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YesAsia Holdings Limited

喆麗控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2209)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The board (the “**Board**”) of directors (“**Directors**” and each a “**Director**”) of YesAsia Holdings Limited (the “**Company**”, “**we**” or “**us**”) is pleased to announce the audited consolidated annual results (“**Annual Results**”) of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021 (the “**Reporting Year**”) with the audited consolidated comparative figures for the year ended 31 December 2020 (the “**Prior Year**”).

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change (%)
	2021 <i>US\$'000</i>	2020 (Audited) <i>US\$'000</i>	
Revenue	162,018	173,319	-6.5%
Gross profit	55,618	61,871	-10.1%
Gross profit margin ⁽¹⁾	34.3%	35.7%	-1.4 Percentage points
(Loss)/profit for the year	(2,065)	11,220	-118.4%
Adjusted (loss)/profit for the year ⁽²⁾	(343)	10,190	-103.4%
Proposed final dividend	5 HK cents	N/A	

Note:

- (1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.
- (2) Adjusted loss/profit is the loss/profit for the period excluding government subsidies and listing expenses.

E-commerce Platforms⁽¹⁾	Year ended 31 December		
	2021	2020	2019
Number of E-commerce platforms customers ⁽²⁾ (Million)	1.26	1.39	0.94
Average order size ⁽³⁾ (US\$)	\$73.6	\$72.8	\$61.4
Acquisition cost per new customer ⁽⁴⁾ (US\$)	\$11.0	\$7.1	\$7.9
Revenue generated by fashion and lifestyle products (US\$ Million)	\$82.4	\$84.2	\$51.9
Revenue generated by beauty products (US\$ Million)	\$73.1	\$79.0	\$50.9
Revenue generated by entertainment products on E-commerce platform (US\$ Million)	\$5.3	\$5.2	\$5.7
Return rate (YesStyle)	1.1%	1.1%	1.1%
Return rate (AsianBeautyWholesale)	0.5%	0.4%	0.3%
Return rate (YesAsia)	0.2%	0.3%	0.3%

Note:

- (1) Includes *www.YesStyle.com* (“**YesStyle**”) (website and mobile app), *www.AsianBeautyWholesale.com* (“**AsianBeautyWholesale**”) (website) and *www.YesAsia.com* (“**YesAsia**”) (website).
- (2) A person is considered as customer on our E-commerce platform during a reporting period if the first invoice of his/her/its order has been issued within the reporting period. A person who made his/her/its purchases on different E-commerce platforms is accounted as a separate E-commerce customer of each E-commerce platform and any anonymous person can register multiple accounts on each of the E-commerce platforms and be counted as multiple E-commerce customers.
- (3) The average order size is equal to the total order amount divided by the number of orders (excluding canceled orders). Total order amount represents the amount paid by our customers for the value of products purchased, and before indirect tax payment, effects on foreign exchange, post-sale order refund and adjustments, and other accounting adjustments.
- (4) This represents marketing and promotion fees per new customer across all E-commerce platforms of the Group. A new customer is a customer if the first invoice of his/her/its first ever order has been issued within the reporting period. A guest visitor who made his/her purchase during different reporting periods without specific customer identification data is counted as a new customer for each of the reporting periods.

YesStyle Platforms	Year ended 31 December		
	2021	2020	2019
Number of YesStyle Mobile App downloads for the year (Includes iOS and Android)	1,497,000	1,706,000	1,178,000
Influencer Program expenses (US\$ Million)	\$3.4	\$2.2	\$1.7
Revenue generated by the YesStyle Mobile App (US\$ Million)	\$53.4	\$48.3	\$27.3
Revenue generated from referrals by influencers (US\$ Million)	\$27.1	\$22.1	\$5.5

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2021

	Notes	2021	2020
		<i>US\$'000</i>	(Audited) <i>US\$'000</i>
REVENUE	4	162,018	173,319
Cost of sales		(106,400)	(111,448)
Gross profit		55,618	61,871
Other income and other gains and losses	5	508	3,150
Selling expenses		(24,292)	(21,563)
Administrative expenses		(33,330)	(29,704)
Reversal of impairment losses for trade receivables		4	10
Fair value gain on financial assets at fair value through profit or loss (“FVTPL”)		152	10
(LOSS)/PROFIT FROM OPERATIONS		(1,340)	13,774
Finance costs		(393)	(336)
(Loss)/profit before tax		(1,733)	13,438
Income tax expense	7	(332)	(2,218)
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	8	(2,065)	11,220
OTHER COMPREHENSIVE INCOME: <i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(172)	144
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(172)	144
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		(2,237)	11,364
(LOSS)/EARNINGS PER SHARE	10		
Basic (cents per share)		(0.74)	6.75
Diluted (cents per share)		(0.74)	2.98

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 <i>US\$'000</i>	2020 (Audited) <i>US\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,732	2,628
Right-of-use assets		11,945	13,540
Financial assets at FVTPL		2,242	784
Prepayment, deposits and other receivables	13	763	1,250
Total non-current assets		17,682	18,202
CURRENT ASSETS			
Inventories		7,593	8,364
Trade receivables	12	1,821	2,549
Prepayments, deposits and other receivables	13	3,919	3,309
Current tax assets		404	24
Pledged bank deposits		2,003	2,445
Bank and cash balances		36,465	28,484
Total current assets		52,205	45,175
CURRENT LIABILITIES			
Trade and other payables and accruals	14	9,668	14,889
Contract liabilities	15	9,303	8,436
Provisions		875	718
Lease liabilities	16	3,626	3,758
Bank borrowing	17	–	493
Current tax liabilities		608	1,904
Total current liabilities		24,080	30,198
NET CURRENT ASSETS		28,125	14,977
TOTAL ASSETS LESS CURRENT LIABILITIES		45,807	33,179
NON-CURRENT LIABILITIES			
Provisions		388	503
Lease liabilities	16	9,132	10,222
Total non-current liabilities		9,520	10,725
NET ASSETS		36,287	22,454
CAPITAL AND RESERVES			
Share capital		20,482	2,310
Reserves		15,805	20,144
TOTAL EQUITY		36,287	22,454

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and with the requirement of the Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

2. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the financial statements:

Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Except as described below, the application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

Amendment to HKFRS 16, COVID-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“**COVID-19 Related Rent Concessions**”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b) any reduction in lease payments affects only payments due on or before 30 June 2021; and (c) there is no substantive change to other terms and conditions of the lease.

