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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 2022**

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 2022 (the “**Reporting Year**”) with the audited consolidated comparative figures for the year ended 31 December 2021 (the “**Prior Year**”).

**FINANCIAL HIGHLIGHTS**

	Year ended 31 December		Change
	2022	2021	
	US\$'000	US\$'000	
Revenue	<b>128,592</b>	162,018	(20.6%)
Gross profit	<b>42,726</b>	55,618	(23.2%)
Gross profit margin <sup>(1)</sup>	<b>33.2%</b>	34.3%	(1.1 pp)
Loss for the year	<b>(6,782)</b>	(2,065) <sup>(2)</sup>	(228.4%)
Proposed final dividend	<b>–</b>	HK5.0 cents	

*Note:*

- (1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.
- (2) Adjusted net loss (after adjustments for the listing expenses incurred) for the year ended 31 December 2021 was approximately US\$343,000.

<b>E-commerce Platforms<sup>(1)</sup></b>	<b>Year ended 31 December</b>		
	<b>2022</b>	2021	2020
Number of E-commerce platforms customers <sup>(2)</sup> (Million)	<b>1.02</b>	1.26	1.39
Average order size <sup>(3)</sup> (US\$)	<b>\$77.0</b>	\$73.6	\$72.8
Acquisition cost per new customer <sup>(4)</sup> (US\$)	<b>\$12.2</b>	\$11.0	\$7.1
Revenue generated by fashion and lifestyle products (US\$ Million)	<b>\$52.0</b>	\$82.4	\$84.2
Revenue generated by beauty products (US\$ Million)	<b>\$69.6</b>	\$73.1	\$79.0
Revenue generated by entertainment products on E-commerce platform (US\$ Million)	<b>\$5.3</b>	\$5.3	\$5.2
Return rate (YesStyle)	<b>1.2%</b>	1.1%	1.1%
Return rate (AsianBeautyWholesale)	<b>0.3%</b>	0.5%	0.4%
Return rate (YesAsia)	<b>0.2%</b>	0.2%	0.3%

Note:

- (1) E-commerce Platforms include *YesStyle* (website and mobile app), *AsianBeautyWholesale* (website) and *YesAsia* (website).
- (2) A person is considered as customer of our E-commerce platform during a reporting period if the 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 counted 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 incurred during the year divided by the number of new customer acquired across all E-commerce platforms of the Group during the same period. A new customer is a customer where 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.

<b>YesStyle Platforms</b>	<b>Year ended 31 December</b>		
	<b>2022</b>	2021	2020
Number of <i>YesStyle</i> Mobile App downloads for the year (Includes iOS and Android)	<b>1,103,000</b>	1,497,000	1,706,000
Influencer Program expenses (US\$ Million)	<b>\$2.3</b>	\$3.4	\$2.2
Revenue generated by the <i>YesStyle</i> Mobile App (US\$ Million)	<b>\$43.2</b>	\$53.4	\$48.3
Revenue generated from influencers' referrals (US\$ Million)	<b>\$21.9</b>	\$27.1	\$22.1

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

*For the year ended 31 December 2022*

	<i>Note</i>	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
<b>REVENUE</b>	4	<b>128,592</b>	162,018
Cost of sales		<u>(85,866)</u>	<u>(106,400)</u>
<b>Gross profit</b>		<b>42,726</b>	55,618
Other income and other gains and losses	5	<b>1,220</b>	508
Selling expenses		<b>(19,044)</b>	(24,292)
Administrative expenses		<b>(30,682)</b>	(33,330)
Reversal of impairment losses for trade receivables		<b>2</b>	4
Fair value (loss)/gain on financial assets at fair value through profit or loss ("FVTPL")		<u>(247)</u>	<u>152</u>
<b>LOSS FROM OPERATIONS</b>		<b>(6,025)</b>	(1,340)
Finance costs		<u>(990)</u>	<u>(393)</u>
<b>Loss before tax</b>		<b>(7,015)</b>	(1,733)
Income tax credit/(expense)	7	<u>233</u>	<u>(332)</u>
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY</b>	8	<b><u>(6,782)</u></b>	<b><u>(2,065)</u></b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(36)</u>	<u>(172)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<u>(36)</u>	<u>(172)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY</b>		<b><u>(6,818)</u></b>	<b><u>(2,237)</u></b>
<b>LOSS PER SHARE</b>	10		
Basic and diluted (US cents per share)		<u>(1.71)</u>	<u>(0.74)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2022*

	<i>Note</i>	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	5,267	2,732
Right-of-use assets		14,458	11,945
Financial assets at FVTPL		2,026	2,242
Prepayment, deposits and other receivables	13	1,698	763
<b>Total non-current assets</b>		<b>23,449</b>	17,682
<b>CURRENT ASSETS</b>			
Inventories		11,897	7,593
Trade receivables	12	2,148	1,821
Prepayments, deposits and other receivables	13	3,668	3,919
Current tax assets		584	404
Pledged bank deposits		3,179	2,003
Bank and cash balances		18,797	36,465
<b>Total current assets</b>		<b>40,273</b>	52,205
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accruals	14	9,647	9,668
Contract liabilities	15	9,391	9,303
Provisions		1,362	875
Lease liabilities	16	3,903	3,626
Current tax liabilities		78	608
<b>Total current liabilities</b>		<b>24,381</b>	24,080
<b>NET CURRENT ASSETS</b>		<b>15,892</b>	28,125
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>39,341</b>	45,807
<b>NON-CURRENT LIABILITIES</b>			
Provisions		643	388
Lease liabilities	16	11,561	9,132
<b>Total non-current liabilities</b>		<b>12,204</b>	9,520
<b>NET ASSETS</b>		<b>27,137</b>	36,287
<b>CAPITAL AND RESERVES</b>			
Share capital		20,494	20,482
Reserves		6,643	15,805
<b>TOTAL EQUITY</b>		<b>27,137</b>	36,287

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2022*

## 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 and with the requirements 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.

The figures and financial information relating to the years ended 31 December 2021 and 2022 included in the Annual Results do not constitute the Company’s statutory annual consolidated financial statements for those years but are derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap.622 of the laws of Hong Kong) (“**Companies Ordinance**”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies, and will deliver the financial statements for the year ended 31 December 2022 to the Registrar of Companies in due course, as required by section 662(3) of, and Part 3 of Schedule 6 to the Companies Ordinance.

