to the estimated amount of approximately HK$29.7 million from the Listing Date to 31 March 2018 as stated in the Prospectus, primarily due to differences in the timing and allocation the spend to better suit our growth and business needs.

MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR RISK AND UNCERTAINTIES

The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in our operations and financial position as efficiently and effectively as possible. 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.

An analysis of the Group’s financial risk management (included market risk, credit risk, and liquidity risk) objectives and policies are provided in note 26 to the consolidated financial statements.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Ma Pak Wing Kevin, aged 35, who founded the Group in 2007, was appointed as an executive director 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 nine years of industry experience in digital media marketing, web business development and social media marketing.

Mr. Ma was instrumental in developing relationships with numerous international brands through providing digital media services via the Group and was also responsible for the establishment of the HBX e-commerce platform in 2012, which has become one of the core business segments of the Group. 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. He received a number of awards including the Business of Fashion (BOF500) award for five years consecutively from 2013 to 2017. Mr. Ma is the husband of Ms. Lee Yuen Tung Janice, an executive director of the Company.

Ms. Lee Yuen Tung Janice, aged 35, was appointed as an executive director of the Company on 18 March 2016 and as the compliance officer of the Company with effect from 9 November 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 nine 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 50, 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. She currently holds the position of head of legal and compliance at a securities, finance and investment company. Ms. Kwan has a legal practice focusing on corporate/commercial and corporate finance matters in Hong Kong for more than 20 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Poon Lai King, aged 55, 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 18 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 46, 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 June 2017, Mr. Wong has served as the chief operating officer, the chief human resources and IT officer at Tianda Group Limited. 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 15 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

Ms. Cheung Nga Man, aged 37, joined the Group as finance manager on 12 May 2014 and is now our financial controller and company secretary. She is primarily responsible for supervising the Group's finance activities and accounting operations, reviewing legal documents, liaising with external lawyers and providing support to the Group's strategic planning, budgeting and forecasting. Ms. Cheung has over 12 years of experience in audit and finance. Ms. Cheung obtained a Bachelor of Commerce degree in December 2004 from the University of Melbourne, Australia and is a Certified Public Accountant and member of the Hong Kong Institute of Certified Public Accountants.

Mr. Huan Khoa Nguyen, aged 40, has been with our Group since 1 June 2014 and is now our vice president, head of brand partnerships, North America. Mr. Nguyen has extensive experience working in new media, from video on demand (VOD) to digital media. Mr. Nguyen manages a team of account executives that are responsible for working with brand partners in the US. Mr. Nguyen obtained a Bachelor of Arts degree on psychology from the University of California, Los Angeles in March 2001.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong Hung Sui Sean, aged 33, joined the Group as a marketing coordinator on 11 February 2013 and is now our vice president of retail. Mr Wong is primarily responsible for managing the e-commerce business of the Company. Mr. Wong became assistant e-commerce manager on 1 January 2014 and was promoted to e-commerce manager on 1 October 2014. Mr. Wong obtained a Bachelor of Arts degree in economics for business and management in May 2007 from Occidental College, the United States.

Mr. Wong Kar Hang Patrick, aged 36, joined the Group as finance director on 18 October 2016 and is now our vice president of finance. He is primarily responsible for the financial management of the Group, including accounting, business support, strategic planning and analysis, budgeting and forecasting, M&A and investor relations. Mr. Wong began his professional career with PricewaterhouseCoopers in Vancouver and has more than 11 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 was admitted as a member of both the Chartered Professional Accountants of British Columbia and The Institute of Chartered Accountants in England and Wales in December 2009 and May 2017, respectively.

Mr. Yeung Ka Yue, aged 29, joined the Group as a programmer on 1 January 2011 and is now our director of engineering. Mr. Yeung is primarily responsible for leading our engineering department and overall web development. Mr. Yeung possesses over six years of experience in web design. Mr. Yeung obtained an Associate in Applied Science degree with a major in computer programming in May 2009 from Vincennes University, the United States.

COMPANY SECRETARY

Ms. Cheung Nga Man was appointed as our Company Secretary on 9 March 2016. For details of her biography, please refer to the paragraph in the section headed “Senior Management” in this annual report.

COMPLIANCE OFFICER

Ms. Lee Yuen Tung Janice was appointed as our compliance officer on 9 November 2016. For details of her biography, please refer to the paragraph in the section headed “Directors” in this annual report.

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 of directors of the Company (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 complied with the Corporate Governance Code (the "CG Code") set out in Appendix 15 to the GEM Listing Rules for the year ended 31 March 2018, save for the deviation from the code provision A.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 GEM 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 have fully complied with the required standard of dealings and there was no event of non-compliance throughout the period from 1 April 2017 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 and Senior Management" on pages 18 to 20 of this annual report.

CORPORATE GOVERNANCE 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 D.3.1 of the CG Code. During the year ended 31 March 2018, 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.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.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 will provide strong and consistent leadership to the Company which will facilitate 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 that it is beneficial for the Group for Mr. Ma to continue to act as both chairman and chief executive officer of the Company.

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with the GEM 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 2018 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 GEM Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the criteria set out in the GEM Listing Rules.

DIRECTORS' AND OFFICERS' LIABILITIES

Pursuant to code provision A.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 on 18 March 2016 for an initial 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 commencing from 18 March 2016. The independent non-executive Directors are subject to termination in accordance with their respective terms by not less than one month's notice in writing and served by the independent non-executive Director or the Company.

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

Pursuant to the above provisions in the articles of association of the Company, Ms. Lee Yuen Tung Janice and Ms. Kwan Shin Luen Susanna, shall retire by rotation at the forthcoming 2018 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 GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

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 2018 are set out as follows:

	Attendance/Number of Meetings				
Name of Director	**Board meeting**	**Audit Committee meeting**	**Remuneration Committee meeting**	**Nomination Committee meeting**	**Annual General Meeting**
Mr. Ma Pak Wing Kevin	6/6	–	6/6	1/1	1/1
Ms. Lee Yuen Tung Janice	6/6	–	–	–	1/1
Ms. Poon Lai King	6/6	4/4	6/6	1/1	1/1
Ms. Kwan Shin Luen Susanna	6/6	4/4	–	1/1	1/1
Mr. Wong Kai Chi	5/6	3/4	5/6	–	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 GEM's website (www.hkgem.com) 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.

CORPORATE GOVERNANCE REPORT

During the year ended 31 March 2018, the Audit Committee (i) reviewed the Group's consolidated financial statements, results announcements and reports for the year ended 31 March 2017, for the three months ended 30 June 2017, for the six months ended 30 September 2017 and for the nine months ended 31 December 2017; (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 2018, the Remuneration Committee reviewed and determined discretionary bonuses payable to the executive Directors and reviewed the remuneration package of the Directors and senior management of the Company.

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the members of senior management by band for the year ended 31 March 2018 is set out below:

	Number of individuals
Nil to HK$1,000,000	2
HK$1,000,001 to HK$1,500,000	2
HK$1,500,001 to HK$2,000,000	–
HK$2,000,000 above	1
	5

Details of the remuneration of each Director of the Company for the year ended 31 March 2018 are set out in note 10 to the consolidated financial statements in this annual report.

CORPORATE GOVERNANCE 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.

The Board adopted a board diversity policy which outlines the approach to achieve a sustainable and balanced development of the Company and also to enhance the performance of the Company. In reviewing the Board's composition, Board diversity was considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company takes into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates would bring to the Board.

During the year ended 31 March 2018, 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 2017 annual general meeting and assessed the independence of all the independent non-executive Directors.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

Pursuant to code provision A.6.5 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 GEM Listing Rules and other relevant legal and regulatory requirements.

During the year ended 31 March 2018, all Directors 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 2018, 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 GEM Listing Rules. The biographical details of Ms. Cheung are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 18 to 20 of this annual report.

CORPORATE GOVERNANCE REPORT

EXTERNAL AUDITORS AND AUDITORS' 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 2018 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 2018 is set out as follows:

Services rendered	**HK$'000**
Audit services	1,100
Non-audit services	
– Non-audit and tax related service	513

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2018, 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, quarterly reports, inside information announcements and other disclosures required under the GEM 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 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.

CORPORATE GOVERNANCE REPORT

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 2018. 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 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 2018, 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.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2018, there had been no change in the Company's constitutional documents.

SHAREHOLDERS' RIGHT

The Company has not made any changes to 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 GEM.

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 GEM Listing Rules and the poll results are posted on the GEM's website (www.hkgem.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.

CORPORATE GOVERNANCE REPORT

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 GEM 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 extraordinary general meeting 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 12/F, 10-16 Kwai Ting Road, Kwai Chung, 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.

CORPORATE GOVERNANCE REPORT

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 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: 12/F, 10-16 Kwai Ting Road, Kwai Chung, Hong Kong
Email: info@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 20 business 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

ABOUT THIS REPORT

The Group is pleased to present its 2017/2018 Environmental, Social and Governance Report (the "Report") which provides an overview of the Group's management of significant environmental, social and governance ("ESG") issues.

The Board has 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 for ensuring that appropriate and effective ESG risk management and internal control systems are in place.

Reporting Period

The Report describes the Group's policies and performance regarding the environmental and social aspects from 1 April 2017 to 31 March 2018 (the "reporting period").

Reporting Scope and Boundaries

The Report includes environmental and workplace data and, unless otherwise indicated, covers our operations in Hong Kong, the Unites States of America (the "USA") and the United Kingdom (the "UK").

Reporting Basis

The Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the "ESG Reporting Guide") of Appendix 20 of the Rules Governing the Listing of Securities of the GEM of The Stock Exchange of Hong Kong Limited. The Group has complied with the disclosure requirements of the "comply or explain" provisions set out in the ESG Reporting 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 chapter hereof for quick reference. The Report is prepared and published in both English and Chinese. In the event of contradiction or inconsistency, the English version shall prevail.