The amendments do not have an impact on these consolidated financial statements as the Group did not obtain any rent concessions during the year.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“**IBOR reform**”).

The amendments do not have an impact on these consolidated financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

2. ADOPTION OF NEW AND REVISED HKFRSs (CONTINUED)

(b) New and revised HKFRSs in issue but not yet effective

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2021. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 16 Lease – COVID-19-Related Rent Concessions	1 April 2021
Amendments to HKFRS 3 Business Combination – Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. FAIR VALUE MEASUREMENTS

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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Disclosures of level in fair value hierarchy:

Description	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	2021
	US\$'000	US\$'000	US\$'000	US\$'000

Recurring fair value measurements:

Financial assets at FVTPL

Investment in a life insurance policy	–	808	–	808
An equity security listed in Hong Kong	1,434	–	–	1,434
	<u>1,434</u>	<u>808</u>	<u>–</u>	<u>2,242</u>

Description	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	2020
	US\$'000	US\$'000	US\$'000	(Audited) US\$'000

Recurring fair value measurements:

Financial assets at FVTPL

Investment in a life insurance policy	–	784	–	784
	<u>–</u>	<u>784</u>	<u>–</u>	<u>784</u>

The fair value of investment in life insurance policies is determined by reference to the Cash Surrender Value as provided by the insurance company.

4. REVENUE

Disaggregation of revenue from contracts with customers by business and the timing of revenue recognition for the year are as follow:

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
Sales of merchandise, recognised at point in time	147,353	156,508
Shipping revenue recognised over time	14,663	16,807
Consignment sales recognised at point of time	<u>2</u>	<u>4</u>
	<u>162,018</u>	<u>173,319</u>

5. OTHER INCOME AND OTHER GAINS AND LOSSES

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
Cash rebate/incentive income	439	38
Gains on remeasurement upon lease modification	6	30
Gain on disposal of right-of-use assets	14	–
Government subsidies income (<i>Note</i>)	–	3,139
Interest income from:		
Bank deposits	14	18
Financial assets at FVTPL	–	13
	14	31
Income from forfeiture marketing coupon	15	–
Losses on disposal of property, plant and equipment	–	(103)
Reversal of provision on reinstatement costs	–	10
Sundry income	<u>20</u>	<u>5</u>
	<u>508</u>	<u>3,150</u>

Note: For the year ended 31 December 2020, the amounts mainly represented the subsidy income from the Employment Support Scheme launched by the Hong Kong SAR Government.

6. SEGMENT INFORMATION

Information reported to the Chief Executive Officer (“CEO”) of the Group, being the chief operating decision maker (“CODM”) for the purpose of resource allocation and assessment of segment performance focuses on types of goods delivered, or service provided. The 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.

The Group has two operating segments as follows:

Fashion & lifestyle and beauty products	–	Trading of fashion wears, lifestyle products and beauty products to consumer
Entertainment products	–	Trading of entertainment products to consumer

No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

The accounting policies of the operating segments are the same as the Group’s accounting policies in the consolidated financial statement. Segment results do not include unallocated administrative expenses, other income, other gains and losses, finance costs that are not directly attributable to segments and income tax expense.

Information about operating segment results, assets and liabilities

	Fashion & lifestyle and beauty products <i>US\$’000</i>	Entertainment products <i>US\$’000</i>	Unallocated <i>US\$’000</i>	Total <i>US\$’000</i>
Year ended 31 December 2021				
Revenue from external customers	155,496	6,522	–	162,018
Segment results	7,227	(127)	(9,165)	(2,065)
Depreciation of property, plant and equipment	1,303	25	146	1,474
Depreciation of right-of-use assets	3,888	188	438	4,514
Reversal of impairment losses for trade receivables	(4)	–*	–	(4)
Reversal of allowance for inventories	(90)	(8)	–	(98)
Additions to segment non-current assets	4,162	82	470	4,714

6. SEGMENT INFORMATION (CONTINUED)

	Fashion & lifestyle and beauty products <i>US\$'000</i>	Entertainment products <i>US\$'000</i>	Unallocated <i>US\$'000</i>	Total <i>US\$'000</i>
Year ended 31 December 2020				
Revenue from external customers	163,195	10,124	–	173,319
Segment results	19,196	80	(8,056)	11,220
Depreciation of property, plant and equipment	773	12	86	871
Depreciation of right-of-use assets	2,954	159	331	3,444
Reversal of impairment losses for trade receivables	(9)	(1)	–	(10)
Allowance/(reversal of allowance) for inventories	2	(4)	–	(2)
Additions to segment non-current assets	15,547	689	1,770	18,006

Reconciliations of segment profit or loss:

	2021 <i>US\$'000</i>	2020 (Audited) <i>US\$'000</i>
Revenue		
Total revenue of reportable segments	162,018	173,319
Segment results		
Total segment results of reportable segments	7,100	19,276
Unallocated amounts:		
Unallocated income	493	3,150
Unallocated corporate expenses	(9,658)	(11,206)
(Loss)/profit for the year attributable to the owners of the Company	(2,065)	11,220

* *Less than US\$1,000*

6. SEGMENT INFORMATION (CONTINUED)

Geographical information:

The Group's revenue from external customers by port of destinations and information about its non-current assets by location of assets are detailed below:

Revenue

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
United States	77,881	72,693
European countries		
France	11,878	14,441
Germany	10,316	9,817
Spain	2,665	3,270
Italy	2,957	2,190
Netherlands	3,593	3,040
Sweden	1,192	1,423
Other EU Countries (<i>Note 1</i>)	7,603	8,501
United Kingdom	9,821	14,674
Australia	11,493	12,074
Canada	8,305	10,934
Japan	1,860	5,538
Hong Kong	3,186	3,464
New Zealand	1,142	1,331
Singapore	711	1,179
Others (<i>Note 2</i>)	7,415	8,750
	<hr/>	<hr/>
Consolidated Total	162,018	173,319
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Note 1: Other EU countries include sales to EU countries that individually contributed less than 2% of our total revenue for the year ended 31 December 2021 and 2020.

Note 2: Others include sales to countries that individually contributed less than 1% of our total revenue for the year ended 31 December 2021 and 2020.

99.6% and 98.1% of the Group's non-current assets are located in Hong Kong as at 31 December 2021 and 2020 respectively.