The Company’s auditor has reported on the consolidated financial statements for both years. The auditor’s reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

## 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 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16 (March 2021)	Covid-19 Related Rent Concessions beyond 30 June 2021
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

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

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16 – Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

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	2022
	US\$'000	US\$'000	US\$'000	US\$'000

#### Recurring fair value measurements:

##### Financial assets at FVTPL

Investment in a life insurance policy	–	835	–	835
An equity security listed in Hong Kong	1,191	–	–	1,191
	<u>1,191</u>	<u>835</u>	<u>–</u>	<u>2,026</u>

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>

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:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Sales of merchandise recognised at point in time	112,684	147,353
Shipping revenue recognised over time	14,968	14,663
Logistic income recognised over time	938	–
Consignment sales recognised at point in time	2	2
	<u>128,592</u>	<u>162,018</u>

#### 5. OTHER INCOME AND OTHER GAINS AND LOSSES

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Cash rebates	126	439
Gains on remeasurement upon lease modification	208	6
Gain on disposal of right-of-use assets	–	14
Property, plant and equipment written off	(86)	–
Government subsidies income ( <i>Note</i> )	632	–
Interest income from:		
Bank deposits	165	14
Financial assets at FVTPL	31	–
	196	14
Income from forfeiture marketing coupon	–	15
Reversal of provision on reinstatement costs	81	–
Dividend income	48	–
Sundry income	15	20
	<u>1,220</u>	<u>508</u>

*Note:* For the year ended 31 December 2022, the amount 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

The Group’s other operating segments represent revenue from logistic and ancillary services. None of these segments meets any of the quantitative thresholds for determining reportable segments. The information of these other operating segments is included in the “unallocated” column.

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 described 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>
<b>Year ended 31 December 2022</b>				
Revenue from external customers	121,535	6,119	938	128,592
Segment results	(1,330)	(314)	(5,138)	(6,782)
Depreciation of property, plant and equipment	1,652	18	144	1,814
Depreciation of right-of-use assets	4,402	111	964	5,477
Reversal of impairment losses for trade receivables	(2)	–	–	(2)
Provision for allowance for inventories, net	136	41	–	177
Additions to segment non-current assets	15,314	484	1,149	16,947

	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>
<b>Year ended 31 December 2021</b>				
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, net	(90)	(8)	–	(98)
Additions to segment non-current assets	4,162	82	470	4,714
	<u><u>4,162</u></u>	<u><u>82</u></u>	<u><u>470</u></u>	<u><u>4,714</u></u>

#### Reconciliations of segment results

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
<b>Revenue</b>		
Total revenue of reportable segments	<u><u>128,592</u></u>	<u><u>162,018</u></u>
<b>Segment results</b>		
Total segment results of reportable segments	(1,644)	7,100
Unallocated amounts:		
Unallocated income	1,343	493
Unallocated corporate expenses	(6,392)	(9,658)
Non-reportable segments	<u>(89)</u>	<u>–</u>
Loss for the year attributable to the owners of the Company	<u><u>(6,782)</u></u>	<u><u>(2,065)</u></u>

\* *Less than US\$1,000*

**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**

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
United States	66,660	77,881
European countries		
France	6,978	11,878
Germany	6,618	10,316
Spain	1,599	3,593
Netherlands	1,549	2,665
Italy	1,533	2,957
Other EU Countries ( <i>Note 1</i> )	4,943	8,795
Australia	8,285	11,493
United Kingdom	8,003	9,821
Hong Kong	6,675	3,186
Canada	6,627	8,305
Japan	1,102	1,860
New Zealand	846	1,142
Others ( <i>Note 2</i> )	7,174	8,126
Consolidated Total	<u>128,592</u>	<u>162,018</u>

*Note 1:* Other EU countries include sales to EU countries that individually contributed less than 1.0% (2021: 2.0%) of our total revenue for the years ended 31 December 2022 and 2021.

*Note 2:* Others include sales to countries that individually contributed less than 0.5% (2021: 1.0%) of our total revenue for the years ended 31 December 2022 and 2021.

98.2% and 99.6% of the Group's non-current assets are located in Hong Kong as at 31 December 2022 and 2021 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 2022 and 2021.

## 7. INCOME TAX (CREDIT)/EXPENSE

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	13	277
Under-provision in current year	(13)	(7)
Over-provision in prior years, net	(356)	(3)
	(356)	267
Current tax – Overseas corporate income tax		
Provision for the year	122	99
Under-provision in current year	(8)	(9)
Under/(over)-provision in prior years	9	(25)
	123	65
	(233)	332

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the year ended 31 December 2022. Hong Kong Profits Tax has been provided at 8.25% or 16.5% based on the estimated assessable profit of the Company for the year ended 31 December 2021.

Under the two-tiered Profits tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25% and profits above that amount will be subject to the tax rate of 16.5%. The profits of the Group entities not qualifying of the two-tiered Profit Tax rate regime will continue to be taxed at a 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 generally charged at the progressive rate from 11% to 27.5% (2021: 11% to 27.5%) on the estimated assessable profit during the year. The Korean Corporate Income Tax rates applicable to YAKR was 11% (2021: 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 FOR THE YEAR

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

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Auditor's remuneration	163	155
Cost of inventories sold	51,829	61,849
Depreciation		
– Property, plant and equipment	1,814	1,474
– Right-of-use assets	5,477	4,514
	7,291	5,988
Foreign exchange losses, net	635	1,343
Listing expenses	–	1,722
Expenses relating to short-term lease		
– leased properties	85	216
– leased equipment	32	41
	117	257
Write down of inventories ( <i>Note</i> )	183	112
Reversal of write down of inventories ( <i>Note</i> )	(6)	(210)
Write down of/(reversal of write down of) inventories, net (included in cost of inventories sold)	177	(98)

*Note:* Write down of inventories or reversal of write down of inventories represent the decrease or increase in the estimated net realisable value at the end of each reporting period.

## 9. DIVIDEND

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
<i>Dividend paid</i>		
Interim dividend of nil in respect of the financial year ended 31 December 2022 (2021: US\$0.0064 (equivalent to HK\$0.05) in respect of the financial year ended 31 December 2021) per ordinary share	–	2,555
Final dividend of US\$0.0064 (equivalent to HK\$0.05) in respect of the financial year ended 31 December 2021 (2020: Nil) per ordinary share	<u>2,555</u>	<u>–</u>
	<u><u>2,555</u></u>	<u><u>2,555</u></u>

## 10. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Loss for the year attributable to owners of the Company	<u>(6,782)</u>	<u>(2,065)</u>
	<i>'000</i>	<i>'000</i>

### Number of shares

Weighted average number of ordinary shares for the purpose of calculating basic loss per share ( <i>Note</i> )	<u><u>395,951</u></u>	<u><u>277,355</u></u>
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*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.

The diluted loss per share is equal to the basic loss per share as the potential ordinary shares in issue during the years ended 31 December 2022 and 2021 are anti-dilutive.

