YESASIA

2021

ANNUAL REPORT

YesAsia Holdings Limited

(Incorporated in Hong Kong with limited liability)

Stock Code : 2209

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Chu Lai King (朱麗琼) *(Chairperson)*
Mr. Lau Kwok Chu (劉國柱) *(Chief Executive Officer)*
Ms. Wong Shuet Ha (黃雪夏)

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 (冼柏昌)
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 (冼柏昌)
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 (冼柏昌)

NOMINATION COMMITTEE

Mr. Sin Pak Cheong Philip Charles (冼柏昌) *(Chairman)*
Ms. Wong Shuet Ha (黃雪夏)
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
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

HEAD OFFICE AND REGISTERED OFFICE IN HONG KONG

5/F., KC100
100 Kwai Cheong Road
Kwai Chung
New Territories
Hong Kong

LEGAL ADVISOR AS TO HONG KONG LAWS

Ronald Tong & Co.
Room 501, 5/F.,
Sun Hung Kai Centre,
30 Harbour Road
Hong Kong

COMPLIANCE ADVISOR

UOB Kay Hian (Hong Kong) Limited
6/F Harcourt House
39 Gloucester Road , Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M 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

KEY HIGHLIGHTS

	Year ended 31 December		
	2021 (Audited) *US$'000*	2020 (Audited) *US$'000*	Change *(%)*
Revenue	**162,018**	173,319	-6.5%
Gross profit	**55,618**	61,871	-10.1%
Gross profit margin[1]	**34.3%**	35.7%	-1.4 Percentage points
(Loss)/profit for the year	**(2,065)**	11,220	-118.4%
Adjusted (loss)/profit for the year[2]	**(343)**	10,190	-103.4%
Proposed final dividend	**HK5.0 cents**	N/A	

Note:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Adjusted loss/profit is the loss/profit for the period excluding government subsidies and listing expenses.

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

Note:

(1) Includes YesStyle (website and mobile app), *AsianBeautyWholesale* and YesAsia.

(2) A person is considered as customer on our E-commerce platform of during a reporting period if the first invoice of his/her/its order has been issued within the reporting period. A person who made his/her/its purchases on different E-commerce platforms is accounted as a separate E-commerce customer of each E-commerce platform and any anonymous person can register multiple accounts on each of the E-commerce platforms and be counted as multiple E-commerce customers.

(3) The average order size is equal to the total order amount divided by the number of orders (excluding canceled orders). Total order amount represents the amount paid by our customers for the value of products purchased, and before indirect tax payment, effects on foreign exchange, post-sale order refund and adjustments, and other accounting adjustments.

(4) This represents marketing and promotion fees per new customer across all E-commerce platforms of the Group. A new customer is a customer if the first invoice of his/her/its first ever order has been issued within the reporting period. A guest visitor who made his/her purchase during different reporting periods without specific customer identification data is counted as a new customer for each of the reporting periods.

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

Dear Shareholders,

This is the first letter written to our shareholders since the Company became a listed company in July 2021. When we started the Company in 1997 in a downtown San Francisco basement, we never imagined that our small project selling Cantopop CDs on a website would evolve into a leading E-commerce gateway providing a variety of quality Asian products, from entertainment and lifestyle products to fashion and beauty products, to millions of customers globally. We would like to take this opportunity to thank all shareholders for your steadfast support over the past 24 years during both good and bad times.

Although COVID-19 pandemic presents its own unique challenges, which we will discuss below, the Company has encountered and survived tremendous adversity over the years: the dot-com bubble and its eventual bust in 2001, the 2003 SARS outbreak in Hong Kong, the financial crisis and recession in 2008, Hong Kong's recent social movements, and the trade dispute between the US and mainland China etc. Each hardship presented challenges to our team, and each time we developed stronger bonds between team members, and built resilience to help the Company adapt and implement new business and operation models – not just to survive but to emerge as a stronger organization.

Our business was strongly hit in 2004 and 2005. Although we had already expanded YesAsia product offerings from music CDs to other entertainment categories such as DVDs, books, games, toys and collectibles, revenue growth slowed significantly due to the change in how people consume media. Instead of purchasing CDs and DVDs, customers rapidly adopted digital delivery methods such as downloading and streaming. At the same time, we observed that much fewer songs and films were being produced in Hong Kong, providing YesAsia with fewer products to offer.