Information and Feedbacks

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE GROUP

The Group's mission is to enrich people's lives and to 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 our business, and we have always aspired to create platforms that open our readers' eyes to all of the amazing things happening around the world.

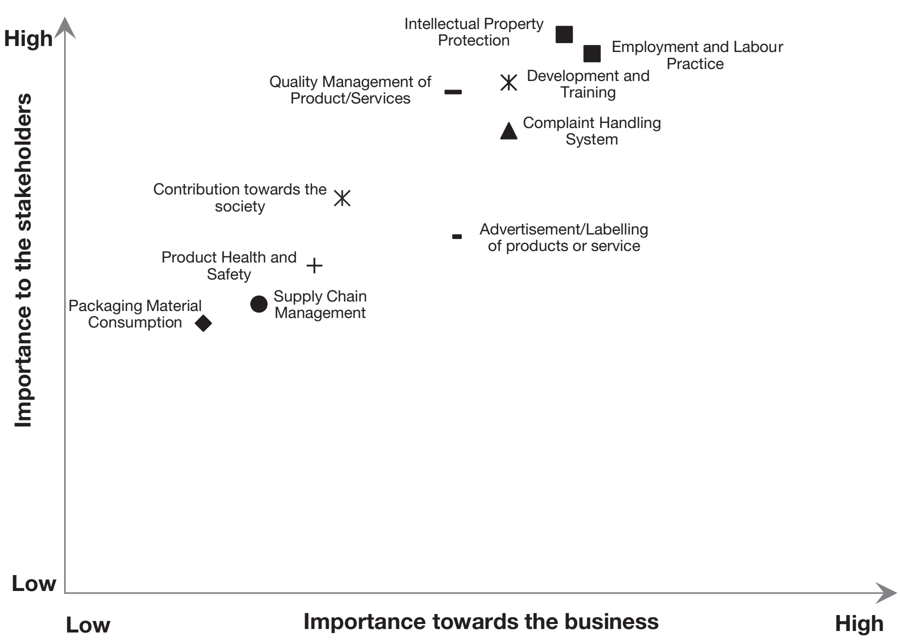
The Group was built by and around a global community of followers primarily in the millennial generation, a demographic which places strong importance and focus on environmental and social issues around the world. We firmly believe in and place a strong commitment and a sense of responsibility on our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

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

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 the Group's business and activities.

The Group believes that stakeholder engagement has significant influence in creating sustainable development strategies and fulfilling social responsibilities and is the basis for the Group's strategy formulation and decision-making. A list of sustainability issues, which were potentially material to the Group, was summarised in the context of its business and daily operation. A materiality assessment matrix was developed from the result of stakeholder engagement exercises conducted with internal stakeholders through online survey. The materiality assessment and prioritisation took into account of two dimensions, creating the importance of issues to stakeholders and to the the business. The issues that fall within the top right hand corner have relatively higher significance to both stakeholders and the Group's business.

Materiality Assessment



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENTAL ASPECTS

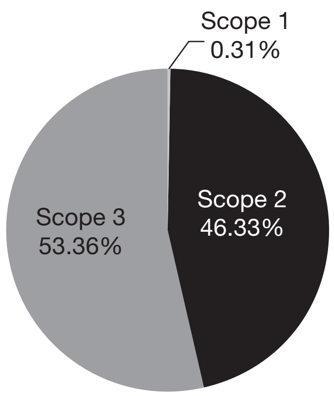
A1 Emissions

As the main workplace of the Group's employees is the general office and the method of transaction with our customers is primarily online, 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 strategy to minimalize the direct environmental impact from the Group's business operations by strengthening external and internal communication and by implementing environmental measures to reduce and minimalize our footprint from emissions, energy consumption and waste generation. The corresponding approaches are illustrated in the following sections.

Greenhouse Gas (GHG) Emission

Air pollutants emission from the Group is insignificant as the only source of emissions is produced by the company vehicle. 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, and continues 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. We do not include emissions generated by our third party vendors in the Group's greenhouse gas inventory. Initiatives to reduce GHG emissions from energy consumption will be discussed in the section "Use of Resource". The following chart and table shows the greenhouse gas emission during the reporting period.

2017/2018 Greenhouse Gas Emission



Greenhouse Gas Emission[1]

Scope 1[2]	kg CO_2-equilvalent	868.44
Scope 2[3]	kg CO_2-equilvalent	127,985.91
Scope 3[4]	kg CO_2-equilvalent	147,416.63
Total GHG Emission	kg CO_2-equilvalent	276,270.98
Intensity	kg CO_2-equilvalent/employee	1,054.47

1 The calculation of greenhouse gas emissions is referenced to the guidelines provided by the Environmental Protection Department of the Hong Kong SAR Government, "The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standards".

2 Scope 1 refers to direct emissions from operations that are owned or controlled by the Group. It comprises of emissions from the company car's exhausts.

3 Scope 2 refers to "Indirect energy" emissions resulting from the internal consumption of electricity, cooling and heating by the Group from its offices.

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

Waste

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

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

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

Waste generation during the reporting period is shown as follows:

Non-hazardous waste

General unsorted waste	tonnes	3.69
Carton boxes	tonnes	5.31

Hazardous waste

Toners	tonnes	0.012
Batteries	tonnes	0.012

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A2 Use of Resources

Due to our nature as a digital media and e-commerce platform, we are not involved in the manufacturing and production of goods. No significant raw materials and 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.

The Group's resource consumption[5] is shown as follows:

Paper Consumption		
A4 Paper	kg	1,819
Packaging Material Consumption		
Bubble Wrap	kg	359.10
Panfix Tape	kg	35.70
Clear Tape	kg	136.90
Clear Zipper Bag (5"x7")	kg	10.80
Energy Consumption[6]		
Direct Energy Consumption		
Petrol	kWh	1,592.97
Indirect Energy Consumption		
Purchased Natural Gas	kWh	90.28
Electricity	kWh	252,502.00
Total	kWh	254,185.25
Intensity	kWh/employee	970.17

5 As it is the first year to report comprehensive environmental data, no qualitative results related to the initiatives are available.

6 The operation in HK and the USA are included only. The electricity data in the UK is not available as the related bill was included in the rental fee.

Our 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has also taken various other 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 reduces our energy consumption.

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

The Group's policies do not explicitly mandate the purchase and use of energy-efficient electric appliances and other products, but in practice, energy-efficient products are sourced. We will consider incorporating a policy of purchasing energy-efficient products in the future.

Regarding the water consumption of the Group, tap water is sourced from municipal water supplies. The Group does not consume other natural water resource such as surface water or underground water. Water consumption during the reporting period is as follows:

Water Consumption[7]		**2017/2018**	2016/2017
Total	m^3	**234.30**	151.84
Intensity	m^3/employee	**0.89**	1.15

7 The operation in HK is included only. The water consumption data in the UK and the USA are not available as the related bill was included in the rental fee.

During work hours, administrative staff monitor water consumption by ensuring that faucets are not be kept running when unused. The Group has installed water efficient filtration systems for drinking water at our offices and encourage staff to consume filtered rather than bottled water. The water consumption intensity per employee reduced by 23% when compared with that in 2016/2017.

Going forward, the Group will continue to monitor resource consumption and make further strides with respect to environmental protection.

A3 The Environment and Natural Resources

The Group's operations did not have direct impact on the environmental and natural resource. However, indirect greenhouse gas emissions will still have an impact towards global warming. The Group strives to further reduce indirect greenhouse gas emission through various measures mentioned in the sections "Emission" and "Use of resources".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIAL ASPECTS

Employment and Labour Practices

B1 Employment

Employees are the most valuable asset to 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, including but not limited to the Employment Ordinance, the Employees' Compensation Ordinance in Hong Kong, the Fair Labor Standards Act, the Employee Retirement Income Security Act (ERISA), the Family Medical and Family Leave Act in the USA, Employment Rights Act 1996, the Equality Act 2010, the Working Time Regulations 1998, the National Minimum Wage Regulations 2015 and the Transfer of Undertakings (Protection of Employment) Regulations 2006 in the UK. The Group strictly follows regulations and industry best practices with respect to its processes and policies on recruitment, promotion, termination, working hours, equal opportunities, workplace diversity and anti-discrimination. The unlawful employment of minors or forced labour is strictly prohibited by the Group.

The following table shows the overall gender and age group distribution of the Group's employees as at 31 March 2018:

	No. of employees	
Workforce	**2017/2018**	2016/2017[8]
By Gender		
Male	**146**	79
Female	**116**	53
By Age Group		
Below 30	**174**	84
30-39	**66**	36
40-49	**10**	5
50 or above	**12**	7
By Employment Categories		
Assistant General Manager or Above	**15**	10
Senior Manager	**3**	0
Manager	**25**	13
Assistant Manager	**10**	4
General Staff	**179**	87
Operational Staff	**30**	18
Total	**262**	132

8 Includes HK operations only.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Equal Opportunities and Anti-Discrimination

Clear anti-discrimination policies are published in the employee handbook. The Group selects and promotes staff on the basis of their qualifications and merit, without discrimination or concern for race, religion, national origin, colour, gender, sexual orientation, gender identity or expression, age or disability.

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 on the Group's premises.

Remuneration

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

Salaries are benchmarked to 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.

Working hours and holidays

Policies on standard working hours and public holidays are followed in accordance with the Labour Ordinance. Employees are entitled to, as applicable, public holidays, annual leave, sick leave, marriage leave, maternity leave, paternity leave, compassionate leave, jury service leave and unpaid 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 to allow employees to share work experience and work skills.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Other Benefits of the Group

In addition to health and dental insurance, the Group offers other benefits including fitness membership discount, company sponsored staff outings, staff discounts with our online store, a pet friendly office, a common room with video games, TV and ping pong table, weekly fresh fruit deliveries and a coffee machine, amongst other benefits.