## 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>
<b>Cost</b>					
At 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 and 1 January 2022					
	2,138	1,214	3,952	70	7,374
Additions	1,784	141	2,442	69	4,436
Write-off	(458)	(190)	(26)	–	(674)
Exchange differences	(2)	(1)	(8)	–	(11)
At 31 December 2022					
	3,462	1,164	6,360	139	11,125
<b>Accumulated depreciation</b>					
At 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 and 1 January 2022					
	1,391	447	2,794	10	4,642
Charge for the year	905	231	657	21	1,814
Write-off	(458)	(116)	(14)	–	(588)
Exchange differences	(2)	(1)	(7)	–	(10)
At 31 December 2022					
	1,836	561	3,430	31	5,858
<b>Carrying amount</b>					
At 31 December 2022	<u>1,626</u>	<u>603</u>	<u>2,930</u>	<u>108</u>	<u>5,267</u>
At 31 December 2021	<u>747</u>	<u>767</u>	<u>1,158</u>	<u>60</u>	<u>2,732</u>



## 12. TRADE RECEIVABLES

The Group's turnover comprises mainly E-commerce sales, offline wholesale of products and logistic and ancillary services. No credit terms have been granted to E-commerce sales and certain offline wholesales and logistic and ancillary services 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, offline wholesale and logistic customers. No default of settlement is expected by reference to past experience.

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

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
0 to 30 days	2,097	1,793
31 to 60 days	30	9
61 to 90 days	7	12
Over 90 days	14	7
	<u>2,148</u>	<u>1,821</u>

**13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
Prepayments		
Prepayment to suppliers	<b>1,297</b>	1,428
Prepaid rental	<b>7</b>	31
Prepaid selling expenses	<b>252</b>	–
Prepaid administrative expenses	<b>521</b>	638
	<hr/> <b>2,077</b>	<hr/> 2,097
Deposits		
Rental deposits	<b>1,938</b>	1,340
Trade deposits	<b>268</b>	248
Utilities deposits	<b>60</b>	160
	<hr/> <b>2,266</b>	<hr/> 1,748
Other receivables		
Export tax refundable	<b>860</b>	555
Others	<b>163</b>	282
	<hr/> <b>1,023</b>	<hr/> 837
	<hr/> <b>5,366</b>	<hr/> 4,682
Analysed as:		
Current assets	<b>3,668</b>	3,919
Non-current assets	<b>1,698</b>	763
	<hr/> <b>5,366</b>	<hr/> 4,682

#### 14. TRADE AND OTHER PAYABLES AND ACCRUALS

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Trade payables	4,143	5,329
Other payables		
Indirect tax payables	3,492	2,610
Dividend payables	336	168
	<u>3,828</u>	<u>2,778</u>
Accruals		
Accrued staff costs	340	313
Accrued selling expenses	715	659
Accrued administrative expenses	621	589
	<u>1,676</u>	<u>1,561</u>
	<u><u>9,647</u></u>	<u><u>9,668</u></u>

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

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
0 to 30 days	4,009	5,083
31 to 60 days	131	226
61 to 90 days	3	4
Over 90 days	–	16
	<u>4,143</u>	<u>5,329</u>

## 15. CONTRACT LIABILITIES

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Advance payments from customers	8,767	8,410
Deferred revenue for customer loyalty programme	624	893
	<u>9,391</u>	<u>9,303</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 the 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 reporting period.

## 16. LEASE LIABILITIES

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Leased properties	15,234	12,442
Office equipment	230	316
	<u>15,464</u>	<u>12,758</u>

	Minimum lease payments		Present value of minimum lease payments	
	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Within one year	5,036	3,903	3,903	3,626
In the second year	6,537	3,424	5,556	3,232
In the third to fifth year, inclusive	6,296	6,047	6,005	5,900
	<u>17,869</u>	13,374	<u>15,464</u>	12,758
Less: Future finance charges	(2,405)	(616)	N/A	N/A
Present value of lease obligations	<u>15,464</u>	<u>12,758</u>	<u>15,464</u>	12,758
Less: Amount due for settlement within 12 months (shown under current liabilities)			<u>(3,903)</u>	<u>(3,626)</u>
Amount due for settlement after 12 months			<u>11,561</u>	<u>9,132</u>

## 17. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Customer relationship management and contact centre service fees to HKT Teleservices International Limited ("HKT") ( <i>Note (i)</i> )	(195)	(443)
Return merchandise authorisation service fee to Ms. Chu Po King ( <i>Note (ii)</i> )	(2)	(2)
	<u>          </u>	<u>          </u>

*Note:*

- (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\$11,400,000 during the year ended 31 December 2022 (2021: US\$11,900,000) from its subsidiaries.
- (c) The Company paid management fee of US\$33,000 during the year ended 31 December 2022 (2021: US\$42,000) to a subsidiary.

## 18. CAPITAL COMMITMENTS

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

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Property, plant and equipment	11	13
	<u>          </u>	<u>          </u>

## **BUSINESS OVERVIEW AND OUTLOOK**

### **Business-to-Consumer (B2C) platforms (*YesStyle* and *YesAsia*)**

The Reporting Year was turbulent in contrast to the surge in online shopping experienced during 2020 and 2021. Revenue for *YesStyle* recorded a drop of approximately 26.1% as compared to that in the Prior Year. The revenue drop for *YesStyle* during the Reporting Year was mainly attributable to the decrease in the number of sale orders received, which dropped by approximately 26.0% as compared to that in the Prior Year and a slight decrease in average order size by customers during the Reporting Year.

The decrease in *YesStyle* sale order number was particularly noticeable in regions including the European Union, the United Kingdom and Australia and to a lesser extent the US, due to reductions in disposable household income and consumer discretionary spending caused by surges in energy prices and cost of living in those regions, as shown by the high inflation rate recorded in the relevant regions during the Reporting Year. Also, the impact of the war in Ukraine continued to dampen consumer confidence in the economic outlook of those regions, further impacting their online consumption. In the US, the implementation of a series of Federal Reserve target fund rate increases since March 2022 to curb inflation in the country has resulted in a change in fiscal policy direction, negatively impacting the online and offline consumption power of consumers in the country.

Despite the negative impacts mentioned above, we observed that the *YesStyle* business steadily improved towards the end of 2022. During the Reporting Year, *YesStyle* offered incentives to customers, such as free shipping, and the number of sale orders and revenue had been growing quarter-on-quarter for 3 consecutive quarters from the first quarter to the last quarter of 2022.

During the Reporting Year, various parts in Mainland China had implemented lockdown measures to curb the spread of COVID-19, which affected the supply of fashion and lifestyle products. Revenue generated from sale of fashion and lifestyle products dropped by 36.9% as compared to that in the Prior Year.

### ***YesStyle Influencer Program***

Since our extension to TikTok last year, the total number of *YesStyle* TikTok Influencers grew rapidly, from approximately 28,000 at the end of 2021 to approximately 44,000 at the end of 2022. In addition, we launched a loyalty program for influencers in May 2022 that allows us to create different incentives for different tiers of influencers to motivate their performance and to focus our marketing resources on high-performance influencers.

The number of unique influencers grew from approximately 217,000 at the end of 2021 to approximately 279,000 as at 31 December 2022, representing an increase of approximately 62,000 influencers or 28.6% year-on-year growth.

We continued to partner with influencers to create interesting videos and posts on various platforms, including Instagram, TikTok and YouTube, etc., which increased *YesStyle*'s exposure and drove revenue.

