2022
ANNUAL REPORT

YesAsia Holdings Limited

(Incorporated in Hong Kong with limited liability)

Stock Code : 2209

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lau Kwok Chu (劉國柱) *(Chief Executive Officer)*
Ms. Chu Lai King (朱麗琼) *(Chairperson)*
Mr. Chu Kin Hang (朱健恒)
(Appointed on 23 June 2022)
Ms. Wong Shuet Ha (黃雪夏)
(Retired on 23 June 2022)

Non-executive Directors

Mr. Lui Pak Shing Michael (雷百成)
Mr. Hui Yat Yan Henry (許日昕)
Mr. Poon Chi Ho (潘智豪)

Independent Non-executive Directors

Mr. Chan Yu Cheong (陳汝昌)
Mr. Sin Pak Cheong Philip Charles (冼栢昌)
Mr. Wong Chee Chung (王子聰)

AUDIT COMMITTEE

Mr. Wong Chee Chung (王子聰) *(Chairman)*
Mr. Hui Yat Yan Henry (許日昕)
Mr. Sin Pak Cheong Philip Charles (冼栢昌)
Mr. Chan Yu Cheong (陳汝昌)

REMUNERATION COMMITTEE

Mr. Chan Yu Cheong (陳汝昌) *(Chairman)*
Mr. Poon Chi Ho (潘智豪)
Mr. Wong Chee Chung (王子聰)
Mr. Sin Pak Cheong Philip Charles (冼栢昌)

NOMINATION COMMITTEE

Mr. Sin Pak Cheong Philip Charles (冼栢昌) *(Chairman)*
Mr. Chu Kin Hang (朱健恒)
(Appointed on 23 June 2022)
Ms. Wong Shuet Ha (黃雪夏)
(Retired on 23 June 2022)
Mr. Chan Yu Cheong (陳汝昌)
Mr. Wong Chee Chung (王子聰)

COMPANY SECRETARY

Mr. Ng Sai Cheong (伍世昌)

AUTHORISED REPRESENTATIVES

Mr. Lau Kwok Chu (劉國柱)
Mr. Ng Sai Cheong (伍世昌)

AUDITOR

RSM Hong Kong
Certified Public Accountants
Registered Public Interest Entity Auditor
29th Floor
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Hong Kong

HEAD OFFICE AND REGISTERED OFFICE IN HONG KONG

5/F., KC100, 100 Kwai Cheong Road
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LEGAL ADVISOR AS TO HONG KONG LAWS

Ronald Tong & Co.

COMPLIANCE ADVISOR

UOB Kay Hian (Hong Kong) Limited

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited

STOCK CODE

2209

CORPORATE WEBSITE

www.yesasiaholdings.com

SHOPPING WEBSITES

www.yesstyle.com
www.asianbeautywholesale.com
www.yesasia.com

	Year ended 31 December		
	2022 (Audited) *US$'000*	2021 (Audited) *US$'000*	Change
Revenue	**128,592**	162,018	(20.6%)
Gross profit	**42,726**	55,618	(23.2%)
Gross profit margin[1]	**33.2%**	34.3%	(1.1 pp)
Loss for the year	**(6,782)**	(2,065)[2]	(228.4%)
Proposed final dividend	**–**	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.

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

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

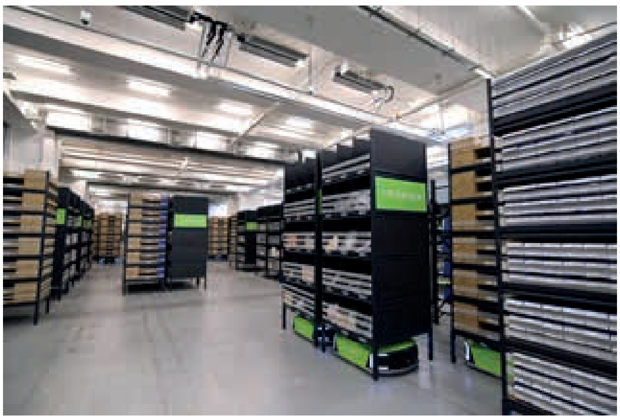
LETTER TO THE SHAREHOLDERS

Dear Shareholders,

It has been two years since YesAsia Holdings became a listed company in July 2021, and 25 years since we started the Company in 1997. Although 2022 was one of the most challenging years in our Company's history, it was also one of our most productive years. We firmly believe that the YesAsia Holdings Team made significant progress towards turning the business around, and is paving the way for our renewed growth in the coming years.

THE NEW SMART ROBOTICS WAREHOUSE

One of the key requirements of a successful e-commerce company is providing excellent service to customers. Our customers value efficient fulfilment and dispatch of their orders from our warehouses, but the cost of order fulfilment has steadily increased over the years, mainly because of the rising fulfilment labour costs due to inflation. During COVID, we observed this labour shortage becoming a bottleneck for many industries, including e-commerce fulfilment. We predict these increasing trends of fulfilment labour costs will continue in the foreseeable future given change in the global logistics industry landscape after the pandemic.



Enhancing the level of automation and deploying robots in our warehouses will address these increasing labour costs, and enable the Company to provide better fulfilment services and timelier dispatch of customer orders with high accuracy. In 2022, we partnered with Geek Plus International Company Limited, a global leader in advanced robotics and artificial intelligence technologies, to set up a smart robotics warehouse located at Goodman Warehouse in Tsing Yi. The warehouse has a gross area of approximately 137,525 square feet and is now equipped with 161 physical Autonomous Mobile Robots (AMRs).

After we receive customer orders, the AMRs automatically pass the goods to warehouse operators for an overall fulfilment process that is more accurate and efficient than that in the past. In addition to saving fulfilment labour costs, this new robotics solution will better cope with sudden increases in order numbers, especially during peak shopping seasons when we can flexibly extend the robots' operating hours. The total establishment cost of the smart robotics warehouse amounted to approximately USD5,907,000, which was fully paid for by the end of December 2022. We are committed to making the best use of this new system in the coming years, and to ensure that the benefits to be realized will justify and exceed our investment.

We project that the AMRs will assist in the fulfilment of more than 1,000,000 customer orders in their first year of operation. The successful deployment of our new smart robotics warehouse represents yet another milestone in our Company's history. The new warehouse will play an integral part in the Company's future growth plans, and we are now well-prepared for when customer orders increase.

THE OPPORTUNITY OF GLOBAL KOREAN BEAUTY ("K-BEAUTY")

Skin care and cosmetics products from South Korea continue to gain popularity globally, and their growth momentum remains unabated. While young female consumers in Asian countries and regions, including mainland China, Japan, Taiwan and Hong Kong, are some of the earliest adopters of K-beauty products, more and more consumers in western countries, such as the US, the United Kingdom, Australia, Canada and many European countries, are following K-Beauty products and trends. Shoppers find K-Beauty products to be innovative and formulated with many natural ingredients helpful to skin care routines. Recently, we have also observed the enthusiasm for K-Beauty spreading further around the globe, reaching Middle Eastern countries such as Saudi Arabia, the United Arab Emirates and Kuwait, and South American countries such as Chile, Peru and Brazil.

Our Company is well-positioned to promote and distribute K-Beauty products to many parts of the world where demand is steadily growing. We have worked closely with many K-Beauty brands since 2015, and now partner with 430 K-Beauty brands, making us one of the most extensive selection platforms of K-Beauty products online. The K-Beauty brands we partner with include well-known brands such as *Beauty of Joseon, CLIO, COSRX, ETUDE, peripera and rom&nd*. In 2022, we signed up approximately 60 new brands from South Korea, including *AESTURA, beplain, Dr. Ceuracle, JIN JUNG SUNG and Kaja*. Our mission is for *YesStyle* to become the #1 destination for global beauty enthusiasts seeking K-Beauty products. Our Group's Business-to-Business (B2B) platform, *AsianBeautyWholesale*, also assists many brand partners to promote and distribute their products to thousands of businesses globally.

DIGITAL MARKETING UPDATE

In addition to quality product sourcing, a successful e-commerce formula includes an innovative yet cost-effective digital marketing strategy. To support our growth in this global K-Beauty opportunity, we launched a new *YesStyle* homepage during the first week of 2023 to provide greater promotion and marketing support for our K-Beauty brand partners. In particular, we now highlight four to eight key beauty products on a weekly basis. We are also shifting marketing resources to produce and publish more video content for those key beauty products on *YesStyle* social media channels such as Instagram and TikTok. By the end of 2022, *YesStyle*'s Instagram totalled over 1,300,000 followers, and the new *YesStyle* TikTok channel has attracted over 240,000 followers. During 2022, the content we published on *YesStyle*'s Instagram was viewed approximately 125 million times, while *YesStyle*'s TikTok content received 19 million views.

We introduced an online beauty consultation function to assist customers to better understand their own skin condition by identifying their skin type and skin concerns. Then, based on the customer's needs, we recommend products that will be useful in their daily skin care routine. By the end of 2022, over 100,000 *YesStyle* members had participated in the online beauty consultation.

YesStyle's loyalty program, the *Elite Club*, gained approximately 1,909,000 new members in 2022, bringing total members to approximately 8,272,000 by the end of 2022. We deployed a CRM system from Oracle in late 2021 to engage members by sending them product promotions in a more precise and scalable way. During 2022, we developed 19 customer journeys with customized content based on customers' transactional and behavioural data, which helped bringing in approximately USD14,892,000 revenue.

The *YesStyle* Influencer Program continued to grow in 2022. Approximately 62,000 new influencers joined the program, bringing the total number of influencers to about 279,000 by the end of 2022. We put more focus on recruiting new influencers from TikTok, which is becoming the most popular social media platform among *YesStyle*'s target audience. As a result, the total number of TikTok influencers grew from approximately 28,000 by the end of 2021 to approximately 44,000 by the end of 2022. During 2022, we launched a loyalty program for influencers, encouraging them to refer more orders by offering incentives. We have also received positive feedback regarding the *YesStyle* Student Program since its launch in December 2021. By end of 2022, approximately 50,000 students have joined the program, with the program bringing in about USD4,185,000 revenue in 2022.

THE LOGISTICS UPDATE

Our strategic partnership with CN Logistics started in November 2021 and bore fruit in 2022. By leveraging CN Logistics' extensive global logistics networks, we were able to deliver orders to customers in the US, Australia, the United Kingdom, and many countries in Europe in a more cost-efficient manner.

In early 2022, we established YA Logistics Limited, a wholly-owned subsidiary of YesAsia Holdings, leveraging over 20 years of experience in e-commerce and logistics to provide e-fulfilment service for other companies. During 2022, we signed service contracts with two major clients and are now assisting them with warehousing and order fulfilment of packages to overseas countries.

OUTLOOK IN THE POST-COVID ENVIRONMENT

The COVID years were turbulent for the world and challenging for the e-commerce industry. With COVID fading, we are now cautiously optimistic about future e-commerce prospects and the growth potential for the Company. The daily lives of people around the world, particularly in the key countries where our customers reside, are returning to normal, and we believe that online consumer spending will resume a healthy yearly growth similar to the two decades before COVID. Yearly worldwide retail spending is expected to grow, while online spending as a percentage of overall retail spending is projected to grow faster than offline retail spending, as was the trend before COVID.

Now that COVID-related travelling measures have been almost entirely removed, the number of air flights in and out of Hong Kong will rise significantly, increasing overall cargo capacity and countering the increases in freight cost to western countries experienced over the past few years. Since the beginning of 2023, we have observed that freight costs are stabilizing. If the trend continues, it is possible that freight costs will reverse to previous levels or decline this year.

During 2022, we also focused on cost-saving measures. We regularly review all aspects of our operations to identify areas where we can optimize costs and realize savings, while implementing new solutions and workflow to increase efficiency. One of the prime examples of this is our new Smart Robotics Warehouse, which allows the Company to maintain its high service standard to customers while employing fewer people. Total headcount of the Group was reduced by 99, from 588 at the end of 2021 to 489 at the end of 2022. We are now leaner than a year ago, but at the same time, we are more energetic and ready to exploit e-commerce possibilities in the post-COVID era. Our team is determined and dedicated to assist the Company to revive its growth and achieve profitability, as we did during 2016 to 2020.

Lastly, we would like to share a quote that we find inspiring from Tao Te Ching, Chapter 63, which we find especially relevant to those of us operating in the e-commerce industry:

"See simplicity in the complicated.

Achieve greatness in little things.

In the universe the difficult things are done as if they are easy.

In the universe great acts are made up of small deeds."

"圖難於其易，為大於其細。天下難事，必作於易，天下大事，必作於細。"

We hope 2023 brings good health, happiness, and good fortune to you and your families.

Priscilla CHU Lai King
Founder and Chairperson

Joshua LAU Kwok Chu
Founder and CEO

31 March 2023

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		
		As % of total		*As % of total*	*Change*
	US$'000	***revenue***	*US$'000*	*revenue*	(%)
Fashion & lifestyle and beauty products					
– *YesStyle Platforms*	**109,934**	**85.5**	148,841	91.9	(26.1)
– *AsianBeautyWholesale*	**11,601**	**9.0**	6,655	4.1	74.3
	121,535	**94.5**	155,496	96.0	(21.8)
Entertainment products					
– *YesAsia Platform*	**5,308**	**4.1**	5,295	3.3	0.2
– Offline wholesale	**811**	**0.7**	1,227	0.7	(33.9)
	6,119	**4.8**	6,522	4.0	(6.2)
Logistics services	**938**	**0.7**	–	–	N.M.
Total (Audited)	**128,592**	**100.0**	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				
	2022		2021		
	US$'000	***As % of revenue***	*US$'000*	*As % of revenue*	*Change (%)*
Product costs	**51,829**	**40.3**	61,849	38.2	(16.2)
Freight charges	**32,889**	**25.6**	43,197	26.7	(23.9)
Packing materials	**874**	**0.7**	1,354	0.8	(35.4)
Direct labour cost	**274**	**0.2**	–	–	N.M
Total (Audited)	**85,866**	**66.8**	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 percentage points 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				
	2022		2021		
	US$'000	***Gross Profit Margin (%)***	*US$'000*	*Gross Profit Margin (%)*	*Change (%)*
Fashion & lifestyle and beauty products					
– *YesStyle Platforms*	**38,044**	**34.6**	52,537	35.3	(27.6)
– *AsianBeautyWholesale*	**2,942**	**25.4**	1,663	25.0	76.9
	40,986	**33.7**	54,200	34.9	(24.4)
Entertainment products					
– *YesAsia Platform*	**1,096**	**20.6**	1,290	24.4	(15.0)
– Offline wholesale	**66**	**8.1**	128	10.4	(48.4)
	1,162	**19.0**	1,418	21.7	(18.1)
Logistics services	**578**	**61.6**	–	–	N.M.
Total (Audited)	**42,726**	**33.2**	55,618	34.3	(23.2)

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				
	2022		2021		
		As % of		*As % of*	*Change*
	US$'000	***revenue***	*US$'000*	*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)
Total (Audited)	**19,044**	**14.8**	24,292	15.0	(21.6)

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				
	2022		2021		
	US$'000	***As % of revenue***	*US$'000*	*As % of revenue*	*Change (%)*
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)
Operating lease charges	**117**	**0.1**	257	0.2	(54.5)
Auditor's remuneration	**163**	**0.1**	155	0.1	5.2
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
Total (Audited)	**30,682**	**23.9**	33,330	20.6	(7.9)

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 37 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 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 report, 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 report, 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).

TRANSACTIONS IN SANCTIONED COUNTRIES OR WITH SANCTIONED PERSONS

During the Reporting Year, proper internal control and risk management measures relating to sanction laws, as disclosed in the Prospectus, had been implemented and the Group did not have any transactions in Sanctioned Countries or with Sanctioned Persons. As of 31 December 2022, the Group did not anticipate any plans for any new activities in Sanctioned Countries or with Sanctioned Persons.

During the Reporting Year, the Group derived revenue amounted to approximately US$609,000 (2021: US$867,000) from the Balkans region (including Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, North Macedonia, Romania, Serbia and Slovenia), which is not subject to comprehensive sanctions that are territorial in nature.

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.

EXECUTIVE DIRECTORS

Mr. LAU Kwok Chu (劉國柱), aged 47, is our Executive Director, Chief Executive Officer and Co-Head of the *YesStyle* business unit. Mr. Lau has over 20 years of experience in E-commerce business and digital marketing. He co-founded our Group with Ms. Chu in December 1997. He has been our Director since 26 April 2005. Mr. Lau also serves as director of YesStyle.com Limited, YesAsia.com Limited, AsianBeautyWholesale (Hong Kong) Limited (formerly known as YesAsia Trading (Hong Kong) Limited) and a number of our subsidiaries. Prior to founding our Group, Mr. Lau served as an analyst within the Consumer Investment Management Division of the Goldman Sachs Group, Inc. from July 1996 to July 1998. Mr. Lau is the spouse of Ms. Chu and is the brother-in-law of Mr. Chu Kin Hang.

Mr. Lau obtained his bachelor's degree of arts in economics, conferred with distinction from Stanford University in California, the United States in June 1996. Mr. Lau received the Asia Pacific Entrepreneurship Award in the E-commerce category awarded by Enterprise Asia in September 2017.

Ms. CHU Lai King (朱麗琼), aged 51, is our Executive Director, Chairperson and Vice President of Operations. Ms. Chu has over 20 years of experience in E-commerce, logistics and operations. She co-founded our Group with Mr. Lau in December 1997. She has been our Director since 26 April 2005. Ms. Chu also serves as director of YesStyle.com Limited, YesAsia.com Limited and a number of our subsidiaries. Prior to founding our Group, Ms. Chu served as a programmer analyst with Municipal Resource Consultants in California from May 1993 to July 1998. Ms. Chu is the spouse of Mr. Lau and is the sister of Mr. Chu Kin Hang.

Ms. Chu obtained her bachelor's degree of science, majoring in business administration in computer application and option systems and a master's degree in business administration from the California State University in California, the United States in December 1992 and August 1997 respectively.

Mr. Chu Kin Hang (朱健恒), aged 48, is our Executive Director and Vice President of Content. He joined our Group in May 1998, serving as our Design Manager until March 2003. He was re-designated as our Design and Production Director from April 2003 to March 2015. Mr. Chu has been serving as our Vice President of Content since April 2015.

Mr. Chu obtained his bachelor of engineering majoring in electronics engineering from the Chinese University of Hong Kong in Hong Kong in December 1998.

Mr. Chu is the brother-in-law of Mr. Lau and brother of Ms. Chu.

NON-EXECUTIVE DIRECTORS

Mr. LUI Pak Shing Michael (雷百成), aged 58, is our Non-executive Director. He has been designated as The First Founding Investor of the Company since 1998. He has been a Director since 2006. Prior to joining our Group, Mr. Lui served as president from July 1995 to July 2012 and as director from July 1979 to July 2012 with Tang Fat Enterprises Company Inc. Mr. Lui also served as special projects superintendent from May 1987 to December 1992 with American Realty and Construction Inc.

Mr. Lui obtained his bachelor's degree of science in business administration from the University of San Francisco in the United States in December 1985.

Mr. HUI Yat Yan Henry (許日昕), aged 58, is our Non-executive Director. He has been our Director since 22 March 2007. He is currently serving as senior vice president of the business development unit of PCCW since November 2011. He was the chief financial officer of Cascade Limited, a wholly-owned subsidiary of the PCCW Group and in charge of financial and accounting function of the international projects unit of the PCCW Group from August 2006 to November 2011. He joined the ventures unit of Pacific Century Cyber Works Limited (now known as PCCW Limited) since March 2000. Mr. Hui also serves as a director in a number of subsidiaries in the PCCW Group and HKT Limited.

Prior to joining the PCCW Group, Mr. Hui served as a direct investment manager from July 1997 to December 1998 and as China retail fund manager from December 1998 to March 2000 with AIG Investment Corporation (Asia) Ltd. Prior to his career as a financier, Mr. Hui served as a system engineer with Asia Satellite Telecommunications Company Limited from March 1993 to April 1995. Mr. Hui also served as an associate engineer with IBM from February 1990 to March 1993.

Mr. Hui obtained his bachelor's degree of science with special honors, majoring in Electrical and Computer Engineering from the University of Colorado in the United States in December 1989 and his master's degree with academic excellence in business administration from the University of Illinois in the United States in May 1997. He was a member of Tau Beta Pi and Beta Gama Sigma, an honor society for engineering and business, since April 1988 and November 1996 respectively.

Mr. POON Chi Ho (潘智豪), aged 55, is our Non-executive Director. He has been our Director since 25 June 2009. Mr. Poon joined the PCCW Group as a management trainee in August 1989 and has been serving as the Chief Financial Officer of HKT Limited since May 2022. He also holds a number of positions within the PCCW Group, including as director in a number of subsidiaries in both the PCCW Group and the HKT Group.

Mr. Poon obtained his bachelor's degree in business studies from the Hong Kong Polytechnic University in Hong Kong in November 1989. He also obtained his associate membership with the Hong Kong Society of Accountants since December 1995.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Yu Cheong (陳汝昌), aged 42, has been appointed as an Independent Non-executive Director of our Company on 17 August 2020. Mr. Chan is currently serving as director with a number of companies, namely, Resonance Capital Ltd. since September 2016, Youth Arch Foundation Ltd. from September 2016 to September 2022, Visual Squares Ltd. since April 2011 and Savantas Policy Institute Ltd. since April 2009. He also served on the Enterprise Support Scheme Assessment Panel under the Innovation and Technology Commission of the Hong Kong Government from July 2015 to June 2021. Prior to returning to Hong Kong in 2010, Mr. Chan worked as a software engineer in a number of technology companies in Silicon Valley, including Google from December 2004 to July 2010 and Neopath Networks (acquired by Cisco Systems in April 2007) from August 2003 to December 2004.