THE ONLINE FASHION OPPORTUNITY

Fortunately, we began changing our business model from entertainment products to fashion products by launching our second website YesStyle in July 2006. We consider ourselves a pioneer in offering fashion and apparel products online as, at the time, many had doubts whether customers would buy clothing online without access to a fitting room, or without being able to touch the products. Fashion from South Korea has always been considered trendy with quality craftsmanship and materials, and we began sourcing products from many fashion brands in South Korea where we had established an office since 2002 for the purpose of sourcing K-pop products. Soon thereafter, we expanded our fashion product sourcing to mainland China, where we developed a supply chain network of more than 10,000 suppliers.

By 2021, we were on average launching 2,000 new fashion products daily, providing a wide range of up-to-date style selections to our customers. At the same time, we grew our annual fashion product revenue from less than US$100,000 in 2006 to over US$80 million in 2021, an amount more than ten times the revenue we generated selling entertainment products. We believe we are still in an early stage of the fashion retail paradigm shift from offline to online. According to Frost & Sullivan market data from 2020, online fashion retail in YesStyle's six key countries – the US, the United Kingdom, Australia, Canada, Germany and France – is projected to grow approximately 21.1% annually from 2021 to 2025 to reach approximately US$803.9 billion in total consumer spending. As more and more people around the globe, especially younger generations, develop the habit of shopping for fashion online, we believe that YesStyle will benefit.

THE RISE OF K-BEAUTY

After YesStyle's success with fashion, we sought to explore other potential product categories that would further serve the needs and demands of our customers. Around 2015, we began to receive increasing enquiries about YesStyle carrying beauty products, especially skin care and makeup products from South Korea. At the time, South Korea was actively promoting and exporting its culture and products due to the popularity of Hallyu, starting with K-pop music in the early 2000s, and followed by Korean films and TV dramas. Then, in the late 2010s, Korean fashion and especially K-Beauty rose in popularity.

The enthusiasm for K-Beauty reached many Asian markets, including mainland China, Japan, Taiwan and Hong Kong, and that enthusiasm spread rapidly and quite surprisingly to many Western countries, such as the US, the United Kingdom, Australia and Canada, followed by France, Germany and many other European countries. Increasingly more people, especially young female consumers, became interested in K-Beauty products, and many started following the now well-known Korean skin care routines. According to 2020 market data from Frost & Sullivan, the online K-Beauty retail market in our six key countries had already reached US$5 billion in 2020, and is projected to grow approximately 22.9% annually from 2021 to 2025.

Since 2015, YesStyle has steadily built a comprehensive selection of K-Beauty brands and products. By 2021, YesStyle had become an authorized retailer of over 300 Korean beauty brands, including many leading brands such as ETUDE, CLIO, COSRX, peripera, SKINFOOD, SOME BY MI and Pyunkang Yul. Our mission is for YesStyle to become the #1 destination for international customers seeking K-Beauty products. Because of our increasing K-Beauty business, YesStyle beauty category annual revenue grew from a low base in 2015 to approximately US$73.1 million in 2021. According to Frost & Sullivan, in terms of the online K-Beauty market in 2020, YesStyle had attained #1 status in the United Kingdom, Australia and Canada, while placing #2 in the US and #3 in Germany.

THE DIGITAL MARKETING OPPORTUNITY

We believe that to survive and thrive in the very competitive E-commerce landscape, it's important to develop a robust product sourcing network, and in YesStyle's case, we did so with both fashion and beauty. Equally as important, we have continuously built and expanded YesStyle's digital marketing strategy in an innovative and cost-effective manner. Unlike the early years of E-commerce development, current digital marketing cannot depend solely on online advertising. Advertising costs, whether from banner ads, video ads or keywords, have become more expensive over the years. YesStyle Elite Club, our loyalty program designed to keep our customers engaged, registered 2.3 million new members in 2021, bringing its total number to 6.4 million members at the end of 2021. To grow our retention revenue in coming years, we launched our new CRM System in October 2021. The CRM collects customer behavioral data in real-time, and helps us manage our large membership base more effectively. It also empowers us to improve our campaign performance, and helps our promotions reach members in a more precise and scalable way.

The YesStyle Influencer Program, which was launched in early 2019, gained significant momentum in 2021. We enlisted 127,000 new influencers during 2021, bringing our total number of influencers in the program to 217,000. On top of YouTube, Instagram and TikTok, we added Pinterest and Twitter to our Influencer Program. We launched the YesStyle Student Program in December 2021 to help us attract members of important customer groups – students and Generation Z – around the globe. The program offers exclusive benefits when student members make purchases, and grants commissions to student organizations they belong to and wish to support. The YesStyle App continues to gain popularity among fashion and beauty shoppers globally. During 2021, the App was downloaded approximately 1.5 million times, bringing the total number of YesStyle App downloads to approximately 6.2 million. The portion of YesStyle's annual revenue contributed by the YesStyle App grew from approximately 31.7% in 2020 to 35.9% in 2021.