Revenue about major customers

No revenue from a single customer of the Group contributed over 10% of the total revenue of the Group during the years ended 31 December 2021 and 2020.

7. INCOME TAX EXPENSE

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
Current tax - Hong Kong Profits Tax		
Provision for the year	277	1,967
Under-provision in current year	(7)	(14)
Over-provision in prior years	(3)	(17)
	267	1,936
Current tax - Overseas corporate income tax		
Provision for the year	99	229
(Under)/over-provision in current year	(9)	37
(Over)/under-provision in prior years	(25)	16
	65	282
	332	2,218

For the year ended 31 December 2021 and 2020, Hong Kong Profits Tax has been provided at 16.5% (2020: 16.5%) based on the estimated assessable profit for the year ended 31 December 2021, except for the Company of the Group which is a qualifying corporation under the two-tiered profits tax rates regime.

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25% and profits above that amount will be subject to the tax rate of 16.5%.

YesAsia.com (Korea) Limited (“YAKR”) is subject to Korean Corporate Income Tax which comprised national and local taxes (collectively “**Korean Corporate Income Tax**”). Korean Corporate Income Tax is charged at the progressive rate from 11% to 24.2% on the estimated assessable profit during the year. The Korean Corporate Income Tax rates applicable to YAKR was 11% based on the estimated assessable profits during the year.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

8. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging/(crediting) the following:

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
Auditor's remuneration	155	178
Cost of inventories sold	61,845	67,391
Depreciation		
– Property, plant and equipment	1,474	871
– Right-of-use assets	4,514	3,444
	5,988	4,315
Foreign exchange losses, net	1,343	1,304
Fair value losses on derivative financial instrument at FVTPL (<i>Note (i)</i>)	–	108
Listing expenses	1,722	2,109
Operating lease charges		
– leased properties	216	19
– leased equipment	41	10
	257	29
Allowance for inventories	803	200
Reversal of allowance for inventories (<i>Note (ii)</i>)	(901)	(202)
Reversal of allowance for inventories, net (included in cost of inventories sold)	(98)	(2)
	<u> </u>	<u> </u>

Note:

- (i) Represent fair value losses on foreign exchange forward contracts.
- (ii) The reversal of allowance for inventories for both years was mainly resulted from the utilisation of the inventories of which allowance had previously been provided.

9. DIVIDENDS

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
Interim dividend of US\$0.0064 (equivalent to HK\$0.05) (2020: nil) per ordinary share	<u>2,555</u>	<u>–</u>

A final dividend of HK5.0 cents per share for the year ended 31 December 2021 was recommended by the Board at a Board meeting held on 24 March 2022. Such recommended final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. This recommended final dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2022 after the approval at the forthcoming annual general meeting.

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following:

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company	<u>(2,605)</u>	<u>11,220</u>
	'000	'000 (Audited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share (Note)	277,355	166,321
Effect of dilutive potential ordinary shares arising from share options issued by the Company	4,331	31,502
Effect of dilutive potential ordinary shares arising from convertible preferred shares	<u>91,127</u>	<u>179,062</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share (Note)	<u>372,813</u>	<u>376,885</u>

The effects of potential ordinary shares are anti-dilutive for the year ended 31 December 2021.

Note: On 9 June 2021, the Company underwent a share subdivision whereby each issued and unissued share in the Company's share capital shall be subdivided into 10 shares.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>US\$'000</i>	Furniture and fixtures <i>US\$'000</i>	Computer software and equipment <i>US\$'000</i>	Motor vehicles <i>US\$'000</i>	Total <i>US\$'000</i>
Cost					
At 1 January 2020	896	446	2,802	–	4,144
Additions	1,229	300	815	–	2,344
Disposals/write off	(464)	(69)	(157)	–	(690)
Exchange differences	1	1	5	–	7
At 31 December 2020 and 1 January 2021	1,662	678	3,465	–	5,805
Additions	478	537	495	70	1,580
Exchange differences	(2)	(1)	(8)	–	(11)
At 31 December 2021	2,138	1,214	3,952	70	7,374
Accumulated depreciation					
At 1 January 2020	672	167	2,039	–	2,878
Charge for the year	370	107	394	–	871
Disposals/write off	(417)	(27)	(134)	–	(578)
Exchange differences	1	1	4	–	6
At 31 December 2020 and 1 January 2021	626	248	2,303	–	3,177
Charge for the year	767	200	497	10	1,474
Exchange differences	(2)	(1)	(6)	–	(9)
At 31 December 2021	1,391	447	2,794	10	4,642
Carrying amount					
At 31 December 2021	747	767	1,158	60	2,732
At 31 December 2020	1,036	430	1,162	–	2,628

12. TRADE RECEIVABLES

The Group's turnover comprises mainly e-commerce sales and offline wholesale of products. No credit terms have been granted to e-commerce sales and certain offline wholesales are granted credit terms ranging from 0–90 days.

The balance of trade receivables represents the outstanding amounts receivable from the payment gateway companies who involved to process the customers' e-commerce transactions and offline wholesale customers. No default of settlement is expected by reference to past experience.

The aging analysis of trade receivables, based on the revenue recognition date at the end of each reporting period and net of allowance, is as follows:

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
0 to 30 days	1,793	2,542
31 to 60 days	9	3
61 to 90 days	12	1
over 90 days	7	3
	<hr/>	<hr/>
	1,821	2,549
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13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
Prepayments		
Prepayment to suppliers	1,428	981
Prepaid rental	31	113
Prepaid listing expenses	–	219
Prepaid administrative expenses	638	764
	<u>2,097</u>	<u>2,077</u>
Deposits		
Rental deposits	1,340	1,305
Trade deposits	248	287
Utilities deposits	160	104
	<u>1,748</u>	<u>1,696</u>
Other receivables		
Export tax refundable	555	783
Others	282	3
	<u>837</u>	<u>786</u>
	<u><u>4,682</u></u>	<u><u>4,559</u></u>
Analysed as:		
Current assets	3,919	3,309
Non-current assets	763	1,250
	<u><u>4,682</u></u>	<u><u>4,559</u></u>

14. TRADE AND OTHER PAYABLES AND ACCRUALS

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
Trade payables	5,329	8,543
Other payables		
Indirect tax payables	2,610	1,753
Dividend payable	168	–
	<u>2,778</u>	<u>1,753</u>
Accruals		
Accrued listing expenses	–	1,020
Accrued staff costs	313	1,904
Accrued selling expenses	659	957
Accrued administrative expenses	589	712
	<u>1,561</u>	<u>4,593</u>
	<u>9,668</u>	<u>14,889</u>

The aging analysis of the Group's trade payables, based on the invoice date, is as follows:

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
0 to 30 days	5,083	7,523
31 to 60 days	226	993
61 to 90 days	4	24
Over 90 days	16	3
	<u>5,329</u>	<u>8,543</u>

15. CONTRACT LIABILITIES

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
Advance payments from customers	8,410	8,436
Deferred revenue for customer loyalty programme	893	–
	<u>9,303</u>	<u>8,436</u>

Contract liabilities in respect of advance payments from customers mainly involve the sales of merchandise and shipping revenue.