Mr. Chan obtained his bachelor's degree of science in computer science, conferred with distinction, and master's degree of science in computer science from Stanford University in California, the United States in April 2003. Mr. Chan received the Frederick Emmons Terman Engineering Scholastic Award for being the top five percent of the undergraduate senior engineering class.

Mr. SIN Pak Cheong Philip Charles (冼栢昌), aged 47, has been appointed as an Independent Non-executive Director of our Company effective on 17 August 2020. Mr. Sin is currently serving as head of capital markets and corporate development of Belief BioMed Limited since April 2022. He was previously chief financial officer of HiFiBiO Therapeutics from November 2020 to August 2021. Mr. Sin was managing director of Orient Securities Investment Bank Co. Ltd. (formerly Citi Orient Securities Company Limited) from March 2013 to November 2020. Mr. Sin was director of Greater China investment banking with Citigroup Global Markets Asia Limited ("**Citigroup**") from September 2009 to February 2013. Prior to his work with Citigroup, he also served in various roles for UBS Group AG (a company listed on NYSE (Ticker: UBS) and SIX Swiss Exchange (Symbol: UBSG)), Deutsche Bank AG (a company listed on NYSE (Ticker: DB) and BER (Symbol: DBK)), Morgan Stanley Asia Ltd. and Chase Securities Inc..

Mr. Sin obtained his bachelors of arts degree in economics and Asian studies conferred with magna cum laude from Dartmouth College in the United States in June 1997.

Mr. WONG Chee Chung (王子聰), aged 46, has been appointed as an Independent Non-executive Director of our Company on 17 August 2020. Mr. Wong is currently serving as an executive director with Agenda Corp Limited since April 2018 and with Double U Limited since April 2016. Mr. Wong is currently serving as an independent non-executive director of Ying Kee Tea House Group Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 8241)) since March 2018. Mr. Wong is also an audit director at a CPA firm called Wong Chee Chung CPA. Prior to that, Mr. Wong had been working in PricewaterhouseCoopers in its Hong Kong office for about eight years and its London office for about two years.

Mr. Wong obtained his bachelor of business administration in accounting and finance from the University of Hong Kong in December 1998 and master of science in financial analysis from the Hong Kong University of Science and Technology in June 2015. Mr. Wong has been a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants since July 2014 and October 2009 respectively.

SENIOR MANAGEMENT

Mr. WAN Siu Chung (溫兆聰) ("Mr. Wan"), aged 46, is our Vice President of Information Technology. He joined our Group in June 2000 as our Programmer until August 2001. He held multiple positions within our Group including, System Analyst, Application Manager, Development Manager, Information Technology Operation Support Director and Director of Information Technology from September 2001 until March 2018.

Mr. Wan obtained his bachelor of science degree from the Chinese University of Hong Kong in Hong Kong in December 2000 and his master of business administration from the Chinese University of Hong Kong in Hong Kong in December 2010. Mr. Wan obtained his certificate as a project management professional from the Project Management Institute in the United States in January 2014 and his Information Technology Infrastructure Library (ITIL) foundation certificate in IT service management from Axelos and EXIN through attending online courses in December 2016.

Ms. KIM In Sook ("Ms. Kim"), aged 58, is our Vice President of Business Development. She is also serving as General Manager of our South Korean Office. She joined our Group in August 2001. Ms. Kim has held multiple positions within our Group including Korean Product Manager, Senior Product Manager, Product Director and Deputy General Manager of the South Korean Office from April 2002 to April 2018. Prior to joining our Group, Ms. Kim served as an interpreter for DLiA Consortium from October 2000 to March 2001. Ms. Kim also served as an export manager with Taewon International Corp., a footwear export and import company, in their Hong Kong office from August 1995 to August 1996 and their Seoul office from April 1988 to July 1995.

Ms. Kim obtained her bachelor's degree in English studies from the Portsmouth University in the United Kingdom in June 1998 and her master's degree of science in tourism management and marketing from the Bournemouth University in the United Kingdom in March 2000.

Mr. Erik HOHMANN ("Mr. Hohmann"), aged 48, is the Vice President of Marketing of our Company. He joined our Group in April 2018, serving as Marketing Director until March 2019. Prior to joining our Group, he served as the director of marketing and sales at Milkyway Distribution Ltd., a global E-commerce company in Hong Kong from January 2018 to April 2018. Mr. Hohmann also served as the general manager at Wild At Heart Limited, a digital marketing agency in Hong Kong from January 2016 to January 2018. He served as the head of E.U. sales and marketing for MedicAnimal Ltd., an E-commerce pet healthcare product retailer based in London from February 2011 to September 2015. He joined DFS Air Navigation services in Germany as senior business development manager from January 2005 to February 2011. He also served as investment manager for BLS Venture Capital in Berlin from April 2002 to December 2004. Mr. Hohmann served as an assistant to the general manager at TFG Venture Capital in Berlin from February 2000 to March 2002. He worked at Landes Bank in Berlin from August 1992 to March 1995.

Mr. Hohmann obtained his Diplom-Kaufmann in business administration from Humboldt University in Berlin, Germany in January 2002.

Mr. NG Sai Cheong (伍世昌) ("Mr. Ng"), aged 47, is our Chief Financial Officer and Company Secretary. He joined our Group in December 2018. Prior to joining our Group, Mr. Ng held multiple senior management with Kwan On Holdings Limited (a company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1559)) from August 2012 to December 2018, including as financial controller from August 2012 to February 2018, and with his last positions as the chief financial officer and company secretary. Mr. Ng joined Top Express Holdings Limited as accounting manager between September 2009 and April 2012 and his last position was as chief financial officer. Mr. Ng joined Beauty China Holdings Limited (a company formerly listed on the Singapore Exchange (Stock Code: B15.SG)), as accounting manager from October 2003 to October 2007 and he served as assistant financial controller from October 2007 to August 2009. Mr. Ng served as a senior accountant and staff accountant in the Assurance and Advisory Business Services department of Ernst & Young Hong Kong from October 2002 to September 2003 and February 2001 to September 2002, respectively. Mr. Ng also served as an auditor with Charles Chan, Ip & Fung CPA Limited (currently known as CCIF CPA Limited), Certified Public Accountants from April 2000 to February 2001. Mr. Ng served as an audit graduate and subsequently as a semi-senior auditor with Lee Sik Wai & Co, Certified Public Accountants in Hong Kong from June 1998 to April 2000.

Mr. Ng has been serving as an independent non-executive director of Royal Catering Group Holdings Company Limited (a company listed on GEM of the Hong Kong Stock Exchange (Stock Code: 8300)) since August 2018. Mr. Ng has been serving as executive director of Indigo Star Holdings Limited (a company listed on GEM of the Hong Kong Stock Exchange (Stock Code: 8373)) since April 2017.

Mr. Ng obtained his bachelor of business administration degree in accounting from The Hong Kong University of Science and Technology in Hong Kong in November 1998 and his master of corporate governance degree from Hong Kong Metropolitan University in June 2007. He has been an associate of The Hong Kong Chartered Governance Institute since September 2007, an associate of The Hong Kong Institute of Certified Public Accountants from March 2003 to February 2022 and a fellow member of the Association of Chartered Certified Accountants since July 2020.

Ms. FUNG Man Yee Joyce (馮敏儀) ("Ms. Fung"), aged 47, is our Vice President of Consumer Business and Co-Head of the *YesStyle* business unit. She joined our Group in October 2020. Prior to joining our Group, Ms. Fung served as vice president, operations for K11 Concepts Limited (a member of New World Development Company Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 17)) from August 2019 to February 2020. Ms. Fung rejoined and held multiple senior management roles with the Lane Crawford Joyce Group from April 2016 to May 2019, including chief commercial officer of ImagineX Management Company Limited and chief operating officer of Walton Brown (Hong Kong) Limited. From August 2010 to April 2015, Ms. Fung was executive director of the corporate finance department and investment management division of Goldman Sachs (Asia) L.L.C.. Ms. Fung also served as the group chief financial officer and strategic planning of John Hardy International Limited from September 2008 to May 2010. Ms. Fung also served as the corporate development director of the Lane Crawford Joyce Group from September 2006 to August 2008. Ms. Fung also held various investment banking roles at Goldman Sachs (Asia) L.L.C. and Credit Suisse (formerly known as Donaldson, Lufkin & Jenrette) in Hong Kong, London and New York between 1997 and 2006.

Ms. Fung obtained her bachelors of science in economics with magna cum laude honors from the Wharton School at the University of Pennsylvania in the United States in May 1997. Ms. Fung obtained her master in business administration degree from the Harvard Business School in the United States in June 2002.

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2022.

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 Code 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.

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.

THE BOARD

(i) Responsibilities

The Board is accountable to Shareholders for the long-term performance of the Company and is responsible for the overall leadership of the Group. The Board steers and oversees the management of the Company including establishing the strategic direction of the Company, setting the long-term objectives of the Company, monitoring the performance of the management, protecting and maximising the interests of the Company and Shareholders, reviewing, considering and approving the annual budget, management results and performance update against annual budget, together with business reports from the management.

The Board has delegated an executive committee comprising all Executive Directors, with authority and responsibility for day-to-day operations and administration of the Company.

All Directors have full and timely access to all relevant information as well as advice and services of the Company Secretary, with a view to ensuring that the Board procedures and all applicable law, rules and regulations, are followed. Upon making request to the Board, all Directors may obtain independent professional advice at the Company's expense for carrying out their functions.

The Company has arranged appropriate directors' and officers' liability insurance cover in respect of legal action against the Directors.

(ii) Board Composition

The Board currently comprises nine Directors with three Executive Directors, three Non-executive Directors and three Independent Non-executive Directors. The composition of the Board during the year ended 31 December 2022 and up to the date of this report is as follows:

Executive Directors
Ms. Chu Lai King *(Chairperson and Vice President of Operations)*
Mr. Lau Kwok Chu *(Chief Executive Officer)*
Ms. Wong Shuet Ha *(Vice President of Corporate Planning)* (Retired on 23 June 2022)
Mr. Chu Kin Hang *(Vice President of Content)* (Appointed on 23 June 2022)

Non-executive Directors
Mr. Hui Yat Yan, Henry
Mr. Lui Pak Shing, Michael
Mr. Poon Chi Ho

Independent Non-executive Directors
Mr. Chan Yu Cheong
Mr. Sin Pak Cheong Philip Charles
Mr. Wong Chee Chung

The biographical information and relationships of the Directors are set out in the section of "Directors and Senior Management" on pages 19 to 23 of this annual report.

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors and senior management of the Group have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and senior management of the Group, including the chief executive and the Chairperson.

The Company has maintained on the websites of the Stock Exchange and the Company (*https://www.yesasiaholdings.com*) an updated list of its Directors identifying their roles and functions. Independent Non-executive Directors are also identified as such in all corporate communications that disclose the names of the Directors.

(iii) Chairman and Chief Executive Officer

Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. According to the current structure of the Board, the positions of the Chairman and Chief Executive Officer of the Group are held by separate individuals to ensure effective segregation of duties and a balance of power and authority.

Ms. Chu Lai King, the Chairperson, is primarily responsible for leadership of the Board and overall strategic direction of the Group. Mr. Lau Kwok Chu, the Executive Director and Chief Executive Officer of the Group, is primarily responsible for overall strategic planning and management of the Group and, in the meantime, he is also responsible for the day-to-day management as well as the business direction of the Hong Kong and international business operations of the Group. The positions of the Chairman and the Chief Executive Officer are currently held by separate individuals for the purpose of ensuring an effective segregation of duties and a balance of power and authority.

(iv) Independent Non-Executive Directors

During the year ended 31 December 2022, the Board has at all times met the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

During the year ended 31 December 2022, the Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

Pursuant to Rule 3.13 of the Listing Rules, each of the Independent Non-executive Directors has made a written confirmation of independence and the Company considers all of the Independent Non-executive Directors to be independent.

(v) Appointment, Re-election and Removal of Directors

Each of the executive Directors has entered into a service agreement with the Company for a term of three years, which are subject to termination following their respective terms.

Each of the non-executive Directors has entered into a service agreement with the Company for a term of three years, which are subject to termination following their respective terms.

Each of the independent non-executive Directors was engaged on a letter of appointment for a term of three years and shall be subject to retirement by rotation once every three years.

Under the Articles, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the existing Board. Any such new Director shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the following annual general meeting of the Company (in the case of an addition to the existing Board), and shall then be eligible for re-election. Every Director, including Independent Non-executive Directors, is subject to retirement by rotation and re-election at least once every three years. One-third of the Directors must retire from office at each annual general meeting and their re-election is subject to the approval of shareholders of the Company.

(vi) Board Meetings and General Meetings

Code provision C.5.1 provides that the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. Board meetings (include regular meetings as defined in the CG Code and other Board meetings) will be held from time to time when necessary. During the Reporting Year, the Board held seven regular Board meetings and one general meeting. The Company put in place effective mechanisms to ensure independent views and input are available to the Board. The Board has conducted an annual review on such mechanisms in 2022 and is of the view that the mechanisms have been properly implemented and are effective. In particular, the Company plans Board and Board committees meeting schedules for the year in advance, so as to facilitate active attendance and participation by Board members in the meetings. Board members, especially independent non-executive Directors, are welcome and are encouraged to raise enquiries, suggestions and views during the meetings. The Board also reviewed and considered the following key features or mechanisms under the Board and governance structure are effective in ensuring the independent views and input are provided to the Board:

– Since Listing, the Company has been steered by the Board, comprising a majority of non-executive Directors and independent non-executive Directors; and

– Majority of the members of all governance-related committees comprise of independent non-executive Directors.

Due notice and Board papers of regular Board meetings were given to all Directors prior to the meeting in accordance with the Articles and the CG Code. For the sake of flexibility, the Board holds meeting whenever necessary. In addition to these regular Board meetings, senior management of the Group provided to Directors the information on the activities and developments in the business of the Group from time to time and, when required, resolutions in writing were passed by the Board. In addition, the Board has established the Audit Committee, the Remuneration Committee, and the Nomination Committee to oversee particular aspects of the Company's affairs.

During the year ended 31 December 2022, the attendance records of the Directors at the Board meetings and general meeting are set out below:

Directors	Attendance/ Number of general meetings held	Attendance/ Number of regular board meetings held
Executive Directors		
Ms. Chu Lai King	1/1	7/7
Mr. Lau Kwok Chu	1/1	7/7
Ms. Wong Shuet Ha (Retired on 23 June 2022)	1/1	3/3
Mr. Chu Kin Hang (Appointed on 23 June 2022)	0/0	4/4
Non-executive Directors		
Mr. Hui Yat Yan, Henry	1/1	7/7
Mr. Lui Pak Shing, Michael	1/1	7/7
Mr. Poon Chi Ho	1/1	7/7
Independent Non-executive Directors		
Mr. Chan Yu Cheong	1/1	7/7
Mr. Sin Pak Cheong Philip Charles	1/1	7/7
Mr. Wong Chee Chung	1/1	7/7

Notices of not less than 14 days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and Board committee meetings, reasonable notice will be generally given.

Board papers together with all appropriate, complete and reliable information are generally sent to all Directors at least three days before each regular Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The company secretary of the Company is responsible to keep the minutes of all Board and committees meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

(vii) Board Diversity Policy

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of the Board that are relevant to the business growth. According to the Board Diversity Policy, the Company seeks to achieve diversity of the Board through the consideration of a number of factors when selecting candidates to the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The existing members of the Board were appointed after taking into account the aforesaid factors. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

The Company aims to maintain an appropriate balance of diverse perspectives that are relevant to the Company's business growth. The Company is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. As at 31 December 2022, the overall workforce of the Group consisted of 147 (30.06%) male and 342 (69.94%) female employees. Further details on the gender ratio of the Group together with other relevant data are set out under the section headed "Fair Recruitment" of the Environmental, Social and Governance Report of the Company for the year ended 31 December 2022. The Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and in the workforce.

During the period from 1 January 2022 to 22 June 2022, two out of nine Directors were female. During the period from 23 June 2022 to 31 December 2022 and as at the date of this annual report, the Board comprises eight male members and one female members and thus having a female representation exceeding 11%. The Nomination Committee considered that the Board is sufficiently diverse in terms of gender, age, cultural and education background, knowledge and professional experience. It reflects an appropriate mix of skills and experience that suits the Group's strategy and business.

(viii) Remuneration of Directors and Senior Management

The Company is not aware of any arrangement under which a director has waived or agreed to waive any emoluments. Details of the remuneration of the members of the Board for the year ended 31 December 2022 are set out in note 15 to the consolidated financial statements in this annual report.

The remuneration of the senior management members of the Company who are not members of the Board by band during the year ended 31 December 2022 are set out below:

Remuneration Band	Number of Individuals
HK$1,000,001 to HK$1,500,000	4
HK$2,000,001 to HK$2,500,000	1

(ix) Continuous Professional Development of Directors

The Directors should participate in continuous professional development to develop and refresh their knowledge and skills pursuant to Code Provision C.1.4. The Company would provide a comprehensive induction package covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Company's constitutional documents and A Guide on Directors' Duties issued by the Companies Registry to each newly-appointed Director to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements.

The company secretary of the Company reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials, as well as organises seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities.

All Directors are encouraged to participate in continuous professional development activities at the Company's expense to develop and refresh their knowledge and skills. All the Directors confirmed and provided the relevant training record that they had complied with Code Provision C.1.4 by making use of above arrangements during the Reporting Year as follows:

	Directors' training by topics		
Name of Directors	**Updates on rules and regulations relating to listed companies**	**Corporate governance**	**Ethics and code of conduct**
Executive Directors			
Ms. Chu Lai King	✓	✓	✓
Mr. Lau Kwok Chu	✓	✓	✓
Ms. Wong Shuet Ha (Retired on 23 June 2022)	✓	✓	✓
Mr. Chu Kin Hang (Appointed on 23 June 2022)	✓	✓	✓
Non-executive Directors			
Mr. Hui Yat Yan, Henry	✓	✓	✓
Mr. Lui Pak Shing, Michael	✓	✓	✓
Mr. Poon Chi Ho	✓	✓	✓
Independent Non-executive Directors			
Mr. Chan Yu Cheong	✓	✓	✓
Mr. Sin Pak Cheong Philip Charles	✓	✓	✓
Mr. Wong Chee Chung	✓	✓	✓

BOARD COMMITTEES

The Board has established three committees namely, the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively the "**Board Committees**"), each of which has been delegated responsibilities and reports back to the Board. The roles and functions of these committees are set out in their respective terms of reference. The terms of reference of each of these committees will be reviewed from time to time to ensure that they continue to meet the needs of the Company and to ensure compliance with the CG Code where applicable. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the Company's website (*https://www.yesasiaholdings.com*) and the Stock Exchange's website, and are available to Shareholders upon request.

(i) Audit Committee

The Board established its Audit Committee on 17 August 2020 with specific written terms of reference setting out the committee's authority and duties. The Audit Committee consists of four members including one Non-executive Director and three Independent Non-executive Directors, namely, Mr. Hui Yat Yan, Henry (Non-executive Director), Mr. Chan Yu Cheong, Mr. Sin Pak Cheong Philip Charles and Mr. Wong Chee Chung (Independent Non-executive Directors). Mr. Wong Chee Chung is the Chairman of the Audit Committee. The Audit Committee is provided with sufficient resources to discharge its duties.

The Board has adopted a terms of reference of the Audit Committee in compliance with the CG Code, which is available on the websites of the Company and the Stock Exchange.

The main duties of the Audit Committee are to make recommendation to the Board on the appointment, re-appointment and removal of the external auditor, to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process and to discuss with the external auditor the nature and scope of the audit. It is also responsible for reviewing: (i) the interim and annual financial statements before submission to the Board and (ii) the Company's financial reporting, internal control and risk management systems and the internal and external audit functions (where appropriate). It also needs to discuss problems and reservations arising from the interim and final audits and to consider the major findings of internal investigations and management's response.

The Audit Committee shall meet at least twice per year according to its terms of reference. There were three meetings held during the year ended 31 December 2022, with details of attendance set out below:

Audit Committee members	**Attendance/ Number of meetings held**
Mr. Wong Chee Chung *(Chairman)*	3/3
Mr. Chan Yu Cheong	3/3
Mr. Sin Pak Cheong Philip Charles	3/3
Mr. Hui Yat Yan, Henry	3/3

During the year ended 31 December 2022, the Audit Committee had considered, reviewed and discussed areas of concerns during the audit process, the compliance of company policies, risk management and the internal control procedures of the Group, and had approved the audited consolidated financial statements for the year ended 31 December 2021 and the unaudited interim financial statements for the six months ended 30 June 2022, and selection of the external auditors. The Audit Committee also reviewed and confirmed the independence of RSM Hong Kong Certified Public Accountants, the external auditors of the Company.

(ii) Remuneration Committee

The Board established its Remuneration Committee on 17 August 2020 with specific written terms of reference setting out the committee's authority and duties.