THE COVID-19 CHALLENGE AND NEW LOGISTICS SOLUTIONS

Since its outbreak in early 2020, the COVID-19 pandemic has presented a severe and unprecedented challenge to our E-commerce business and operations. Due to the significant and prolonged reduction of outbound flights from Hong Kong to many key markets, freight costs have steadily increased over the past years. Delivery costs have also increased due to the virus infecting tens of millions of people around the globe, undermining an already tight labor market, and causing labor cost increase in many couriers we partner with. The COVID pandemic has caused disruptions to our supply chain from time to time, leading to some order fulfillment delays.

To counter the challenge of the COVID pandemic and increasing freight costs, we have focused and will continue to focus on cost savings and increasing efficiency by proactively taking on new initiatives. In November 2021, we entered into a memorandum of understanding with CN Logistics International Holdings Limited, in which CN Logistics would offer logistics services for the Company's delivery of products to the US, Europe and other overseas markets at better rates than the best available quotations from our current service providers. This cooperation would enable us to achieve significant freight cost savings, as well as provide quality delivery service to our customers.

To reduce fulfillment labor costs, which have increased as a percentage of revenue recent years due to the tight labor market, we began in 2021 to plan for smart warehousing, using artificial intelligence, robotics and automation technology to build an AI Robotic Warehouse. Referencing the Company's announcement dated January 31, 2022, YA Logistics Limited, a wholly owned subsidiary of our Company, entered into a lease agreement for an approximately 137,525 square foot warehouse at Goodman Interlink which would suit our need for the AI Robotic Warehouse. Separately, we also entered into a contract with Geek Plus for supply and installation of the AI Robotic Warehouse in February 2022. We hope that with the implementation of the AI Robotic Warehouse, our Group saves labor costs, and increases its fulfilment capacity to cope with the future growth of our online business. The AI Robotic Warehouse is expected to start operating in the third quarter of 2022.

OUR GRATITUDE

Working together, we achieved a major milestone in 2021 by listing the Company's shares on the Main Board of the Stock Exchange. We want to express our gratitude to all shareholders, members of the Board, and all our team members, business partners and customers who have been supporting us along the way. Moving forward, we are determined to realize the Company's potential in the enormous and fast-growing E-commerce opportunity, to overcome the various business challenges we encounter, and to bring profits and returns to our shareholders.

Lastly, we would like to cite a quote by Winston Churchill we recently shared to all our team members as encouragement:

"Success is not final, failure is not fatal: it is the courage to continue that counts."

We hope that the COVID pandemic subsides soon, and wish good health and happiness to all of you and your families.

Priscilla Chu Lai King
Founder and Chairperson

Joshua Lau Kwok Chu
Founder and CEO
24 March 2022

BUSINESS OVERVIEW AND OUTLOOK

Customer acquisition and retention

Successfully launched the CRM System

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

Successfully launched the YesStyle Student Program

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

YesStyle Influencer Program

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

YesStyle additional language websites

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

Products

Brand new eco-friendly themed YesStyle private label

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

Introduction of new Korean beauty brands

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

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

Hot "MIRROR" Blu-ray release

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

Logistics

Strategic partnership with CN Logistics

On 29 November 2021, we entered into a memorandum of understanding with CN Logistics, pursuant to which CN Logistics would offer logistics services for the Group's delivery of products to the United States of America, Europe and other overseas markets at rates that are expected to be at least 10% lower than the best available quotations from other independent service providers received and maintained by the Group on a regular basis. We believe this cooperation will enable us to offer more shipping options to our customers and to drive more traffic to the online platforms maintained by the Group.

Moving into AI Robotic Warehouse

The Group started the planning of AI Robotic Warehouse during the Reporting Year. We have identified a warehouse at Goodman Interlink suitable for our AI Robotic Warehouse. With reference to the Company's announcement dated 31 January 2022, YA Logistics Limited, a wholly owned subsidiary of the Company, entered into a lease agreement for Goodman Warehouse. In February 2022, the Company also entered into a contract with Geek Plus for solutions to establish an AI Robotic Warehouse with the expectation of saving labour costs and increasing the Group's fulfilment capacity to cope with the future growth of our online businesses. The AI Robotic Warehouse is expected to start operating in the third quarter of 2022.