During the Reporting Year, revenue generated from influencers' referrals amounted to approximately US\$21,901,000 (2021: US\$27,113,000). Such contribution represented approximately 19.9% of revenue generated from *YesStyle* (2021: 18.2%).

### ***YesStyle Student Program***

Since the launch of our *YesStyle* Student Program in December 2021, the number of students and members of Generation Z who have signed up during the Reporting Year reached approximately 50,000 by the end of December 2022 (2021: 2,000), generating revenue of approximately US\$4,185,000 during the Reporting Year (2021: US\$68,000).

### ***CRM System***

Launched in October 2021, the CRM System strengthened our targeted marketing and promotions during ad-hoc campaigns and the peak season. During the Reporting Year, we enhanced our "welcome journey" by analyzing customers' entry point and product preference. Revenue facilitated by the CRM System amounted to approximately US\$14,892,000 during the Reporting Year (2021: Nil). With its machine learning capabilities, the CRM system integrates App and Web journeys, depending on a customer's entry point and product preference. The number of *YesStyle* loyalty program members increased to approximately 8,272,000 as at 31 December 2022 (2021: 6,363,000), representing an increase by approximately 30.0% during the Reporting Year. In early 2023, we have launched an automated re-engagement initiative to incentivise existing customers to purchase from *YesStyle* again.

### ***Products***

To further strengthen *YesStyle*'s competitive edge in the Korean beauty product market, we continued to partner with new Korean beauty brands with business potential. During the Reporting Year, we introduced 70 new Korean beauty brands to enrich our brand variety. As at the end of the Reporting Year, *YesStyle* partnered with 430 Korean beauty brands (2021: 398). In the second quarter of 2022, we introduced an online beauty consultation feature to recommend products via a "skin condition questionnaire" completed by the platform users. During the Reporting Year, approximately 108,000 members completed the online beauty consultation questionnaire (2021: Nil).

As the beauty supplements market is growing, *YesStyle* launched health and beauty supplements in November 2022 to broaden our product offerings.

For *YesAsia*, revenue for the Reporting Year increased by approximately 0.2% as compared to that in the Prior Year, mainly attributable to the concert Blu-ray of a popular Hong Kong boy band “MIRROR” being made available at *YesAsia*.

### **Business-to-Business (B2B) platform (*AsianBeautyWholesale*)**

*AsianBeautyWholesale* delivered outstanding growth during the Reporting Year. The number of members grew by approximately 25.7% during the Reporting Year and reached approximately 93,000 members as at 31 December 2022 (2021: 74,000). As a result, revenue from *AsianBeautyWholesale* during the Reporting Year increased to approximately US\$11,601,000 (2021: US\$6,655,000), representing an increase of approximately 74.3%. The increase in revenue was mainly due to an increase in number of orders and average order size of approximately 34.8% and 30.3% respectively during the Reporting Year. Accordingly, *AsianBeautyWholesale* contributed approximately 9.0% of our total revenue during the Reporting Year (2021: 4.1%). We will continue to improve the products, services and features offered to *AsianBeautyWholesale*'s customers.

### **Logistics Services**

Since the relocation and consolidation of our previous warehouses to our Smart Robotics Warehouse, we have made use of the facilities in our previous warehouse premises to provide logistics and fulfillment services to external corporate customers as a new source of business revenue. Currently, we have secured 2 contracts with third party customers that provide steady income, enabling our logistics services business to break even. In the coming year, we will continue to grow our logistics services.

### **Smart Robotics Warehouse**

The launch of Smart Robotics Warehouse is a breakthrough in our logistics and fulfillment process. We relocated our 7 previous warehouse premises situated around different places in Hong Kong to one single warehouse premise located at Goodman Warehouse, which has a gross area of approximately 137,525 square feet and is equipped with 161 physical AMRs.

Since the full deployment of the AMRs in the Smart Robotics Warehouse in October 2022 to assist our order fulfillment and inventory management functions, we have observed an improvement in the accuracy and efficiency of our order fulfillment process. We have recorded significant labour cost savings since October 2022, and we will continue to optimize our AMR system to improve the operational efficiency and monetary savings in the future. In terms of bin capacity, the average utilization is approximately 35%. We expect that through artificial intelligence and machine learning technology, the AMRs will further enhance operational efficiency and increase the Group's order processing capabilities without a significant increase in labour costs.



The total non-recurring establishment cost of the Smart Robotics Warehouse, including the cost of AMR equipment, renovation for the Smart Robotics Warehouse, and expenses incurred before the Smart Robotics Warehouse commenced its operation, amounted to approximately US\$5,907,000, which was fully paid by the end of December 2022.

### **Cost Saving Measures**

During the Reporting Year, we continued to enhance cost control measures. Making an effort to optimize our headcount, we reduced the number of employees from 588 as at 31 December 2021 to 489 as at 31 December 2022. Staff costs under administrative expenses for the Reporting Year decreased by 10.7% as compared to that in the Prior Year. In addition, warehouse wages and outsourced warehouse labour charges as a percentage of revenue from E-commerce platforms for the Reporting Year decreased to approximately 5.2% (2021: 5.6%), representing a decrease in amount by approximately 7.1% as compared to that in the Prior Year.

Selling expenses, apart from warehouse labour-related expenses, were also reduced by approximately US\$2,929,000 or 19.1% during the Reporting Year as compared to that in the Prior Year.

### **Outlook**

Amidst volatility in the online and offline retail market during the Reporting Year, studies and surveys showed that consumer sentiment improved in early 2023. We believe that online sales channels will continue to have competitive advantages, in particular the capability in providing a wide range of products with competitive prices and offering the convenience to consumers to buy products at any time.

The slowdown in inflation rate in the US during the fourth quarter of 2022 and the ease in inflation in the United Kingdom and the European Union in early 2023 is expected to give some relief to consumers in the regions. Despite the short-term economic situation remains uncertain, the disappointing consumer confidence in 2022 is expected to improve as there is a stronger consumer sentiment towards the long-term economy recovery prospect.

We will continue to enhance our customers' shopping experience, particularly with a revamp to the *YesStyle* homepage that reflects our beauty-focused marketing strategy. We also look to improve the site's page loading speed and search engine optimization performance using a new development framework to promote the overall quality and quantity of website traffic.

Apart from strategies to improve our top line, we will continue to strengthen and optimize costs and spendings to protect our profit margin, enhance our logistics and fulfillment, marketing efforts and increase profitability.