Contract liabilities in respect of deferred revenue for loyalty programme are the relevant portion of transaction price allocated to the memberships based on the relative stand-alone selling price.

There were no significant changes in the contract liabilities balances during the year ended 31 December 2021.

16. LEASE LIABILITIES

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
Leased properties	12,442	13,768
Office equipment	316	205
Motor vehicle	–	7
	<u>12,758</u>	<u>13,980</u>

16. LEASE LIABILITIES (CONTINUED)

	Minimum lease payments		Present value of minimum lease payments	
	2021 <i>US\$'000</i>	2020 (Audited) <i>US\$'000</i>	2021 <i>US\$'000</i>	2020 (Audited) <i>US\$'000</i>
Within one year	3,903	4,082	3,626	3,758
In the second year	3,424	3,349	3,232	3,128
In the third to fifth year, inclusive	6,047	5,281	5,900	5,050
Over five years	<u>–</u>	<u>2,072</u>	<u>–</u>	<u>2,044</u>
	13,374	14,784	12,758	13,980
Less: Future finance charges	<u>(616)</u>	<u>(804)</u>	<u>N/A</u>	<u>N/A</u>
Present value of lease obligations	<u>12,758</u>	<u>13,980</u>	<u>12,758</u>	<u>13,980</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)			<u>(3,626)</u>	<u>(3,758)</u>
Amount due for settlement after 12 months			<u>9,132</u>	<u>10,222</u>

17. BANK BORROWING

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
Bank loan	—	493
	<u> </u>	<u> </u>

The bank borrowing is repayable as follows:

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
Within one year	—	131
More than one year, but not exceeding two years	—	134
More than two years, but not more than five years	—	228
	<u> </u>	<u> </u>
	—	493
Portion of bank loans that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities)	—	(493)
	<u> </u>	<u> </u>
Amount due for settlement after 12 months	—	—
	<u> </u>	<u> </u>

The carrying amount of the Group's bank borrowing as at 31 December 2020 is denominated in US\$.

17. BANK BORROWING (CONTINUED)

The interest rate of the Group's borrowing was as follows:

	2021	2020
	%	(Audited) %
Bank loan	—	1.65

Bank loan as at 31 December 2020 is arranged at one month LIBOR plus 1.5% per annum, thus exposing the Group to cash flow interest rate risk, and is secured by legal charge on life insurance policy, pledged bank deposits, corporate guarantee provided by the Company and personal guarantee executed by a director of the Company.

The bank loan as at 31 December 2020 has been fully repaid on 9 February 2021 and all pledged assets and guarantee executed as mentioned above have been fully released in March 2021.

18. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with its related parties during year:

	2021	2020
	US\$'000	(Audited) US\$'000
Customer relationship management and contact centre service fees to HKT Teleservices International Limited (“HKT”) (Note i)	(443)	(367)
Return merchandise authorisation service fee to Ms. Chu Po King (Note ii)	(2)	(2)

Notes:

- (i) HKT is a fellow subsidiary of a shareholder of the Company.
 - (ii) Ms. Chu Po King is a sister of a director and shareholder of the Company.
- (b) The Company received management fees of US\$11,900,000 during the year ended 31 December 2021 (2020: US\$9,288,000) from its subsidiaries.
- (c) The Company paid management fee of US\$42,000 during the year ended 31 December 2021 (2020: US\$18,000) to a subsidiary.

19. CONTINGENT LIABILITIES

At 31 December 2021 and 2020, contingent liabilities not provided for in the consolidated financial statements were as follows:

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
Guarantees given to banks for:		
– a payment gateway company	25	25
– a supplier located in Korea	–	55
	<u>25</u>	<u>80</u>

The letter of guarantees issued by banks were secured by pledged bank deposits.

Apart from above, the Group and the Company do not have other material contingent liabilities as at 31 December 2021 and 2020.

20. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the year but not yet incurred are as follows:

	2021	2020
	<i>US\$'000</i>	(Audited) <i>US\$'000</i>
Property, plant and equipment	13	72

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

Customer acquisition and retention

Successfully launched the CRM System

Customer loyalty is key to our business. The number of YesStyle loyalty program members increased to approximately 6.4 million as of 31 December 2021, representing an increase of approximately 2.3 million during the Reporting Year. With the enormous number of members using our E-commerce platforms, we needed to employ a more flexible and reliable marketing platform to manage our marketing campaigns, improve campaign performance, and collect customer behavioural data in real-time. We launched our customer relationship management (“CRM”) system in October 2021 with the aim of growing our retention revenue in the coming years.

Successfully launched the YesStyle Student Program

We launched our YesStyle Student Program in December 2021. With this program, we target students and Generation Z around the globe as one of our most important customer groups for YesStyle: We tailored our services to better reflect their needs and expectations, and the YesStyle Student Program also supports student organisations, clubs and sororities in sharing its benefits to their respective members. Students get a free upgrade to YesStyle’s Silver Membership and are entitled to an exclusive 15% welcome discount for their first order on top of other benefits. By the end of February 2022, over 12,000 students registered for the YesStyle Student Program.

YesStyle Influencer Program

We continued our influencer marketing expansion plan. During the Reporting Year, we successfully rolled out various campaign formats, including the launch of Influencers-Referring-Influencers, the introduction of brand reviews and, the extension to TikTok. On top of YouTube, Instagram and TikTok, Pinterest and Twitter were added to our Influencer Program. The number of influencers grew to approximately 217,000 as of 31 December 2021, representing an increase of approximately 127,000 or 139.2% since the beginning of the Reporting Year. Revenue generated from referrals by influencers during the Reporting Year reached approximately US\$27.1 million (2020: US\$22.1 million), representing a growth of approximately 22.6%.