The Remuneration Committee consists of four members including one Non-executive Director and three Independent Non-executive Directors, namely, Mr. Poon Chi Ho (Non-executive Director), Mr. Chan Yu Cheong, Mr. Sin Pak Cheong Philip Charles and Mr. Wong Chee Chung (Independent Non-executive Directors). Mr. Chan Yu Cheong is the Chairman of the Remuneration Committee. The Remuneration Committee is provided with sufficient resources to discharge its duties.

The Board has adopted a terms of reference of the Remuneration Committee in compliance with the CG Code, which is available on the websites of the Company and the Stock Exchange.

The Company has adopted the model set out in Code Provision E.1.2(c)(i) as its Remuneration Committee model under which the Remuneration Committee shall make recommendations to the Board on the remuneration packages of individual executive directors and senior management.

The major responsibilities of the Remuneration Committee are to make recommendation to the Board on the Company's policies and structure for remuneration of the Directors and senior management of the Company and review and approve the management's remuneration proposals with reference to the Board's corporate goal and objective. The Remuneration Committee shall determine the individual remuneration package of each executive Director (including the Chairperson), non-executive Director and senior management including benefits in kind and pension rights (including allocation of share options) and compensation payments (including any compensation payable for loss or termination of their office or appointment) subject to the contractual terms, if any. The Remuneration Committee also ensures that no Director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee shall meet at least once per year according to its terms of reference. There were four Remuneration Committee meetings held during the year ended 31 December 2022, with details of attendance set out below:

Remuneration Committee members	**Attendance/ Number of meetings held**
Mr. Chan Yu Cheong *(Chairman)*	4/4
Mr. Poon Chi Ho	4/4
Mr. Wong Chee Chung	4/4
Mr. Sin Pak Cheong Philip Charles	4/4

During the year ended 31 December 2022, the Remuneration Committee reviewed the existing remuneration policy and structure, assessed the performance of each Director and approved the terms of executive Directors' service contracts for the Reporting Year.

Material matters relating to the Share Option Schemes that were reviewed and approved by the Remuneration Committee during the Reporting Year are set out below:

– Grant of 237,500 Options carrying rights to subscribe for a maximum of an aggregate of 2,375,000 Shares to 69 employees of the Group on 21 April 2022; and

– Grant of 140,000 Options carrying rights to subscribe for a maximum of an aggregate of 1,400,000 Shares to 9 Directors and 8 employees of the Group on 31 October 2022.

During the Reporting Year, there were 100,000 Options, carrying rights to subscribe for a maximum of an aggregate of 1,000,000 Shares, granted under the Post-IPO Share Option Scheme to 9 Directors and 2 senior managers of the Group, with no performance target which needs to be achieved by the grantees of the Options. The Remuneration Committee had considered that such grants served as a reward of past contributions of the relevant Directors and senior managers of the Group and were aligned with the purpose of the Post-IPO Share Option Scheme to attract and retain qualified employees and Directors through providing them with an opportunity for investment in the shares of the Company.

(iii) Nomination Committee

The Board has adopted a terms of reference of the Nomination Committee in compliance with the CG Code, which is available on the websites of the Company and the Stock Exchange.

The Nomination Committee currently consists of four members including one executive Director and three independent non-executive Directors, namely, Mr. Chu Kin Hang (executive Director) (appointed on 23 June 2022 upon retirement of Ms. Wong Shuet Ha), Mr. Chan Yu Cheong, Mr. Sin Pak Cheong Philip Charles and Mr. Wong Chee Chung (Independent Non-executive Directors). Mr. Sin Pak Cheong Philip Charles is the Chairman of the Nomination Committee. The Nomination Committee is provided with sufficient resources to discharge its duties.

The main duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board on a regular basis and to identify individuals suitably qualified to become Board members. It is also responsible for assessing the independence of independent non-executive Directors and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Company has adopted a nomination policy, in evaluating and selecting any candidate for directorship. The Nomination Committee utilizes various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. In addition, the Nomination Committee will consider director candidates properly submitted by the Shareholders. The Nomination Committee would consider criteria including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s). The evaluation of director candidates may include, without limitation, review of resume and job history; personal interviews; verification of professional and personal references; and performance of background and independence checks. The Board will consider the recommendations by the Nomination Committee and is responsible for designating the director candidate(s) to be considered by the Shareholders for their election at the general meeting of the Company, or appointing the suitable candidate to act as director to fill the Board vacancies subject to compliance of the constitutional documents of the Company and the applicable laws, rules and regulations. All appointments of directors should be confirmed by letter of appointment and/or service contract setting out the key terms and conditions of the appointment of the directors.

The Company has adopted the aforementioned procedures, process and criteria to select and recommend Mr. Chu Kin Hang as an executive Director during the Reporting Year.

The Company sees increasing diversity at the Board level as an essential element in attaining its strategic objectives and achieving sustainable and balanced development for the Group. Since the Listing Date, the Company has followed the Board Diversity Policy, which is available on the Company's website. During 1 January 2022 to 22 June 2022, two out of nine Board of Directors were female. During 23 June 2022 to 31 December 2022, one out of nine Board of Directors was female. The Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate. In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

The Nomination Committee shall meet at least once per year according to its terms of reference. Two Nomination Committee meetings were held during the year ended 31 December 2022, with details of attendance set out below:

Nomination Committee members	**Attendance/ Number of meetings held**
Mr. Sin Pak Cheong Philip Charles *(Chairman)*	2/2
Ms. Wong Shuet Ha (Retired on 23 June 2022)	2/2
Mr. Chan Yu Cheong	2/2
Mr. Wong Chee Chung	2/2
Mr. Chu Kin Hang (Appointed on 23 June 2022)	0/0

During the year ended 31 December 2022, the Nomination Committee held two meetings, during which matters such as structure, size and composition of the Board were discussed. The Nomination Committee considered that an appropriate balance of diversity of the Board is maintained during the Reporting Year.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the Code Provision A.2.1 of the CG Code:

a. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

b. to review and monitor the training and continuous professional development of Directors and senior management;

c. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

d. to develop, review and monitor the code of conduct and compliance manual applicable to talents and Directors; and

e. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparing the financial statements of the Group for the year ended 31 December 2022.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, announcements relating to disclosure of insider information and other disclosures required under the Listing Rules and other statutory and regulatory requirements. The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Group's financial statements, which are put to the Board for approval. The Board shall ensure that the financial statements of the Group are prepared to give a true and fair view and on a going concern basis under the statutory requirements and applicable financial reporting standards.

The statement by the auditor of the Company and the Group regarding its reporting responsibilities and opinion on the financial statements of the Company and the Group for the year ended 31 December 2022 is set out in the "Independent Auditor's Report" on pages 64 to 69 of this annual report.

AUDITOR'S REMUNERATION

The remuneration paid and payable to the external auditor of the Company, RSM Hong Kong, and its network firm, and the nature of services are set out as follows:

Type of services rendered	For the year ended 31 December 2022 (US$'000)
Audit Services	
– Annual audit	163
Non-audit services	
– IT system and related IT controls review	13
– Tax advisory	24
Total	200

COMPANY SECRETARY

All Directors have access to the advice and services of the company secretary of the Company, who reports to the Chairperson on board governance matters, and is responsible for ensuring that Board procedures are followed and also facilitating communications among Directors as well as with Shareholders and management.

Mr. Ng Sai Cheong is the company secretary during the Reporting Year and had complied with the professional training requirements of no less than 15 hours to update his skills and knowledge under Rule 3.29 of the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is overall responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensures that the Group has established and maintained appropriate and effective risk management and internal control systems. A sound risk management and internal control system aims to reduce the risks faced by the Group in the process of achieving various business goals and to provide reasonable but not absolute guarantees for the realization of business goals.

The Audit Committee reviews the risk management and internal controls that are significant to the Group on an on-going basis. The Audit Committee would consider the adequacy of resources, qualifications, experience and training of staff and external advisors of the Group's accounting and financial reporting departments. The Company convened meetings with the Audit Committee periodically to discuss financial, operational and compliance controls and risk management functions. Moreover, the Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The management of the Group is responsible for designing, maintaining, implementing and monitoring the risk management and internal control systems to ensure adequate control in place to safeguard the Group's assets and stakeholder's interest. Management also assists the Board in the implementation of the Group's policies, procedures and controls by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

Our Board has established the risk and compliance committee ("Risk and Compliance Committee"), which comprises Mr. Lau, Ms. Chu and Mr. Chu, all of whom are executive Directors. The Risk and Compliance Committee oversees our environmental, social and governance ("ESG") performance, management approach and strategy. The Risk and Compliance Committee is responsible for establishing, adopting, and reviewing our ESG policies, and evaluates ESG-related risks (including risks to the Group's businesses) on an annual basis.

The Group has formulated the internal control manual of the Group to govern the policies and procedures of the Group's risk management and internal control. Furthermore, the Group periodically reviewed the Company's policies and procedures, code of business conduct, corruption and conflicts of interest policy and whistleblower policy. The Board would perform annual review on any significant change of business environment and establish procedures to respond to the risks resulting from significant change of business environment. The risk management and internal control systems are designed to mitigate the potential losses and adverse impact to our business and protect the Shareholders' interests.

The management would identify the risks associated with the business of the Group by considering both internal and external factors and events which include politics, economy, technology, environmental, social and staff. Each of the risks has been assessed and prioritised based on their relevant impact and chance of occurrence. The relevant risk management strategies would be applied to each type of risks according to the assessment results. Types of risk management strategies are listed as follow:

– Risk retention and reduction: accept the impact of risk or undertake actions by the Group to reduce the impact of the risk;

– Risk avoidance: change business process or objective so as to avoid risk;

– Risk sharing and diversification: diversify the effect of risk or allocate to different locations or products or markets;

– Risk transfer: transfer ownership and liability to a third party.

The internal control systems are designed and implemented to reduce the risks associated with the business accepted by the Group and minimize the adverse impact resulting from the risks. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

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.

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.

The risk management and internal control systems are reviewed annually. During the Reporting Year, the Board completed the review of the Group's risk management and internal control systems and concluded them to be effective and adequate. The Board and management also reviewed the adequacy of the resources, qualifications, and experience of the staff in the accounting and financial reporting functions of the Group, as well as the adequacy of the training courses and related budgets received by the staff and were satisfied with the results.

WHISTLEBLOWING POLICY

The Group has adopted arrangements to facilitate employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee shall review such arrangements regularly and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

INSIDE INFORMATION POLICY

The Company is aware of and strictly complies with the requirements of the currently applicable laws, regulations and guidelines, including the obligations to disclose inside information under the SFO and the Listing Rules, and the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission, at the time when the relevant businesses are transacted. The Group has established the authority and accountability, as well as the handling and dissemination procedures in relation to inside information, and has communicated to all relevant personnel and provided them with specific training in respect of the implementation of the continuous disclosure policy.

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.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company is committed to safeguarding shareholders' interests and believes that effective communication with shareholders and other stakeholders is essential for enhancing investor relations and investor understanding of the business performance and strategies of the Group.

The Board adopted a Shareholders Communication Policy which aims to set out the provisions with the objective of ensuring that the shareholders of the Company and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders of the Company to exercise their rights in an informed manner and to allow shareholders of the Company and potential investors to engage actively with the Company.

The Audit Committee, on behalf of the Board, also conducted a review of the implementation and effectiveness of the Shareholders Communication Policy. Having considered the multiple channels of communication and engagement in place as set out in below, the Audit Committee is satisfied that the Shareholders Communication Policy has been properly implemented during the Reporting Year and is effective.

Information Disclosure on the Company's Website

To promote effective communication, the Company maintains a website at *https://www.yesasiaholdings.com*, where information and updates on the Company's financial information, corporate governance practices, biographical information of the Board and other information are available for public access.

General Meetings with Shareholders

According to Article 54 of the Articles, any one or more Shareholders representing at least 5% of the total voting rights of all the Shareholders having a right to vote at general meetings of the Company may request the Board to call a general meeting of the Company. Such request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The Board, if required to call a general meeting under Article 54, must call a meeting within 21 days after the date on which they become subject to the requirement.

DIVIDEND POLICY

The Board adopted a dividend policy that set outs the approach and principles of the Company in declaration of dividend.

In considering whether to declare any dividend, the Board shall consider factors in all aspects including the operating results, cash flow, financial condition and capital requirements of the Group and the interests of the Shareholders. The proposal of payment and determination of the amount of any dividend is made at the discretion of the Board, taking into account factors including the Company's prevailing and expected results of operations and profitability, liquidity position, capital requirements, market condition, as well as business objectives and investment opportunities. The Board will review the dividend policy based on the Group's upcoming investment opportunities and development plans from time to time.

SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the mandatory disclosure requirement under Paragraph K of the CG Code:

Convening a Special General Meeting by Shareholders

Section 566 of Companies Ordinance (Chapter 622 of the Laws of Hong Kong) provides that shareholder(s) holding at the date of the deposit of the requisition not less than 5% of the total voting rights of all the shareholders of the Company and carrying the right of voting at general meeting of the Company, may request the Board, to convene a general meeting. The request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request must be authenticated by the relevant shareholder(s) and sent to the Company in hard copy form or in electronic form.

Procedures for putting forward proposals at general meetings by shareholders

Section 615 of Companies Ordinance (Chapter 622 of the Laws of Hong Kong) provides that (i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company who have a right to vote on the resolution at the annual general meeting; or (ii) at least 50 shareholders who have a right to vote on the resolution at the annual general meeting may request the Company to circulate a notice of a resolution for consideration at the annual general meeting.

The request must identify the resolution to be moved at the annual general meeting and must be authenticated by the relevant shareholder(s) and sent to the Company in hardcopy form or in electronic form not later than six weeks before the relevant annual general meeting to which the requests relate; or if later, the time at which notice is given of that meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders and investors who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at 5/F, KC100, 100 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong (email address: ir@yesasiaholdings.com).

Changes to the contact details above will be communicated through the Company's website at *https://www.yesasiaholdings.com*, which also contains information and updates on the Group's business developments and operations, as well as press releases and financial information.

CONSTITUTIONAL DOCUMENTS

The Company adopted the Articles on 13 March 2021, which has been effective from the Listing Date. During the year ended 31 December 2022, no amendment had been made to the constitutional documents of the Company including the said Articles of Association.

The Directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2022.

RESULTS AND DIVIDEND

The results of the Group for the Reporting Year and the status of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 70 to 148.

The directors did not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: HK5 cents).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the past five financial years is set out on page 149.

BORROWINGS

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Year are set out in note 29 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Year are set out in note 31 to the consolidated financial statements and the consolidated statement of changes in equity on page 72.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company did not have any reserves available for distribution, as computed in accordance with provisions of sections 291, 297 and 299 of the Companies Ordinance (Cap. 622) (2021: Nil).

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Particulars and principal activities the Company's principal subsidiaries are set out in note 35 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to share option schemes, no equity-linked agreement has been entered into during the Reporting Year or subsisted at the end of 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).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Year are set out in note 18 to the consolidated financial statements.

CONTINUING CONNECTED TRANSACTIONS

On 18 October 2021, the Company entered into the 2021 HKT Agreement with HKT Teleservices with retrospective effect from 3 October 2021 for a term of 2 years for the provision of contact centre services by HKT Teleservices to the Company's customers. The annual caps of the fees payable by the Group to HKT Teleservices under the 2021 HKT Agreement are (i) HK$943,000 for the period from 3 October 2021 to 31 December 2021, (ii) HK$4,550,000 for the year ended 31 December 2022 and (iii) HK$4,327,000 for the period from 1 January 2023 to 2 October 2023.

HKT Teleservices is a non-wholly-owned subsidiary of PCCW and a fellow subsidiary of PCCW e-Ventures. PCCW e-Ventures is an indirectly wholly-owned subsidiary of PCCW, and held 39,704,030 shares of the Company, representing approximately 10.03% of the total number of issued shares of the Company as at 18 October 2021 and during the Reporting Year. As such, PCCW e-Ventures was a substantial shareholder of the Company and hence HKT Teleservices is a connected person under Chapter 14A of the Listing Rules.

The 2021 HKT Agreement commenced from 3 October 2021 and was consigned to continue up to and including 2 October 2023 (both days inclusive). Either party is entitled to terminate the 2021 HKT Agreement by giving not less than two months' written notice to the other party at any time after the expiration of the first ten months of the 2021 HKT Agreement (i.e. after 2 August 2022). The Company has served a written notice of termination to HKT Teleservices for early termination of the 2021 HKT Agreement with effect from 11 October 2022.

The independent non-executive Directors have reviewed the above continuing connected transactions for the year ended 31 December 2022 and confirmed the 2021 HKT Agreements and the transactions contemplated thereunder were entered into (i) in the ordinary and usual course of the Group's business; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreement governing such transactions on terms that were fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The charges payable by the Company under the 2021 HKT Agreement were primarily calculated based on the actual fixed number of on-the-job personnel from HKT who provided service to the Company in the preceding month multiplied by the respective monthly fee of such on-the-job personnel, which is determined at market rate. During the year ended 31 December 2022, the total consideration paid by the Company under the 2021 HKT Agreement was approximately HK$1,511,000.

During the Reporting Year, the Company had transactions with Ms. Chu Po King, sister of Ms. Chu and Mr. Chu, with a total consideration paid to Ms. Chu Po King amounted to approximately US$2,000 (2021: US$2,000) and the transaction is exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Group has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the above continuing connected transactions. In addition, the Board has engaged the external auditor of the Company to perform certain procedures on the aforesaid continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The related party transactions as disclosed in note 36 to the consolidated financial statements constitute continuing connected transactions Chapter 14A of the Listing Rules and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The auditor has issued an unqualified letter confirming and containing the findings and conclusions in respect of the continuing connected transactions disclosed were in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

CHARITABLE DONATION

The Group did not make any charitable donation during the Reporting Year (2021: Nil).

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong that have a significant impact on the Group during the year ended 31 December 2022.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in the annual report, the Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

BUSINESS REVIEW AND PERFORMANCE

Business Review

The business review and outlook and an analysis of the Group's performance for the Reporting Year, which includes an analysis of the Group's performance using financial key performance indicators and an indication of likely future developments in the Group's business, is set out in the paragraph headed "Management Discussion and Analysis" on pages 8 to 18 of this report. Those review and discussions form part of this report of the Directors.

Principal Risks and Uncertainties

The E-commerce industry is highly competitive and the Group may not compete successfully against new and existing competitors, which may materially and adversely affect the Group's financial conditions and results of operations

The E-commerce industry is subject to intense competition, which is particularly true with respect to the Group's core business, being the online retail of fashion & lifestyle, beauty and entertainment products. The Group faces a variety of competitive challenges, including:

- sourcing products efficiently and economically;
- identifying new and emerging brands and maintaining relationships with those brands or their business partners;
- competing for and retaining high quality suppliers;
- pricing of products competitively;
- facilitate efficient and economic warehousing, fulfillment and delivery arrangement;
- maintaining the quality of services;
- anticipating and responding quickly to changing consumer demands and preferences;
- developing new features to enhance the customer experience on the Group's platforms;
- international markets expansion;
- acquiring new customers and retaining existing customers;
- conducting effective marketing activities and maintaining favorable recognition of the Group's brands, websites and products; and
- navigating the rapidly evolving IT system

If the Group cannot properly address these challenges, the Group's business and prospects would be materially and adversely affected. In addition, factors beyond the Group's control such as imposition of or increase in taxes or tariffs, fluctuations of exchange rates or general economic downturns could also lower the Group's profitability under the competition pressure.

As a mitigating measure, the Group continues to launch new marketing initiatives to recruit new members and enhance the shopping experience for customers and loyalty by deployment of a new customer relationship management system. With the use of data analytics, the Group can provide more customized content that helps the Group to expand customers base.

The Group uses third-party couriers to deliver orders. If these couriers fail to provide reliable delivery services at commercially acceptable terms, the Group's business and reputation may be materially and adversely affected

The Group delivers goods through major local and international courier companies. Interruptions to or failures in these third parties' delivery services could inhibit the timely or proper delivery of the goods to customers. Service rates with these third party service providers may fluctuate. If these third-party couriers fail to deliver the goods in time or at all, or at uncompetitive costs, the Group may not be able to find alternative delivery companies to provide delivery services in a timely and cost efficient manner, or at all. If the goods are not delivered in proper condition or on a timely basis to our customers under a reasonable cost, the Group's business, prospects or results of operations could be materially and adversely affected.

As a mitigating measure, on 29 November 2021, the Group entered into a memorandum of understanding with CN Logistics, pursuant to which CN Logistics would offer logistics services for the Group's delivery of products in the United States and Europe and other overseas markets at charging rates which are expected to be at least 10% lower than the best available quotation by other independent service providers received and maintained by the Group on a regular basis. The Group believes the cooperation would enable the Group to offer more shipping options to customers and to attract more traffic to the online platforms maintained by the Group.

The financial risk factors are set out in note 6 to the consolidated financial statements.