Segment results

With the decrease in revenue by US$7.7 million and US$3.6 million for fashion & lifestyle and beauty products and entertainment products to US$ 155.5 million and US$6.5 million respectively, the segment results for the Reporting Year were approximately US$7.3 million profit (2020: US$19.2 million profit) and US$127,000 loss (2020: US$80,000 profit), respectively.

Details of segment results are set out in note 10 to the consolidated financial statements.

Outlook

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

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

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

REVENUE

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

Revenue by Segment

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

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

COST OF SALES

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

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

GROSS PROFIT AND GROSS MARGIN

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

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

	Year ended 31 December			
	2021		2020	
		Gross Profit		Gross Profit
	(Audited)	**Margin**	*(Audited)*	Margin
	US$'000	***(%)***	*US$'000*	*(%)*
Fashion & lifestyle and beauty products				
– *YesStyle* Platforms	**52,537**	**35.3%**	58,551	37.3%
– *AsianBeautyWholesale*	**1,663**	**25.0%**	1,464	23.6%
	54,200	**34.9%**	60,015	36.8%
Entertainment products				
– *YesAsia* Platforms	**1,290**	**24.4%**	1,193	22.8%
– Offline wholesale	**128**	**10.4%**	663	13.5%
	1,418	**21.7%**	1,856	18.3%
Total	**55,618**	**34.3%**	61,871	35.7%

OTHER INCOME AND OTHER GAINS AND LOSSES

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

SELLING EXPENSES

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

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

ADMINISTRATIVE EXPENSES

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

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

FINANCE COSTS

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

INCOME TAX EXPENSES

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

(LOSS)/PROFIT FOR THE YEAR

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

ADJUSTED (LOSS)/PROFIT FOR THE YEAR

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

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

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

CAPITAL EXPENDITURE

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

As at 31 December 2021, the Group had no bank borrowing (31 December 2020: US$493,000).

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

TREASURY POLICIES

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

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

GEAR RATIO

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

CAPITAL COMMITMENTS

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

SIGNIFICANT INVESTMENTS HELD

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

Pursuant to the subscription agreement dated 29 November 2021 entered into between CN Logistics and the Company, the Company subscribed for 1,100,000 shares in CN Logistics, representing approximately 0.40% of the total issued share capital of CN Logistics as at 31 December 2021, for a total cash consideration of HK$10,120,000 at the subscription price of HK$9.20 per subscription share on 29 November 2021. CN Logistics is 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). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, 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. For details, please refer to the Company's announcement dated 29 November 2021.

As at 31 December 2021, the fair value of subscribed 1,100,000 shares in CN Logistics was HK$11,110,000 with the unrealised gain HK$ 990,000 but no dividend received. In view of the expected positive impact to the business of both CN Logistics and the Group through the Strategic Logistics Partnership, the investment is expected to be long term 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.

MATERIAL ACQUISITIONS, DISPOSALS AND FUTURE PLANS FOR SUBSIDIARIES

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

CHARGE ON ASSETS

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

FOREIGN EXCHANGE RISK MANAGEMENT

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

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

EMPLOYEES AND REMUNERATION POLICY

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

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive remuneration packages, which generally include basic wages, variable wages, bonuses and other benefits granted in accordance with the business performance. In order to promote overall efficiency, employee loyalty and employee retention, we provide our employees with technical and operational on-the-job training as well as people development programs. Share options are also available to employees of the Group at the sole discretion of the Board or its delegate(s).

CONTINGENT LIABILITIES

Details of contingent liabilities as at 31 December 2021 are set out in note 39 to the financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the section headed "Future Plans and Use of Proceeds" of the Prospectus and in this annual report, the Group did not have other plan for material investments or acquisition of material capital assets as at 31 December 2021.

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 2021, 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$867,000 (2020: US$888,000) 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.

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 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, Chair of the Board 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 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.

Ms. WONG Shuet Ha (黃雪夏), aged 51, is our Executive Director and Vice President of Corporate Planning. She joined our Group in September 1999, serving as our Controller until February 2002. Ms. Wong has served multiple positions within our Group, including as our Finance Director from March 2002 to April 2005, Vice President of Finance and Accounting from April 2005 to December 2012, President of *YesStyle* Fashion, Inc. (a subsidiary of YesAsia Holdings Limited which was dissolved on 6 May 2015) from January 2013 to April 2015 and Vice President of Finance of our Group from May 2015 to November 2018. Ms. Wong has been serving as our Vice President of Corporate Planning since December 2018 and was appointed as our Director on 26 June 2014.