The following table shows the turnover rate of the Group by gender, age group and location:

Turnover Rate[9]	2017/2018	2016/2017[10]
By Gender		
Male	**36%**	31%
Female	**47%**	38%
By Age Group		
Below 30	**42%**	41%
30-39	**28%**	26%
40-49	**84%**	18%
50 or above	**50%**	14%
By Location		
Hong Kong	**47%**	34%
The USA	**19%**	–
The UK	**40%**	–
Overall	**40%**	34%

9 Turnover Rate = Number of leavers during the reporting period/Average number of employees during the reporting period

10 Includes Hong Kong operations only

11 There was an increase in staff turnover rate in the age groups of “40-49” and “50 and above” due to the low number of employees in this age group

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. The Group was compliant with relevant laws and regulations that have a significant impact on providing a safe and hazard-free working environment, including but not limited to the Occupational Safety and Health Act (OSHA) in the US. The Group is committed to raising employees' awareness in 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 optimize their work environment and working posture, where the forearms are at about right angle to arms, backrest is adjustable in height and tilt, seat height is adjustable for users to sit with thighs approximately horizontal, lower legs vertical and feet resting firmly on the floor, chairs have a stable base and castors. The Group also uses air filters and routinely performs air quality test and air-conditioning system cleaning work.

The following table shows the performance indicators regarding occupational health and safety during the reporting period:

Injury rate[11]	0.01%
Occupation disease rate[12]	0.00%
Lost day rate[13]	0.04%
Absentee rate[14]	1.21%
Fatality rate[15]	0.00%

11 The frequency of injuries relative to the total time worked by all workers during the reporting period

12 The frequency of occupational diseases relative to the total time worked by the total workforce in the reporting period

13 The total lost days relative to the total number of hours scheduled to be worked by workers in the reporting period

14 The measure of actual absentee days lost, expressed as a percentage of total days scheduled to be worked by workers for the same period

15 The frequency of fatality relative to total time worked by all workers during the reporting period

Regrettably, there was a lighting-related incident at a fashion event at which some guests reported discomfort after attending. The Group strives to provide any practical support to the affected personnel and will continue to maintain a safe working environment.

B3 Development and Training

The Group is committed to continuous training and development of its employees.

Staff 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.

Full time employees who meet certain requirements are encouraged to attend sponsored or partially-sponsored distance learning or part-time training courses appropriate to their role, subject to the needs of the business, and operational and budgetary considerations. 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. In the coming year, the Group will be continuing the Hypebeast Scholarship through which a company committed cash amount would be available to eligible employees to assist with their professional development.

The following table illustrates the percentage of employees who received training of the Group.

Percentage of Employees Undergone Training [16]

By Gender	
Male	19%
Female	16%
By Employment Categories	
Assistant General Manager or Above	40%
Senior Manager	67%
Manager	56%
Assistant Manager	70%
General Staff	10%
Overall	18%

[16] Percentage of employees who received company sponsored training during the reporting period.

B4 Labour Standards

The Group primarily engages in internet advertising and online retail activities. There have never been any instances of unlawful child labour or forced labour practices in the Group and the Group was in compliance with relevant laws and regulations relating to preventing child and forced labour during the reporting period. Background checks on employees are performed to ensure they meet statutory standards in recruitment and ensure our 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 labor standards is considered insignificant. The Group also strives to strictly adhere to any labour standards, in particular to issues regarding equality and discrimination, as illustrated in the section "Employment".

Operating Practices

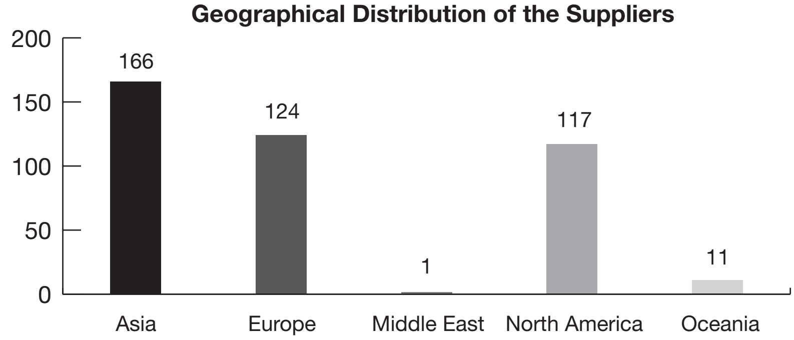
B5 Supply Chain Management

The Group values the importance of ethical business conduct by ourselves and by our business partners. In order to do so, the Group established a "Supply Chain Management Policy" to encourage suppliers to maintain high standards in various operational aspects, including but not limited to anti-corruption policies, open and fair competition, and respect of intellectual property rights.

In order to maintain long-lasting and sustainable business relationships with our 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 meetings, office and factory visits, product sampling and inspections, quality control checks and labour practices reviews. The Group is dedicated to continually monitoring and working closely with our suppliers to maintain our sustainable and socially responsible practices.

During the reporting period, the Group had a total of 419 suppliers for footwear, clothing and accessories from five regions[17]: Asia, Europe, Middle East and North America and Oceania. The following bar chart shows the number of suppliers by geographical locations.

Geographical Distribution of the Suppliers



[17] Asia: China, Hong Kong, Japan and Korea
Europe: Belgium, Denmark, France, Germany, Italy, Netherlands, Poland, Spain, Sweden and United Kingdom.
Middle East: Israel
North America: Canada and United States
Oceania: Australia and New Zealand

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B6 Product Responsibility

Quality Inspection

The Group insists on delivering the highest quality products to our customers. For our e-commerce business, we have in place quality control procedures to ensure all products that arrive at our warehouse and ultimately sent out to our customers are carefully inspected so as to meet our standard of quality. When goods arrive at the warehouse, the warehousing team inspects and crosschecks each item to ensure they are brand new products and that have no visible defects. Once inspection is complete, the team will carefully store the item on an assigned shelf within our warehouse.

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

When a customer order comes in, the logistics team performs a final inspection to ensure there are no damages or defects before packing the order for shipment to the customer.

During the reporting period, the Group was in compliance with relevant laws and regulations that have a significant impact on the issue relating to health and safety, advertising, labeling and privacy matters regarding products and services provided.

Customer Inquires

Delivering the highest level of customer service to our customers is highly important to the Group. The Group has a team of Customer Support Representatives to handle customer enquiries through email, online live chat and phone calls. Customers worldwide can submit enquiries about their orders through any of the aforementioned channels and expect a response typically within 3 to 4 business hours. 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 our 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. During the reporting period, there were 226 complaints regarding the quality issues and all of them have been resolved. The percentage of complaints[18] received was 0.11%.

[18] The total number of complaints received relative to the total number of orders placed.

Consumer 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 is essential to our business. The Group has strict access controls to only allow certain staff to access customer information. Our servers are protected behind a software firewall, and data is backed up regularly.

Stability of our IT network is constantly monitored by our engineering team and any abnormal network disconnections are prevented by multiline, built-in redundancies, spare machines and 24-hour maintenance and monitoring.

Intellectual Property

The Group attaches 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. We also actively monitor copyrights attached to our published media content and pictures used in our editorial operations to ensure we have provided credit to all sources and are compliant with any required copyright laws and standards.

B7 Anti-corruption

The Group has in place Anti-fraud Policy and has 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, including the Prevention of Bribery Ordinance in HK, the American Anti-Corruption Act (AACA) in the USA and the Bribery Act 2010 in the UK. The Group has a zero-tolerance approach on fraud and corruption 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 organization 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.

The Group has strict policies on employees' acceptance of gifts and entertainment and on the solicitation of discounts from brands and retailers. Company store discount abuse and company branded merchandise abuse are strictly prohibited.

Under our purchasing policy, the Group evaluates suppliers on a number of factors, including reputation, social and environmental efficacy, social media impact and future growth prospects.

The Group has in place a whistleblower policy as 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 report his/her concerns via email.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Community

B8 Community Investment

The Group encourages and supports our 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 our community stakeholders. The Group supports initiatives that serve the need of those who are socio-economically disadvantaged. During the reporting period, 30 of our staff were involved in and 480 activity hours were devoted to various community activities. Details are as follows:

Sheer Bra Drive

The Group participated in the "Sheer Bra Drive" in Hong Kong, which involves a bra donation scheme for ladies living in poor and impoverished communities in Asia.

Food Donations

The Group is also concerned about the hunger issues in the local community. In partnership with Feeding Hong Kong, the Group lead our Hong Kong office last Christmas in donating non-perishable food items to help those struggling with hunger in Hong Kong.

Clothing Donations

The Company participated in "The Salvation Army Recycling Programme" to help people in need, such as elderly living alone, street sleepers and Comprehensive Social Security Assistance (CSSA) recipients in Hong Kong.