Key Relationships with Employees, Customers and Suppliers

The Group has always paid great attention to and maintained a good business relationship with its suppliers of products and services, and has been providing, quality professional and customer-oriented services for its regional markets and customers. Suppliers and customers are good business partners creating value for the Group. The Group also values the knowledge and skills of its employees, and continues to provide favourable career development opportunities for its employees.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the environmental protection principle for delivering sustainable value to our stakeholders and have set out various initiatives aiming at the control of paper waste during our operations. The Group has not noted any material non-compliance with the relevant laws and regulations in relation to its business covering health and safety, workplace conditions, employment and the environment aspects during the Reporting Year. The Group has established its environmental, social and governance policies which set forth environmental protection measures, social responsibility principles and internal governance policies, and the Board has reviewed and confirmed its satisfaction with the implementation effectiveness and performance of such policies during the Reporting Year. The environmental, social and governance report of the Company for the year ended 31 December 2022 is available on the Company's website at *https://www.yesasiaholdings.com* and the Hong Kong Exchanges and Clearing Limited's website at *https://www.hkexnews.hk*. Going forward, the Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the Group's daily operation and continue to promote environmental practices and social sustainability.

The Company acknowledges the significant contributions by its stakeholders (including our employees, customers, suppliers, Shareholders and the communities) for progressing towards a sustainable development, and values their feedbacks and opinions to guide our management strategy on pertinent sustainability matters. To ensure transparent communication with our stakeholders, the Company has implemented whistleblowing channels as an integral part of its corporate governance and stakeholder engagement framework. Furthermore, the Company has established various communication channels to facilitate effective engagement with diverse stakeholders and gain insight into their expectations regarding the Company's long-term growth trajectory.

EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, chief executive and the five highest paid individuals of the Group are set out in note 15(b) to the consolidated financial statements.

DIRECTORS

The Directors of the Company during the Reporting Year and up to the date of this report were:

Executive Directors

Mr. Lau Kwok Chu (劉國柱) *(Chief Executive Officer)*
Ms. Chu Lai King (朱麗琼) *(Chairperson)*
Ms. Wong Shuet Ha (黃雪夏) (Retired on 23 June 2022)
Mr. Chu Kin Hang (朱健恒) (Appointed on 23 June 2022)

Non-executive Directors

Mr. Lui Pak Shing Michael (雷百成)
Mr. Hui Yat Yan Henry (許日昕)
Mr. Poon Chi Ho (潘智豪)

Independent Non-executive Directors

Mr. Chan Yu Cheong (陳汝昌)
Mr. Sin Pak Cheong Philip Charles (冼栢昌)
Mr. Wong Chee Chung (王子聰)

Biographical details of Directors and senior management of the Company are set out on pages 19 to 23. Save for the appointment of Mr. Chu Kin Hang as a new Director and retirement of Ms. Wong Shuet Ha as a Director on 23 June 2022, the Company has not been advised by its Directors of any change in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since its last update to Shareholders.

The following is the list of directors of the Company's subsidiaries during the Reporting Year and up to the date of this report:

Mr. Lau Kwok Chu
Ms. Chu Lai King
Mr. Chao Chie Hua

RE-ELECTION OF DIRECTORS

Pursuant to Article 99 of the Articles of the Company, and with recommendation of the Nomination Committee, Mr. Chan Yu Cheong, Mr. Sin Pak Cheong Philip Charles and Mr. Wong Chee Chung will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming AGM.

Directors' service contracts

None of the Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensations, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Year or at any time during the Reporting Year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or their respective associates had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group during the Reporting Year.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Group's Controlling Shareholders had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Year or at any time during the Reporting Year.

No contracts of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or its subsidiaries subsisted at the end of the Reporting Year or at any time during the Reporting Year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 31 December 2022, interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests in Shares or underlying Shares

Name of Director	Capacity	Nature of interest	Number of Shares	Approximate percentage of the issued share capital of the Company (%)
Mr. Lau Kwok Chu (劉國柱)(1)	Beneficial interest	Long position	124,670,980	31.49%
	Interest of Spouse	Long position	29,935,550	7.56%
Ms. Chu Lai King (朱麗琼)(1)	Beneficial interest	Long position	29,935,550	7.56%
	Interest of Spouse	Long position	124,670,980	31.49%
Mr. Chu Kin Hang (朱健恒)(2)	Beneficial interest	Long position	4,842,120	1.22%
Mr. Lui Pak Shing Michael (雷百成)(3)	Beneficial interest	Long position	35,283,210	8.91%
Mr. Hui Yat Yan Henry (許日昕)(4)	Beneficial interest	Long position	100,000	0.03%
Mr. Poon Chi Ho (潘智豪)(5)	Beneficial interest	Long position	100,000	0.03%
Mr. Chan Yu Cheong (陳汝昌)(6)	Beneficial interest	Long position	100,000	0.03%
Mr. Sin Pak Cheong Philip Charles (冼栢昌)(7)	Beneficial interest	Long position	100,000	0.03%
Mr. Wong Chee Chung (王子聰)(8)	Beneficial interest	Long position	100,000	0.03%

Notes:

(1) As at 31 December 2022, Mr. Lau directly held 120,870,980 Shares, and held options under the Pre-IPO Share Option Schemes and Post-IPO Share Option Scheme which entitled him to subscribe for 3,700,000 Shares and 100,000 Shares respectively.

As at 31 December 2022, Ms. Chu directly held 29,235,550 Shares, and held options under the Pre-IPO Share Option Schemes and Post-IPO Share Option Scheme which entitled her to subscribe for 600,000 Shares and 100,000 Shares respectively.

As Mr. Lau is the spouse of Ms. Chu and vice versa, and they are each deemed under the SFO to be interested in the Shares directly held by each other, they are therefore both interested in the combined number of Shares (being 154,606,530 Shares as at 31 December 2022, representing approximately 39.05% of the issued share capital of the Company as at 31 December 2022).

(2) Mr. Chu Kin Hang is the brother of Ms. Chu and brother-in-law of Mr. Lau. As at 31 December 2022, Mr. Chu directly held 4,742,120 Shares, and held options under the Post-IPO Share Option Scheme which entitled him to subscribe 100,000 Shares.

(3) As at 31 December 2022, Mr. Lui Pak Shing Michael directly held 35,183,210 Shares, and held options under the Post-IPO Share Option Scheme which entitled him to subscribe for 100,000 Shares.

(4) As at 31 December 2022, Mr. Hui Yat Yan Henry directly held options under the Post-IPO Share Option Scheme which entitled him to subscribe for 100,000 Shares.

(5) As at 31 December 2022, Mr. Poon Chi Ho directly held options under the Post-IPO Share Option Scheme which entitled him to subscribe for 100,000 Shares.

(6) As at 31 December 2022, Mr. Chan Yu Cheong directly held options under the Post-IPO Share Option Scheme which entitled him to subscribe for 100,000 Shares.

(7) As at 31 December 2022, Mr. Sin Pak Cheong Philip Charles directly held options under the Post-IPO Share Option Scheme which entitled him to subscribe for 100,000 Shares.

(8) As at 31 December 2022, Mr. Wong Chee Chung directly held options under the Post-IPO Share Option Scheme which entitled him to subscribe for 100,000 Shares.

Mr. Lau Kwok Chu holds one share, representing 10% of the issued share capital of YesAsia.com Limited as a trustee for the Company, which is the beneficial owner of the shares in YesAsia.com Limited held by Mr. Lau. YesAsia.com Limited was incorporated on 7 December 1998 and was subject to the requirement for a minimum of two shareholders set out in the predecessor Companies Ordinance (Cap. 32 of the Laws of Hong Kong). Mr. Lau Kwok Chu holds the share in YesAsia.com Limited upon trust for the Company for nominee shareholding purpose.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 31 December 2022, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity	Nature of interest	Number of Shares	Approximate percentage of the issued share capital of the Company (%)
PCCW e-Ventures Limited[1]	Beneficial interest	Long Position	39,704,030	10.03%
CyberWorks Ventures Limited[1]	Interest in controlled corporation	Long Position	39,704,030	10.03%
PCCW Limited[1][4]	Interest in controlled corporation	Long Position	39,704,030	10.03%
Pacven Walden Management II, L.P. [2]	Interest in controlled corporation	Long Position	32,458,590	8.20%
Pacven Walden Ventures IV, L.P. [2]	Beneficial interest	Long Position	32,458,590	8.20%
Stonepath Group, Inc. [3]	Beneficial interest	Long Position	26,000,000	6.57%

Notes:

(1) PCCW e-Ventures Limited is held as to 50% by CyberWorks Ventures Limited and 50% by PCCW Nominees Limited (acting as a bare trustee for and on behalf of CyberWorks Ventures Limited as the beneficiary). CyberWorks Ventures Limited is a wholly-owned subsidiary of PCCW Limited (being a company listed on the Main Board of the Stock Exchange with stock code 0008). Therefore, each of CyberWorks Ventures Limited and PCCW Limited is deemed to be interested in the 39,704,030 Shares held by PCCW e-Ventures Limited for the purpose of Part XV of the SFO.

(2) Pacven Walden Ventures IV, L.P. is a Cayman Islands registered limited partnership, which is controlled by its general partner, Pacven Walden Management II, L.P. Therefore, Pacven Walden Management II, L.P. is deemed to be interested in the 32,458,590 Shares held by Pacven Walden Ventures IV, L.P. for the purpose of Part XV of the SFO.

(3) Stonepath Group, Inc., is a US company incorporated in the State of Delaware, directly held 26,000,000 Shares. As far as our Directors are aware, Stonepath Group, Inc. is held by various shareholders, and none of which is deemed to be interested in the Shares held by Stonepath Group, Inc. for the purpose of Part XV of the SFO.

(4) As at 31 December 2022, the following Directors were directors/employees of a company who had an interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(a) Mr. HUI Yat Yan Henry served as senior vice president of the business development unit of PCCW and served as a director in a number of subsidiaries in the PCCW Group and HKT Limited.

(b) Mr. POON Chi Ho held a number of positions within the PCCW Group, including as director in a number of subsidiaries in both the PCCW Group and the HKT Group.

Save as disclosed above, as of 31 December 2022, the Company is not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEMES

2005 Share Option Scheme

The Company adopted a share option scheme on 2 June 2005 ("**2005 Share Option Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. The 2005 Share Option Scheme expired in 2015 and the Company can no longer grant any further options under the 2005 Share Option Scheme.

However, the terms of the 2005 Share Option Scheme allow the options to have a maximum exercise period of ten (10) years from the date of grant of the respective options and the all outstanding options granted prior to the expiration of the scheme would remain effective, and the expiration of the 2005 Share Option Scheme would not result in the termination of any options already granted.

There is no maximum entitlement of each participant specified under the 2005 Share Option Scheme. The exercise price of options granted under the 2005 Share Option Scheme shall be determined by the Board but shall not be less than 85% of the fair market value of the Shares as at the grant date.

Following the Share Split which took effect on 9 June 2021, each grantee shall receive 10 Shares for exercising each outstanding option granted under the 2005 Share Option Scheme.

Movements of the share options under the 2005 Share Option Scheme during the Reporting Year are as follows:

Name of category/ participant	Outstanding as at 1 January 2022	Granted during the Reporting Year	Exercised during the Reporting Year	Cancelled during the Reporting Year	Lapsed during the Reporting Year	**Outstanding as at 31 December 2022**	Date of grant	Vesting period	Exercise period	Exercise price per option US$
Executive Director										
Lau Kwok Chu	10,000	–	–	–	–	**10,000**	25 July 2013	25 July 2013 to 25 July 2017	25 July 2014 to 25 July 2023	US$0.5

As at 1 January 2022, the total number of shares of the Company that could be issued upon exercise of all outstanding options granted under the 2005 Share Option Scheme were 100,000 shares, which represented about 0.03% of the total number of issued shares of the Company as at 1 January 2022. As at 31 December 2022, the total number of shares of the Company that could be issued upon exercise of all outstanding options granted under the 2005 Share Option Scheme were 100,000 shares, which represented about 0.03% of the total number of issued shares of the Company as at 31 December 2022.

The default vesting schedule of the 2005 Share Option Scheme is as follows: (i) 25% of all the options granted will become vested on the first anniversary of the vesting start date as specified in the option agreement and (ii) 6.25% of the options granted will become vested as at the end of each three month period after the vesting start date.

2016 Share Option Scheme

The Company adopted a share option scheme on 30 June 2016 ("**2016 Share Option Scheme**") for the purpose of enabling the Company to attract and retain qualified employees of providing them with an opportunity for investment in the Company. As the Company became listed on the Stock Exchange on 9 July 2021, no further options can be granted under the 2016 Share Option Scheme.

However, the terms of the 2016 Share Option Scheme allow the options to have a maximum exercise period of ten (10) years from the date of grant of the respective options and the all outstanding options granted prior to the expiration of the scheme would remain effective, and the expiration of the 2016 Share Option Scheme would not result in the termination of any options already granted.

There is no maximum entitlement of each participant specified under the 2016 Share Option Scheme. The exercise price of options granted under the 2016 Share Option Scheme shall be determined by the Board but shall not be less than 85% of the fair market value of the Shares as at the grant date.

Following the Share Split which took effect on 9 June 2021, each grantee shall receive 10 Shares for exercising each outstanding option granted under the 2016 Share Option Scheme.

Movements of the share options under the 2016 Share Option Scheme during the Reporting Year are as follows:

Name of category/ participant	Outstanding as at 1 January 2022	Granted during the Reporting Year	Exercised during the Reporting Year	Cancelled during the Reporting Year	Lapsed during the Reporting Year	**Outstanding as at 31 December 2022**	Date of grant	Vesting period	Exercise period	Exercise price per option US$
Executive Directors										
Lau Kwok Chu	180,000	–	–	–	–	**180,000**	28 July 2016	28 July 2016 to 28 July 2020	28 July 2017 to 28 July 2026	US$0.80
	180,000	–	–	–	–	**180,000**	15 August 2019	15 August 2019 to 15 August 2023	15 August 2020 to 15 August 2029	US$1.55
Chu Lai King	60,000	–	–	–	–	**60,000**	28 July 2016	28 July 2016 to 28 July 2020	28 July 2017 to 28 July 2026	US$0.80
Subtotal	420,000	–	–	–	–	**420,000**				

Name of category/ participant	Outstanding as at 1 January 2022	Granted during the Reporting Year	Exercised during the Reporting Year	Cancelled during the Reporting Year	Lapsed during the Reporting Year	**Outstanding as at 31 December 2022**	Date of grant	Vesting period	Exercise period	Exercise price per option US$
Other Employees*										
Chu Pui King (Associate of Director – Sister of Ms. Chu and Mr. Chu)	3,000	–	–	–	–	**3,000**	23 April 2020	23 April 2020 to 23 April 2024	23 April 2021 to 23 April 2030	US$2.01
2 Grantees	2,451	–	–	–	–	**2,451**	28 July 2016	28 July 2016 to 28 July 2020	28 July 2017 to 28 July 2026	US$0.80
1 Grantee	625	–	–	–	–	**625**	27 April 2017	1 April 2017 to 1 April 2021	1 April 2018 to 27 April 2027	US$0.80
1 Grantee	1,250	–	–	–	–	**1,250**	10 August 2017	1 August 2017 to 1 August 2021	1 August 2018 to 10 August 2027	US$0.80
1 Grantee	1,875	–	–	–	–	**1,875**	27 April 2018	1 November 2017 to 1 November 2021	1 November 2018 to 27 April 2028	US$1.20
1 Grantee	625	–	–	–	–	**625**	27 April 2018	1 December 2017 to 1 December 2021	1 December 2018 to 27 April 2028	US$1.20
3 Grantees	5,700	–	–	–	–	**5,700**	27 April 2018	1 January 2018 to 1 January 2022	1 January 2019 to 27 April 2028	US$1.20
9 Grantees	36,538	–	–	–	–	**36,538**	27 April 2018	1 April 2018 to 1 April 2022	1 April 2019 to 27 April 2028	US$1.20
1 Grantees	6,250	–	–	–	–	**6,250**	27 April 2018	1 May 2018 to 1 May 2022	1 May 2019 to 27 April 2028	US$1.20
4 Grantees	43,750	–	–	–	–	**43,750**	26 July 2018	1 April 2018 to 1 April 2022	1 April 2019 to 26 July 2028	US$1.20
1 Grantee	15,625	–	–	–	–	**15,625**	26 July 2018	1 May 2018 to 1 May 2022	1 May 2019 to 26 July 2028	US$1.20
1 Grantees	10,000	–	(2,500)[(1)]	(6,250)	–	**1,250**	26 July 2018	1 June 2018 to 1 June 2022	1 June 2019 to 26 July 2028	US$1.20

Name of category/ participant	Outstanding as at 1 January 2022	Granted during the Reporting Year	Exercised during the Reporting Year	Cancelled during the Reporting Year	Lapsed during the Reporting Year	**Outstanding as at 31 December 2022**	Date of grant	Vesting period	Exercise period	Exercise price per option US$
8 Grantees	88,175	–	(3,100)[1]	(1,900)	–	**83,175**	24 January 2019	1 January 2019 to 1 January 2023	1 January 2020 to 24 January 2029	US$1.20
26 Grantees	74,567	–	–	(562)	–	**74,005**	25 April 2019	25 April 2019 to 25 April 2023	25 April 2020 to 25 April 2029	US$1.55
5 Grantees	39,250	–	–	(6,250)	–	**33,000**	15 August 2019	15 August 2019 to 15 August 2023	15 August 2020 to 15 August 2029	US$1.55
11 Grantees	178,200	–	–	(22,500)	–	**155,700**	6 February 2020	6 February 2020 to 6 February 2024	6 February 2021 to 6 February 2030	US$1.55
42 Grantees	262,000	–	–	(2,000)	–	**260,000**	23 April 2020	23 April 2020 to 23 April 2024	23 April 2021 to 23 April 2030	US$2.01
3 Grantees	50,000	–	–	–	–	**50,000**	30 July 2020	30 July 2020 to 30 July 2024	30 July 2021 to 30 July 2030	US$2.01
15 Grantees	240,000	–	–	–	–	**240,000**	29 October 2020	29 October 2020 to 29 October 2024	29 October 2021 to 29 October 2030	US$2.01
12 Grantees	140,000	–	–	–	–	**140,000**	28 January 2021	28 January 2021 to 28 January 2025	28 January 2022 to 28 January 2031	US$2.01
Nil Grantees	100,000	–	–	(100,000)	–	**–**	25 February 2021	25 February 2021 to 25 February 2025	25 February 2022 to 25 February 2031	US$2.01
75 Grantees	593,000	–	–	(128,000)	–	**465,000**	29 April 2021	29 April 2021 to 29 April 2025	29 April 2022 to 29 April 2031	US$2.01
Subtotal	1,892,881	–	(5,600)	(267,462)	–	**1,619,819**				
Total	2,312,881	–	(5,600)	(267,462)	–	**2,039,819**				

* Represents number of grantees as at 31 December 2022

As at 1 January 2022, the total number of shares of the Company that could be issued upon exercise of all outstanding options granted under the 2016 Share Option Scheme were 23,128,810 shares, which represented about 5.84% of the total number of issued shares of the Company as at 1 January 2022. As at 31 December 2022, the total number of shares of the Company that could be issued upon exercise of all outstanding options granted under the 2016 Share Option Scheme were 20,398,190 shares, which represented about 5.15% of the total number of issued shares of the Company as at 31 December 2022.

The default vesting schedule of the 2016 Share Option Scheme is as follows: (i) 25% of all the options granted will become vested on the first anniversary of the vesting start date as specified in the option agreement and (ii) 6.25% of the options granted will become vested as at the end of each three month period after the vesting start date.

The total proceeds of US$6,720 received from exercised share options under 2016 Share Option Scheme during the Reporting Year was fully used for general working capital of the Company by the end of the Reporting Year.

Please refer to Notes 5(b)(v) and 32 to the consolidated financial statements for the accounting standard and policy adopted and the methodology and assumptions used in the calculation of the fair value of Options granted.

Note:

(1) During the year ended 31 December 2022, the number of exercised options under the 2016 Share Option Scheme was 5,600. The weighted average closing prices of Shares immediately before 9 February 2022 (the exercise date of 2,500 Share options), 23 March 2022 (the exercise date of 2,500 Share options), 4 May 2022 (the exercise date of 100 Share options) and 18 May 2022 (the exercise date of 500 Share options) were HK$1.39, HK$1.20, HK$1.13 and HK$1.12 respectively.

Post-IPO Share Option Scheme

A post-IPO share option scheme was adopted by the Company on 13 March 2021, which was conditional upon the listing of the Shares on the Stock Exchange and came into effect on 9 July 2021 (the "**Post-IPO Share Option Scheme**"). The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years from the date of the listing of the Shares on the Stock Exchange until 8 July 2031. The purpose of the Post-IPO Share Option Scheme is to advance the interests of the Company and its shareholders by enabling the Company to attract and retain qualified employees or directors of the Company and/or its subsidiaries through providing them with an opportunity for investment in the shares of the Company. Participants to the Post-IPO Share Option Scheme include any individual, being an employee or director of the Company and/or the Company's subsidiaries who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the business performance of the Group. However, no individual who is a resident in a place where the grant, acceptance or exercise of options pursuant to the Post-IPO Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual from the grant or offer of such options.

The total number of Shares which may be issued upon exercise of all options that could be granted under the Post-IPO Share Option Scheme is 39,539,079, being 10% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (the "**Option Scheme Mandate Limit**") (excluding any Shares which may be issued pursuant to the exercise of the outstanding options granted under the Pre-IPO Share Option Schemes). Options which have lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme (or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the "**Individual Limit**"). Any further grant of options to a selected participant which would result in the aggregate number of Shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, canceled and outstanding options) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of the Shareholders (with such selected participant and his close associates abstaining from voting). There was no option granted under such circumstances during the Reporting Year.