YesStyle additional language websites

In August 2021, we launched the Italian language version of the YesStyle website and Mobile App as part of our wider plan to grow our European business. Since the launch, we have procured approximately 5,300 new customers from Italy. The Group also launched the Dutch version of the YesStyle website in February 2022. The Group planned to further expand its penetration into Europe to diversify its market and customer base. Together with German, French, Spanish, Italian and Dutch version of the YesStyle websites, the Group will continue the development of the European market to increase more market share.

Products

Brand new eco-friendly themed YesStyle private label

With the rise of demand for eco-friendly products and trend in customers' environmental awareness, YesStyle launched the first collection of its own private label "YS by YesStyle" during the Reporting Year under the product group "Western Fashion". The brand offers quality fashion using eco-friendly materials, such as organic cotton and recycled polyester, and materials meeting the Global Recycled Standard (GRS) or the Global Organic Textile Standard (GOTS). The new YesStyle private label will supplement the existing product portfolio and distribution strategy to provide a new product line and is expected to capture greater market share and contribute to our business growth in the long run. The Western Fashion product group contributed revenue of approximately US\$10.9 million (2020: US\$3.8 million) during the Reporting Year, representing an increase of approximately 186.8%.

Introduction of new Korean beauty brands

The Group continues to introduce more Korean beauty brands to offer greater product variety. During the Reporting Year, the Group signed up 81 new Korean beauty brands. The Group was appointed as an authorised global distributor (excluding Japan and Hong Kong) of Etude Corporation, one of the prominent brands of Korean cosmetics products.

As at the date of this report, the number of products YesStyle offers is over 6.6 million stock keeping units, with over 11,000 trendy and fashionable products launched daily sourced from more than 19,000 suppliers.

Hot "MIRROR" Blu-ray release

The concert Blu-ray of popular Hong Kong boy band, "MIRROR" was made available for pre-order on YesAsia.com. The number of customers who pre-ordered the product far exceeded our expectation. The orders will be fulfilled in the first half of 2022 and revenue will be recognised upon fulfillment.

Logistics

Strategic partnership with CN Logistics

On 29 November 2021, we entered into a memorandum of understanding with CN Logistics International Holdings Limited (a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2130)) ("**CN Logistics**"), pursuant to which CN Logistics would offer logistics services for the Group's delivery of products to the United States of America, Europe and other overseas markets at rates that are expected to be at least 10% lower than the best available quotations from other independent service providers received and maintained by the Group on a regular basis. We believe this cooperation will enable us to offer more shipping options to our customers and to drive more traffic to the online platforms maintained by the Group.

Moving into AI Robotic Warehouse

The Group started the planning of smart warehousing with artificial intelligence, robotics and automation technology (“**AI Robotic Warehouse**”) during the Reporting Year. We have identified a warehouse at Goodman Interlink ideal for our AI Robotic Warehouse. With reference to the Company’s announcement dated 31 January 2022, YA Logistics Limited, a wholly owned subsidiary of the Company, entered into a lease agreement for a warehouse at Goodman Interlink with approximately 137,525 square feet (the “**Goodman Warehouse**”). In February 2022, the Company also entered into a contract with Geek Plus International Company Limited, a company incorporated and existing under the laws of Hong Kong, for solutions to establish an AI Robotic Warehouse with the expectation of saving labour costs and increasing the Group’s fulfilment capacity to cope with the future growth of our online businesses. The AI Robotic Warehouse is expected to start operating in the third quarter of 2022.

Outlook

Although uncertainty is still high towards recovery of the global economy, the trend of E-commerce is also enduring and evolving. The growth of the E-commerce market has also brought competition to the retail market at an increasingly high level and, the disruptions of logistics networks and the supply chain due to the COVID-19 pandemic is expected to continue for a while. Coupled with rising labour costs and fuel charges, freight rates is expected to remain high and may not return to pre-pandemic level soon.

In response to these challenges, the Group will first focus on cost savings and efficiency enhancement, including the aforementioned strategic partnership with CN Logistics, and the setup of the AI Robotic Warehouse. We will also focus on attracting new customers on a more cost-effective basis through our innovative marketing programs, such as the YesStyle Influencer Program, and the newly launched YesStyle Student Program. We will also strive to increase the revenue to be generated from our existing 6.4 million YesStyle members through the new CRM system. Leveraging the Group’s experience in E-commerce fulfilment to provide a new driver of business and revenue to the Group, the Group has started the offering of logistics and fulfilment services for the E-commerce industry in March 2022.

We are also exploring new opportunities, such as the resurgence of the Hong Kong music products market, as evidenced by the success of the MIRROR concert Blu-ray product. YesAsia platform has been a pioneer in offering Asian entertainment products online since its launch in 1998 and is well positioned to capitalise on this surging demand for Hong Kong music products especially during the prolonged COVID-19 situation in Hong Kong.

FINANCIAL OVERVIEW

REVENUE

Our revenue decreased by approximately US\$11.3 million or 6.5% from approximately US\$173.3 million during the year ended 31 December 2020 to approximately US\$162.0 million during the year ended 31 December 2021. The decrease in Group revenue was primarily attributable to (i) an unanticipated diversion of customer online spending to offline consumptions after the easing of lockdown measures in European countries such as United Kingdom and France since the third quarter of 2021, which has contributed to a decrease in the Group's revenue of approximately US\$7.3 million during the Reporting Year; and (ii) the decrease of bulk purchase orders for the Group's offline business-to-business sales of entertainment products by approximately US\$3.7 million from approximately US\$4.9 million during the year ended 31 December 2020 to approximately US\$1.2 million during the year ended 31 December 2021.

Revenue by Segment

The following tables sets forth the breakdown of our revenue by business segments:

	Year ended 31 December			
	2021		2020	
	US\$'000	(%)	(Audited) US\$'000	(%)
Fashion & lifestyle and beauty products				
– <i>YesStyle</i> Platforms	148,840	91.9	157,004	90.6
– <i>AsianBeautyWholesale</i>	6,655	4.1	6,191	3.6
	155,495	96.0	163,195	94.2
Entertainment products				
– <i>YesAsia</i> Platforms	5,295	3.3	5,231	3.0
– Offline wholesale	1,228	0.7	4,893	2.8
	6,523	4.0	10,124	5.8
Total	162,018	100.0	173,319	100.0

COST OF SALES

Cost of sales of the Group during year ended 31 December 2021 was approximately US\$106.4 million, representing a decrease of approximately US\$5.0 million or 4.5%, as compared to approximately US\$111.4 million during the year ended 31 December 2020.