Future Development of the Group

The Group continues to make efforts to address social responsibility through identifying opportunities to participate and sponsor for donations and other community programs, as well as encouraging staff to engage in such community outreach events.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

THE ESG REPORTING GUIDE INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Section/ Statement	Page number
ENVIRONMENTAL			
Aspect A1 Emissions			
General Disclosure	Information on: the policies; and 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	33
KPI A1.1	The types of emissions and respective emissions data	Emissions	33-34
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions	33-34
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions	34
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions	34
KPI A1.5	Description of measures to mitigate emissions and results achieved	Emissions	34
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Emissions	34
Aspect A2 Use of Resources			
General Disclosure	Policies on efficient use of resources, including energy, water and other raw materials	Use of Resources	35
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)	Use of Resources	35
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Use of Resources	36
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Use of Resources	35-36
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Use of Resources	36
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Use of Resources	35

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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	36
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	36
SOCIAL			
Employment and Labour Practice			
Aspect B1 Employment			
General Disclosure	Information on: the policies; and 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, antidiscrimination, and other benefits and welfare	Employment	37-38
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employment	37
KPI B2.1	Employee turnover rate by gender, age group and geographical region	Employment	39
Aspect B2 Health and Safety			
General Disclosure	Information on: the policies; and 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	40
KPI B2.1	Number and rate of work-related fatalities	Health and Safety	40
KPI B2.2	Lost days due to work injury	Health and Safety	40
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Health and Safety	40

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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	40-41
KPI B3.1	The percentage of employees who received training by gender and employee category	Development and Training	41
KPI B3.2	The average training hours completed per employee by gender and employee category	The related information is not currently included	Not Applicable
Aspect B4 Labour standards			
General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour	Labour Standards	41
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Labour Standards	41
KPI B4.2	Description of steps taken to eliminate such practices when discovered	Labour Standards	41
Operating Practices			
Aspect B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of supply chain	Supply Chain Management	42
KPI B5.1	Number of suppliers by geographical region	Supply Chain Management	42
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	42

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs		Section/ Statement	Page number
Aspect B6 Product Responsibility			
General Disclosure	Information on: the policies; and 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	43-44
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	Not Applicable
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Product Responsibility	43
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Product Responsibility	44
KPI B6.4	Description of quality assurance process and recall procedures	Product Responsibility	43
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Product Responsibility	44
Aspect B7 Anti-corruption			
General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-corruption	44
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	Not Applicable
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-corruption	44

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs		Section/ Statement	Page number
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	45
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Community Investment	45
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Community Investment	45

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 2018.

CORPORATE REORGANISATION

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

In preparation for the Listing, 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.

The shares of the Company were listed on GEM with effect from 11 April 2016.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of digital content and website advertisement and the operation of an online retail platform.

RESULTS AND APPROPRIATIONS

The Group's results for the year ended 31 March 2018 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 69 to 123 of this annual report.

The Directors do not recommend the payment of any dividend for the year ended 31 March 2018.

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 March 2018, 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 2018.

REPORT OF DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 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 23 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 2018, 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$6.9 million.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2018.

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 2018 is set out on page 124 of the annual report. This summary does not form part of the audited financial statements.

SHARE OPTION SCHEMES

The Company adopted a share option scheme on 18 March 2016, the terms of which are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

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:

REPORT OF DIRECTORS

	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 GEM Listing Rules) of any of the foregoing persons.	
3.	Total number of shares available for issue	No further options can be granted under the Pre-IPO Scheme.	169,737,500 shares (being approximately 8.5% of the issued share capital as at the date of this annual report)
4.	Maximum entitlement of each participant	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 The applicable requirements of Rule 23.03(4) and 23.04(1) of the GEM Listing Rules must be complied with.

REPORT OF DIRECTORS

	Details	Pre-IPO Scheme	Post-IPO Scheme
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	Determined by the Board.	
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	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.

REPORT OF DIRECTORS

Details of the movements within the two share option schemes of the Company for the year ended 31 March 2018 are set out below:

(1) Pre-IPO Scheme

Category of grantee	Date of grant	Exercise period	Exercise price per share (HK$)	Number of share options As at 1 April 2017	Lapsed during the year	As at 31 March 2018
Employees in aggregate	18 March 2016	From 18 March 2018 to 17 March 2026	0.026	750,000	–	750,000
		From 18 March 2019 to 17 March 2026	0.026	8,250,000	–	8,250,000
		From 18 March 2019 to 17 March 2026	0.052	4,500,000	(1,000,000)	3,500,000
		From 18 March 2019 to 17 March 2026	0.078	6,000,000	–	6,000,000
		From 18 March 2020 to 17 March 2026	0.104	3,000,000	(3,000,000)	–
Total				22,500,000	(4,000,000)	18,500,000

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/exercised/cancelled under the Pre-IPO Scheme during the year ended 31 March 2018.

(2) Post-IPO Scheme

Category of grantee	Date of grant	Exercise period	Exercise price per share (HK$)	Number of share options As at 1 April 2017	Granted during the year	Lapsed during the year	As at 31 March 2018
Employees in aggregate	6 July 2017	From 6 July 2019 to 5 July 2027	0.198	–	5,812,500	–	5,812,500
		From 6 July 2020 to 5 July 2027	0.198	–	28,200,000	(3,750,000)	24,450,000
Total				–	34,012,500	(3,750,000)	30,262,500

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 exercised/cancelled under the Post-IPO Scheme during the year ended 31 March 2018.

(3) The closing price of the shares of the Company immediately before the date of grant on 6 July 2017 was HK$0.192.

Further details of the share option schemes of the Company are set out in note 24 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Other than the 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 2018 and up to the date of this report were as follows:

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

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

In accordance with the Company's articles of association, Ms. Lee Yuen Tung Janice and Ms. Kwan Shin Luen Susanna will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming 2018 annual general meeting.

REPORT OF DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 18 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 2018 or at any time during the year ended 31 March 2018.

DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors entered into a service agreement with our Company on 18 March 2016 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 an initial term of three years commencing from 18 March 2016. 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 10 to the consolidated financial statements in this annual report.

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. The Directors and other employees who have made valuable contribution to the Group may also receive options granted under the share option scheme.

REPORT OF DIRECTORS

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 2018, 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 required standard of dealings as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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	74.25%
	Beneficial Owner	4,160,000	0.21%
		1,489,160,000	74.46%
Ms. Lee Yuen Tung Janice	Interest of spouse (Note 2)	1,489,160,000	74.46%

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 31 March 2018.

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 1,489,160,000 shares of the Company through the interest of her spouse, Mr. Ma Pak Wing Kevin.

REPORT OF DIRECTORS

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 2018.

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 2018, 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 2018, 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 shareholder	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	74.25%

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 31 March 2018.

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 2018, 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 2018, the percentage of revenue attributable to the Group's major customers is set out below:

Revenue

— The largest customer: 9.1%

— The total of the five largest customers: 25.0%

REPORT OF DIRECTORS

For the year ended 31 March 2018, the percentage of cost of services attributable to the Group's major suppliers is set out below:

Cost of Revenue

— The largest supplier: 4.5%

— The total of the five largest suppliers: 19.0%

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 TRANSACTION

During the year ended 31 March 2018, the Group did not enter into any connected transactions or continuing connected transactions that are not exempted under Rule 20.71 of the GEM Listing Rules.

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 GEM 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 GEM 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 2018.

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 GEM Listing Rules, or has any other conflict of interests with the Group during year ended 31 March 2018, 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.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company appointed Lego Corporate Finance Limited to as its compliance adviser. As notified by Lego Corporate Finance Limited, as at 31 March 2018, save for the compliance adviser agreement dated 15 March 2016 entered into between the Company and Lego Corporate Finance Limited, neither Lego Corporate Finance Limited, its directors, employees and associates had any interest in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

REPORT OF DIRECTORS

CORPORATE GOVERNANCE

The Company's corporate governance report is set out on pages 21 to 30 of this annual report.

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, 20 June 2018

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 69 to 123, which comprise the consolidated statement of financial position as at 31 March 2018, 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 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables	
We identified the impairment of trade receivables as a key audit matter as significant judgement is required to determine whether the amounts are recoverable with reference to a collective consideration of factors including the default rates of prior years, historical payment pattern of customers, aging profile of receivable balances, and settlements subsequent to year end. As disclosed in note 16 to the consolidated financial statements, the Group has trade receivables amounting to approximately HK$85,832,000 as at 31 March 2018. Impairment of approximately HK$234,000 was recognised during the year ended 31 March 2018.	Our audit procedures in relation to the impairment of trade receivables included: • Obtaining an understanding of how the management estimate impairment of trade receivables; • Evaluating the management's judgement in determining the amounts which are recoverable with reference to the default rates of prior years, historical payment pattern of customers, aging analysis and subsequent settlement of trade receivables; • Testing the aging analysis of trade receivables, on a sample basis, against source documents; and • Checking subsequent settlements, on a sample basis, against source documents.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Written down of inventories	
We identified the written down of inventories as a key audit matter as significant judgement is required to identify inventories which the selling price is lower than carrying amount or is unable to be sold in foreseeable future based on collective consideration of factors including condition of the inventories, and sales subsequent to year end. The amount of the written down is measured as the difference between the carrying amount and the net realisable value of inventories. The management estimates the net realisable value based on the estimated selling price for inventories less all estimated costs necessary to make the sales. To the extent that the net realisable value is lower than the carrying amount, a material write-down may arise. As disclosed in note 14 to the consolidated financial statements, the carrying amount of inventories was approximately HK$28,990,000 as at 31 March 2018. Inventories of approximately HK$755,000 have been written down during the year ended 31 March 2018.	Our audit procedures in relation to the written down of inventories included: • Obtaining an understanding of how the management evaluates the valuation of inventories; • Assessing the reasonableness of methods and assumptions applied to estimate the net realisable value of inventories with reference to historical sales pattern and prior year experience including inventory ratios (i.e. inventory turnover days), aging analysis of inventories, and subsequent sales of inventories; • Testing the aging analysis of inventories, on a sample basis, against source documents; and • Testing the selling price subsequent to year end, on a sample basis, against source documents.

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 HKFRSs issued by the HKICPA 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.

INDEPENDENT AUDITOR'S REPORT

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.