Ms. Wong obtained her bachelor's degree of science, majoring in business administration and her master's degree in business administration from the California State University in the United States in December 1991 and in August 1996 respectively. She was admitted to practice as a certified public accountant in the state of California in September 1994 by the State Board of Accountancy.

NON-EXECUTIVE DIRECTORS

Mr. LUI Pak Shing Michael (雷百成), aged 58, is our Non-executive Director. He has been dedicating 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) (formerly known as HUI Hing Yee (許馨兒)), aged 57, 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 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 CyberWorks 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 54, 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 director of group finance of HKT Limited management accounting and procurement since November 2014. 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 41, 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. since September 2016, Visual Squares Ltd. since April 2011 and Savantas Policy Institute Ltd. since April 2009. He is also serving the Enterprise Support Scheme Assessment Panel under the Innovation and Technology Commission of the Hong Kong Government since July 2015. 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 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 45, 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. CHU Kin Hang (朱健恒) ("Mr. Chu"), aged 47, is our Vice President of Content, brother of Ms. Chu and the brother-in-law of Mr.Lau. 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. WAN Siu Chung (溫兆聰) ("Mr. Wan"), aged 45, 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 57, 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 47, 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 46, 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 The Open University of Hong Kong in June 2007. He has been an associate of The Hong Kong Institute of Chartered Secretaries 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 46, 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 NewWorld 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 2021.

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. Since the Listing Date to 31 December 2021, the Company has complied with the Code Provisions and mandatory disclosure requirements as set out in the then CG Code, save for deviation from Code Provision A.2.7 of the then CG Code (currently Code Provision C.2.7 under the amended CG Code) as disclosed below.

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-today 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 2021 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)*

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 24 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 and whether they are Independent Non-executive Directors. 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 A.2.1 of the then CG Code (currently Code Provision C.2.1 under the amended CG Code) 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 of the Board, is primarily responsible for leadership of the Board and overall strategic planning and 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

For the period from the Listing Date to 31 December 2021, 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.

For the period from the Listing Date to 31 December 2021, 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 are 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 commencing from the Listing Date, 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 commencing from the Listing Date, 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 commencing from the Listing Date 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 A.1.1 of the then CG Code (currently Code Provision C.5.1 under the amended CG Code)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 hold from time to time when necessary. During the Reporting Year, the Board held four regular Board meetings and other Board meetings which were convened when deemed necessary. 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.

The Company became listed on 9 July 2021. No general meeting was held after the Listing up to the date of this annual report.

Since the Listing Date to 31 December 2021, the attendance records of the Directors at the Board meetings are set out below:

Directors	Attendance/Number of meetings held Regular Board meetings
Executive Directors	
Ms. Chu Lai King	4/4
Mr. Lau Kwok Chu	4/4
Ms. Wong Shuet Ha	3/4
Non-executive Directors	
Mr. Hui Yat Yan, Henry	4/4
Mr. Lui Pak Shing, Michael	4/4
Mr. Poon Chi Ho	4/4
Independent Non-executive Directors	
Mr. Chan Yu Cheong	4/4
Mr. Sin Pak Cheong Philip Charles	4/4
Mr. Wong Chee Chung	4/4

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

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 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.

(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 2021 are set out in note 15(a) to the consolidated financial statements in this annual report.

The remuneration of the senior management members of the Company by band during the year ended 31 December 2021 are set out below:

Remuneration Band	Number of Individuals
Nil to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	3
HK$2,000,001 to HK$2,500,000	2

(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 A.6.5 of the then CG Code (currently Code Provision C.1.4 under the amended CG Code). 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 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 that they had complied with Code Provision A.6.5 of the then CG Code (currently Code Provision C.1.4 under the amended CG Code) during the Reporting Year as follows:

Name of Directors	Training on corporate governance, legal and regulatory requirements and other relevant topics
Executive Directors	
Ms. Chu Lai King	✓
Mr. Lau Kwok Chu	✓
Ms. Wong Shuet Ha	✓
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 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 two meetings held since the Listing Date to 31 December 2021, with details of attendance set out below:

Audit Committee members	Attendance/ Number of meetings held
Mr. Wong Chee Chung *(Chairman)*	2/2
Mr. Chan Yu Cheong	2/2
Mr. Sin Pak Cheong Philip Charles	2/2
Mr. Hui Yat Yan, Henry	2/2