Following the Share Split which took effect on 9 June 2021, each grantee shall receive 10 Shares for exercising each outstanding option granted under the Post-IPO Share Option Scheme.

The subscription price, being the amount payable for each Share to be subscribed for under an option, in the event of the option being exercised shall be determined by the Board but shall be not less than the greater of:

(i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;

(ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share on the date of grant.

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any option.

Each grant of options to any director, chief executive or substantial shareholder of the Company (or any of their respective associates) must first be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of options).

In addition, where any grant of options to a substantial shareholder or an independent non-executive Director of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange), such further grant of options must also be first approved by the Shareholders (voting by way of poll) in a general meeting. In obtaining the approval, the Company shall send a circular to the Shareholders in accordance with and containing such information as is required under the Listing Rules. All core connected persons of the Company shall abstain from voting at such general meeting, except that any core connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith. There was no option granted under such circumstances during the Reporting Year.

During the Reporting Year, 377,500 options carrying rights to subscribe for a maximum of 3,775,000 Shares have been granted by the Company under the Post-IPO Share Option Scheme. Movements of the share options under the Post-IPO Share Option Scheme during the Reporting Year are as follows:

Name of category/ participant	Outstanding as at 1 January 2022	Granted during the Reporting Year	Exercised during the Reporting Year	Cancelled during the Reporting Year	Lapsed during the Reporting Year	**Outstanding as at 31 December 2022**	Date of grant	Vesting period	Exercise period	Exercise price per option HK$	Closing Share price immediately before the date of grant HK$	Fair value at the date of grant for Options granted during the Reporting Year US$'000
Executive Directors												
Lau Kwok Chu	–	10,000[2]	–	–	–	**10,000**	31 October 2022	31 October 2022 to 30 October 2026	31 October 2023 to 30 October 2032	5.80	0.56	3
Chu Lai King	–	10,000[2]	–	–	–	**10,000**	31 October 2022	31 October 2022 to 30 October 2026	31 October 2023 to 30 October 2032	5.80	0.56	3
Chu Kin Hang	–	10,000[2]	–	–	–	**10,000**	31 October 2022	31 October 2022 to 30 October 2026	31 October 2023 to 30 October 2032	5.80	0.56	3
Subtotal	–	30,000	–	–	–	**30,000**						9
Non-Executive Directors												
Lui Pak Shing, Michael	–	10,000[2]	–	–	–	**10,000**	31 October 2022	31 October 2022 to 30 October 2026	31 October 2023 to 30 October 2032	5.80	0.56	3
Hui Yat Yan, Henry	–	10,000[2]	–	–	–	**10,000**	31 October 2022	31 October 2022 to 30 October 2026	31 October 2023 to 30 October 2032	5.80	0.56	3
Poon Chi Ho	–	10,000[2]	–	–	–	**10,000**	31 October 2022	31 October 2022 to 30 October 2026	31 October 2023 to 30 October 2032	5.80	0.56	3
Subtotal	–	30,000	–	–	–	**30,000**						9

Name of category/ participant	Outstanding as at 1 January 2022	Granted during the Reporting Year	Exercised during the Reporting Year	Cancelled during the Reporting Year	Lapsed during the Reporting Year	**Outstanding as at 31 December 2022**	Date of grant	Vesting period	Exercise period	Exercise price per option HK$	Closing Share price immediately before the date of grant HK$	Fair value at the date of grant for Options granted during the Reporting Year US$'000
Independent Non-Executive Directors												
Chan Yu Cheong	–	10,000[2]	–	–	–	**10,000**	31 October 2022	31 October 2022 to 30 October 2026	31 October 2023 to 30 October 2032	5.80	0.56	3
Sin Pak Cheong Philip Charles	–	10,000[2]	–	–	–	**10,000**	31 October 2022	31 October 2022 to 30 October 2026	31 October 2023 to 30 October 2032	5.80	0.56	3
Wong Chee Chung	–	10,000[2]	–	–	–	**10,000**	31 October 2022	31 October 2022 to 30 October 2026	31 October 2023 to 30 October 2032	5.80	0.56	3
Subtotal	–	30,000	–	–	–	**30,000**						9
Other Employees*												
4 grantees	55,000	–	–	(15,000)	–	**40,000**	30 August 2021	30 August 2021 to 29 August 2025	30 August 2022 to 29 August 2031	24.48	2.16	–
2 grantees	15,000	–	–	(5,000)	–	**10,000**	29 October 2021	29 October 2021 to 28 October 2025	29 October 2022 to 28 October 2031	14.28	1.40	–
64 grantees	–	237,500[1]	–	(16,500)	–	**221,000**	21 April 2022	21 April 2022 to 20 April 2026	21 April 2023 to 20 April 2032	11.60	1.16	138
7 grantees	–	50,000[2]	–	(5,000)	–	**45,000**	31 October 2022	31 October 2022 to 30 October 2026	31 October 2023 to 30 October 2032	5.80	0.56	15
Subtotal	70,000	287,500	–	(41,500)	–	**316,000**						153
Total	70,000	377,500	–	(41,500)	–	**406,000**						180

* Represents number of grantees as at 31 December 2022

Notes:

(1) On 21 April 2022, 237,500 options were granted under Post-IPO Share Option Scheme at nil consideration and the total estimated fair value of these options on the date of grant was approximately US$138,000. Please refer the Note 5(b)(v) and 32 to the consolidated financial statements for the accounting policy adopted for share options. The Share closing price immediately before the date of grant of the aforementioned 237,500 options was HK$1.16.

(2) On 31 October 2022, 140,000 options were granted under Post-IPO Share Option Scheme at nil consideration and the total estimated fair value of these options on the date of grant was approximately US$42,000. Please refer the Note 5(b)(v) and 32 to the consolidated financial statements for the accounting policy adopted for share options. The Share closing price immediately before the date of grant of the aforementioned 140,000 options was HK$0.56.

As at 1 January 2022, the total number of shares of the Company that could be issued upon exercise of all outstanding options granted under the Post-IPO Share Option Scheme were 700,000 shares, which represented about 0.18% of the total number of issued shares of the Company as at 1 January 2022. As at 31 December 2022, the total number of shares of the Company that could be issued upon exercise of all outstanding options granted under the Post-IPO Share Option Scheme were 4,060,000 shares, which represented about 1.03% of the total number of issued shares of the Company as at 31 December 2022.

The default vesting schedule of the Post-IPO Share Option Scheme is as follows: (i) 25% of all the options granted will become vested on the first anniversary of the vesting start date as specified in the option agreement and (ii) 6.25% of the options granted will become vested as at the end of each three month period after the vesting start date.

Please refer to Notes 5(b)(v) and 32 to the consolidated financial statements for the accounting standard and policy adopted and the methodology and assumptions used in the calculation of the fair value of Options granted.

Further details of the Share Option Schemes are set out as follows:

	2005 Share Option Scheme	2016 Share Option Scheme	Post-IPO Share Option Scheme
Number of Options available for grant			
As at 1 January 2022	–	–	3,883,907
As at 31 December 2022	–	–	3,547,907
Number of Shares that may be issued in respect of Options granted during the Reporting Year divided by the weighted average number of Shares during the Reporting Year [3]	–	–	0.95%
Remaining life of the option scheme as at 31 December 2022	–[1]	–[2]	8.52 years
As at the date of annual report			
Total number of Shares available for issue under the option scheme in respect of Options granted	100,000	13,915,390	181,250
% of the total number of issued Shares	0.03%	3.51%	0.05%
Total number of Shares available for issue upon exercise of all share options that could be granted	–[1]	–[2]	35,679,079
% of the total number of issued Shares	–	–	9.01%

(1) The 2005 Share Option Scheme expired in 2015 and the Company can no longer grant any further options under the 2005 Share Option Scheme.

(2) As the Company became listed on the Stock Exchange on 9 July 2021, no further options can be granted under the 2016 Share Option Scheme.

(3) Please refer to Note 17 to the consolidated financial statements for the weighted average number of Shares during the Reporting Year.

According to the terms of the Share Option Schemes, the exercise period of the share options granted under the Share Option Schemes is determinable by the Board (or by a committee appointed by the Board which consists of two or more members of the Board) and ends on a date which is not later than ten years from the date of grant of the relevant share options. The Share Option Schemes do not specify any minimum holding period for which an option must be held before it can be exercised. There is no performance target attached to the vesting or exercise of the options granted under the Share Option Schemes.

The Share Option Schemes do not demand payment on application or acceptance of the option. The Company has not adopted any share award scheme during the Reporting Year and up to the date of this report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the Reporting Year.

PERMITTED INDEMNITY PROVISIONS

During the Reporting Year and up to the date of this report, there was or is permitted indemnity provision in the Articles in force. The Company has maintained Directors' and officers' liability insurance throughout the Reporting Year and up to the date of this report, which provides appropriate cover for certain legal actions brought against its Directors and officers arising out of corporate activities.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Year, the largest customer accounted for approximately 0.4% (2021: 0.3%) of the Group's total revenue. The five largest customers accounted for approximately 1.3% (2021: 1.0%) of the Group's total revenue for the Reporting Year.

The Group's five largest suppliers together accounted for approximately 28.3% (2021: 28.8%) of the Group's total purchase for the Reporting Year. The largest supplier accounted for approximately 8.5% (2021: 14.1%) of the total purchase of the Group for the Reporting Year.

To the best knowledge of the Directors, neither the Directors, their associates, nor any Shareholders, who, to the knowledge of the Directors, owned more than 5% of the Company's issued voting shares, had any beneficial interest in any of aforementioned customers or suppliers during the Reporting Year.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to directors' duties, responsibilities and performance and the results of the Group.

MATERIAL LITIGATION

During the Reporting year, the Group was not involved in any material litigation or arbitration, nor were the Directors aware of any material litigation or claims that were pending or threatened against the Group.

AUDITOR

The financial statements have been audited by RSM Hong Kong who shall retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM.

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 utilised during the year ended 31 December 2021 HK$ million	Net proceeds unutilised as at 1 January 2022 HK$ million	Net proceeds utilised during the year ended 31 December 2022 HK$ million	Net proceeds unutilised as at 31 December 2022 HK$ million	Expected timeline for full utilisation of the unutilised proceeds
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	92.3	25.6	66.7	37.3	29.4	

Note:

1. 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.

2. 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.

3. 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.

Unutilised net proceeds were applied to short-term demand deposits with authorised financial institution and/or licensed bank, and will be utilised according to the manner and proportions as disclosed in the Prospectus.

EMOLUMENT POLICY

The Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remunerations of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. The remunerations of the Directors are determined with reference to the economic situation, the market conditions, the responsibilities and duties assumed by each Director as well as their individual performance.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Company has maintained sufficient public float as required under the Listing Rules during the Reporting Year and up to the date of this report.

EVENTS AFTER THE REPORTING DATE

Events after the reporting date are set out in note 38 to the consolidated financial statements.

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.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express gratitude to our employees for their contribution and dedication to the Group, and our Shareholders, customers and business partners for their continuous support.

On Behalf of the Board
Chu Lai King
Chairperson

Hong Kong, 31 March 2023

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TO THE MEMBERS OF
YESASIA HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of YesAsia Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 70 to 148, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RSM

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue generated from self-operated online platform We identified recognition of revenue generated from self-operated online platform as a key audit matter as the relevant sales transactions were conducted through the Group's self-operated online platform from receiving the sales orders to arranging the delivery and the total revenue amount and volume involved are significant. The recognition of such revenue is highly dependent on data flow accuracy of and the IT controls over the online platform. Hence, it gives rise to an inherent risk that such revenue could be misstated or subject to manipulation. The Group's revenue generated from self-operated online platform is recognised when the ordered goods are delivered or picked up, being the time when customers obtain control over the goods. The accounting policy for revenue recognition and related performance obligations are disclosed in Note 4(m) and Note 8 to the consolidated financial statements, respectively. For the year ended 31 December 2022, revenue generated from self-operated online platform amounted to US$126,843,000, represented 98.6% of the total Group's revenue, which is set out in Note 8 to the consolidated financial statements.	Our procedures in relation to the recognition of revenue generated from self-operated online platform included: • Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls which govern such revenue recognition; • Engaging our internal IT specialists to obtain an understanding of and assessing the design, implementation and operating effectiveness of key IT internal controls which govern such revenue recognition; • Engaging our internal IT specialists to assist us in testing the data flow accuracy and assessing the operating effectiveness of those IT controls which are relevant to the recognition of revenue; • Understanding the terms of delivery of the sales orders and assessing whether the management of the Group recognised the revenue in accordance with the Group's accounting policy and when Group's performance obligations are satisfactorily fulfilled; • Checking the supporting documents for recognition of the revenue including sales invoices, good delivery notes and/or evidence of the customers' acknowledgement of receipt of the goods on the self-operated online platform, on a sample basis;

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Key audit matter	How our audit addressed the key audit matter
Recognition of revenue generated from self-operated online platform (continued)	Our procedures in relation to the recognition of revenue generated from self-operated online platform included: (continued) • Obtaining audit confirmations to confirm the sales transaction amounts from customers, on a sample basis, and performing alternative procedures for unreturned confirmations; and • Performing data analysis to identity unusual pattern and fluctuation of revenue generated from self-operated online platform and obtaining explanation from the management of the Group together with checking the relevant supporting documents.
Impairment assessment of property, plant and equipment and right-of-use assets Refer to notes 5(b)(i), 18 and 19 to the consolidated financial statements. The carrying amounts of the Group's property, plant and equipment and right-of-use assets as at 31 December 2022 were US$5,267,000 and US$14,458,000, respectively, which in aggregate represented approximately 31.0% of the total assets of the Group. Given the Group was loss making for the year, there is a risk that the carrying amounts of these assets are higher than their recoverable amounts.	Our audit procedures in relation to the management's assessment for impairment of property, plant and equipment and right-of-use assets included: • Understanding and evaluating management's internal controls in respect of the assessment of recoverable amount of property, plant and equipment and right-of-use assets and assessing the degree of estimation uncertainty and level of other relevant risk factors; • Discussing and evaluating management's identification of indicators of potential impairment; • Evaluating the competence, capability and objectivity of an independent external professional valuer; • Obtaining and reviewing the valuation report prepared by the external valuer engaged by the Company; • Obtaining an understanding from the external valuer about the valuation methodology, significant assumptions adopted and data used in the valuation;

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment and right-of-use assets (continued) Management carried out impairment assessments, with assistance from independent external professional valuer, which involved estimating the recoverable amounts of the assets. Management determined their recoverable amounts based on the value in use of the relevant assets, and considered no further impairment losses on these assets were necessary as at 31 December 2022. We identified the impairment assessment on property, plant and equipment and right-of-use assets as a key audit matter due to the significance of the balances to the consolidated financial statements, combined with the estimation of recoverable amounts of the assets involved significant management judgement. The inherent risk in relation to the impairment assessment is also considered significant.	Our audit procedures in relation to the management's assessment for impairment of property, plant and equipment and right-of-use assets included: (continued) • Assessing the reasonableness of source data used in the valuation; • Involving our internal expert to assess the appropriateness of valuation model and the weighted average cost of capital for value in use, and test mathematical and accuracy of the discounted cash flow forecast; and • Performing sensitivity analysis on changes in key assumptions.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Liu Fung Yi.

RSM Hong Kong
Certified Public Accountants

31 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
REVENUE	8	**128,592**	162,018
Cost of sales		**(85,866)**	(106,400)
Gross profit		**42,726**	55,618
Other income and other gains and losses	9	**1,220**	508
Selling expenses		**(19,044)**	(24,292)
Administrative expenses		**(30,682)**	(33,330)
Reversal of impairment losses for trade receivables		**2**	4
Fair value (loss)/gain on financial assets at fair value through profit or loss ("FVTPL")		**(247)**	152
LOSS FROM OPERATIONS		**(6,025)**	(1,340)
Finance costs	11	**(990)**	(393)
Loss before tax		**(7,015)**	(1,733)
Income tax credit/(expense)	12	**233**	(332)
LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	13	**(6,782)**	(2,065)
OTHER COMPREHENSIVE INCOME:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(36)**	(172)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(36)**	(172)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		**(6,818)**	(2,237)
LOSS PER SHARE	17		
Basic and diluted (US cents per share)		**(1.71)**	(0.74)

	Note	2022 US$'000	2021 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	**5,267**	2,732
Right-of-use assets	19	**14,458**	11,945
Financial assets at FVTPL	20	**2,026**	2,242
Prepayment, deposits and other receivables	22	**1,698**	763
Total non-current assets		**23,449**	17,682
CURRENT ASSETS			
Inventories		**11,897**	7,593
Trade receivables	21	**2,148**	1,821
Prepayments, deposits and other receivables	22	**3,668**	3,919
Current tax assets		**584**	404
Pledged bank deposits	23(a)	**3,179**	2,003
Bank and cash balances	23	**18,797**	36,465
Total current assets		**40,273**	52,205
CURRENT LIABILITIES			
Trade and other payables and accruals	24	**9,647**	9,668
Contract liabilities	25	**9,391**	9,303
Provisions	26	**1,362**	875
Lease liabilities	27	**3,903**	3,626
Current tax liabilities		**78**	608
Total current liabilities		**24,381**	24,080
NET CURRENT ASSETS		**15,892**	28,125
TOTAL ASSETS LESS CURRENT LIABILITIES		**39,341**	45,807
NON-CURRENT LIABILITIES			
Provisions	26	**643**	388
Lease liabilities	27	**11,561**	9,132
Total non-current liabilities		**12,204**	9,520
NET ASSETS		**27,137**	36,287
CAPITAL AND RESERVES			
Share capital	29	**20,494**	20,482
Reserves	31(a)	**6,643**	15,805
TOTAL EQUITY		**27,137**	36,287

Approved by the Board of Directors on 31 March 2023 and are signed on its behalf by:

Mr. LAU Kwok Chu　　　　Ms. CHU Lai King

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital US$'000	Share-based payments reserve US$'000 (Note 31(c)(i))	Capital reserve US$'000 (Note 31(c)(ii))	Merger reserve US$'000 (Note 31(c)(iii))	Foreign currency translation reserve US$'000 (Note 31(c)(iv))	Retained earnings/ (accumulated losses) US$'000	Total US$'000
At 1 January 2021	2,310	1,898	14,342	2,271	142	1,491	22,454
Total comprehensive income for the year	–	–	–	–	(172)	(2,065)	(2,237)
Issuance of ordinary shares under Share Offer *(Note 29)*	15,699	–	–	–	–	–	15,699
Issuance of ordinary shares under the over-allotment option *(Note 29)*	162	–	–	–	–	–	162
Issue of shares under share option scheme *(Note 29)*	2,311	(878)	–	–	–	–	1,433
Recognition of share-based payments *(Note 32)*	–	1,331	–	–	–	–	1,331
Dividend *(Note 16)*	–	–	–	–	–	(2,555)	(2,555)
Changes in equity for the year	18,172	453	–	–	(172)	(4,620)	13,833
At 31 December 2021 and 1 January 2022	20,482	2,351	14,342	2,271	(30)	(3,129)	36,287
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(36)**	**(6,782)**	**(6,818)**
Issue of shares under share option scheme *(Note 29)*	**12**	**(5)**	**–**	**–**	**–**	**–**	**7**
Recognition of share-based payments *(Note 32)*	**–**	**216**	**–**	**–**	**–**	**–**	**216**
Dividend *(Note 16)*	**–**	**–**	**–**	**–**	**–**	**(2,555)**	**(2,555)**
Changes in equity for the year	**12**	**211**	**–**	**–**	**(36)**	**(9,337)**	**(9,150)**
At 31 December 2022	**20,494**	**2,562**	**14,342**	**2,271**	**(66)**	**(12,466)**	**27,137**

	Note	2022 US$'000	2021 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(7,015)**	(1,733)
Adjustments for:			
Write down of/(reversal of write down of) inventories, net	13	**177**	(98)
Interest income	9	**(196)**	(14)
Depreciation of property, plant and equipment	13, 18	**1,814**	1,474
Depreciation of right-of-use assets	13, 19	**5,477**	4,514
Equity-settled share-based payments	14	**216**	1,331
Fair value loss/(gain) on financial assets at FVTPL		**247**	(152)
Finance costs	11	**990**	393
Gain on disposal of right-of-use assets	9	**–**	(14)
Property, plant and equipment written off	9	**86**	–
Gains on remeasurement upon lease modification	9	**(208)**	(6)
Reversal of impairment losses for trade receivables		**(2)**	(4)
Provision for/(reversal of) sales return provision, net	26	**28**	(82)
Provision for employee benefits, net	26	**491**	60
Operating profit before working capital changes		**2,105**	5,669
(Increase)/decrease in inventories		**(4,481)**	869
(Increase)/decrease in trade receivables		**(325)**	732
Increase in prepayments, deposits and other receivables		**(684)**	(123)
Decrease in trade and other payables and accruals		**(197)**	(5,389)
Increase in contract liabilities		**88**	867
Decrease in provisions		**(151)**	–
Cash (used in)/generated from operations		**(3,645)**	2,625
Income taxes paid		**(480)**	(1,993)
Interest paid		**–**	(1)
Interest on lease liabilities		**(950)**	(379)
Net cash (used in)/generated from operating activities		**(5,075)**	252
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease/(increase) in non-pledged bank deposits	23(a)(ii)	**5,264**	(7,182)
Acquisition of financial assets at FVTPL		**–**	(1,306)
Interest received		**165**	14
Purchases of property, plant and equipment	18	**(4,436)**	(1,580)
Proceeds from disposal of right-of-use assets	19(b)	**–**	18
Net cash generated from/(used in) investing activities		**993**	(10,036)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank borrowings	33(a)	**–**	(493)
Principal elements of lease payments	33(a)	**(4,634)**	(4,049)
Proceeds from issuance of shares	29	**7**	1,433
Proceeds from share allotment	29	**–**	15,861
(Increase)/decrease in pledged bank deposits		**(1,176)**	442
Dividend paid		**(2,387)**	(2,387)
Net cash (used in)/generated from financing activities		**(8,190)**	10,807
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(12,272)**	1,023
Effect of foreign exchange rate changes		**(132)**	(224)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**29,063**	28,264
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**16,659**	29,063
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**18,797**	36,465
Less: Bank deposits with original maturity beyond three months	23(a)(ii)	**(2,121)**	(7,385)
Restricted bank balances	23(b)	**(17)**	(17)
		16,659	29,063

1. GENERAL INFORMATION

YesAsia Holdings Limited (the "Company") was incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business is 5/F, KC100, 100 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong.