	Year ended 31 December			
	2021		2020	
	US\$'000	(%)	(Audited) US\$'000	(%)
Product costs	61,849	58.1	67,391	60.5
Freight charges	43,197	40.6	42,717	38.3
Packing materials	1,354	1.3	1,340	1.2
Total	106,400	100.0	111,448	100.0

GROSS PROFIT AND GROSS MARGIN

Gross profit of the Group during year ended 31 December 2021 was approximately US\$55.6 million, representing a decrease of approximately US\$6.3 million or 10.1% as compared to approximately US\$61.9 million for the year ended 31 December 2020. The gross profit margin decreased by approximately 1.4 percentage points to approximately 34.3% (year ended 31 December 2020: 35.7%).

The following table sets forth the breakdown of our gross profit by business segments:

	Year ended 31 December			
	2021		2020	
	Gross Profit Margin	(Audited) Gross Profit Margin	US\$'000	(%)
	US\$'000	(%)	US\$'000	(%)
Fashion & lifestyle and beauty products				
– YesStyle Platforms	48,778	87.7	58,551	90.6
– AsianBeautyWholesale	1,302	2.4	1,464	3.6
	50,080	90.1	60,015	94.2
Entertainment products				
– YesAsia Platforms	5,191	9.3	1,193	3.0
– Offline wholesale	347	0.6	663	2.8
	5,538	9.9	1,856	5.8
Total	55,618	100.0	61,871	100.0

OTHER INCOME AND OTHER GAINS AND LOSSES

Our other income and other gains decreased by approximately US\$ 2.6 million or 83.9% from approximately US\$3.2 million during the year ended 31 December 2020 to approximately US\$0.5 million during the year ended 31 December 2021. The decrease was primarily attributable to the decrease in government subsidies income of approximately US\$3.1 million, which was partially offset by the increase in credit card rebate reward of approximately US\$0.4 million.

SELLING EXPENSES

The Group's selling expenses for the year ended 31 December 2021 were approximately US\$24.3 million (2020: US\$21.6 million), representing an increase of approximately US\$ 2.7 million or 12.7% as compared to that for the corresponding period in 2020. Such increase was mainly due to (i) the increase in marketing and promotion fees by US\$ 1.6 million to approximately US\$8.7 million (2020: US\$7.1 million) as a result of the increase in localized marketing campaigns of approximately US\$0.4 million and the increase in key opinion leader (“KOL”) and influencer expenses of approximately US\$1.1 million attributable to the increase in the number of KOLs and influencers from approximately 91,000 for the year ended 31 December 2020 to approximately 218,000 for the year ended 31 December 2021; (ii), the increase in warehouse wages by approximately US\$ 0.7 million to approximately US\$4.7 million (2020: US\$4.0 million) and (iii) the increase in IT networking fee by approximately US\$ 0.6 million to approximately US\$1.2 million (2020: US\$0.6 million) incurred for the Reporting Year as a result of the cloud migration and enhancing IT security infrastructure of the Group during the Reporting Year.

	Year ended 31 December			
	2021		2020	
	US\$'000	(%)	(Audited) US\$'000	(%)
Marketing and promotion fees	8,669	35.7	7,124	33.0
Outsourced warehouse labor charges	4,282	17.6	4,239	19.7
Warehouse wages	4,675	19.2	3,952	18.3
Payment gateway charges	4,024	16.6	3,863	17.9
Custom duties	768	3.2	1,328	6.2
IT networking fee	1,176	4.8	630	2.9
Web content and translation fee	698	2.9	427	2.0
Total	24,292	100.0	21,563	100.0

ADMINISTRATIVE EXPENSES

The Group's administrative expenses for the year ended 31 December 2021 were approximately US\$33.3 million (2020: US\$29.7 million), representing an increase by approximately US\$3.6 million or 12.2% as compared to that of the corresponding period in 2020. The increase was mainly due to the increase in staff costs of approximately US\$2.7 million and depreciation of property, plant and equipment and the right-of-use assets of US\$1.7 million incurred in the Reporting Year as a result of the leasing of additional warehouse and office space and the increase in capital expenditures for logistics and IT enhancement.

	Year ended 31 December			
	2021		2020	
	US\$'000	(%)	(Audited) US\$'000	(%)
Staff costs	19,222	57.7	16,497	55.5
Depreciation of right-of-use assets	4,514	13.5	3,444	11.6
Legal and professional fees	1,518	4.6	1,867	6.3
Exchange (gains)/losses. Net	1,343	4.0	1,304	4.4
Listing expenses	1,722	5.2	2,109	7.1
Depreciation of property, plant and equipment	1,474	4.4	871	2.9
Rates and management fee	781	2.3	757	2.5
Utilities expenses	993	3.0	761	2.6
Directors' remuneration	601	1.8	611	2.1
Staff training and recruitment expenses	221	0.7	166	0.6
Auditor's remuneration	155	0.5	178	0.6
Operating lease charges	257	0.8	29	0.1
Others	529	1.5	1,110	3.7
	33,330	100.0	29,704	100.0

FINANCE COSTS

The Group's finance costs for the Reporting Year were approximately US\$0.4 million (2020: US\$0.3 million), representing an increase of approximately 17.0% as compared to that of the corresponding period in 2020, reflecting an increase in lease interest for new office space leased during the Reporting Year.

INCOME TAX EXPENSES

Income tax expense for the Reporting Year was approximately US\$0.3 million (2020: US\$2.2 million), representing a decrease of approximately US\$1.9 million or 85% as compared to that of the corresponding period in 2020. The decrease was mainly due to the lower operating profit during the year ended 31 December 2021. The overall effective tax rate of the Group was 19.2% (2020: 16.5%). The higher effective tax rate for the Reporting Year was mainly due to the one-off listing expenses and the increase in equity-settled share-based payments, which was non-deductible for tax purpose.

(LOSS)/PROFIT FOR THE YEAR

As a result of the foregoing, the Group recorded a net loss of approximately US\$2.1 million for the Reporting Year as compared with the net profit of approximately US\$11.2 million for the corresponding period in 2020. The decrease was mainly attributable to (i) the decrease in gross profits by approximately US\$6.3 million on a year-on-year basis; (ii) the increase in staff costs under administrative expenses by approximately US\$2.7 million; and (iii) the absence of Government subsidies income of approximately US\$3.1 million received in the Prior Year.