## FINANCIAL REVIEW

### Revenue

Our revenue decreased by approximately US\$33,426,000 or 20.6% from approximately US\$162,018,000 during the year ended 31 December 2021 to approximately US\$128,592,000 during the year ended 31 December 2022. The decrease was primarily attributable to (i) approximately US\$38,907,000 or 26.1% decrease of sales contributed by *YesStyle* to approximately US\$109,934,000 during the Reporting Year from approximately US\$148,841,000 during the Prior Year; and (ii) approximately US\$416,000 or 33.9% decrease in sales via the offline wholesale channel to approximately US\$811,000 during the Reporting Year from approximately US\$1,227,000 during the Prior Year, which was partially offset by (i) approximately US\$4,946,000 or 74.3% increase of sales contributed by *AsianBeautyWholesale* to approximately US\$11,601,000 during the Reporting Year from approximately US\$6,655,000 during the Prior Year; and (ii) approximately US\$938,000 revenue contributed by our newly established logistics services business segment during the Reporting Year.

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

	Year ended 31 December				
	2022		2021		Change (%)
	US\$'000	As % of total revenue	US\$'000	As % of total revenue	
Fashion & lifestyle and beauty products					
– <i>YesStyle Platforms</i>	109,934	85.5	148,841	91.9	(26.1)
– <i>AsianBeautyWholesale</i>	11,601	9.0	6,655	4.1	74.3
	<b>121,535</b>	<b>94.5</b>	155,496	96.0	(21.8)
Entertainment products					
– <i>YesAsia Platform</i>	5,308	4.1	5,295	3.3	0.2
– Offline wholesale	811	0.7	1,227	0.7	(33.9)
	<b>6,119</b>	<b>4.8</b>	6,522	4.0	(6.2)
Logistics services	938	0.7	–	–	N.M.
<b>Total</b>	<b>128,592</b>	<b>100.0</b>	162,018	100.0	(20.6)

## Cost of Sales

Cost of sales of the Group during the year ended 31 December 2022 was approximately US\$85,866,000, representing a decrease of approximately US\$20,534,000 or 19.3%, as compared to approximately US\$106,400,000 during the year ended 31 December 2021. However, product costs as percentage of revenue increased by approximately 2.1 percentage points to approximately 40.3% during the Reporting Year from approximately 38.2% in the Prior Year. This was mainly because of the increase in the weighting of revenue from beauty products which has a lower markup than fashion & lifestyle products.

	Year ended 31 December				Change (%)
	2022		2021		
	<i>US\$'000</i>	<i>As % of revenue</i>	<i>US\$'000</i>	<i>As % of revenue</i>	
Product costs	<b>51,829</b>	<b>40.3</b>	61,849	38.2	(16.2)
Freight charges	<b>32,889</b>	<b>25.6</b>	43,197	26.7	(23.9)
Packing materials	<b>874</b>	<b>0.7</b>	1,354	0.8	(35.4)
Direct labour cost	<b>274</b>	<b>0.2</b>	–	–	N.M
<b>Total</b>	<b>85,866</b>	<b>66.8</b>	106,400	65.7	(19.3)

## Gross Profit and Gross Margin

Gross profit of the Group during year ended 31 December 2022 was approximately US\$42,726,000, representing a decrease of approximately US\$12,892,000 or 23.2% as compared to approximately US\$55,618,000 for the year ended 31 December 2021. The gross profit margin decreased by approximately 1.1 pp to approximately 33.2% (2021: 34.3%).

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

	Year ended 31 December				Change (%)
	2022		2021		
	<i>Gross Profit</i> <i>Margin</i> <i>US\$'000</i>	<i>(%)</i>	<i>Gross Profit</i> <i>Margin</i> <i>US\$'000</i>	<i>(%)</i>	
Fashion & lifestyle and beauty products					
– <i>YesStyle Platforms</i>	38,044	34.6	52,537	35.3	(27.6)
– <i>AsianBeautyWholesale</i>	2,942	25.4	1,663	25.0	76.9
	<u>40,986</u>	<u>33.7</u>	<u>54,200</u>	<u>34.9</u>	<u>(24.4)</u>
Entertainment products					
– <i>YesAsia Platform</i>	1,096	20.6	1,290	24.4	(15.0)
– Offline wholesale	66	8.1	128	10.4	(48.4)
	<u>1,162</u>	<u>19.0</u>	<u>1,418</u>	<u>21.7</u>	<u>(18.1)</u>
Logistics services	<u>578</u>	<u>61.6</u>	<u>–</u>	<u>–</u>	<u>N.M.</u>
<b>Total</b>	<u><u>42,726</u></u>	<u><u>33.2</u></u>	<u><u>55,618</u></u>	<u><u>34.3</u></u>	<u><u>(23.2)</u></u>

## Other Income and Other Gains and Losses

Our other income and other gains increased by approximately US\$712,000 or 140.2% from approximately US\$508,000 during the year ended 31 December 2021 to approximately US\$1,220,000 during the year ended 31 December 2022. The increase was primarily attributable to (i) approximately US\$632,000 of government wages subsidies received during the year ended 31 December 2022; (ii) approximately US\$182,000 or 1,300.0% increase in interest income from bank deposits and gain from our investment in a life insurance policy which was recorded as financial assets at fair value through profit or loss; and (iii) approximately US\$202,000 increase in gains on remeasurement upon lease modification during the Reporting Year, partially offset by approximately US\$313,000 or 71.3% decrease in credit card cash rebates.

## Selling Expenses

The Group's selling expenses for the year ended 31 December 2022 were approximately US\$19,044,000 (2021: US\$24,292,000), representing a decrease of approximately US\$5,248,000 or 21.6% as compared to that for the corresponding period in 2021. Such decrease was mainly resulted from the decrease in our customers' orders and comprises (i) approximately US\$1,918,000 or 44.8% decrease in outsourced warehouse labour charges; (ii) approximately US\$1,592,000 or 18.4% decrease in marketing and promotion expenses because of the control in key opinion leader (KOL) and influencer expenses during the Reporting Year; (iii) approximately US\$668,000 or 16.6% decrease in payment gateway charges; (iv) approximately US\$583,000 or 75.9% decrease in custom duties; (v) approximately US\$401,000 or 8.6% decrease in warehouse wages; and (vi) approximately US\$336,000 or 48.1% decrease in web content and translation fee, partially offset by approximately US\$250,000 or 21.3% increase in IT networking fee because of installation of IT infrastructure in our new Smart Robotics Warehouse.