The shares of the Company were listed on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing") on 9 July 2021 (the "Listing Date"). Upon the Listing, the Company issued a total of 39,540,000 ordinary shares by way of share offer (the "Share Offer") at an offer price of HK$3.28 (the "Offer Price") per ordinary share.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 35 to the consolidated financial statements.

These consolidated financial statements are presented in United State dollars ("US$") and all values are rounded to the nearest thousand (US$'000), unless otherwise stated.

In the opinion of the directors of the Company, the Company has no ultimate holding company. Mr. Lau Kwok Chu and Ms. Chu Lai King are the ultimate controlling parties of the Company.

2. 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 3 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.

3. 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.

3. 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the Group's accounting policies. The areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) *Separate financial statements*

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) *Foreign currency translation*

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in US$, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment are calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Leasehold improvements	Over the lease term
Furniture and fixtures	5 years
Computer software and equipment	3 - 5 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment are the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (Continued)

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense in a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by group entities, which do not have recent third-party financing, and

- makes adjustments specific to the lease including term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation are transferred to property, plant and equipment.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the Group took advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out basis and comprises costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in Note 4(s) to the consolidated financial statements and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

The Group operates a loyalty programme which awards customers membership to enjoy certain discount on future purchases. The program gives rise to a separate performance obligation because it provides a material right to the customers. A portion of the transaction price is allocated to the customers based on relative stand-alone selling price and are recognised as contract liabilities.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Recognition and derecognition of financial instruments (Continued)

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (Continued)

Debt investments (Continued)

- Fair value through other comprehensive income ("FVTOCI") - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

(j) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

– the amount determined in accordance with the ECL model under HKFRS 9; and

– the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial liabilities and equity instruments (Continued)

(ii) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(iii) Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects, if any.

(iv) Preferred share capital

Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends on preferred shares classified as equity are recognised as distributions within equity.

Preferred shares are classified as a financial liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the E-commerce transactions and offline wholesale of products, stated net of value added taxes, sales taxes, returns, rebates and discounts.

Revenue is recognised when specific criteria have been met for the Group's activity described below:

(a) Sale of goods - E-commerce transactions

The Group sells products through E-commerce platforms. Revenue from the sale of goods is recognised on a trade date basis when the relevant transactions are executed and there is no unfulfilled obligation that affect the customer's acceptance of the goods sold. Payment of the transaction price is due immediately when the customer purchases the goods. The Group estimates the sales return provision based on accumulated experience.

(b) Sale of goods - Offline wholesale

Sales are recognised when control of the products has transferred, being when the products are delivered, being at the point the goods have been shipped in accordance with the terms of contract, to the wholesaler. The wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that affects the wholesaler's acceptance of the products.

The goods are often sold with sales discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts, if any. No element of financing is deemed present.

(c) Customer loyalty programme

The Group operates a customer loyalty programme, where certain customers accumulate points for purchases made which entitle them to purchase goods at certain discounts on future purchases. The customer loyalty program gives rise to a separate performance obligation because they provide a material right to the customer and allocates a portion of the transaction price to the loyalty credits awarded to customers based on the relative stand-alone selling price. The amount allocated to the loyalty program is recognised as a contract liability, and revenue is recognised when the rewards are redeemed or expire.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue and other income (Continued)

Revenue is recognised when specific criteria have been met for the Group's activity described below: (Continued)

(d) Others

Logistic income generated from logistics and ancillary services are recognised over time when the services are performed.

Shipping revenue is recognised over time when the service is performed.

Consignment sales represents income earned for goods consigned to the Group and is recognised when the control of consigned goods transferred to the customer.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(n) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) *Share-based payments*

The Group issues equity-settled share-based payments to directors and employees.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of any service and non-market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

(p) *Government grants*

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Taxation (Continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

(r) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated pro rata amongst the assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Impairment of financial assets and contract assets

The Group recognises a loss allowance for ECL on trade receivables and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Impairment of financial assets and contract assets (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Impairment of financial assets and contract assets (Continued)

Significant increase in credit risk (Continued)

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) *Impairment of financial assets and contract assets (Continued)*

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Impairment of financial assets and contract assets (Continued)

Measurement and recognition of ECL (Continued)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(u) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in Note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Determining the lease terms of contracts with renewal options

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

(b) Key sources of estimation uncertainty (Continued)

(i) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Further, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions in the Group's e-commerce operation.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2022 were US$5,267,000 (2021: US$2,732,000) and US$14,458,000 (2021: US$11,945,000), respectively.

(ii) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

During the year, income tax of US$233,000 (2021: US$332,000) was credited (2021: charged) to profit or loss based on the estimated profit.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

(b) Key sources of estimation uncertainty (Continued)

(iii) Impairment of trade receivables

The management of the Group estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2022, the carrying amount of trade receivables is US$2,148,000 (2021: US$1,821,000), net of allowance for trade receivables of US$5,000 (2021: US$7,000).

(iv) Customer loyalty programme

The allocation of the transaction price to the customer loyalty programme requires estimates of the relative stand-alone selling price. Where the actual outcome is different from the original estimate, such difference will impact the carrying amount of deferred revenue and profit or loss in the subsequent period.

The carrying amount of deferred revenue in respect of customer loyalty programme as at 31 December 2022 was US$624,000 (2021: US$893,000).

(v) Share-based payments

The fair value of the share options granted to the directors and employees determined at the date of grant of the respective share options is expensed over the vesting period, with a corresponding adjustment to the Group's share-based payments reserve. In assessing the fair value of the share options, Binomial Option pricing model was used. The Binomial Option pricing model is one of the generally accepted methodologies used to calculate the fair value of the share options. The Binomial Option pricing model requires the input of assumptions, including the share price, risk free rate, expected volatility, expected dividend yield and expected life of options. Any changes in these assumptions can significantly affect the estimate of the fair value of the share options.

The carrying amount of share-based payments reserve as at 31 December 2022 was US$2,562,000 (2021: US$2,351,000).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of the group entities such as Hong Kong Dollars ("HK$"), Korean Won ("WON"), Japanese Yen ("JPY"), Renminbi ("RMB"), Great Britain pound ("GBP") and Euro ("EUR"). As US$ is pegged to HK$, the Group does not expect any significant movements in the US$/HK$ exchange rate.

The Group currently does not have a formal foreign currency hedging policy but will consider hedging significant foreign currency exposure should the need arise.

The Group's foreign currency denominated financial assets and liabilities, translated into US$ at the prevailing closing rates at the end of the reporting period, are as follows:

				Exposure to foreign currencies					
	US$	**HK$**	**WON**	**JPY**	**RMB**	**GBP**	**EUR**	**Others**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 31 December 2022									
Financial assets	**13,570**	**9,013**	**4,154**	**831**	**79**	**474**	**703**	**615**	**29,439**
Financial liabilities	**1,527**	**20,258**	**235**	**278**	**93**	**1,840**	**489**	**391**	**25,111**
At 31 December 2021									
Financial assets	27,869	8,926	5,565	809	103	720	545	579	45,116
Financial liabilities	1,343	18,789	170	142	177	761	578	466	22,426

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Foreign currency risk (Continued)

Sensitivity analysis

The following table indicates the approximate change in the Group's loss for the year in response to reasonably possible changes in the foreign exchange rates of WON, JPY, RMB, GBP and EUR to which the Group has significant exposure at the end of the reporting period. The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the reporting period has been determined based on the exchange rate fluctuation at the beginning and the end of the year.

	Increase/ (decrease) in foreign exchange	Effect on loss for the year *US$'000*
At 31 December 2022		
WON	**1%(1%)**	**(33)/33**
JPY	**12%(12%)**	**(55)/55**
RMB	**8%(8%)**	**1/(1)**
GBP	**10%(10%)**	**114/(114)**
EUR	**6%(6%)**	**(11)/11**
At 31 December 2021		
WON	13%(13%)	586/(586)
JPY	10%(10%)	56/(56)
RMB	2%(2%)	1/(1)
GBP	1%(1%)	–*
EUR	8%(8%)	2/(2)

The sensitivity analysis of the Group's exposure to currency risk at the reporting date has been determined based on the hypothetical changes in foreign exchange rates which are commensurate with historical fluctuation during the year ended 31 December 2022 and 2021. The assumed changes represent management's assessment of reasonably possible changes in foreign exchange rates over the year until the next reporting date.

* *Less than US$1,000*

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in an equity security. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity security quoted on The Stock Exchange of Hong Kong Limited.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 10% higher/lower, loss after tax for the year ended 31 December 2022 would decrease/increase by US$119,000 (2021: US$143,000). This is solely due to the change in fair value of the share price.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

(i) Credit risk of deposits with banks and financial institutions

As at 31 December 2022 and 2021, all bank balances and bank deposits are held at reputable financial institutions and there is no significant concentration risk to a single counterparty and there is no history of defaults from these counterparties. The ECL is close to zero.

(ii) Credit risk of trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The Group's largest customer shared nearly 0.6% and 0.8% respectively of the trade receivables at as 31 December 2022 and 2021. The Group has policies and procedures to monitor the collection of the trade receivables to limit the exposure to the non-recovery of the receivables and there is no recent history of default for the Group's largest customer.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (Continued)

(ii) Credit risk of trade receivables (Continued)

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables generally are due within three months after the date of billing. Debtors with balances that are more than one month past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The average ECL rate of trade receivables as at 31 December 2022 and 2021 is closed to 0.4% respectively. Reversal of impairment losses for trade receivables of US$2,000 (2021: US$4,000) was recognised for the year ended 31 December 2022.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2022	2021
	US$'000	*US$'000*
At beginning of the year	**7**	11
Reversal of impairment losses	**(2)**	(4)
At the end of the year	**5**	7

(iii) Credit risk of deposits and other receivables

Deposits and other receivables were mainly rental deposit and utilities and trade deposits. The credit quality of deposits and other receivables has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. Given there is no history of defaults from these counterparties, the directors of the Company are of the opinion that the risk of default is not significant and does not expect any losses from non-performance by the counterparties. Therefore, ECL rate of the deposits and other receivables is assessed to be minimal.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) *Liquidity risk*

The Group's policy is to regularly monitor its current and expected liquidity requirements, its compliance with lending covenants and its relationship with its bankers to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	On demand or within 1 year *US$'000*	Between 1 and 2 years *US$'000*	Between 2 and 5 years *US$'000*	Total undiscounted cash flow *US$'000*	Carrying amount *US$'000*
At 31 December 2022					
Trade and other payables and accruals	**9,647**	**–**	**–**	**9,647**	**9,647**
Lease liabilities	**5,036**	**6,537**	**6,296**	**17,869**	**15,464**
At 31 December 2021					
Trade and other payables and accruals	9,668	–	–	9,668	9,668
Lease liabilities	3,903	3,424	6,047	13,374	12,758

(e) *Interest rate risk*

The Group's exposure to interest rate risk mainly arises from its bank deposits. These deposits bear interests at variable rates that vary with the then prevailing market condition.

The Group's pledged and non-pledged bank deposits bear interests at fixed interest rates and therefore are subject to fair value interest rate risks while, the Group's cash flow interest rate risk is mainly from the bank deposits bear interests at variable rates that vary with the then prevailing market condition.

At 31 December 2022 and 2021, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/(decreased) the Group's loss after tax for the year as follows:

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) *Interest rate risk (Continued)*

Impact on consolidated loss after tax for the year:

	2022 US$'000	2021 US$'000
Increase/(decrease) in interest rate		
100 basis points	**(64)**	(214)
(100) basis points	**64**	214

(f) *Categories of financial instruments*

	2022 US$'000	2021 US$'000
Financial assets:		
Financial assets at FVTPL		
– Investment in a life insurance policy	**835**	808
– An equity security listed in Hong Kong	**1,191**	1,434
Financial assets measured at amortised cost	**27,413**	42,874
Financial liabilities:		
Financial liabilities at amortised cost	**9,647**	9,668
Lease liabilities	**15,464**	12,758

(g) *Fair values*

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. 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**
	1,191	**835**	**–**	**2,026**

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
	1,434	808	–	2,242

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

8. REVENUE

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

	2022 **US$'000**	2021 *US$'000*
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
	128,592	162,018

Transaction price allocated to the remaining performance obligation

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	2022 **US$'000**	2021 *US$'000*
Sales of merchandise recognised at point in time	**5,089**	5,126
Shipping revenue recognised over time	**247**	81
	5,336	5,207

Based on the information available to the Group at the end of the reporting period, the management of the Group expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts as at 31 December 2022 and 2021 will be recognised as revenue in the subsequent one year.

9. OTHER INCOME AND OTHER GAINS AND LOSSES

	2022 US$'000	2021 US$'000
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 *(Note)*	**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
	1,220	508

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.

10. 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 Note 4 to 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.

10. SEGMENT INFORMATION (CONTINUED)

Information about operating segment results, assets and liabilities

	Fashion & lifestyle and beauty products *US$'000*	Entertainment products *US$'000*	Unallocated *US$'000*	Total *US$'000*
Year ended 31 December 2022				
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)**
Write down of inventories, net	**136**	**41**	**–**	**177**
Additions to segment non-current assets	**15,314**	**484**	**1,149**	**16,947**
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 write down of inventories, net	(90)	(8)	–	(98)
Additions to segment non-current assets	4,162	82	470	4,714

Reconciliations of segment results

	2022 ***US$'000***	2021 *US$'000*
Revenue		
Total revenue of reportable segments	**128,592**	162,018
Segment results		
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	**(89)**	–
Loss for the year attributable to the owners of the Company	**(6,782)**	(2,065)

* *Less than US$1,000*

10. 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

	2022 **US$'000**	2021 *US$'000*
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 *(Note 1)*	**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 *(Note 2)*	**7,174**	8,126
Consolidated Total	**128,592**	162,018

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.

11. FINANCE COSTS

	2022	2021
	US$'000	*US$'000*
Interest expenses on lease liabilities	**950**	379
Interest expenses on provision for reinstatement costs	**40**	13
Interest on bank borrowings	**–**	1
	990	393

12. INCOME TAX (CREDIT)/EXPENSE

	2022	2021
	US$'000	*US$'000*
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

12. INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

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.

The reconciliation between the income tax (credit)/expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2022 ***US$'000***	2021 *US$'000*
Loss before tax	**(7,015)**	(1,733)
Tax at the Hong Kong Profits Tax rate of 16.5% (2021: 16.5%)	**(1,158)**	(286)
Tax effect of income that is not taxable	**(155)**	(111)
Tax effect of expenses that are not deductible	**241**	614
Tax effect of temporary differences not recognised	**(68)**	99
Tax effect of tax losses not recognised	**1,261**	72
Tax effect of utilisation of tax losses not previously recognised	**–**	–(*)
Effect of different tax rates of subsidiaries	**27**	14
Tax concession	**(13)**	(26)
Over-provision in prior years, net	**(347)**	(28)
Under-provision in current year	**(21)**	(16)
Income tax (credit)/expense	**(233)**	332

(*) *Less than US$1,000*

13. LOSS FOR THE YEAR

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

	2022	2021
	US$'000	*US$'000*
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 *(Note)*	**183**	112
Reversal of write down of inventories *(Note)*	**(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.

14. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2022	2021
	US$'000	*US$'000*
Salaries and allowances	**21,048**	22,282
Equity-settled share-based payments	**216**	1,331
Retirement benefits scheme contributions	**838**	949
	22,102	24,562

14. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

The Group contributes to defined contribution retirement plans which are available for all eligible employees.

The Group mainly operates a Mandatory Provident Fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and the employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000.

During the years ended 31 December 2022 and 2021, the Group had no forfeited contributions which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2022 and 2021 which may be used by the Group to reduce the contribution payable in future years.

15. BENEFITS AND INTEREST OF DIRECTORS

Directors' remuneration disclosed pursuant to the section 383 of the Companies Ordinance (Cap.622) is as follows:

	2022 ***US$'000***	2021 *US$'000*
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:		
Fees	**156**	80
Salaries and allowances	**484**	478
Equity-settled share-based payments *(Note)*	**18**	37
Retirement benefits scheme contributions	**6**	6
	664	601

Note: Equity-settled share-based payments represents amortisation to the profit or loss of the fair value of share options measured at the respective grant dates, regardless the share options could be exercised or not.

15. BENEFITS AND INTEREST OF DIRECTORS (CONTINUED)

(a) Directors' emoluments

The emoluments of each director were as follows:

	Fees US$'000	Salaries and allowances US$'000	Discretionary bonuses US$'000	Equity-settled share-based payments US$'000	Retirement benefit scheme contributions US$'000	Total US$'000
Year ended 31 December 2022						
Executive directors						
Mr. Lau Kwok Chu						
(Chief Executive Officer)	**–**	**271**	**–**	**18**	**2**	**291**
Ms. Chu Lai King *(Chairperson)*	**–**	**130**	**–**	**–***	**2**	**132**
Mr. Chu Kin Hang *(Note (i))*	**–**	**68**	**–**	**–***	**1**	**69**
Ms. Wong Shuet Ha *(Note (ii))*	**–**	**15**	**–**	**–**	**1**	**16**
Non-executive directors						
Mr. Hui Yat Yan Henry	**26**	**–**	**–**	**–***	**–**	**26**
Mr. Lui Michael Pak-Shing	**26**	**–**	**–**	**–***	**–**	**26**
Mr. Poon Chi Ho	**26**	**–**	**–**	**–***	**–**	**26**
Independent non-executive directors						
Mr. Chan Yu Cheong	**26**	**–**	**–**	**–***	**–**	**26**
Mr. Sin Pak Cheong Philip Charles	**26**	**–**	**–**	**–***	**–**	**26**
Mr. Wong Chee Chung	**26**	**–**	**–**	**–***	**–**	**26**
	156	**484**	**–**	**18**	**6**	**664**
Year ended 31 December 2021						
Executive directors						
Mr. Lau Kwok Chu						
(Chief Executive Officer)	–	264	–	37	2	303
Ms. Chu Lai King *(Chairperson)*	–	129	–	–	2	131
Ms. Wong Shuet Ha	–	85	–	–	2	87
Non-executive directors						
Mr. Hui Yat Yan Henry	15	–	–	–	–	15
Mr. Lui Michael Pak-Shing	15	–	–	–	–	15
Mr. Poon Chi Ho	14	–	–	–	–	14
Independent non-executive directors						
Mr. Chan Yu Cheong *(Note (iii))*	12	–	–	–	–	12
Mr. Sin Pak Cheong Philip Charles						
(Note (iii))	12	–	–	–	–	12
Mr. Wong Chee Chung *(Note (iii))*	12	–	–	–	–	12
	80	478	–	37	6	601

Note: *(i)* *Appointed on 23 June 2022*
(ii) *Retired on 23 June 2022*
(iii) *Appointed on 19 June 2021*

* *Less than US$1,000*

15. BENEFITS AND INTEREST OF DIRECTORS (CONTINUED)

(a) *Directors' emoluments (Continued)*

Neither the chief executive nor any of the directors waived any emoluments during the year ended 31 December 2022 (2021: nil).

(b) *Five highest paid individuals*

The five highest paid individuals in the Group during the year included one (2021: one) director who emolument is reflected in the analysis presented above. The emoluments of the remaining four (2021: four) individuals are as follows:

	2022	2021
	US$'000	*US$'000*
Salaries and allowances	**657**	685
Discretionary bonuses	**–**	129
Equity-settled share-based payments *(Note)*	**79**	220
Retirement benefits scheme contributions	**31**	9
	767	1,043

Note: Equity-settled share-based payments represents amortisation to the profit or loss of the fair value of share options measured at the respective grant dates, regardless the share options could be exercised or not.