Since the Listing Date to 31 December 2021, the Audit Committee had considered, reviewed and discussed any 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 unaudited interim financial statements for the six months ended 30 June 2021 and selection of the internal and external auditors. The Audit Committee also reviewed 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 Non-executive Director and 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 B.1.2(c)(ii) of the CG Code 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, with delegated responsibility, 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 three Remuneration Committee meetings held since the Listing Date to 31 December 2021, with details of attendance set out below:

Remuneration Committee members	**Attendance/ Number of meetings held**
Mr. Chan Yu Cheong *(Chairman)*	3/3
Mr. Poon Chi Ho	3/3
Mr. Wong Chee Chung	3/3
Mr. Sin Pak Cheong Philip Charles	3/3

Since the Listing Date to 31 December 2021, the Remuneration Committee reviewed the existing remuneration policy and structure and assessed the performance of each Director for the Reporting Year.

(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 consists of four members including one executive Director and three independent non-executive Directors, namely, Ms. Wong Shuet Ha (executive Director), 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 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 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 the Reporting Year, two out of nine Board of Directors were 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. One Nomination Committee meeting was held since the Listing Date to 31 December 2021, with details of attendance are set out below:

Nomination Committee members	Attendance/ Number of meetings held
Mr. Sin Pak Cheong Philip Charles *(Chairman)*	1/1
Mr. Wong Shuet Ha	1/1
Mr. Chan Yu Cheong	1/1
Mr. Wong Chee Chung	1/1

During the period from the Listing Date and up to 31 December 2021, the Nomination Committee held one meeting, during which matters such as structure, size and composition of the Board were discussed. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code:

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

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 2021.

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 2021 is set out in the "Independent Auditor's Report" on pages 59 to 63 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 2021 (US$'000)**
Audit Services	
– Annual audit	155
– IPO audit	161
Non-audit services	
– Transfer pricing opinion and IPO tax provision issue	18
– Internal control review	14
– IT system and related IT controls review	122
– Tax advisory	45
– IT audit services	13
Total	528

COMPANY SECRETARY

All Directors have access to the advice and services of the Company Secretary. The Company Secretary 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 has been appointed as the Company Secretary since 17 August 2020. During the Reporting Year, Mr. Ng 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 resource, 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, implementing 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.

The Group has formulated the Internal Control Manual 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 of the business.

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.

BTCGL has prepared the internal audit report and presented to the Group's management and operational teams for 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 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 was effective and adequate. The Board and management also reviewed the adequacy of the resources, qualifications, and experience of the staff in the accounting, internal audit 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

Upon Listing, the Company has adopted a model code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard as set out in the Model Code.

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

DIVIDEND

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

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

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.

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 require a general meeting to be called by the Board. The Board required under Article 54 to call a general meeting must call a meeting within 21 days after the date on which they become subject to the requirement.

DIVIDEND POLICY

On 29 July 2021, the Board adopted the 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 O of the then CG Code:

Convening a Special General Meeting by Shareholders

Sections 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 of the Company, 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. From the Listing Date to 31 December 2021, the constitutional documents including the said Articles of Association did not have any changes.

The Directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2021.

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 64 to 146.

The directors recommend the payment of a final dividend of HK5 cents per ordinary share for the year ended 31 December 2021 (2020: Nil), totalling approximately HK$19.8 million (2020: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the past four financial years is set out on page 147.

BORROWINGS

Details of borrowings during the Reporting Year are set out in notes 28 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Year are set out in note 30 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 32(b) to the consolidated financial statements and the consolidated statement of changes in equity on page 66, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2021, 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) (2020: 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 36 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 Global Offering and the grant of 975,000 options of the Company (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 1 June 2019, the Company entered into the 2019 HKT Agreement with HKT Teleservices (as further amended and supplemented by an addendum agreement entered into between the parties on 7 June 2021) for the provision of contact centre services including email and other electronic channel support to the Company's customers. The 2019 HKT Agreement expired on 2 October 2021.

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, which is on substantially similar terms as the 2019 HKT Agreement. 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 was a non-wholly-owned subsidiary of PCCW and a fellow subsidiary of PCCW e-Ventures. PCCW e-Ventures was 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. As such, PCCW e-Ventures was a substantial shareholder of the Company and hence HKT Teleservices was a connected person under Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the above continuing connected transactions for the year ended 31 December 2021 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 2021 HKT Agreement commenced from 3 October 2021 and 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 charges payable by the Company are 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 2021, the consideration paid for 2019 HKT Agreement and 2021 HKT Agreement were approximately HK$2,654,000 and HK$775,000 respectively.