	Year ended 31 December				Change (%)
	2022		2021		
	US\$'000	As % of revenue	US\$'000	As % of revenue	
Marketing and promotion fees	7,077	5.5	8,669	5.4	(18.4)
Warehouse wages	4,274	3.3	4,675	2.9	(8.6)
Payment gateway charges	3,356	2.6	4,024	2.5	(16.6)
Outsourced warehouse labour charges	2,364	1.9	4,282	2.6	(44.8)
IT networking fee	1,426	1.1	1,176	0.7	21.3
Web content and translation fee	362	0.3	698	0.4	(48.1)
Custom duties	185	0.1	768	0.5	(75.9)
<b>Total</b>	<b>19,044</b>	<b>14.8</b>	<b>24,292</b>	<b>15.0</b>	<b>(21.6)</b>

## Administrative Expenses

The Group's administrative expenses for the year ended 31 December 2022 were approximately US\$30,682,000 (2021: US\$33,330,000), representing a decrease by approximately US\$2,648,000 or 7.9% as compared to that of the corresponding period in 2021. The decrease was mainly due to (i) approximately US\$2,058,000 or 10.7% decrease in staff costs as the number of administrative employees reduced from 448 as at 31 December 2021 to 376 as at 31 December 2022; (ii) approximately US\$1,722,000 or 100.0% decrease in listing expenses because the Listing has been completed in the Prior Year; (iii) approximately US\$708,000 or 52.7% decrease in net exchange losses which was mainly due to less payments settled by our payment gateway as a result of revenue drop during the Reporting Year; (iv) approximately US\$342,000 or 22.5% decrease in legal and professional fee; and (v) approximately US\$140,000 or 54.5% decrease in operating lease charges due to lease modification, partially offset by (i) approximately US\$963,000 or 21.3% increase in depreciation of right-of-use assets due to the newly rented Goodman Warehouse for Smart Robotics Warehouse establishment during the Reporting Year; (ii) approximately US\$688,000 or 88.1% increase in rates and management fee; (iii) approximately US\$340,000 or 23.1% increase in depreciation of property, plant and equipment because of the establishment of Smart Robotics Warehouse; and (iv) approximately US\$280,000 or 52.9% increase in other expenses which are mainly expenses related to moving and preparation activities of Smart Robotics Warehouse during the Reporting Year.

	Year ended 31 December				Change (%)
	2022	As % of revenue	2021	As % of revenue	
	US\$'000		US\$'000		
Staff costs	17,164	13.4	19,222	11.9	(10.7)
Depreciation of right-of-use assets	5,477	4.3	4,514	2.8	21.3
Depreciation of property, plant and equipment	1,814	1.4	1,474	0.9	23.1
Rates and management fee	1,469	1.1	781	0.5	88.1
Legal and professional fees	1,176	0.9	1,518	0.9	(22.5)
Utilities expenses	1,078	0.9	993	0.6	8.6
Directors' remuneration	664	0.5	601	0.4	10.5
Exchange losses, net	635	0.5	1,343	0.8	(52.7)
Auditor's remuneration	163	0.1	155	0.1	5.2
Operating lease charges	117	0.1	257	0.2	(54.5)
Staff training and recruitment expenses	116	0.1	221	0.1	(47.5)
Listing expenses	-	-	1,722	1.1	(100.0)
Others	809	0.6	529	0.3	52.9
<b>Total</b>	<b>30,682</b>	<b>23.9</b>	<b>33,330</b>	<b>20.6</b>	<b>(7.9)</b>

## **Finance Costs**

The Group's finance costs for the Reporting Year were approximately US\$990,000 (2021: US\$393,000), representing an increase of approximately 151.9% as compared to that of the corresponding period in 2021, reflecting an increase in interest on lease liabilities for the new warehouse spaces leased for our Smart Robotic Warehouse during the Reporting Year.

## **Income Tax (Credit)/Expenses**

Income tax credit for the Reporting Year was approximately US\$233,000 which includes reversal of tax over-provision for prior years of US\$356,000, partially offset by tax expenses of US\$123,000 for the year ended 31 December 2022 (tax expenses during the year ended 31 December 2021: US\$332,000). The decrease in tax expenses during the Reporting Year was mainly due to lower operating profit.

## **Loss for the Year**

As a result of the foregoing, the Group recorded a net loss of approximately US\$6,782,000 for the Reporting Year, as compared with a net loss of approximately US\$2,065,000 and an adjusted net loss (after adjustments for the listing expenses incurred) of approximately US\$343,000 for the corresponding period in 2021. The increase in net loss was mainly attributable to (i) the decrease in revenue by approximately US\$33,426,000 or 20.6% during the Reporting Year as compared to that in the Prior Year; (ii) the decrease in gross profit margin to approximately 33.2% during the Reporting Year, representing a drop of approximately 1.1 pp compared to approximately 34.3% during the Prior Year; and (iii) increase in depreciation of right-of-use assets, depreciation of property, plant and equipment, rates and management fee under administrative expenses due to the establishment of our Smart Robotics Warehouse.

## **CAPITAL EXPENDITURE**

During the Reporting Year, the Group acquired plant and equipment of approximately US\$4,436,000 (2021: US\$1,580,000). The capital expenditure during the Reporting Year was mainly attributable to the establishment of the Smart Robotics Warehouse which amounted to approximately US\$3,897,000.

## **LIQUIDITY AND CAPITAL RESOURCES**

Our principal source of liquidity was cash from operations and the net proceeds from the Listing and Global Offering. As of 31 December 2022, the Group's bank and cash balances amounted to approximately US\$18,797,000 (2021: US\$36,465,000), which were mainly denominated in US Dollar, Hong Kong Dollar, Korean Won, British Pound Sterling, Japanese Yen, Euro and Renminbi.

As at 31 December 2022, the Group's bank and cash balances comprises (i) cash and cash equivalents US\$16,659,000 (2021: US\$29,063,000); (ii) bank deposits with original maturity beyond three months US\$2,121,000 (2021: US\$7,385,000); and (iii) restricted bank balances US\$17,000 (2021: US\$17,000).

Our cash and cash equivalents decreased by approximately US\$12,404,000 during the Reporting Year, which was attributable to the net cash used in operating activities of approximately US\$5,075,000, the net cash inflow from investing activities of approximately US\$993,000, the net cash outflow from financing activities of approximately US\$8,190,000 and the negative effect of foreign exchange rate changes of approximately US\$132,000 resulted from the weaker South Korean Won and Japanese Yen against US Dollars during the year ended 31 December 2022.

Net cash used in operating activities during the year ended 31 December 2022 was mainly due to operating profit before working capital changes of approximately US\$2,105,000, offset by (i) approximately US\$4,481,000 increase in inventory; (ii) approximately US\$325,000 increase in trade receivables; (iii) approximately US\$684,000 increase in prepayments, deposits and other receivables; (iv) approximately US\$197,000 decrease in trade and other payables and accruals; (v) approximately US\$151,000 decrease in provisions; (vi) approximately US\$480,000 income taxes paid; and (vii) approximately US\$950,000 lease interest paid during the Reporting Year.

Net cash generated from investing activities during the year ended 31 December 2022 was mainly due to approximately US\$5,264,000 decrease in non-pledged bank deposits plus approximately US\$165,000 interest received, partially offset by approximately US\$4,436,000 purchases of property, plant and equipment which were mainly for the Smart Robotics Warehouse during the Reporting Year.

Net cash used in financing activities was mainly due to (i) repayment of principal elements of lease payments approximately US\$4,634,000, (ii) approximately US\$1,176,000 increase in pledged bank deposits; and (iii) approximately US\$2,387,000 dividend paid during the Reporting Year.

Our bank deposits with original maturity beyond three months decreased by US\$5,264,000 during the Reporting Year as compared to that in the Prior Year, which was mainly attributable to more cash used in the Group's operation during the Reporting Year.