- 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters 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 Yuen Wing Hang.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	NOTES	2018 HK$'000	2017 HK$'000
Revenue	5	**385,079**	217,620
Cost of revenue		**(181,194)**	(95,305)
Gross profit		**203,885**	122,315
Other gains and losses	7	**1,780**	(756)
Selling and marketing expenses		**(83,643)**	(48,616)
Administrative and operating expenses		**(65,887)**	(44,559)
Finance costs	6	**(288)**	(323)
Share of result of a joint venture		**(653)**	–
Profit before tax		**55,194**	28,061
Income tax expense	8	**(10,023)**	(4,756)
Profit for the year	9	**45,171**	23,305
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(1)**	–
Total comprehensive income for the year		**45,170**	23,305
Earnings per share	12		
– Basic (HK cent)		**2.26**	1.17
– Diluted (HK cent)		**2.25**	1.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	13	**5,478**	4,640
Rental deposits		**1,014**	456
Interest in a joint venture	15	**5,234**	–
		11,726	5,096
Current assets			
Inventories	14	**28,990**	11,817
Trade and other receivables	16	**98,631**	57,013
Amount due from a joint venture	17	**133**	–
Pledged bank deposits	18	**1,881**	5,001
Bank balances and cash	18	**58,581**	67,931
		188,216	141,762
Current liabilities			
Trade and other payables	19	**47,104**	45,663
Obligation under finance lease – due within one year	21	**272**	–
Bank borrowings – due within one year	20	**4,663**	5,013
Tax payables		**6,223**	1,631
		58,262	52,307
Net current assets		**129,954**	89,455
Total assets less current liabilities		**141,680**	94,551
Non-current liabilities			
Obligation under finance lease – due after one year	21	**261**	–
Deferred tax liabilities	22	**170**	221
		431	221
Net assets		**141,249**	94,330
Capital and reserves			
Share capital	23	**20,000**	20,000
Share premium		**25,275**	25,275
Reserves		**95,974**	49,055
		141,249	94,330

The consolidated financial statements on pages 69 to 123 were approved and authorised for issue by the Board of Directors on 20 June 2018 and are signed on its behalf by:

DIRECTOR *DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share options reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 April 2016	1	–	–	–	25,750	25,751
Profit and total comprehensive income for the year	–	–	–	–	23,305	23,305
Capitalisation issue	15,999	(15,999)	–	–	–	–
Issue of shares under placing	4,000	48,000	–	–	–	52,000
Expenses incurred in connection with the issue of shares upon placing	–	(6,726)	–	–	–	(6,726)
At 31 March 2017	20,000	25,275	–	–	49,055	94,330
Profit for the year	–	–	–	–	45,171	45,171
Exchange differences arising on translation of foreign operations	–	–	(1)	–	–	(1)
Total comprehensive (expense) income for the year	–	–	(1)	–	45,171	45,170
Recognition of equity-settled share-based payments	–	–	–	1,749	–	1,749
At 31 March 2018	20,000	25,275	(1)	1,749	94,226	141,249

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**55,194**	28,061
Adjustments for:		
Depreciation of property, plant and equipment	**1,823**	1,335
Share-based payment expense	**1,749**	–
(Gain) loss on disposal of property, plant and equipment	**(13)**	8
Allowance for doubtful debts	**234**	416
Write-down of inventories	**755**	492
Share of result of a joint venture	**653**	–
Finance costs	**288**	323
Operating cash flows before movements in working capital	**60,683**	30,635
(Increase) decrease in inventories	**(17,928)**	601
Increase in deposits, trade and other receivables	**(42,410)**	(17,552)
Decrease in amount due to a related party	**–**	(122)
Increase in trade and other payables	**1,441**	18,038
Cash generated from operations	**1,786**	31,600
Income taxes paid	**(5,482)**	(5,326)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(3,696)**	26,274
INVESTING ACTIVITIES		
Investment in a joint venture	**(5,887)**	–
Placement of pledged bank deposits	**(3,702)**	(950)
Purchase of property, plant and equipment	**(2,515)**	(3,508)
Advance to a joint venture	**(133)**	–
Withdrawal of pledged bank deposits	**6,822**	–
Proceeds from disposal of property, plant and equipment	**596**	–
Repayment from a director	**–**	4,742
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(4,819)**	284
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(20,669)**	(7,479)
Interest paid on bank borrowings	**(265)**	(323)
Repayment of obligation under finance lease	**(196)**	–
Interest paid on finance lease	**(23)**	–
Proceeds from bank borrowings	**20,319**	1,200
Proceeds from issue of new shares by way of placing	**–**	52,000
Listing expenses paid	**–**	(13,204)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(834)**	32,194
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(9,349)**	58,752
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**67,931**	9,179
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(1)**	–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash	**58,581**	67,931

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. GENERAL

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 first listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 April 2016.

Its registered office is located at P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands. The address of its principal place of business is located at 12/F, 10-16 Kwai Ting Road, Kwai Chung, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of digital content and website advertisement and the operation of an online retail platform. Its parent and ultimate holding company is CORE Capital Group Limited, a private company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Ma Pak Wing Kevin ("Mr. Ma").

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of Annual Improvements to HKFRSs 2014 – 2016 Cycle

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchanges rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 27. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 27, the application of these amendments has had no impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

Other than disclosed above, the application of other amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs and Interpretations issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
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 2021

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 9 *Financial Instruments* (Continued)

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 *Financial Instruments: Recognition and Measurement* ("HKAS 39"). The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company (the "Directors") anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement:

- All financial assets and financial liabilities as at 31 March 2018 will continue to be measured on the same basis as are currently measured under HKAS 39.

Impairment

In general, the Directors anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the Directors, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 April 2018 would be slightly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade receivables. Such further impairment recognised under expected credit loss model would reduce the opening accumulated profits at 1 April 2018.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity 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. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* ("HKAS 17") and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon the application of the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of HK$34,884,000 as disclosed in note 29 (2017: HK$3,354,000). A preliminary assessment indicates that these arrangements will meet the definition of a lease. Under the application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$2,425,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Except as described above, the Directors do not expect the application of the other new and revised to HKFRSs and amendments in issue but not yet effective in the current year will have material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Rules") and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis. 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. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities 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. 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 and 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 intra-group 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 event 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.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 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 forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest in a joint venture (Continued)

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 account 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 that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassified the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant joint venture.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

The Group's turnover includes revenues from sales of goods through online stores, provision of advertising services and publication of web magazines.

Sales of goods through online stores

Revenue from the sale of goods through online stores is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Consignment sales

When the goods sold on the Group's online stores are derived from consignment arrangements under which the Group in substance acts as an agent that takes physical possession of the goods, but does not assume all of the risks and rewards, the consideration received and receivable is recognised as revenue net of all costs borne by the consignor and consignor's margin at which time all the above conditions in relation to the sales of goods through online stores are satisfied.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Provision of advertising spaces

Income from the provision of advertising spaces is recognised on a straight-line basis over the period of publicity, at which time all the following conditions are satisfied:

- it is probable that the economic benefits associated with the transaction will flow to the Group upon the satisfaction of target impression rate or click rate set out in respective contract; and
- the relevant services which related to the production of the advertisement has been rendered.

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) and the provision of advertising spaces. Income from creative agency projects is recognised on a straight-line basis over the period of publicity, at which time all the following conditions are satisfied:

- it is probable that the economic benefits associated with the transaction will flow to the Group upon the satisfaction of target impression rate or click rate set out in respective contract; and
- the relevant services which related to the production of the advertisement has been rendered.

Publication of magazines

Income from publication of magazines is recognised when authorisation for access to magazines has been granted to the subscribers.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) 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. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Retirement benefit costs

Payments to state-managed retirement schemes/the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payment arrangements

Equity settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees providing similar services are measured at the fair value of the equity instruments at the grant date. At the end of the reporting period, the Group revises its estimates of the number of options expected to vest. 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 share options reserve. The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve). For share options that vested 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 the 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.

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 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items 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 base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Such liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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.

Deferred tax 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 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.

Current and deferred tax is recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment including motor vehicles (classified as finance leases) held for use in the supply of services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sales.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from a joint venture, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to receive cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, 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 instruments

Debt and equity instruments issued by a group entity 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 instrument

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

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

Derecognition

Financial liabilities are derecognised 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.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Borrowing costs

Borrowing costs which are not capitalised to qualifying assets are recognised in profit or loss in the period in which they are incurred.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

Key sources of estimation uncertainty

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.

Estimated impairment of trade receivables

In determining the recoverability of trade receivables, the management assesses the recoverable amount of each individual receivables at the end of the reporting period based on objective evidence such as the default rates of prior years, historical payment pattern of customers, aging profile of receivable balances, and settlements subsequent to year end.

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amount of trade receivables as at 31 March 2018 was approximately HK$85,832,000 (2017: HK$53,581,000). Impairment of approximately HK$234,000 (2017: HK$416,000) have been provided during the year ended 31 March 2018.

Estimated written down of inventories

When there is objective evidence of write-down in value, in which case the inventories are in obsolete condition or the carrying amount of inventories are lower than the net realisable value, the amount of the write-down is measured as the difference between the asset's carrying amount and the net realisable value. The Directors estimate the net realisable value based on the estimated selling price for inventories less all estimated costs necessary to make the sales. To the extent that the net realisable value is lower than the carrying amount, a material write-down may arise. The carrying amount of inventories as at 31 March 2018 was approximately HK$28,990,000 (2017: HK$11,817,000). Inventories of approximately HK$755,000 (2017: HK$492,000) have been written down during the year ended 31 March 2018.