ADJUSTED (LOSS)/PROFIT FOR THE YEAR

Adjusted (loss)/profit is defined as (loss)/profit excluding the impacts of one-off or non-recurring item(s). The Company believes that separate analysis, excluding the impact of such items, adds clarification to the underlying results of the Group and provides useful data for investors to assess the operating performance of the Group's business across reporting periods. This is an unaudited non-HKFRS financial measures which may be defined differently from similar terms used by other companies.

The following table sets forth the adjusted (loss)/profit excluding listing expenses and government subsidies income during 2021 and 2020:

	Year ended 31 December	
	2021	2020
	US\$'000	(Audited) US\$'000
(Loss)/profit for the year	(2,065)	11,220
Adjustments:		
Add: Listing expenses	1,722	2,109
Less: Government subsidies income	—	(3,139)
Adjusted (loss)/profit for the year	(343)	10,190

CAPITAL EXPENDITURE

During the Reporting Year, the Group acquired plant and equipment of approximately US\$1.6 million (2020: US\$2.3 million). The decrease of approximately US\$0.7 million was mainly attributable to the Group's cost saving objective.

LIQUIDITY CAPITAL STRUCTURE AND CAPITAL RESOURCES

Our principal source of liquidity was cash from operations and the proceeds from the Listing and the Hong Kong Public Offering and the International Offering of the Company (“**Global Offering**”). As of 31 December 2021, the Group's bank and cash balances amounted to approximately US\$36.5 million (2020: US\$28.5 million), which were mainly denominated in US Dollar, Hong Kong Dollar, Korean Won, British Pound Sterling, Japanese Yen, Euro and Renminbi.

The bank and cash balance increased by approximately US\$8.0 million during the year ended 31 December 2021 which was attributable to bank deposits with original maturity beyond three months of approximately US\$ 7.4 million, the net cash inflow from operating activities of approximately US\$0.2 million, net cash outflow from investing activities of approximately US\$10.0 million, net cash inflow from financing activities of approximately US\$10.8 million and the negative effect of foreign exchange rate changes of approximately US\$224,000.

Net cash outflow from investing activities during the year ended 31 December 2021 were mainly due to approximately US\$7.2 million increase in non-pledged bank deposits, approximately US\$1.3 million acquisition of financial assets at FVTPL and approximately US\$1.6 million property, plant and equipment purchased, while net cash inflow from financing activities mainly arose from net cash inflow of approximately US\$15.9 million proceeds from share allotment and approximately US\$1.4 million of proceeds from exercised share options during the Reporting Year partially offset by approximately US\$4.0 million of principal elements of lease payments and approximately US\$2.4 million of dividend paid during the Reporting Year.

TREASURY POLICIES

The Group's treasury management policy is to avoid any highly leveraged or speculative derivative products. The Group continued to be conservative in managing financial risk during the Reporting Year. Most of the assets and payments of the Group are denominated either in US Dollar, Hong Kong Dollar, Korean Won, British Pound Sterling, Japanese Yen, Euro or Renminbi. The E-commerce customers of the Group generally settle their invoices using their designated currencies upon checkout via secure payment gateways, and the fund is generally transferred to the Group's account in Hong Kong dollar and U.S. dollar.

Currently, we do not have a formal foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider to engage in derivatives markets or foreign exchange hedging measures to minimize against the risk when it is foreseen to be significant.

USE OF PROCEEDS FROM LISTING

The shares of the Company were listed on the Stock Exchange on 9 July 2021. The net proceeds from the Global Offering and the partial exercise of the Over-allotment Option, after deducting underwriting commissions and relevant expenses payable by the Company amounted to approximately HK\$92.3 million. During the year ended 31 December 2021, the Company utilized the proceeds in accordance with the intended purpose and followed the expected implementation timetable as disclosed under section headed “Future Plans and Use of Proceeds” of the Prospectus. The balance of proceeds from the Global Offering will continue to be utilized according to the manner and proportions as disclosed in the Prospectus. A summary of use of proceeds is set out below:

Use of proceeds	Net proceeds from the Company’s listing (in HK\$ millions)			Expected timeline for full utilisation of the unutilised proceeds
	Planned use	Net proceeds utilised as at 31 December 2021	Net proceeds unutilised as at 31 December 2021	
– Increase our marketing efforts for customer acquisition and retention	49.9	13.6	36.3	By the end of 2023
– Enhance our platform content and IT capabilities and create satisfactory user experience to promote benefits and uniqueness of Korean beauty and fashion products	18.5	2.9	15.6	By the end of first quarter of 2023
– Expand our logistics fulfillment capacity and enhance our warehouse efficiency	14.9	0.1	14.8	By the end of first quarter of 2023
– General working capital	9.0	9.0	–	By the end of first quarter of 2023
Total	92.3	25.6	66.7	

Unutilized net proceeds were applied to short-term demand deposits with authorized financial institution and/or licensed bank.

GEAR RATIO

Our gearing ratio, calculated by total interest-bearing liabilities including lease liabilities and bank borrowings divided by total equity, decreased from approximately 64.5% as at 31 December 2020 to approximately 35.2% as at 31 December 2021, primarily due to the increase in total equity resulting from the issuance of shares pursuant to the Listing and Global Offering..

CAPITAL COMMITMENTS

Save for those disclosed in note 20 to the consolidated financial statements, the Group did not have any significant capital commitments as at 31 December 2021 and 2020.

SIGNIFICANT INVESTMENTS HELD

During the Reporting Year, we did not have any significant investments, save for the 1,100,000 shares in CN Logistics (being listed equity securities) subscribed which amounted to approximately US\$1.4 million as at 31 December 2021 (2020: Nil).

MATERIAL ACQUISITIONS, DISPOSALS AND FUTURE PLANS FOR SUBSIDIARIES

During the year ended 31 December 2021, we did not have any material acquisition or disposal of subsidiaries, associates and joint ventures nor any future plans.

CHARGE ON ASSETS

As at 31 December 2021, the banking facilities of the Group mainly comprised corporate credit cards and letters of guarantee issued to the Group and Group's suppliers, respectively for products purchased by the Group. The letters of guarantee were secured by the pledged deposits of the Group of approximately US\$2.0 million.