As at 31 December 2022, the Group had no bank borrowing (2021: Nil).

We believe that our liquidity requirements and our expected source of funding in the coming year will be satisfied by using a combination of cash generated from our operations and unutilised net proceeds from the Global Offering.



## **TREASURY AND FOREIGN EXCHANGE POLICIES**

The Group's treasury management policy is to avoid any investment in highly-leveraged or speculative derivative products. The Group continued to be conservative in managing financial risk during the Reporting Year. Consistent with the aforesaid treasury objectives and policy, the Group undertakes treasury management activities with respect to its surplus cash assets. The selection criteria of investments include the relative risk profile involved, the liquidity of an investment, the after-tax-equivalent yield of an investment and investments that are not speculative in nature.

Most business transactions, assets and liabilities of the Group were denominated either in the 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 the US Dollar upon currency conversion. As Hong Kong Dollar is pegged to US Dollar, our Group does not expect any significant movements in the exchange rate between US Dollars and Hong Kong Dollars. Besides, our Group has certain exposure to foreign currency risk as some of our business transactions, assets and liabilities are denominated in currencies (ie.Korean Won, Japanese Yen, British Pound Sterling, Renminbi and Euro, etc) other than the functional currency of our Group (ie.US Dollar).

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

## **GEARING RATIO**

Our gearing ratio, calculated by total interest-bearing liabilities (including lease liabilities) divided by total equity, increased from approximately 35.2% as at 31 December 2021 to approximately 57.0% as at 31 December 2022, primarily due to the increase in lease liabilities of the new Goodman Warehouse for the establishment of Smart Robotics Warehouse and the renewal of leases for a number of existing warehouses for our new logistics service business during the Reporting Year respectively.

## **CAPITAL COMMITMENTS**

Save for those disclosed in note 18 to the consolidated financial statements, the Group did not have any significant capital commitments as at 31 December 2022.

## **SIGNIFICANT INVESTMENTS HELD**

During the Reporting Year, we did not hold any significant investments, save for the 1,100,000 shares in CN Logistics, representing approximately 0.40% of the issued share capital of the CN Logistics as at 31 December 2022, with a fair value amounted to approximately US\$1,191,000 as at 31 December 2022 (2021: US\$1,434,000). The investment represents approximately 1.9% of the total consolidated asset of the Group as at 31 December 2022 (2021: 2.1%). The aforementioned 1,100,000 shares in CN Logistics were subscribed by the Company at a total cash consideration of HK\$10,120,000. The principal activity of CN Logistics is investment holding, and through its subsidiaries, principally engages in the provision of air freight forwarding services and distribution and logistics services in relation to fashion products and fine wine, primarily focusing on high-end fashion (including luxury and affordable luxury) products. CN Logistics is a strategic logistics partner of the Group for delivery of our customers' products to the US, Europe and other overseas markets.

As at 31 December 2022, the unrealised fair value loss of such investment was approximately US\$243,000 due to the decrease in share price in CN Logistics during the Reporting Year from our subscription price of HK\$9.20 per share. We have received dividend of approximately US\$48,000 from the investment during the Reporting Year. In view of the expected positive impact to the business of both CN Logistics and the Group through the strategic logistics partnership, the investment in CN Logistics is expected to be strategic and enable the Group to foster a closer business partnership with CN Logistics for a longer term and result in potential investment returns to the Shareholders.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Except as disclosed herein, as of the date of this announcement, the Group did not have any future plans for material investments or capital assets in the coming year.

## **MATERIAL ACQUISITIONS, DISPOSALS AND FUTURE PLANS FOR SUBSIDIARIES**

During the year ended 31 December 2022 and as of the date of this announcement, we did not have any material acquisition or disposal of subsidiaries, associates and joint ventures nor any such future plans.

## **CHARGE ON ASSETS**

As at 31 December 2022, the banking facilities of the Group mainly comprised corporate credit cards and letters of guarantee issued to the Group and the Group's suppliers, respectively for products purchased by the Group and securing the payments to the Group's suppliers respectively. The banking facilities were secured by the pledged deposits of the Group which amounted to approximately US\$3,179,000 as of 31 December 2022 (2021: US\$2,003,000).

## **EMPLOYEES AND REMUNERATION POLICY**

As of 31 December 2022, we had 489 employees (2021: 588 employees) 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 and Directors 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 operational efficiency, employee loyalty and employee retention, we provide our employees with technical and operational on-the-job training as well as people development programs. Share options may also be granted to employees of the Group under the Post-IPO Share Option Scheme at the sole discretion of the Board or its delegate(s).

## **CONTINGENT LIABILITIES**

As at 31 December 2022, the Group did not have any material contingent liabilities (2021: letter of guarantee issued to a payment gateway company and suppliers of approximately US\$25,000 in aggregate).

## **DEED OF NON-COMPETITION**

Mr. Lau and Ms. Chu (in their capacities as the Controlling Shareholders) provided the Deed of Non-Competition with details as set out in the section headed “Relationship with Controlling Shareholders” and subsection headed “Deed of Non-Competition” of the Prospectus.

The Company has received duly signed written annual declarations dated 6 January 2023 from each of the Controlling Shareholders confirming that each of them had fully complied with their undertakings under the Deed of Non-Competition during the year ended 31 December 2022.

The independent non-executive Directors have reviewed such declarations regarding the compliance of the Deed of Non-Competition and were satisfied that the terms of the Deed of Non-Competition had been duly complied with and enforced during the year ended 31 December 2022.

## **USE OF PROCEEDS FROM LISTING**

During the Reporting Year, the Company utilised the net proceeds from the Listing and Global Offering and the partial exercise of the Over-allotment of Option, after deducting underwriting commissions and relevant expenses, in accordance with the intended purpose as disclosed under the section headed “Future Plans and Use of Proceeds” of the Prospectus as set out below:

Use of proceeds	Planned use HK\$ million	Net proceeds		Net proceeds		Expected timeline for full utilisation of the unutilised proceeds
		utilised during the year ended 31 December 2021 HK\$ million	Net proceeds unutilised as at 1 January 2022 HK\$ million	utilised during the year ended 31 December 2022 HK\$ million	Net proceeds unutilised as at 31 December 2022 HK\$ million	
1. Increase our marketing efforts for customer acquisition and retention	49.9	13.6	36.3	27.5	8.8	By the end of 2023
2. 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	6.6	9.0	By the end of first quarter of 2024
3. Expand our logistics fulfillment capacity and enhance our warehouse efficiency	14.9	0.1	14.8	3.2	11.6	By the end of first quarter of 2024
4. General working capital	9.0	9.0	-	-	-	
Total	<u>92.3</u>	<u>25.6</u>	<u>66.7</u>	<u>37.3</u>	<u>29.4</u>	

*Note:*

- Marketing expenses incurred during the Prior Year and the Reporting Year were lower than the original plan as a result of the enhanced cost control measures implemented by the Group during the relevant periods. The Group expects that the utilisation plan of item 1 above will be behind the original schedule as disclosed in the Prospectus, with the expected timeline for full utilisation adjusted from the end of first quarter of 2023 to the end of 2023.
- Since the Listing Date up to 31 December 2022, the Company had utilised the proceeds for (i) developing our cloud-based E-commerce platform; (ii) enhancing our technology infrastructure and integrating up-to-date E-commerce technology infrastructure from third-party technology service providers such as Amazon Web Services, Google Cloud Platform and Microsoft Azure, etc; (iii) expanding our IT task force; and (iv) enhancing and enriching content quality and layout of our E-commerce platforms, websites, mobile apps, blog and social media pages.  
  