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 37(a) to the consolidated financial statements constitute continuing connected transactions Chapter 14A of under the Listing Rules and the Company has complied with the disclosure requirements in accordance with Chapter 14A of 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 paragraph 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

Charitable donation made by the Group during the Reporting Year was Nil (2020: US$1,290).

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 2021.

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 9 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 drive more traffic to the online platforms maintained by the Group.

The Group has taken steps to utilize artificial intelligence, robotics and automation technology in its new principal warehouse with the view to saving labour costs and increasing the Group's fulfillment capacity. The new principal warehouse is expected to start operating in the third quarter of 2022.

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. The aforementioned 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 environmental protection to develop sustainable value for stakeholders. The Group has not noted any material in compliance with relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group has established environmental, social and governance policies which set forth environmental protection measures, social responsibility principles and internal governance. Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended 31 December 2021 to be published in due course.

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)

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 (冼柏昌)
Mr. Wong Chee Chung (王子聰)

Biographical details of Directors and senior management of the Company are set out on pages 19 to 24. Save as disclosed in the section headed "Directors and Senior Management" in this annual report, there was no change in the information of the Directors required to be disclosed under the Listing Rules for the Reporting Year.

RE-ELECTION OF DIRECTORS

Pursuant to Article 99 of the Articles of the Company, and with recommendation of the Nomination Committee, Ms. Wong Shuet Ha, ("**Ms. Wong**"), Ms. Chu Lai King and Mr. Poon Chi Ho will retire at the forthcoming AGM and, save for Ms. Wong, the other retiring directors will be eligible, will offer themselves for re-election.

Ms Wong has decided not to stand for re-election upon retirement. Reference is made to the Company's announcement dated 24 March 2022, the Board proposes Mr. Chu Kin Hang be appointed as an executive Director at the forthcoming AGM.

Directors' service contracts

None of the Directors being proposed for re-election at the forthcoming AGM of the Company 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 of the Company 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 SHAREHOLDER'S 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 Shareholder 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 2021, 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

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	123,047,980	31.08%
	Interest of Spouse	Long Position	29,835,550	7.54%
Ms. Chu Lai King (朱麗琼)[(1)]	Beneficial interest	Long Position	29,835,550	7.54%
	Interest of Spouse	Long Position	123,047,980	31.08%
Ms. Wong Shuet Ha (黃雪夏)	Beneficial interest	Long Position	4,800,000	1.21%
Mr. Lui Pak Shing Michael (雷百成)	Beneficial interest	Long Position	35,183,210	8.89%

Notes:

(1) As at 31 December 2021, Mr. Lau directly held 119,347,980 Shares, and was granted options under the Pre-IPO Share Option Schemes which entitled him to subscribe for 3,700,000 Shares.

As at 31 December 2021, Ms. Chu directly held 29,235,550 Shares, and was granted options under the Pre-IPO Share Option Schemes which entitled her to subscribe for 600,000 Shares.

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 152,883,530 Shares as at 31 December 2021, representing approximately 38.62% of the issued share capital of the Company as at 31 December 2021).

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 2021, 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 50% held by CyberWorks Ventures Limited and 50% held 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 under the SFO.

(2) Pacven Walden Ventures IV, L.P. is a Cayman 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. under the SFO.

(3) Stonepath Group, Inc., is a U.S. 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. by virtue of the SFO.

(4) As at 31 December 2021, the following Directors were directors/employees of a company who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Division 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 2021, 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 SCHEME

2005 Share Option Scheme

The Company adopted a share option scheme on 2 June 2005 ("**2005 Share Option Scheme**") 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.

Participants to the 2005 Share Option Scheme include (i) persons who, at the time of the grant, are directors, officers, and employees of the Group, and (ii) natural persons who at the time of the grant, are independent contractors, consultants or advisers of the Group and who perform bona fide services to the Group. No person will be an eligible participant to the 2005 Share Option Scheme following his or her termination of eligibility status and no option may be granted to any person other than an eligible participant to the 2005 Share Option Scheme; and there is no limitation on the number of options that may be granted to each eligible participant to 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.

During the year ended 31 December 2021, no options have been granted by the Company under the 2005 Share Option Scheme.

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.

Participants to the 2016 Share Option Scheme include persons who, at the time of such grant, are employees of the Company only. No person will be an eligible participant to the 2016 Share Option Scheme following his or her termination of eligibility status and no option may be granted to any person other than an eligible participant to the 2016 Share Option Scheme; and there is no limitation on the number of options that may be granted to each eligible participant to the 2016 Share Option Scheme.