5. REVENUE AND 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 CEO 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 are as follows:

Digital media segment – Provision of advertising services and publication of magazines

E-commerce segment – Operation of online retail platform for the sale of third-party branded clothing, shoes and accessories

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

Year ended 31 March 2018

	Digital media HK$'000	E-commerce HK$'000	Consolidated HK$'000
Segment revenue – external customers:			
Provision of advertising services	257,952	–	257,952
Publication of magazines	1,911	–	1,911
Operation of online retail platform (Note)	–	125,216	125,216
Total segment revenue	259,863	125,216	385,079
Segment results	68,256	11,268	79,524
Finance costs			(288)
Share of result of a joint venture			(653)
Share-based payment expense			(1,749)
Unallocated expenses			(21,640)
Profit before tax			55,194

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2017

	Digital media HK$'000	E-commerce HK$'000	Consolidated HK$'000
Segment revenue – external customers:			
Provision of advertising services	148,679	–	148,679
Publication of magazines	1,714	–	1,714
Operation of online retail platform (Note)	–	67,227	67,227
Total segment revenue	150,393	67,227	217,620
Segment results	39,115	2,435	41,550
Finance costs			(323)
Unallocated expenses			(13,166)
Profit before tax			28,061

Note: Included in revenue from operation of online retail platform for each of the years ended 31 March 2018 and 2017, total amount of commission fee from consignment sales are approximately HK$5,071,000 and HK$5,889,000 respectively. The remaining amount of approximately HK$120,145,000 and HK$61,338,000 respectively represents sales of goods through the online retail platform.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by each segment without allocation of finance costs, share of result of a joint venture, share-based payment expense and other unallocated expenses including depreciation expenses, rental expenses and directors' remuneration that are not directly attributable to segments as disclosed in the above table. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

	2018 HK$'000	2017 HK$'000
Reportable segment assets		
Digital media	**80,910**	52,715
E-commerce	**38,049**	12,677
Total segment assets	**118,959**	65,392
Reconciliation of reportable segment total to group total:		
Segment assets	**118,959**	65,392
Unallocated assets:		
Property, plant and equipment	**5,478**	4,640
Interest in a joint venture	**5,234**	–
Amount due from a joint venture	**133**	–
Deposits and other receivables	**9,676**	3,894
Pledged bank deposits	**1,881**	5,001
Bank balances and cash	**58,581**	67,931
Consolidated total assets	**199,942**	146,858
Reportable segment liabilities		
Digital media	**22,593**	10,592
E-commerce	**7,245**	3,353
Total segment liabilities	**29,838**	13,945

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

	2018 HK$'000	2017 HK$'000
Reconciliation of reportable segment total to group total:		
Segment liabilities	**29,838**	13,945
Unallocated liabilities:		
Other payables and accrued expenses	**17,266**	31,718
Obligation under finance lease	**533**	–
Bank borrowings	**4,663**	5,013
Tax payables	**6,223**	1,631
Deferred tax liabilities	**170**	221
Consolidated total liabilities	**58,693**	52,528

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

- all assets are allocated to operating segments other than property, plant and equipment, interest in a joint venture, deposits and other receivables, amount due from a joint venture, pledged bank deposits and bank balances and cash that are not attributable to respective segment.

- all liabilities are allocated to operating segments other than other payables and accrued expenses, obligation under finance lease, bank borrowings, current and deferred tax liabilities that are not attributable to respective segment.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information

2018

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

	Digital media HK$'000	E-commerce HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Capital additions	–	–	–	3,244	3,244
Gain on disposal of property, plant and equipment	–	–	–	(13)	(13)
Depreciation	–	–	–	1,823	1,823
Allowance for doubtful debts	234	–	234	–	234
Share-based payment expense	–	–	–	1,749	1,749
Write-down of inventories	–	755	755	–	755

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

	HK$'000
Interest in a joint venture	5,234
Share of result of a joint venture	(653)

2017

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

	Digital media HK$'000	E-commerce HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Capital additions	–	–	–	3,508	3,508
Loss on disposal of property, plant and equipment	–	–	–	8	8
Depreciation	–	–	–	1,335	1,335
Allowance for doubtful debts	416	–	416	–	416
Write-down of inventories	–	492	492	–	492

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

An analysis of the Group's revenue from external customers by geographical location, determined based on the location of the online sales request for e-commerce segment and the location of customers for digital media segment and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers Year ended 31 March		Non-current assets	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States	**157,086**	112,783	**6,007**	–
Hong Kong	**53,351**	37,353	**5,234**	5,096
China	**47,219**	21,940	**–**	–
Others (Note)	**127,423**	45,544	**485**	–
	385,079	217,620	**11,726**	5,096

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

Information about major customer

No single customer has been accounted for 10% or more of the Group's revenue for both reporting periods.

6. FINANCE COSTS

	2018	2017
	HK$'000	HK$'000
Interests on:		
Bank borrowings	**265**	323
Finance lease	**23**	–
	288	323

7. OTHER GAINS AND LOSSES

	2018 HK$'000	2017 HK$'000
Allowance for doubtful debts	234	416
Net exchange (gain) losses	(1,962)	911
(Gain) loss on disposal of property, plant and equipment	(13)	8
Others	(39)	(579)
	(1,780)	756

8. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Current tax:		
Hong Kong Profits Tax	9,034	4,632
Other jurisdictions	1,040	–
Deferred tax (note 22):		
(Credit) charge for the year	(51)	124
	10,023	4,756

The Group is not subject to any income tax in the Cayman Islands and the BVI pursuant to the rules and regulations in those jurisdictions.

The Group is subject to Hong Kong Profits Tax at a rate of 16.5% for both years.

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

8. INCOME TAX EXPENSE (CONTINUED)

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:

	2018 HK$'000	2017 HK$'000
Profit before tax	**55,194**	28,061
Tax at the Hong Kong Profits Tax rate of 16.5%	**9,107**	4,630
Tax effect of share of result of a joint venture	**108**	–
Tax effect of income not taxable for tax purpose	**(249)**	–
Tax effect of expenses not deductible for tax purpose	**636**	123
Effect of different tax rates of subsidiaries operating in other jurisdictions	**526**	–
Others	**(105)**	3
Income tax expense for the year	**10,023**	4,756

9. PROFIT FOR THE YEAR

	2018 HK$'000	2017 HK$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration (note 10)	**5,208**	3,008
Other staff costs		
– salaries and allowances	**74,182**	33,912
– discretionary bonus	**9,811**	3,895
– retirement benefits scheme contribution	**2,919**	1,577
– share-based payment expense	**1,749**	–
Total directors and other staff costs	**93,869**	42,392
Auditor's remuneration	**1,100**	900
Cost of inventories recognised as expense	**60,560**	33,537
Depreciation of property, plant and equipment	**1,823**	1,335
Website content update expense (note)	**2,746**	5,176
Write-down of inventories	**755**	492

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

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' and chief executive's remunerations for the year, disclosed pursuant to the GEM Rules and disclosure requirements of the CO, are as follows:

	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
2018						
Fees	**600**	**360**	**144**	**144**	**144**	**1,392**
Other emoluments						
Salaries, allowances and other benefits	**2,580**	**1,200**	**–**	**–**	**–**	**3,780**
Retirement benefits scheme contribution	**18**	**18**	**–**	**–**	**–**	**36**
	3,198	**1,578**	**144**	**144**	**144**	**5,208**

	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
2017						
Fees	600	360	144	144	144	1,392
Other emoluments						
Salaries, allowances and other benefits	980	600	–	–	–	1,580
Retirement benefits scheme contribution	18	18	–	–	–	36
	1,598	978	144	144	144	3,008

Note: Mr. Ma was appointed as an executive director with effect from 25 September 2015. Mr. Ma is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

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.

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION (CONTINUED)

Employees' remuneration

Of the five individuals with the highest emoluments in the Group, one (2017: two) was the director whose emoluments are included in the disclosures above. The emoluments of the remaining four (2017: three) individuals were as follows:

	2018	2017
	HK$'000	HK$'000
Salaries and allowances	**11,045**	3,260
Discretionary bonus	**1,202**	210
Retirement benefits scheme contribution	**136**	53
Share-based payment expense	**1,749**	–
	14,132	3,523

Their emoluments were fell within the following band:

	No. of employees	
	2018	2017
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**1**	–
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**1**	–
	4	3

During the year, no emolument was paid by the Group to 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 director has waived any emoluments during the years ended 31 March 2018 and 2017.

11. DIVIDENDS

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

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the years ended 31 March 2018 and 2017 is based on the following data:

	2018	2017
	HK$'000	HK$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to the owners of the Company)	**45,171**	23,305

	2018	2017
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,000,000**	1,989,041
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**11,207**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,011,207**	1,989,041

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furnitures and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2016	2,291	821	2,912	437	6,461
Additions	1,078	884	1,546	–	3,508
Disposals	–	–	(30)	–	(30)
At 31 March 2017	3,369	1,705	4,428	437	9,939
Additions	6	237	2,175	826	3,244
Disposals	–	(62)	(634)	(437)	(1,133)
At 31 March 2018	3,375	1,880	5,969	826	12,050
ACCUMULATED DEPRECIATION					
At 1 April 2016	1,559	440	1,550	437	3,986
Provided for the year	522	206	607	–	1,335
Eliminated on disposals	–	–	(22)	–	(22)
At 31 March 2017	2,081	646	2,135	437	5,299
Provided for the year	541	315	816	151	1,823
Eliminated on disposals	–	(1)	(112)	(437)	(550)
At 31 March 2018	2,622	960	2,839	151	6,572
CARRYING VALUES					
At 31 March 2018	753	920	3,130	675	5,478
At 31 March 2017	1,288	1,059	2,293	–	4,640

The above items of property, plant and equipment 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%

A motor vehicle with a carrying amount of HK$675,000 as at 31 March 2018 was under finance lease arrangement (note 21).

14. INVENTORIES

	2018 HK$'000	2017 HK$'000
Finished goods	**28,990**	11,817

15. INTEREST IN A JOINT VENTURE

	2018 HK$'000	2017 HK$'000
Cost of investment in a joint venture		
Unlisted investment	**5,887**	–
Share of post-acquisition results and other comprehensive income, net of dividends received	**(653)**	–
	5,234	–

On 8 February 2018, Hypebeast, Inc., a wholly owned subsidiary of the Company, entered into a joint venture agreement (the "JV Agreement") and contribution agreement with The Berrics, LLC, an independent third party, in relation to the formation and capital contribution of The Berrics Company, LLC ("The Berrics"). Pursuant to certain terms and conditions stated in the JV Agreement, the financial and operating policies of The Berrics require unanimous approval from all joint venture partners. The Berrics is jointly controlled by the Group and another joint venture partner and, as such, it is accounted for as a joint venture of the Group.

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 2018 %	2017 %	Principal activities
The Berrics	United States of America ("USA")	USA	**51**	–	Provision of skateboarding related digital content and advertising and offline event organisation services

15. INTEREST IN A JOINT VENTURE (CONTINUED)

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 HKFRSs.