The emoluments fell within the following band:

	Number of individuals	
	2022	2021
HK$1,000,001 to HK$1,500,000 (equivalent to US$129,001 to US$193,500)	**3**	1
HK$1,500,001 to HK$2,000,000 (equivalent to US$193,501 to US$258,000)	**–**	–
HK$2,000,001 to HK$2,500,000 (equivalent to US$258,001 to US$322,500)	**1**	3

During the years ended 31 December 2022 and 2021, no emoluments were paid or payable by the Group to chief executive, any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. BENEFITS AND INTEREST OF DIRECTORS (CONTINUED)

(c) *Directors' material interests in transactions, arrangements or contracts*

Saved as disclosed in Note 36 to the consolidated financial statements, no other transactions, arrangements and contracts of significance in relation to the business to which the Company's subsidiaries was a party and in which a director of the Company had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2022 and 2021.

(d) *Directors' interests in the shares, underlying shares and debentures of the Company or any specified undertakings of the Company or any other associated corporation*

Details of options to subscribe shares of the Company held by the directors were as follows:

	Outstanding at 1 January 2022	**Granted during the year**	**Outstanding at 31 December 2022**
Mr. Lau Kwok Chu	**370,000**	**10,000**	**380,000**
Ms. Chu Lai King	**60,000**	**10,000**	**70,000**
Mr. Chu Kin Hang	**–**	**10,000**	**10,000**
Mr. Hui Yat Yan Henry	**–**	**10,000**	**10,000**
Mr. Lui Michael Pak-Shing	**–**	**10,000**	**10,000**
Mr. Poon Chi Ho	**–**	**10,000**	**10,000**
Mr. Chan Yu Cheong	**–**	**10,000**	**10,000**
Mr. Sin Pak Cheong Philip Charles	**–**	**10,000**	**10,000**
Mr. Wong Chee Chung	**–**	**10,000**	**10,000**
	430,000	**90,000**	**520,000**

	Outstanding at 1 January 2021	Granted during the year	Outstanding at 31 December 2021
Mr. Lau Kwok Chu	370,000	–	370,000
Ms. Chu Lai King	60,000	–	60,000
	430,000	–	430,000

Details of the share option plan are set out in Note 32.

(e) *Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors*

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2022 and 2021.

16. DIVIDEND

	2022 **US$'000**	2021 US$'000
Dividend paid		
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.	**2,555**	–
	2,555	2,555

17. LOSS PER SHARE

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

	2022 **US$'000**	2021 US$'000
Loss for the year attributable to owners of the Company	**(6,782)**	(2,065)

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share *(Note)*	**395,951**	277,355

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. Further details are set in Note 29 to the consolidated financial statements.

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.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements US$'000	Furniture and fixtures US$'000	Computer software and equipment US$'000	Motor vehicles US$'000	Total US$'000
Cost					
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
Accumulated depreciation					
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
Carrying amount					
At 31 December 2022	1,626	603	2,930	108	5,267
At 31 December 2021	747	767	1,158	60	2,732

19. RIGHT-OF-USE ASSETS

	Leased properties US$'000	Office equipment US$'000	Motor vehicles US$'000	Total US$'000
At 1 January 2021	13,332	202	6	13,540
Additions	2,744	390	–	3,134
Remeasurement upon lease modification *(Note (a))*	–	(198)	–	(198)
Depreciation	(4,428)	(84)	(2)	(4,514)
Disposal *(Note (b))*	–	–	(4)	(4)
Exchange differences	(13)	–*	–	(13)
At 31 December 2021 and 1 January 2022	**11,635**	**310**	**–**	**11,945**
Additions	**12,511**	**–**	**–**	**12,511**
Remeasurement upon lease modification *(Note c)*	**(4,523)**	**–**	**–**	**(4,523)**
Depreciation	**(5,391)**	**(86)**	**–**	**(5,477)**
Exchange differences	**3**	**(1)**	**–**	**2**
At 31 December 2022	**14,235**	**223**	**–**	**14,458**

* *Less than US$1,000*

Note:

(a) The Group leased office equipments for 5 years (including 2 years extension option exercised) since 2020. The lease was modified through reducing the numbers of item leased and changing the consideration since February 2021. As the result, the corresponding right-of-use asset was adjusted during the year ended 31 December 2021.

(b) During the year ended 31 December 2021, the Group terminated the lease of motor vehicles and disposed at a proceed of US$18,000. Therefore, the Group derecognised the related right-of-use assets of US$4,000, resulting in a gain on disposal of lease of US$14,000 being recognised in profit or loss for the year.

(c) (i) The Group leased two properties for 6 years and 5 years (including 3 years extension option exercised) as offices since 2020 and 2021 respectively. The leased properties were recognised as right-of-use assets during the year ended 31 December 2021. The leases were modified through shortening the contractual lease terms and changing the considerations in July 2022 and December 2022 respectively. As the result, the corresponding right-of-use assets were adjusted by deducting US$2,845,000, resulting in gain on remeasurement of leases of US$107,000.

(ii) During the year ended 31 December 2022, the Group terminated the lease of properties. Therefore, the Group derecognised the related right-of-use assets of US$1,678,000, resulting in gain on derecognition of lease of US$101,000 being recognised in profit or loss for the year.

19. RIGHT-OF-USE ASSETS (CONTINUED)

Note: (Continued)

(d) Lease liabilities of US$15,464,000 (2021: US$12,758,000) are recognised with related right-of-use assets of US$14,048,000 (2021: US$11,657,000) as at 31 December 2022. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

	2022 **US$'000**	2021 US$'000
Depreciation expenses on right-of-use assets	**5,477**	4,514
Interest expenses on lease liabilities (included in finance costs)	**950**	379
Expenses relating to short-term lease (included in administrative expenses)	**117**	257

(e) Details of total cash outflow for leases is set out in Note 33(b).

(f) The Group leases various properties and office equipment (2021: properties and office equipment) for its operations. Lease contracts are entered into for fixed term of 2 years to 4 years, but may have extension and termination options as described below. Certain leases of office equipment (2021: office equipment) were accounted for as finance leases during the reporting period and carried interest ranged from 1.96% to 2.64% (2021: from 1.41% to 4.35%). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

(g) Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarised below:

	Lease liabilities recognised (discounted)		**Potential future lease payments under extension options not included in lease liabilities (undiscounted)**	
	2022 **US$'000**	2021 US$'000	**2022** **US$'000**	2021 US$'000
Warehouses – Hong Kong	**10,584**	–	**11,804**	–

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2022, there has been no such triggering event.

20. FINANCIAL ASSETS AT FVTPL

	2022	2021
	US$'000	*US$'000*
Investment in life insurance policy *(Note (i))*	**835**	808
An equity security listed in Hong Kong *(Note (ii))*	**1,191**	1,434
	2,026	2,242

Note:

(i) In August 2019, the Group's subsidiary, YesStyle.com Limited entered into a life insurance policy with an insurance company to insure Mr. Lau Kwok Chu, a director of the Company. Under the policy, the beneficiary and the policy holder is YesStyle.com Limited and the total insured sum is US$2,462,000. The Group was required to pay a one-off premium payment of US$860,000 at the inception of the policy. A guaranteed interest rate of 3.9% per annum applied for the first 5 years, followed by the discretionary portion with a minimum guaranteed interest rate of 2.25% per annum for the following years until termination. The Group can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal ("Cash Surrender Value"), which is determined by the premium payment plus accumulated guaranteed interest earned minus the accumulated insurance charges, policy expense charges and a specified amount of surrender charge if the withdrawal is made between 1st to 16th policy year.

The carrying amount represented the Cash Surrender Value of the policy and approximates its fair value at the end of the reporting periods. Details of fair value measurement are set out in Note 7 to the consolidated financial statements.

(ii) It represents an investment in CN Logistics International Holdings Limited ("CN Logistics"), a company incorporated in the Cayman Islands with limited liability, with its shares listed on the Main Board of the Stock Exchange (stock code: 2130) and comprises 1,100,000 subscription shares of CN Logistics for a total cash consideration of HK$10,120,000 at the subscription price of HK$9.20 per subscription share. CS Logistics Holding Ltd., a controlling shareholder of CN Logistics, is a cornerstone investor in the global offering of the Company in July 2021.

The carrying amount of the financial asset is mandatorily measured at fair value through profit or loss in accordance with HKFRS 9 and the investment offers the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The fair value of CN Logistics is based on bid price as at 31 December 2022.

21. 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	2021
	US$'000	*US$'000*
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
	2,148	1,821

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2022	2021
	US$'000	*US$'000*
US$	**826**	796
JPY	**100**	124
GBP	**201**	174
EUR	**425**	316
Australian dollar	**149**	198
HK$	**177**	12
Canadian dollar	**80**	68
Others	**195**	140
	2,153	1,828
Less: Impairment losses	**(5)**	(7)
	2,148	1,821

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

23. BANK DEPOSITS AND BANK AND CASH BALANCES

(a) Bank deposits

	Note	2022 US$'000	2021 US$'000
Pledged bank deposits	(i)	**3,179**	2,003
Non-pledged bank deposits	(ii)	**4,948**	7,385
		8,127	9,388

The average interest rate of the Group's bank deposits was as follows:

	2022 %	2021 %
Pledged bank deposits	**2.65**	0.79
Non-pledged bank deposits	**2.86**	0.59

The Group's bank deposits bear fixed interest rates per annum and therefore are subject to fair value interest rate risk.

Note:

(i) The Group's pledged bank deposits represented deposits pledged to banks as securities for the banking facilities of the corporate credit cards and letters of guarantee for suppliers granted to the Group.

(ii) As at 31 December 2022 and 2021, the Group's non-pledged bank deposits with original maturity beyond three months of US$2,121,000 and US$7,385,000 respectively. These deposits are denominated in the following currencies:

	2022 US$'000	2021 US$'000
US$	**2,026**	7,200
WON	**95**	185
	2,121	7,385

(b) Bank and cash balances

At 31 December 2022 and 2021, the bank balances of US$17,000 were restricted from being used respectively.

23. BANK DEPOSITS AND BANK AND CASH BALANCES (CONTINUED)

(c) *Bank deposits and bank and cash balances*

The carrying amounts of the Group's bank deposits and bank and cash balances are denominated in the following currencies:

	2022 **US$'000**	2021 US$'000
US$	**11,827**	26,329
HK$	**5,645**	5,796
WON	**3,336**	5,023
JPY	**419**	362
RMB	**17**	–*
GBP	**272**	547
EUR	**272**	229
Others	**188**	182
	21,976	38,468

* *Less than US$1,000*

24. TRADE AND OTHER PAYABLES AND ACCRUALS

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

24. TRADE AND OTHER PAYABLES AND ACCRUALS (CONTINUED)

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

	2022	2021
	US$'000	*US$'000*
0 to 30 days	**4,009**	5,083
31 to 60 days	**131**	226
61 to 90 days	**3**	4
Over 90 days	**–**	16
	4,143	5,329

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2022	2021
	US$'000	*US$'000*
US$	**99**	8
HK$	**3,771**	4,963
WON	**99**	123
JPY	**87**	76
RMB	**69**	141
Others	**18**	18
	4,143	5,329

25. CONTRACT LIABILITIES

	2022	2021
	US$'000	*US$'000*
Advance payments from customers	**8,767**	8,410
Deferred revenue for customer loyalty programme	**624**	893
	9,391	9,303

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.

Movements in contract liabilities:

	2022	2021
	US$'000	*US$'000*
Balance at 1 January	**9,303**	8,436
Decrease in contract liabilities as result of recognising revenue during the year was included in the contract liabilities at the beginning of the year	**(6,389)**	(6,204)
Increase in contract liabilities as a result of advance payments from customers and deferred revenue for loyalty programme	**6,477**	7,071
Balance at 31 December	**9,391**	9,303

26. PROVISIONS

	Sales return US$'000	Employee benefits US$'000	Reinstatement costs US$'000	Total US$'000
At 1 January 2021	184	534	503	1,221
Additional provisions during the year	102	567	84	753
Provision used during the year	(65)	(254)	–	(319)
Unused provision reversed	(119)	(253)	–	(372)
Interest expenses	–	–	13	13
Exchange difference	–	(28)	(5)	(33)
At 31 December 2021 and 1 January 2022	**102**	**566**	**595**	**1,263**
Additional provisions during the year	**130**	**741**	**448**	**1,319**
Provision used during the year	**(53)**	**(250)**	**(159)**	**(462)**
Unused provision reversed	**(49)**	**–**	**–**	**(49)**
Interest expenses	**–**	**–**	**40**	**40**
Exchange difference	**–**	**(19)**	**(87)**	**(106)**
At 31 December 2022	**130**	**1,038**	**837**	**2,005**

	2022 *US$'000*	2021 *US$'000*
Analysed as:		
Current liabilities	**1,362**	875
Non-current liabilities	**643**	388
	2,005	1,263

27. LEASE LIABILITIES

	2022	2021
	US$'000	*US$'000*
Leased properties	**15,234**	12,442
Office equipment	**230**	316
	15,464	12,758

	Minimum lease payments		**Present value of minimum lease payments**	
	2022	2021	**2022**	2021
	US$'000	*US$'000*	***US$'000***	*US$'000*
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
	17,869	13,374	**15,464**	12,758
Less: Future finance charges	**(2,405)**	(616)	**N/A**	N/A
Present value of lease obligations	**15,464**	12,758	**15,464**	12,758
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(3,903)**	(3,626)
Amount due for settlement after 12 months			**11,561**	9,132

27. LEASE LIABILITIES (CONTINUED)

As at 31 December 2022, the Group has leased certain of its office equipment (2021: office equipment) under finance leases. The average lease term is 5 years.

The incremental borrowing rates applied to lease liabilities range from 1.96% to 17.81% (2021: 1.41% to 7.50%).

The carrying amount of the Group's lease liabilities are denominated in the following currencies:

	2022 ***US$'000***	2021 *US$'000*
HK$	**15,194**	12,697
WON	**101**	14
JPY	**169**	47
	15,464	12,758

28. DEFERRED TAX ASSETS

As at 31 December 2022 and 2021, the Group has unutilised tax losses of US$9,006,000 and US$1,510,000 respectively available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams together with the majority of the aforesaid unused tax losses of the Group have not yet been agreed by respective tax authorities.

As at 31 December 2022 and 2021, the Group's tax losses will expire in the following years:

	2022 ***US$'000***	2021 *US$'000*
On 31 December 2023	**71**	80
On 31 December 2024	**242**	275
On 31 December 2025	**117**	133
On 31 December 2026	**152**	173
On 31 December 2027	**142**	161
On 31 December 2030	**60**	68
On 31 December 2031	**381**	434
On 31 December 2032	**512**	–
	1,677	1,324
No expiry date	**7,329**	186
	9,006	1,510

29. SHARE CAPITAL

	Ordinary shares		Series A preferred shares		Series B preferred shares		Series C preferred shares		
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Total amount
		US$'000		*US$'000*		*US$'000*		*US$'000*	*US$'000*
Issued and fully paid:									
At 1 January 2021	16,433,757	358	1,048,405	11	5,164,737	52	3,381,629	1,889	2,310
Effect on Share Split	161,878,977	–	9,435,645	–	46,482,633	–	30,434,661	–	–
Issuance of ordinary shares under the Share Offer	39,540,000	15,699	–	–	–	–	–	–	15,699
Issuance of ordinary shares under the over-allotment option	409,000	162	–	–	–	–	–	–	162
Issue of shares under share option scheme	1,658,916	2,311	–	–	–	–	–	–	2,311
Conversion of convertible preferred shares to ordinary shares upon the Listing at the different conversion rates	175,985,260	1,952	(10,484,050)	(11)	(51,647,370)	(52)	(33,816,290)	(1,889)	–
At 31 December 2021 and 1 January 2022	**395,905,910**	**20,482**	**–**	**–**	**–**	**–**	**–**	**–**	**20,482**
Issue of shares under share option scheme	**56,000**	**12**	**–**	**–**	**–**	**–**	**–**	**–**	**12**
At 31 December 2022	**395,961,910**	**20,494**	**–**	**–**	**–**	**–**	**–**	**–**	**20,494**

29. SHARE CAPITAL (CONTINUED)

Ordinary shares

Subject to the prior rights of holders of all classes of share at the time outstanding having prior rights as to dividends, the holders of ordinary share are entitled to receive dividends, when and as declared by the board of directors of the Company from time to time and are entitled to one vote per share at meetings of the Company.

In connection with Company's Listing on 9 July 2021, 39,540,000 new ordinary shares of the Company were issued and allotted at the Offer Price per ordinary share before the exercise of the over-allotment option. The over-allotment option described in the Prospectus was partially exercised on 30 July 2021 and 409,000 over-allotment shares were issued and allotted by the Company at HK$3.28 per ordinary share, being the Offer Price per ordinary share under the Share Offer.

The gross proceeds, net of listing-related expenses, from the Share Offer and the partially exercised over-allotment option, amounting to US$15,861,000, was credited to the Company's share capital account.

The net proceeds from the Share Offer and the partially exercised over-allotment option after deducting underwriting commissions and relevant expenses incurred by the Company amounted to US$12,030,000.

During the year ended 31 December 2022, 56,000 (2021: 1,658,916) ordinary shares of the Company were issued under share option scheme. The net proceeds of US$7,000 (2021: US$1,433,000) were credited to share capital with the average market price of approximately US$0.16 per share at the respective exercise days.

Preferred shares

(i) *Series A Preferred Shares*

The Company has an authorised share capital of 1,100,000 Series A preferred shares ("Series A Preferred Shares") with par value of US$0.01 per share. 1,060,000 Series A Shares issued and 1,048,405 Series A Shares outstanding as at 31 December 2020.

Each Series A Preferred Share is convertible, at any time, and from time to time, any or full into fully paid and non-assessable shares of ordinary share. All Series A Shares are also automatically converted into shares of ordinary shares at the applicable conversion ratio immediately upon the closing of the Company's issue of its ordinary share in a qualified initial offering as specified in the Memorandum and Articles of Association of the Company ("the Articles").

During the year ended 31 December 2020, the Company repurchased 10,019 Series A Preferred Shares for a total consideration of US$46,000.

Pursuant to the Articles and upon the Listing, Series A Preferred Shares have been automatically converted into ordinary shares and cancelled on 9 July 2021. As a result, a total of 10,484,050 Series A Preferred Shares were converted into 20,968,100 ordinary shares.

29. SHARE CAPITAL (CONTINUED)

Preferred shares (Continued)

(ii) Series B Preferred Shares

The Company has an authorised share capital of 5,600,000 Series B preferred shares ("Series B Preferred Shares") with par value of US$0.01 per share. 5,460,978 Series B Shares issued and 5,164,737 Series B Preferred Shares outstanding as at 31 December 2020.

Each Series B Preferred Share is convertible, at any time, and from time to time, any or full into fully paid and non-assessable shares of ordinary share. All Series B Preferred Shares are also automatically converted into shares of ordinary shares at the applicable conversion ratio immediately upon the closing of the Company's issue of its ordinary share in a qualified initial offering as specified in the Articles.

During the year ended 31 December 2020 the Company repurchased 130,995 Series B Preferred Shares for a total consideration of US$759,000.

Pursuant to the Articles and upon the Listing, Series B Preferred Shares have been automatically converted into ordinary shares and cancelled on 9 July 2021. As a result, a total of 51,647,370 Series B Preferred Shares were converted into 121,200,870 ordinary shares.

(iii) Series C Preferred Shares

The Company has an authorised share capital of 4,000,000 Series C preferred shares ("Series C Preferred Shares") with par value of US$0.01 per share. 3,566,334 Series C Preferred Shares issued and 3,381,629 Series C Preferred Shares outstanding as at 31 December 2020.

Each Series C Preferred Share is convertible, at any time, and from time to time, any or full into fully paid and non-assessable shares of ordinary share. All Series C Preferred Shares are also automatically converted into shares of ordinary shares at the applicable conversion ratio immediately upon the closing of the Company's issue of its ordinary share in a qualified initial offering as specified in the Articles.

During the year ended 31 December 2020, the Company repurchased 60,982 Series C Preferred Shares for a total consideration of US$150,000.

Pursuant to the Articles and upon the Listing, Series C Preferred Shares have been automatically converted into ordinary shares and cancelled on 9 July 2021 . As a result, a total of 33,816,290 Series C Preferred Shares were converted into 33,816,290 ordinary shares.

29. SHARE CAPITAL (CONTINUED)

On 9 June 2021, the Company underwent the share subdivision whereby each issued and unissued share in the Company's share capital was subdivided into 10 shares ("Share Split"), such that immediately following such Share Split and excluding the effect of issuance of shares as a result of share options exercised after the year ended 31 December 2020, the Company's share capital was US$2,310,000 divided into (i) 164,337,570 ordinary shares; (ii) 10,484,050 Series A Preferred Shares; (iii) 51,647,370 Series B Preferred Shares; and (iv) 33,816,290 Series C Preferred Shares.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the members through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares, buy-back shares, raise new debts, redeemed existing debts or sell assets to reduce debts.

The Group monitors capital using a gearing ratio, which is the Group's total debts (comprising lease liabilities) over its total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratios as at 31 December 2022 was 57.0% (2021: 35.2%). The increase in the gearing ratio of the Group is primarily due to the increase in the balance of lease liabilities as a result of the addition of the right-of-use assets.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the banking facilities granted.

The Group receives a report from the share registrars weekly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year.

There have been no breaches in the financial covenants of any of these banking facilities for the years ended 31 December 2022 and 2021.