In particular, we hired a total of 13 new positions since the Listing Date up to 31 December 2022 to expand our IT task force. However, due to our enhanced cost control measures implemented during the relevant periods, the expansion of our IT task force was delayed and the expected timeline for full utilisation for item 2 above will be delayed to the end of first quarter of 2024.
- Since the Listing Date up to 31 December 2022, we hired a total of 10 full-time and 1 part-time positions for receiving and packaging goods and other logistics fulfillment purposes. Due to the unexpected slower revenue growth during the Prior Year and the Reporting Year, the hiring of staff was delayed and the expected timeline for full utilisation for item 3 above will be delayed to the end of first quarter of 2024.

## **CORPORATE GOVERNANCE PRACTICES**

The Company's corporate governance practices are based on the principles and the Code Provisions set out in the CG Code as amended from time to time contained in Appendix 14 to the Listing Rules. During the year ended 31 December 2022, the Company has complied with the Code Provisions and mandatory disclosure requirements as set out in the CG Code apart from the deviation from provision D.2.5 of the CG Code during the Reporting Year.

Under Code Provision D.2.5, issuers should have an internal audit function.

The Group does not have an internal audit function and the Board is of the view that there is no immediate need to set up an internal audit function within the Group having reviewed the size, nature and complexity of the Group's business during the Reporting Year. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance with applicable laws, rules and regulations. The situation will be reviewed by the Board on an annual basis.

BT Corporate Governance Limited ("BTCGL") has been appointed to review the effectiveness of the internal control systems of the Group, including financial, operational and compliance risks and the respective risk mitigation activities, during the Reporting Year.

BTCGL has prepared the internal audit report and presented to the Group's management and operational teams for their attention and appropriate actions. Remediation actions have been developed collaboratively by the Group's management and operational teams to rectify the control weaknesses identified.

Save as disclosed above, none of the Directors is aware of any information which would reasonably indicate that the Company had not, throughout the year ended 31 December 2022, fully complied with the Code Provisions.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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.

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 during the Reporting Year.

## **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 grant of 377,500 options of the Company under the Post-IPO Share Option Scheme (each option of the Company shall entitle the holder to subscribe for 10 Shares).

## **EVENTS AFTER THE REPORTING DATE**

There were no significant events after the Reporting Year up to the date of this announcement.

## **CLOSURE OF REGISTER OF MEMBERS**

The forthcoming AGM is scheduled to be held on Friday, 23 June 2023. For ascertaining shareholders' right to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 19 June 2023 to Friday, 23 June 2023, 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 Hong Kong share registrar, 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 Friday, 16 June 2023.

## **REVIEW OF ANNUAL RESULTS**

The Annual Results have been reviewed by the Audit Committee. 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 2022, 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 Hong Kong Standards on Auditing, 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 2022 ANNUAL REPORT**

The annual report of the Company for the year ended 31 December 2022 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company by the end of April 2023 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 Friday, 23 June 2023. The notice of the AGM will be published in the Company's website and sent to the shareholders of the Company in due course.

## DEFINITIONS AND GLOSSARY

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

“AGM”	annual general meeting of the Company
“AMR”	automated robot equipment used in the integrated system of hardware and software for warehouse and logistics management functions
“ <i>AsianBeautyWholesale</i> ”	<a href="http://www.AsianBeautyWholesale.com">www.AsianBeautyWholesale.com</a>
“Audit Committee”	the audit committee of the Board
“Code Provisions”	code provisions set out in the CG Code
“CG Code”	Corporate Governance Code as amended from time to time contained in Appendix 14 to the Listing Rules
“CN Logistics”	CN Logistics International Holdings Limited (嘉泓物流國際控股有限公司)(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))
“CRM system”	Customer relationship management system
“Deed of Non-Competition”	a deed of non-competition undertaking dated 24 June 2021 provided by Mr. Lau and Ms. Chu (in their capacities as our Controlling Shareholders) in favour of our Company (for itself and as trustee for our subsidiaries) relating to certain non-competition undertakings given by Mr. Lau and Ms. Chu
“Global Offering”	the Hong Kong Public Offering and the International Offering

“Goodman Warehouse”	a warehouse at Goodman Interlink with 137,525 square feet in Tsing Yi
“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries or, where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Public Offering”	the conditional offering of 3,954,000 Shares by the Company for subscription by members of the public in Hong Kong and upon the terms and conditions stated in the Prospectus
“International Offering”	the conditional offering of 35,586,000 Shares together with any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option for and on behalf of the Company outside the US in offshore transactions in reliance on Regulation S under the US Securities Act, including to professional, institutional and other investors in Hong Kong
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	9 July 2021, on which the Shares are first listed and from which dealings in the Shares are permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules



“N.M.”	not meaningful
“Offline wholesale”	YesAsia.com Japan Kabushiki Kaisha (iesu asia dotto comu japan kabushiki kaisha)
“Over-allotment Option”	the option that may be granted by the Company to the Sole Global Coordinator pursuant to which the Company may be required to issue up to aggregate of 5,931,000 additional Shares, to cover, among others, over-allocations in the International Offering
“pp”	percentage point
“Prospectus”	prospectus of the Company dated 28 June 2021
“Share Option Schemes”	the Pre-IPO Share Option Schemes and the Post-IPO Share Option Scheme
“Share(s)”	Ordinary share(s) in the share capital of our Company
“Shareholder(s)”	holder(s) of Shares
“Share Split”	the subdivision of one Share of the Company into ten shares of the Company pursuant to the resolutions passed by the Shareholders on 9 June 2021
“Smart Robotics Warehouse”	the smart warehouse located at the Goodman Warehouse with artificial intelligence, robotics and automation technology fully deployed in October 2022
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“US\$”, “USD” or “US Dollar”	United States dollar, the lawful currency of the United States
“U.S.”, “US” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia

“YesAsia”

[www.YesAsia.com](http://www.YesAsia.com)

“YesStyle”

[www.YesStyle.com](http://www.YesStyle.com)

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

Hong Kong, 31 March 2023

*As of the date of this announcement, the executive Directors are Mr. LAU Kwok Chu, Ms. CHU Lai King, and Mr. CHU Kin Hang; 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.*