DIVIDENDS

An interim dividend of HK5.0 cents (2020: Nil) per share, amounting to a total of about HK\$19.8 million, was paid to shareholders of the Company on 22 October 2021.

The Directors recommend, subject to the approval of the shareholders of the Company, the declaration and payment of a final dividend of HK5.0 cents per share for the year ended 31 December 2021 (2020: Nil) to shareholders whose names appear on the register of members of the Company on 6 July 2022. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, such dividend will be payable to shareholders on or around 13 July 2022.

CLOSURE OF REGISTER OF MEMBERS

In relation to the AGM

The annual general meeting (the “AGM”) of the Company is scheduled to be held on Thursday, 23 June 2022. For ascertaining shareholders’ right to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 17 June 2022 to Thursday, 23 June 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 16 June 2022.

In relation to the proposed final dividend

The board of directors of the Company has resolved to recommend the payment of a final dividend of HK5.0 cents per share in cash for the year ended 31 December 2021 to shareholders whose names appear on the register of members of the Company on Wednesday, 6 July 2022 subject to the approval of the shareholders of the Company at the AGM. For ascertaining shareholders’ entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 30 June 2022 to Wednesday, 6 July 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 29 June 2022.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group has certain exposures to foreign currency risk as most of our business transactions, assets and liabilities are denominated in currencies other than the functional currency of the Group, such as Hong Kong Dollars, Korean Won, Japanese Yen, Renminbi, British Pound Sterling and Euro. As US Dollars are pegged to Hong Kong Dollars, the Group does not expect any significant movements in the exchange rate between US Dollars and Hong Kong Dollars.

The Group currently does not have a formal foreign currency hedging policy but may consider using foreign currency contracts to minimize against the risk when it is foreseen to be significant.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2021, we had 588 employees (2020: 577 employees), which were substantially based in Hong Kong, Japan and South Korea.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive remuneration packages, which generally include basic wages, variable wages, bonuses and other benefits granted in accordance with the business performance. In order to promote overall efficiency, employee loyalty and employee retention, we provide our employees with technical and operational on-the-job training as well as people development programs.

CONTINGENT LIABILITIES

Save for those disclosed in note 19 to the consolidated financial statements, at 31 December 2021 and 2020,, the Group did not have any material contingent liabilities.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and the code provisions ("**Code Provisions**") set out in the Corporate Governance Code (as amended from time to time) (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Since the date of listing on 9 July 2021 (the "**Listing Date**") to 31 December 2021, the Company has complied with the Code Provisions and mandatory disclosure requirements as set out in the then CG Code, save for deviation from then Code Provision A.2.7.

According to then Code Provision A.2.7 of the then CG Code (currently Code Provision C.2.7 under the amended CG Code) , it provides that the chairman should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors. As the Company was only listed on the Stock Exchange on 9 July 2021, the chairperson of the Company had not held any meeting with the independent non-executive Directors from the Listing Date to 31 December 2021. The independent non-executive Directors could communicate with the chairperson of the Board directly at any time through other means (such as telephone or email) to give their opinions and share their views on the Company's affairs. It is therefore considered that albeit absence of a formal meeting, there are ample opportunities for the chairperson of the Board to communicate with the independent non-executive Directors without the presence of other Directors. The Company will hold a meeting between the chairman of the Company and the independent non-executive Directors without the presence of other Directors in April 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Upon Listing, the Company has adopted a model code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the “**Model Code**”).

The Company has made specific enquiries with all Directors and all of them confirmed that they have complied with the required standards set out in the Model Code since the Listing Date to 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the Reporting Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities, save for the Global Offering and the grant of 975,000 options of the Company (“**Options**”) (each Option shall entitle the holder to subscribe for 10 shares of the Company).

EVENTS AFTER THE REPORTING PERIOD

- (a) Subsequent to the Reporting Year, the Group entered into a new lease agreement for the use of warehouse in Hong Kong for four years. Upon the lease commencement, the Group recognised the right-of-use assets and lease liabilities of US\$12,077,000 and US\$11,848,000 respectively. Details are set out in announcement of the Company dated on 31 January 2022.
- (b) Subsequent to the Reporting Year, the Group has entered into two guarantees to a bank in January 2022 with an aggregate amount of US\$1,270,000 (equivalent to EUR1,440,000) to a service provider to secure the business operation of intermediary services under the import-one-stop-shop scheme. Under the guarantees, the Group has pledged its bank deposits of US\$1,670,000 to the bank.
- (c) Subsequent to the Reporting Year, the Group has entered into a supply, installation and services agreement, and renovation agreement to acquire robot and mobile equipment and the related installation services from an autonomous mobile robot company in February 2022 and March 2022 respectively with total consideration of US\$2,534,000 for the establishment of automated warehouse system in Hong Kong. US\$858,000 upfront has been paid in March 2022 and the transaction is expected to be completed on or before 30 June 2022.

REVIEW OF ANNUAL RESULTS

The Annual Results have been reviewed by the audit committee of the Company. The financial figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2021, as set out in this announcement, have been compared and reviewed by the Group's auditor, RSM Hong Kong Certified Public Accountants ("**RSM Hong Kong**"), to the amounts set out in the consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by RSM Hong Kong in this respect did not constitute an audit, review or other assurance engagement in accordance with HKSA, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the HKICPA and consequently no assurance has been expressed by RSM Hong Kong on the Annual Results.

PUBLICATION OF 2021 ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2021 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at <http://www.yesasiaholdings.com> and the website of the Stock Exchange at <http://www.hkexnews.hk>.

ANNUAL GENERAL MEETING

It is proposed that the AGM will be held on Thursday, 23 June 2022. The notice of the AGM will be published in the Company's website and sent to the shareholders of the Company in due course.

On behalf of the Board
YESASIA HOLDINGS LIMITED
Chu Lai King
Chairperson

Hong Kong, 24 March 2022

As of the date of this announcement, the executive Directors are Mr. LAU Kwok Chu, Ms. CHU Lai King, and Ms. WONG Shuet Ha; the non-executive Directors are Mr. HUI Yat Yan Henry, Mr. LUI Pak Shing Michael, and Mr. POON Chi Ho; the independent non-executive Directors are Mr. CHAN Yu Cheong, Mr. SIN Pak Cheong Philip Charles, and Mr. WONG Chee Chung.