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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)

CHANGE IN USE OF PROCEEDS

Reference is made to (i) the prospectus issued by YesAsia Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 June 2021 (the “**Prospectus**”) in relation to the initial public offering of the Company’s Shares (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited, which sets out, among others, the intended use of the net proceeds from the issue of new Shares of the Company (the “**Net Proceeds**”) at the time of preparing the Prospectus; and (ii) the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2023 Interim Report.

As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Net Proceeds were originally intended to be used for the following purposes:

- approximately 54.0% of the Net Proceeds was expected to be used for increasing the Group’s marketing efforts for customer acquisition and retention;
- approximately 20.1% of the Net Proceeds was expected to be used for enhancing the Group’s platform content and IT capabilities and creating satisfactory user experience to promote benefits and uniqueness of Korean beauty and fashion products;
- approximately 16.1% of the Net Proceeds was expected to be used for expanding the Group’s logistics fulfillment capacity and enhancing the Group’s warehouse efficiency; and
- approximately 9.8% of the Net Proceeds was expected to be used for general working capital.

The Net Proceeds received by the Company from its issue of new Shares upon Listing on 9 July 2021 and pursuant to the partial exercise of over-allotment option on 30 July 2021, after deducting related underwriting fees and commissions and expenses paid and payable by the Company in connection with the Listing, were approximately HK\$92.3 million. Since the Listing Date and up to the date of this announcement, the Company has utilised approximately HK\$80.7 million of the Net Proceeds, leaving a balance in the sum of approximately HK\$11.6 million remaining unutilised (the “**Unutilised Net Proceeds**”), representing approximately 12.6% of the Net Proceeds and was expected to be utilised by the end of the first quarter of 2024 as disclosed in the 2023 Interim Report.

On 27 October 2023, the board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved to reallocate part of the Unutilised Net Proceeds in the sum of approximately HK\$8.9 million, which was originally allocated for the use of expanding logistics fulfillment capacity and enhancing warehouse efficiency, to the use of increasing the marketing efforts in promotion of beauty products, for the reasons set forth under “Reasons for and Benefits of the Change in Use of Proceeds” below. An analysis of the utilisation of the Net Proceeds as at the date of this announcement and the proposed reallocation of part of the Unutilised Net Proceeds is set out below:

	Planned use of Net Proceeds as disclosed in the Prospectus <i>HK\$ million</i> <i>(approximately)</i>	Net Proceeds utilised as at the date of this announcement <i>HK\$ million</i> <i>(approximately)</i>	Net Proceeds unutilised as at the date of this announcement <i>HK\$ million</i> <i>(approximately)</i>	Proposed application of the Unutilised Net Proceeds <i>HK\$ million</i> <i>(approximately)</i>	Expected timetable for proposed use of the Unutilised Net Proceeds
Increase the marketing efforts for customer acquisition and retention	49.9	49.9	–	–	
Enhance the platform content and IT capabilities and create satisfactory user experience to promote benefits and uniqueness of Korean beauty and fashion products	18.5	15.8	2.7	2.7	On or before 31 March 2024
Expand the logistics fulfillment capacity and enhance the warehouse efficiency	14.9	6.0	8.9	–	
Increase the marketing efforts in promotion of beauty products	–	–	–	8.9	On or before 31 March 2024
General working capital	9.0	9.0	–	–	
Total	<u>92.3</u>	<u>80.7</u>	<u>11.6</u>	<u>11.6</u>	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

As disclosed in the 2023 Interim Report, benefitting from and following the deployment of autonomous mobile robots (“AMRs”) in the Group’s smart robotics warehouse located at Goodman Interlink in Tsing Yi since October 2022, the demand for outsourced warehouse labour and warehouse employees for fulfillment has become lower. Further, the expansion of the Group’s logistics fulfillment capacity is achieved by the deployment of AMRs and the need to hire full-time and part-time employees has been reduced. Since the Listing Date up to the date of this announcement, the Group hired a total of 13 full-time and 1 part-time positions for receiving and packaging goods and other logistics fulfillment purposes.

Part of the Unutilised Net Proceeds will be utilised for devoting more marketing efforts in promoting beauty products, in particular Korean beauty products, including (i) expanding influencer and key opinion leader (KOL) initiatives; (ii) organizing localized marketing campaigns; and (iii) expanding retention marketing and promotion campaigns. In particular, the Group will tailor KOL marketing programs for top performing Korean beauty brand partners, such as the “2024 KOL Dedicated Videos Program”. With the introduction of the new front page and adoption of a beauty products-focused promotion strategy for *YesStyle Platforms* since January 2023, revenue generated from beauty products for *YesStyle Platforms* for the six months ended 30 June 2023 increased to approximately US\$52,410,000 (Six months ended 30 June 2022: US\$27,333,000), representing a surge by approximately 91.8% year-on-year.

Therefore, the Board is of the view that the reallocation of Unutilised Net Proceeds to the use of increasing the marketing efforts in promoting beauty products can drive the revenue growth of the Group.

The Board confirms that there are no material changes in the nature of the business of the Group as set out in the Prospectus. The Board considers the above change in the use of the Net Proceeds is in line with the Group’s business needs and is beneficial to the continuing development of the Group’s principal business, and would allow the Company to deploy its idle financial resources in a more effective manner to strengthen its business and in turn enhance the overall profitability of the Group, and is therefore in the interests of the Group and the Shareholders as a whole.

The Board will continuously assess the plan for the use of the Unutilised Net Proceeds and may revise or amend such plan where necessary to cope with the changing market conditions and strive for better business performance of the Group.

By order of the Board
YESASIA HOLDINGS LIMITED
Ng Sai Cheong
Company Secretary

Hong Kong, 27 October 2023

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