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

	2018 HK$'000	2017 HK$'000
Current assets	5,325	–
Non-current assets		
– Property, plant equipment	11,930	–
– Others	526	–
	12,456	–
Current liabilities	7,519	–
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	1,455	–
Current financial liabilities (excluding trade and other payables and provisions)	3,001	–
Revenue	1,167	–
Loss and total comprehensive expense for the year	(1,281)	–

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 the equity method of accounting is as follow:

	2018 HK$'000	2017 HK$'000
Net assets of the joint venture	10,262	–
Proportion of the Group's ownership interest in joint venture	51%	N/A
Carrying amount of the Group's interest in joint venture	5,234	–

16. TRADE AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**85,832**	53,581
Less: allowance for doubtful debts	**–**	–
	85,832	53,581
Advance to staff	**604**	99
Rental and utilities deposits	**3,969**	465
Prepayments	**7,991**	2,868
Other receivables	**235**	–
Total	**98,631**	57,013

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 retail platform and subscribers of magazines. The following is an aging analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2018 HK$'000	2017 HK$'000
Within 60 days	**47,042**	41,159
61 – 90 days	**25,128**	5,974
91 – 180 days	**10,374**	4,648
181 – 365 days	**1,842**	1,712
Over 365 days	**1,446**	88
	85,832	53,581

Included in the Group's trade receivables balance are debtors as at 31 March 2018 with an aggregate carrying amount of approximately HK$58,714,000 (2017: HK$26,814,000) which are past due at the end of reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances. All of the trade receivables that are neither past due nor impaired have good credit quality assessed by the Group.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Aging of trade receivables which are past due but not impaired:

	2018 **HK$'000**	2017 HK$'000
Within 60 days	**19,924**	14,392
61 – 90 days	**25,128**	5,974
91 – 180 days	**10,374**	4,648
181 – 365 days	**1,842**	1,712
Over 365 days	**1,446**	88
	58,714	26,814

Movement in the allowance for trade receivables

	2018 **HK$'000**	2017 HK$'000
Balance at beginning of the year	**–**	725
Impairment losses recognised on receivables	**234**	416
Written off	**(234)**	(1,141)
Balance at end of the year	**–**	–

The management has reviewed the repayment history of these long overdue customers, considered their deteriorating credit quality and identified no settlement subsequent to the end of the reporting period. Accordingly, full impairment was recognised.

Included in the allowance for trade receivables are individually impaired trade receivables with an aggregate balance of approximately HK$234,000 (2017: HK$1,141,000) which have either been placed under liquidation or in severe financial difficulties.

17. AMOUNT DUE FROM A JOINT VENTURE

The amount was non-trade nature, unsecured, non-interest bearing and repayable on demand.

18. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Deposits amounting to HK$1,881,000 as at 31 March 2018 (2017: HK$5,001,000) have been pledged to secure a bank borrowing and the banking facilities which carry interest at prevailing market rates at 0.01% per annum (2017: 0.01%).

Bank balances carry interest at prevailing market rates at 0.01% per annum as at 31 March 2018 and 2017.

19. TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	**7,245**	5,757
Deferred revenue	**360**	5,187
Commission payable	**4,044**	3,001
Accrual for campaign cost (Note)	**18,189**	19,050
Accrual for staff bonus	**2,023**	5,299
Other payables and accrued expenses	**15,243**	7,369
	47,104	45,663

Note: Provision for campaign cost represents the 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:

	2018 HK$'000	2017 HK$'000
Within 30 days	**6,043**	4,286
31 – 60 days	**42**	407
61 – 90 days	**46**	5
Over 90 days	**1,114**	1,059
	7,245	5,757

20. BANK BORROWINGS

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Bank borrowings, unsecured with variable rate	**4,663**	5,013
Carrying amount repayable (according to scheduled repayment term):		
– Within one year	**4,663**	5,013
Carrying amount that contain a repayment on demand clause (shown under current liabilities)	**4,663**	5,013

The range of effective interest rates (which are also equalled to contractual interest rates) on the Group's borrowings are as follows:

	2018	2017
Effective interest rate (per annum):		
Variable-rate borrowings	**2.30% to 4.25%**	2.75% to 4.25%

21. OBLIGATION UNDER FINANCE LEASE

	2018	2017
	HK$'000	HK$'000
Analysed for reporting purposes as:		
Current liabilities	**272**	–
Non-current liabilities	**261**	–
	533	–

It is the Group's policy to lease motor vehicle under finance lease. The original lease term is 3 years. Interest rates underlying obligation under finance lease is fixed at contract date at 4.85% per annum.

21. OBLIGATION UNDER FINANCE LEASE (CONTINUED)

	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Obligation under finance leases payable:				
Within one year	**292**	–	**272**	–
Within a period of more than one year but not more than two years	**267**	–	**261**	–
	559	–	**533**	–
Less: future finance charges	**(26)**	–	**N/A**	N/A
Present value of lease obligations	**533**	–	**533**	–
Less: amount due within one year (shown under current liabilities)			**(272)**	–
Amount due for settlement after one year			**261**	–

22. DEFERRED TAX LIABILITIES

The following is the major deferred tax liabilities recognised by the Group and movements thereon during the years ended 31 March 2018 and 2017:

	Accelerated tax depreciation HK$'000
At 1 April 2016	(97)
Charge to profit or loss	(124)
At 31 March 2017	(221)
Credit to profit or loss	51
At 31 March 2018	(170)

23. SHARE CAPITAL

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

	Number of shares	Share capital HK$
Authorised:		
As 1 April 2016, 31 March 2017 and 31 March 2018	6,000,000,000	60,000,000
Issued:		
At 1 April 2016	100	1
Capitalisation issue	1,599,999,900	15,999,999
Issue of shares under placing	400,000,000	4,000,000
At 31 March 2017 and 31 March 2018	2,000,000,000	20,000,000

24. 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 ("Shares"). The purpose of the share option scheme 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 scheme are summarised below:

(a) Pre-IPO Scheme

(i) Purpose of the scheme

To motivate eligible persons to optimize 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 GEM Rules) of any of the foregoing persons.

24. SHARE OPTION SCHEMES (CONTINUED)

(a) Pre-IPO Scheme (Continued)

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

No further options can be granted under the Pre-IPO Scheme.

(iv) Maximum entitlement of each participant under the scheme

As determined by the Board of Directors.

(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 of Directors 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 of Directors 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 of Directors.

(ix) The remaining life of the schemes

Expired on 11 April 2016.

24. SHARE OPTION SCHEMES (CONTINUED)

(a) Pre-IPO Scheme (Continued)

Details of the movements within the Pre-IPO Scheme of the Company for the year ended 31 March 2018 are set out below:

	Number of share options								Share price	
Category of participants	Outstanding at 1.4.2017	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding at 31.3.2018	Date of grant of share options	Exercise period	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	18.03.2016	18.03.2018 to 17.03.2026	N/A	0.026
Employees[1,2]	8,250,000	-	-	-	-	8,250,000	18.03.2016	18.03.2019 to 17.03.2026	N/A	0.026
Employees[1,2]	4,500,000	-	-	(1,000,000)	-	3,500,000	18.03.2016	18.03.2019 to 17.03.2026	N/A	0.052
Employees[1,2]	6,000,000	-	-	-	-	6,000,000	18.03.2016	18.03.2019 to 17.03.2026	N/A	0.078
Employees[1,2]	3,000,000	-	-	(3,000,000)	-	-	18.03.2016	18.03.2020 to 17.03.2026	N/A	0.104
Total	22,500,000	-	-	(4,000,000)	-	18,500,000				
Share options exercisable at relevant date	-					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. The share options granted on 18 March 2016 are divided into 5 tranches exercisable from 18 March 2018, 18 March 2019, 18 March 2019, 18 March 2019 and 18 March 2020 respectively to 17 March 2026. During the year ended 31 March 2018, a total of 4,000,000 share options were lapsed.

24. 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 GEM Rules) of any of the foregoing persons.

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

169,737,500 shares (being approximately 8.5% of the issued share capital as at the date of this annual report).

(iv) Maximum entitlement of each participant under the scheme

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.

24. SHARE OPTION SCHEMES (CONTINUED)

(b) Post-IPO Scheme (Continued)

(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 of Directors 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 scheme.

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

As determined by the Board of Directors 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 of Directors 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.

(ix) The remaining life of the scheme

Valid and effective for a period of 10 years commencing on 11 April 2016.

24. SHARE OPTION SCHEMES (CONTINUED)

(b) Post-IPO Scheme (Continued)

Details of the movements within the Post-IPO Scheme of the Company for the year ended 31 March 2018 are set out below:

	Number of share options									
Category of participants	Outstanding at 1.4.2017	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding at 31.3.2018	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$
Employees[1,2]	–	5,812,500	–	–	–	5,812,500	06.07.2017	From 06.07.2019 to 05.07.2027	0.198	0.198
Employees[1,2]	–	28,200,000	–	(3,750,000)	–	24,450,000	06.07.2017	From 06.07.2020 to 05.07.2027	0.198	0.198
Total	–	34,012,500	–	(3,750,000)	–	30,262,500				
Share options exercisable at relevant date	–					–				

Notes:

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

2 The share options granted on 6 July 2017 are divided into 2 tranches exercisable from 6 July 2019 and 6 July 2020 respectively to 5 July 2027. During the year ended 31 March 2018, a total of 3,750,000 share options were lapsed.

On 6 July 2017, the Company granted a total of 34,012,500 share options to employees, which entitle the relevant employees to subscribe for a total of 34,012,500 shares of the Company at an exercise price of HK$0.198 per share. The validity period of the options is ten years, from 6 July 2017 to 5 July 2027. The closing price of the shares of the Company immediately before the date on which the options were granted was HK$0.192.

The estimated fair values of the 34,012,500 share options granted on 6 July 2017 was approximately HK$4,306,000. The fair value per option granted on 6 July 2017 was approximately HK$0.1266.