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	**2022** **US$'000**	2021 US$'000
Non-current assets			
Property, plant and equipment		**3,533**	–
Investment in subsidiaries	35	**391**	391
Financial assets at FVTPL		**1,191**	1,434
Total non-current assets		**5,115**	1,825
Current assets			
Prepayments and other receivables		**251**	145
Amounts due from subsidiaries	35	**13,369**	4,634
Bank and cash balance		**4,379**	16,282
Total current assets		**17,999**	21,061
Current liabilities			
Trade and other payables and accruals		**831**	516
Provisions		**378**	139
Current tax liabilities		**–**	549
Total current liabilities		**1,209**	1,204
Net current assets		**16,790**	19,857
NET ASSETS		**21,905**	21,682
Capital and reserves			
Share capital	29	**20,494**	20,482
Reserves	31(b)	**1,411**	1,200
TOTAL EQUITY		**21,905**	21,682

Approved by the Board of Directors on 31 March 2023 and are signed on its behalf by:

Mr. LAU Kwok Chu

Ms. CHU Lai King

31. RESERVES

(a) The Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statements of profit or loss and other comprehensive income and consolidated statements of changes in equity.

(b) The Company

	Share-based payments reserve US$'000	Retained earnings/ (accumulated losses) US$'000	Total US$'000
At 1 January 2021	1,898	212	2,110
Profit for the year	–	1,192	1,192
Issue of shares under share option scheme	(878)	–	(878)
Recognition of share-based payments *(Note 32)*	1,331	–	1,331
Dividend *(Note 16)*	–	(2,555)	(2,555)
At 31 December 2021 and 1 January 2022	**2,351**	**(1,151)**	**1,200**
Profit for the year	**–**	**2,555**	**2,555**
Issue of shares under share option scheme	**(5)**	**–**	**(5)**
Recognition of share-based payments *(Note 32)*	**216**	**–**	**216**
Dividend *(Note 16)*	**–**	**(2,555)**	**(2,555)**
At 31 December 2022	**2,562**	**(1,151)**	**1,411**

(c) Nature and purpose of reserves

(i) Share-based payments reserve

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors, employees and consultants of the Group recognised in accordance with the accounting policy adopted for share-based payments in Note 4(o) to the consolidated financial statements.

(ii) Capital reserve

The capital reserve of the Group represents the interest contributed by holders of Series B preferred shares to YesAsia.com, Inc., the then holding company of the Group.

(iii) Merger reserve

The merger reserve of the Group represents the difference between the nominal value of shares of YesAsia.com, Inc. acquired pursuant to the reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.

31. RESERVES (CONTINUED)

(c) Nature and purpose of reserves (Continued)

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 4(c)(iii) to the consolidated financial statements.

32. SHARE-BASED PAYMENTS

2005 Share Option Scheme

The Company adopted a share option scheme on 2 June 2005 (the "2005 Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. The 2005 Share Option Scheme expired in 2015 and the Company can no longer grant any further options under the 2005 Share Option Scheme.

However, the terms of the 2005 Share Option Scheme allow the options to have a maximum exercise period of ten years from the date of grant of the respective options and all outstanding options granted prior to the expiration of the 2005 Share Option Scheme would remain effective, and the expiration of the 2005 Share Option Scheme would not result in the termination of any options already granted.

At 31 December 2022 and 2021, details of the specific categories of options outstanding under the 2005 Share Option Scheme are as follows:

	Grant date	Expiry date	Exercise price per option	No. of options outstanding *(Note)*	
			US$	**2022**	2021
Directors and total for the 2005 Share Option Scheme	25 July 2013	25 July 2023	0.50	**10,000**	10,000

Note:

(i) Following the Share Split which took effect on 9 June 2021, each grantee shall receive 10 ordinary shares for each outstanding option granted under the 2005 Share Option Scheme exercised.

(ii) The 2005 Share Option Scheme expired in 2015 and the Company can no longer grant any further options under the 2005 Share Options Scheme.

(iii) The default vesting schedule of the 2005 Share Option Scheme is as follows: (i) 25% of all the options granted will become vested on the first anniversary of the vesting start date as specified in the option agreement and (ii) 6.25% of the options granted will become vested as at the end of each three month period after the vesting start date.

32. SHARE-BASED PAYMENTS (CONTINUED)

2016 Share Option Scheme

The Company adopted a share option scheme on 30 June 2016 (the "2016 Share Option Scheme") for the purpose of enabling the Company to attract and retain qualified employees of providing them with an opportunity for investment in the Company.

The 2016 Share Option Plan will expire on 30 June 2026. However, as the Company became listed on the Stock Exchange on 9 July 2021, no further options can be granted under the 2016 Share Option Scheme.

At 31 December 2022 and 2021, details of the specific categories of options outstanding under the 2016 Share Option Scheme are as follows:

	Grant date	Expiry date	Exercise price per option	No. of options outstanding *(Note)*	
			US$	**2022**	2021
Directors	28 July 2016	28 July 2026	0.80	**240,000**	240,000
	15 August 2019	15 August 2029	1.55	**180,000**	180,000
Employees	28 July 2016	28 July 2026	0.80	**2,451**	2,451
	27 April 2017	27 April 2027	0.80	**625**	625
	10 August 2017	10 August 2027	0.80	**1,250**	1,250
	27 April 2018	27 April 2028	1.20	**50,988**	50,988
	26 July 2018	26 July 2028	1.20	**60,625**	69,375
	24 January 2019	24 January 2029	1.20	**83,175**	88,175
	25 April 2019	25 April 2029	1.55	**74,005**	74,567
	15 August 2019	15 August 2029	1.55	**33,000**	39,250
	6 February 2020	6 February 2030	1.55	**155,700**	178,200
	23 April 2020	23 April 2030	2.01	**263,000**	265,000
	30 July 2020	30 July 2030	2.01	**50,000**	50,000
	29 October 2020	29 October 2030	2.01	**240,000**	240,000
	28 January 2021	28 January 2031	2.01	**140,000**	140,000
	25 February 2021	25 February 2031	2.01	**–**	100,000
	29 April 2021	29 April 2031	2.01	**465,000**	593,000
Total for the 2016 Share Option Scheme				**2,039,819**	2,312,881

Note:

(i) Following the Share Split which took effect on 9 June 2021, each grantee shall receive 10 ordinary shares for each outstanding option granted under the 2016 Share Option Scheme exercised.

(ii) As the Company became listed on the Stock Exchange on 9 July 2021, no further options can be granted under the 2016 Share Option Scheme.

(iii) The default vesting schedule of the 2016 Share Option Scheme is as follows: (i) 25% of all the options granted will become vested on the first anniversary of the vesting start date as specified in the option agreement and (ii) 6.25% of the options granted will become vested as at the end of each three month period after the vesting start date.

32. SHARE-BASED PAYMENTS (CONTINUED)

Post-IPO Share Option Scheme

A post-IPO share option scheme was adopted by the Company on 13 March 2021, which was conditional upon the listing of the Shares on the Stock Exchange and came into effect on the Listing Date (the "Post-IPO Share Option Scheme"). The Post-IPO Share Option Scheme will expire on 13 March 2031. The purpose of the Post-IPO Share Option Scheme is to advance the interests of the Company and its shareholders by enabling the Company to attract and retain qualified employees or directors of the Company and/or its subsidiaries through providing them with an opportunity for investment in the shares of the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme is 39,539,079 (equivalent 3,953,908 options), being the maximum 10% of the ordinary shares in issue on the Listing Date.

Details of the specific categories of options outstanding under the Post-IPO Share Option Scheme as at 31 December 2022 and 2021 are as follows:

	Grant date	Expiry date	Exercise price per option	No. of options outstanding *(Note)*	
			US$	2022	2021
Directors	31 October 2022	30 October 2032	0.75[(i)]	**90,000**	–
Employees	30 August 2021	29 August 2031	3.16[(ii)]	**40,000**	55,000
	29 October 2021	28 October 2031	1.84[(iii)]	**10,000**	15,000
	21 April 2022	20 April 2032	1.50[(iv)]	**221,000**	–
	31 October 2022	30 October 2032	0.75[(i)]	**45,000**	–
				406,000	70,000

(i) Equivalent to the exercise price per option denominated in HK$ of HK$5.80.

(ii) Equivalent to the exercise price per option denominated in HK$ of HK$24.48.

(iii) Equivalent to the exercise price per option denominated in HK$ of HK$14.28.

(iv) Equivalent to the exercise price per option denominated in HK$ of HK$11.60.

Note:

(i) Following the announcement of the Company dated on 30 August 2021, 29 October 2021, 21 April 2022 and 31 October 2022, each grantee shall receive 10 ordinary shares for each option under the Post-IPO Share Option Scheme exercised.

(ii) The default vesting schedule of the Post-IPO Share Option Scheme is as follows: (i) 25% of all the options granted will become vested on the first anniversary of the vesting start date as specified in the option agreement and (ii) 6.25% of the options granted will become vested as at the end of each three month period after the vesting start date.

32. SHARE-BASED PAYMENTS (CONTINUED)

Details of the movement of share options during the year are as follows:

	2022		2021	
	Number of share options	**Weighted average exercise price per option *(Note)* *US$***	Number of share options	Weighted average exercise price per option *(Note)* *US$*
Outstanding at 1 January	**2,392,881**	**1.75**	3,066,064	1.23
Granted during the year	**377,500**	**1.22**	975,000	2.08
Exercised during the year	**(5,600)**	**1.20**	(1,563,408)	0.92
Forfeited during the year	**(308,962)**	**1.95**	(84,775)	1.96
Outstanding at end of year	**2,455,819**	**1.64**	2,392,881	1.75
Exercisable at end of year	**1,321,069**	**1.56**	655,523	1.20

Note: Following the Share Split which took effect on 9 June 2021, each grantee shall receive 10 ordinary shares for each outstanding option granted under the share option scheme exercised. Therefore, the weighted average exercisable price per share under options granted as at 31 December 2022 is US$0.16 (2021: US$0.12)

The options outstanding at the end of the year have a weighted average remaining contractual life of 7.33 years as at 31 December 2022 (2021: 8.09 years).

During the year ended 31 December 2021, 150,000, 100,000 and 655,000 options were granted under 2016 Share Option Scheme on 28 January 2021, 25 February 2021 and 29 April 2021 respectively and the total estimated fair value of these options on the date of grant was US$2,019,100.

During the year ended 31 December 2021, 55,000 and 15,000 options were granted under Post-IPO Share Option Scheme on 30 August 2021 and 29 October 2021 respectively and the total estimated fair value of these options on the date of grant was US$2,023,000.

During the year ended 31 December 2022, 237,500 and 140,000 options were granted under Post-IPO Share Option Scheme on 21 April 2022 and 31 October 2022 respectively and the total estimated fair value of these options on the date of grant was US$180,000.

32. SHARE-BASED PAYMENTS (CONTINUED)

The fair value was calculated using the Binomial Option pricing model. The inputs into the model are as follows:

For the year ended 31 December 2022

	Share option granted on	
	21 April 2022	**31 October 2022**
Stock price	**US$0.15**(*)	**US$0.07**(*)
Exercise price per option	**US$1.50**	**US$0.75**
Expected volatility	**50.08%**	**50.81%**
Expected life	**10 years**	**10 years**
Risk free rate	**2.71%**	**3.93%**
Expected dividend yield	**4.13%**	**4.13%**

(*) Equivalent to the stock price denominated in HK$ of HK$1.16 and HK$0.56 respectively.

For the year ended 31 December 2021

	Share option granted on				
	28 January 2021	25 February 2021	29 April 2021	30 August 2021	29 October 2021
Stock price	US$3.110(#)	US$3.290(#)	US$3.480(#)	US$0.265(*)	US$0.184(*)
Exercise price per option	US$2.010	US$2.010	US$2.010	US$3.160	US$1.840
Expected volatility	51.14%	51.19%	50.76%	50.06%	50.03%
Expected life	10 years	10 years	10 years	10 years	10 years
Risk free rate	0.63%	1.19%	1.15%	0.86%	1.37%
Expected dividend yield	0%	0%	0%	2.43%	3.52%

(#) Represent the stock price before the Share Split.

(*) Equivalent to the stock price denominated in HK$ of HK$2.06 and HK$1.42 respectively.

Average of industry annualised historical share price volatility is deemed to be the expected volatility of the share price of the Company. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group recorded total expenses of US$216,000 (2021: US$1,331,000) during the year ended 31 December 2022 in respect of the share option schemes.

33. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

			Non-cash changes				
	As at 1 January 2022	**Net cash flows**	**Interest expenses**	**Addition of right-of-use assets**	**Exchange difference**	**Re-measurement upon modification**	**As at 31 December 2022**
	US$'000	***US$'000***	***US$'000***	***US$'000***	***US$'000***	***US$'000***	***US$'000***
Lease liabilities *(Note 27)*	**12,758**	**(5,584)**	**950**	**12,286**	**6**	**(4,952)**	**15,464**

			Non-cash changes				
	As at 1 January 2021	Net cash flows	Interest expenses	Addition of right-of-use assets	Exchange difference	Re-measurement upon modification	As at 31 December 2021
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Bank borrowing	493	(494)	1	–	–	–	–
Lease liabilities *(Note 27)*	13,980	(4,428)	379	3,050	(19)	(204)	12,758
	14,473	(4,922)	380	3,050	(19)	(204)	12,758

33. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) *Total cash outflow for leases*

Amounts included in the cash flow statements for leases comprise the following:

	2022	2021
	US$'000	*US$'000*
Within operating cash flows	**1,067**	636
Within financing cash flows	**4,634**	4,049
	5,701	4,685

These amounts relate to the following:

	2022	2021
	US$'000	*US$'000*
Lease rental paid	**117**	257
Payments for principal elements of leases	**4,634**	4,049
Payments for interest of leases	**950**	379
	5,701	4,685

(c) *Major non-cash transaction*

During the year ended 31 December 2022, the Group entered into new lease agreements for the use of leased properties (2021: leased properties and office equipments) for 2 years to 4 years (2021: 3 years to 5 years). On the leases commencement, the Group has non-cash addition to right-of-use assets, lease liabilities and provision of reinstatement cost of US$12,511,000 (2021: US$3,134,000), US$12,286,000 (2021: US$3,050,000) and US$225,000 (2021: US$84,000) respectively.

34. OPERATING LEASE ARRANGEMENTS

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2022	2021
	US$'000	*US$'000*
Within one year	**78**	–

During the year ended 31 December 2022, the Group entered into short-term leases for warehouses and the outstanding lease commitments relating to the warehouses were US$78,000 (2021: nil).

35. INVESTMENTS IN SUBSIDIARIES

	2022 **US$'000**	2021 *US$'000*
Unlisted investments, at cost	**391**	391
Amounts due from subsidiaries	**13,369**	4,634

As at 31 December 2022 and 2021, the amounts due from subsidiaries are unsecured, interest free and repayment on demand.

Particulars of the Company's principal subsidiaries as at 31 December 2022 and 2021 are as follows:

Name	Principal country of operation and place of incorporation, kind of legal entity	Issued and fully paid up capital	Equity interest of the Group	Principal activities
Direct held				
AsianBeautyWholesale (Hong Kong) Limited (formerly known as YesAsia Trading (Hong Kong) Limited)	Hong Kong, limited liability company	HK$1	100%	Trading of beauty products
YesAsia.com. Japan Kabushiki Kaisha (iesu asia dotto comu japan kabushiki kaisha)	Japan, limited liability company	JPY10,000,000	100%	Trading of entertainment products, fashion wears and accessories
YesAsia.com Limited	Hong Kong, limited liability company	HK$39,000,002	100%	Trading of entertainment products and investment holding
YesStyle.com Limited	Hong Kong, limited liability company	HK$1	100%	Trading of fashion wears, cosmetics and accessories
Indirect held				
YAKR	South Korea, limited liability company	WON50,000,000	100%	Trading of entertainment products, fashion wears and accessories

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

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.

37. CAPITAL COMMITMENTS

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

	2022 **US$'000**	2021 *US$'000*
Property, plant and equipment	**11**	13

38. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period up to the date of this report.

The financial information contained in this five-year financial summary does not constitute the Company's statutory annual consolidated financial statements for any of the financial years ended 31 December 2022, 2021, 2020, 2019 and 2018, but is derived from those published audited consolidated financial statements and the Prospectus, and restated upon the adoption of the new or amended accounting standards and interpretations as appropriate. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

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

The Company's auditor has reported on these consolidated financial statements for all five 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 either sections 406(2), 407(2) or (3) of the Companies Ordinance.

	2022	2021	2020	2019	2018
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Turnover	**128,592**	162,018	173,319	117,589	85,364
(Loss)/profit for the year	**(6,782)**	(2,065)	11,220	3,369	3,992
Total assets	**63,722**	69,887	63,377	33,457	20,993
Total liabilities	**(36,585)**	(33,600)	(40,923)	(20,648)	(12,194)
Net assets	**27,137**	36,287	22,454	12,809	8,799

DEFINITIONS AND GLOSSARY

"2021 HKT Agreement"	Service agreement entered into by the Company with HKT Teleservices on 18 October 2021 with retrospective effect from 3 October 2021 for a term of 2 years
"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
"Articles"	Articles of Association of the Company
"*AsianBeautyWholesale*"	www.AsianBeautyWholesale.com
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of our Company
"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
"Company", "our Company", "the Company" or "YesAsia Holdings"	YesAsia Holdings Limited (喆麗控股有限公司), a company incorporated with limited liability in Hong Kong on 11 March 2005, or, where the context requires (as the case may be), its predecessor, YesAsia.com, Inc. (formerly known as Asia CD, Inc.), a company incorporated in California, the United States on 18 December 1997, and except where the context indicates otherwise (i) our subsidiaries and (ii) with respect to the period before our Company became the holding company of our present subsidiaries, the business operated by our present subsidiaries or (as the case may be) their predecessors
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and, in the context of this annual report, refers to Mr. Lau and Ms. Chu
"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
"Directors" or "our directors"	the directors of our Company
"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
"HKT Limited"	HKT Limited (a company the share stapled units of which that are jointly issued with the HKT Trust are listed on the Main Board of the Stock Exchange (Stock Code: 6823))
"HKT Group"	HKT Limited, together with its subsidiaries
"HKT Teleservices"	HKT Teleservices International Limited, a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of PCCW Limited (stock code: 0008) and a fellow subsidiary of PCCW e-Ventures Limited
"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
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
"Mr. Chan"	Mr. Chan Yu Cheong, an Independent Non-executive Director
"Mr. Chu"	Mr. Chu Kin Hang, brother-in-law of Mr. Lau and brother of Ms. Chu, an executive Director (appointed on 23 June 2022)
"Ms. Chu"	Ms. Chu Lai King, one of the founders of our Group, an executive Director, Chairperson and one of our Controlling Shareholders
"Mr. Hui"	Mr. Hui Yat Yan Henry, a Non-executive Director
"Mr. Lau"	Mr. Lau Kwok Chu, one of the founders of our Group, an executive Director, the chief executive officer and one of our Controlling Shareholders
"Mr. Lui"	Mr. Lui Pak Shing Michael, one of the founders of our Group, a Non-executive Director, one of our Shareholders
"Mr. Poon"	Mr. Poon Chi Ho, a Non-executive Director
"Mr. Sin"	Mr. Sin Pak Cheong Philip Charles, an Independent Non-executive Director
"Mr. Wong"	Mr. Wong Chee Chung, an Independent Non-executive Director
"Nomination Committee"	the nomination committee of the Board
"N.M."	not meaningful
"OFAC"	The US Department of Treasury's Office of Foreign Assets Control
"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
"PCCW"	PCCW Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 0008))
"PCCW e-Ventures"	PCCW e-Ventures Limited, an indirectly wholly-owned subsidiary of PCCW, and held 39,704,030 shares of the Company, representing approximately 10.03% of the total number of issued shares of the Company as at 31 December 2022.
"PCCW Group"	PCCW Limited, together with its subsidiaries
"Pre-IPO Share Option Schemes"	YesAsia Holdings 2005 General Stock Option Plan and YesAsia Holdings 2016 General Stock Option Plan, being the two pre-IPO share option schemes of the Company approved and adopted by the Company on 2 June 2005 and 30 June 2016, respectively, particulars of which are set out in ''Report of the Directors'' to this annual report
"pp"	percentage point
"Prior Year"	the year ended 31 December 2021
"Prospectus"	prospectus of the Company dated 28 June 2021
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Year"	the year ended 31 December 2022
"Sanctioned Countries"	Any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related laws or regulation of the Relevant Jurisdiction, namely Cuba, Iran, North Korea, Syria, and the Crimea Region of Russia/Ukraine
"Sanctioned Person(s)"	certain person(s) and identity(ies) listed on OFAC's Specially Designated Nationals and Blocked Persons List or other restricted parties lists maintained by the US, EU, the United Nations or Australia
"Share Option Schemes"	the Pre-IPO Share Option Schemes and the Post-IPO Share Option Scheme
"Share Registrar"	Computershare Hong Kong Investor Services Limited
"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
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"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
"Relevant Jurisdiction"	any jurisdiction that is relevant to the Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assess or certain countries, governments, person or entities targeted by such law or regulation
"The First Founding Investor"	the first investor who provides the seed funding for a start-up company
"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
"*YesStyle*"	www.YesStyle.com