24. SHARE OPTION SCHEMES (CONTINUED)

(b) Post-IPO Scheme (Continued)

The Black-Scholes Option Pricing Model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of a share option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

Share price at date of grant of share options	HK$0.198
Exercise price	HK$0.198
Expected volatility	79.85%
Expected life	5 years
Risk-free rate	1.21%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous years. The expected life used in the model has been adjusted as appropriate, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group recognised total expenses of approximately HK$1,749,000 for the year ended 31 March 2018 (2017: nil) in relation to the share options granted by the Company.

25. CAPITAL RISK MANAGEMENT

The Directors 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 obligation under finance lease, as disclosed in notes 20 and 21, respectively, net of cash and cash equivalents and equity.

The Directors review the capital structure from time to time. As a part of this review, the Directors 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.

26. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**152,249**	127,076
Financial liabilities		
At amortised cost	**17,452**	14,880

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amount due from a joint venture, pledged bank deposits, bank balances and cash, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and foreign currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

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

(i) Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings and bank balances. The Company currently does not enter into any hedging instrument for cash flow interest rate risk.

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 Hong Kong Dollar Best Lending Rate arising from the Group's Hong Kong dollars denominated borrowings.

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 profit for the years ended 31 March 2018 would decrease/increase by approximately HK$19,000 (2017: HK$21,000).

No sensitivity analysis of bank balances of the Group is presented as all bank balances carry interest rate at 0.01% per annum.

26. 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 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 as at the end of each reporting period are as follows:

	2018		2017	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
United States Dollar ("US$")	**79,967**	**3,766**	99,610	4,459
Euro Dollar ("EURO")	**27,770**	**3,862**	6,322	1,423

Sensitivity analysis

The Group is mainly exposed to the risk of fluctuation against US$ and EURO during the years ended 31 March 2018 and 2017. As HK$ is pegged with US$ under Linked Exchange Rate System, the Group's exposure to US$ exchange risk is minimal and no sensitivity analysis on US$ is presented accordingly.

The following table details the sensitivity to a 5% increase and decrease in HK$ against EURO. 5% is the sensitivity rate 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 5% change in foreign currency rates. The negative number below indicates a decrease in the post-tax profit (2017: decrease in the post-tax profit) where HK$ strengthens 5% against EURO. For a 5% weakening of HK$ against EURO, there would be an equal and opposite impact on the profit or loss for the year.

	EURO	
	2018 HK$'000	2017 HK$'000
Profit for the year	**(895)**	(102)

26. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

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 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. 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.

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK$'000	1 to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2018					
Non-derivative financial liabilities					
Trade and other payables	–	12,789	–	12,789	12,789
Obligation under finance lease	4.85	292	267	559	533
Bank borrowings	2.84	4,666	–	4,666	4,663
		17,747	267	18,014	17,985

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK$'000	1 to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2017					
Non-derivative financial liabilities					
Trade and other payables	–	9,867	–	9,867	9,867
Bank borrowings	3.0	5,072	–	5,072	5,013
		14,939	–	14,939	14,880

26. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

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 2018, the aggregate carrying amounts of these bank borrowings amounted to HK$4,663,000 (2017: HK$5,013,000). Taking into account the Group’s financial position, the Directors 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.

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 %	Repayable on demand or less than 1 year HK$’000	1 to 2 years HK$’000	Total undiscounted cash flows HK$’000	Carrying amount HK$’000
Bank borrowings with repayment on demand clause					
As at 31 March 2018	2.84	4,666	–	4,666	4,663
As at 31 March 2017	3.0	5,072	–	5,072	5,013

Credit risk

The Group’s maximum exposure to credit risk in the event of the counterparties’ failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. The Group’s credit risk is primarily attributable to its trade receivables and bank balances. In order to minimise the credit risk, the Directors have delegated a team responsible for determination of credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of each reporting period to ensure that adequate allowance are made for irrecoverable amounts. In this regard, the Directors consider that the Group’s credit risk is significantly reduced.

The Group has concentration of credit risk as 17% of the Group’s trade receivables as at 31 March 2018 (2017: 13%) are due from the Group’s largest customer which is mainly engaged in the provision of advertising services. In respect of this customer, given its good repayment history, the Directors consider that the credit risk associated with this receivable balance of this customer is low.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

26. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements of financial instruments

The fair values of the financial assets and financial liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

27. 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$'000 (note 20)	**Obligation under finance lease** HK$'000 (note 21)	**Interest payables** HK$'000
At 1 April 2017	5,013	–	–
Financing cash flows	(350)	(196)	(288)
New finance lease	–	729	–
Interest expenses	–	–	288
At 31 March 2018	**4,663**	**533**	**–**

28. EMPLOYEE BENEFITS

The Group participates in Mandatory Provident Fund Scheme ("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 USA and United Kingdom ("UK") are members of respective state-managed retirement benefit scheme operated by the government of USA and UK. 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 2018, the total retirement benefits scheme contribution arising from the MPF Scheme and state-managed scheme charged to profit or loss were approximately HK$2,955,000 (2017: HK$1,614,000).

29. COMMITMENTS

Operating lease

The Group as lessee

	2018 HK$'000	2017 HK$'000
Minimum lease payments under operating leases during the year in respect of premises	**6,417**	2,581

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	2018 HK$'000	2017 HK$'000
Within one year	**12,370**	2,772
In the second to fifth year inclusive	**22,514**	582
	34,884	3,354

Operating lease payments represent rentals payable by the Group for certain of its premises. Leases are negotiated and rentals are fixed for one to two years.

As at 31 March 2018, operating lease commitments included commitments of HK$180,000 (2017: HK$180,000) to Mr. Lee Chung Ming and Ms. Chan Lai Kuen who are the parents-in-law of Mr. Ma (see note 31).

30. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2018, the Group entered into a finance lease arrangement in respect of assets with a total capital value at the inception of the lease of HK$729,000.

31. 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:

		Year ended 31 March	
Name of related party	**Nature of transaction**	**2018 HK$'000**	2017 HK$'000
Mr. Lee Chung Ming and Ms. Chan Lai Kuen (Note)	Rental expense paid for Director's quarter	**180**	180

Note: Mr. Lee Chung Ming and Ms. Chan Lai Kuen are the parents-in-law of Mr. Ma.

Compensation of key management personnel

The Directors are identified as key management member of the Group, and their compensation during the years then ended was set out in note 10.

32. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Group's subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Place of incorporation	Issued and fully paid-up share	Attributable equity interest held by the Group				Principal activities
			Directly		Indirectly		
			2018 %	2017 %	**2018** %	2017 %	
COREone Limited	BVI	US$1	**100%**	100%	**–**	–	Investment holding
101 Media Lab Limited	Hong Kong	HK$1,000	**–**	–	**100%**	100%	Provision of advertising services, operation of online stores and publication of magazines
102 Media lab Limited[1]	Hong Kong	HK$1,000	**–**	–	**100%**	–	Provision of advertising services
Hypebeast UK Limited[2]	UK	GBP1	**–**	–	**100%**	–	Provision of advertising services
COREtwo Limited[3]	BVI	US$1	**100%**	100%	**–**	–	Investment holding
Hypebeast Inc.[3]	BVI	US$5,000	**–**	–	**100%**	100%	Provision of advertising services
HBX New York Inc.[4]	USA	US$100	**–**	–	**100%**	100%	Inactive
HBX 41 Division LLC[5]	USA	US$100	**–**	–	**100%**	–	Inactive

1 102 Media Lab Limited was newly incorporated on 10 April 2017.
2 Hyperbeast UK Limited was newly incorporated on 19 May 2017.
3 COREtwo Limited and Hyperbeast Inc. were newly incorporated on 14 October 2016.
4 HBX New York Inc. was newly incorporated on 16 February 2017.
5 HBX 41 Division LLC was newly incorporated on 11 January 2018.

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

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS		
Amount due from a subsidiary	**28,267**	29,693
Unlisted investments in subsidiaries	**–**	–
	28,267	29,693
CURRENT ASSETS		
Other receivable	**112**	–
Bank balances and cash	**257**	8
	369	8
CURRENT LIABILITY		
Other payables	**5**	–
NET CURRENT ASSETS	**364**	8
NET ASSETS	**28,631**	29,701
CAPITAL AND RESERVES		
Share capital (see note 23)	**20,000**	20,000
Share premium	**25,275**	25,275
Reserves	**(16,644)**	(15,574)
	28,631	29,701

Movements in the Company's reserves

	Share premium HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2016	–	–	(15,561)	(15,561)
Loss for the year and other comprehensive expense	–	–	(13)	(13)
Capitalisation issue	(15,999)	–	–	(15,999)
Expenses incurred in connection with the issue of shares upon placing	(6,726)	–	–	(6,726)
Issue of shares under placing	48,000	–	–	48,000
At 31 March 2017	25,275	–	(15,574)	9,701
Loss for the year and other comprehensive expense	–	–	(2,819)	(2,819)
Recognition of equity-settled share-based payments	–	1,749	–	1,749
At 31 March 2018	25,275	1,749	(18,393)	8,631

FINANCIAL SUMMARY

For the five years ended 31 March 2014, 2015, 2016, 2017 and 2018

RESULTS

	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**385,079**	217,620	151,863	98,931	72,833
Profit before tax	**55,194**	28,061	8,787	10,977	12,412
Income tax expense	**(10,023)**	(4,756)	(4,571)	(1,922)	(2,106)
Profit for the year	**45,171**	23,305	4,216	9,055	10,306

As at 31 March 2014, 2015, 2016, 2017 and 2018

ASSETS AND LIABILITIES

	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total Assets	**199,942**	146,858	72,008	33,680	33,412
Total Liabilities	**(58,693)**	(52,528)	(46,257)	(12,145)	(13,187)
Net Assets	**141,249**	94,330	25,751	21,535	20,225