Following the Share Split which took effect on 9 June 2021, each grantee shall receive 10 Shares for each outstanding option granted under the 2005 Share Option Scheme and 2016 Share Option Scheme exercised.

During the year ended 31 December 2021, 905,000 options carrying rights to subscribe for a maximum of an aggregate of 9,050,000 Shares have been granted by the Company under the 2016 Share Option Scheme.

Post-IPO Share Option Scheme

The 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 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 granted and to 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 ("**Option Scheme Mandate Limit**"), which represented approximately 9.99% of the Shares in issue as at the date of this annual report. (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.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of the Company at any time must not exceed 30% of the Shares in issue from time to time ("**Option Scheme Limit**"). No options may be granted under any schemes of the Company (or its subsidiaries) if this will result in the Option Scheme Limit being exceeded.

The Option Scheme Mandate Limit may be refreshed at any time by obtaining prior approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the refreshed Option Scheme Mandate Limit cannot exceed 10% of the Shares in issue as at the date of such approval. Options previously granted under the Post-IPO Share Option Scheme and any other share option schemes of the Company (and to which provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, canceled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the refreshed 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 associates abstaining from voting).

The exercise price per Share to be paid 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.

During the year ended 31 December 2021, 70,000 options carrying rights to subscribe for a maximum of an aggregate of 700,000 Shares have been granted by the Company under the Post-IPO Share Option Scheme.

Movements of the share options under the Share Option Schemes for the year ended 31 December 2021 are as follows:

Name of category/ participant	Outstanding as at 1 January 2021 (Audited)	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 2021 (Audited)**	Date of grant	Vesting period	Exercise period	Exercise price per option US$
Directors										
Lau Kwok Chu	10,000	–	–	–	–	**10,000**(1)	25 July 2013	25 July 2013 to 25 July 2017	25 July 2014 to 25 July 2023	US$0.5
	180,000	–	–	–	–	**180,000**(2)	28 July 2016	28 July 2016 to 28 July 2020	28 July 2017 to 28 July 2026	US$0.8
	180,000	–	–	–	–	**180,000**(2)	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**(2)	28 July 2016	28 July 2016 to 28 July 2020	28 July 2017 to 28 July 2026	US$0.8
Subtotal	430,000	–	–	–	–	**430,000**				
Associate(s) of Director										
Chu Pui King (Sister of Chu Lai King)	11,900	–	(11,900)	–	–	**–**	28 July 2016	28 July 2016 to 28 July 2020	28 July 2017 to 28 July 2026	US$0.8
	3,000	–	–	–	–	**3,000**(2)	23 April 2020	23 April 2020 to 23 April 2024	23 April 2021 to 23 April 2030	US$2.01
Chu Kin Hang (Brother of Chu Lai King)	195,000	–	(195,000)	–	–	**–**	28 July 2016	28 July 2016 to 28 July 2020	28 July 2017 to 28 July 2026	US$0.8
Subtotal	209,900	–	(206,900)	–	–	**3,000**				
Other Employees										
122 grantees under Pre-IPO Share Option Schemes	2,416,164	905,000(2)(4)(6)	(1,346,508)(6)(7)	(84,175)(8)	(600)	**1,889,881**	–	1 year from the respective date of grant	10 years from the respective date of grant	US$0.8 – US$0.201
10 grantees under (3) Post-IPO Share Option Scheme	–	70,000(4)	–	–	–	**70,000**	–	1 year from the respective date of grant	10 years from the respective date of grant	US$0.18 – US$0.32
Consultant										
1 grantee	10,000	–	(10,000)	–	–	**–**	25 October 2012	25 October 2012 to 25 October 2016	25 October 2013 to 25 October 2022	US$0.5
Subtotal	2,426,164	975,000	(1,356,508)	(84,175)	(600)	**1,959,881**				
Total	3,066,064	975,000	(1,563,408)	(84,175)	(600)	**2,392,881**				

The vesting schedule of the Share Option Schemes 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 (the "**Vesting Start Date**") and (ii) 6.25% of the options granted will become vested as at the end of each three months period after the Vesting Start Date.

Notes:

(1) Granted under 2005 Share Option Scheme.

(2) Granted under 2016 Share Option Scheme.

(3) Granted under Post-IPO Share Option Scheme.

(4) In 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.

(5) In 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 theses options on the date of granted was US$2,023,000. The Share closing price immediately before the date of grant of the aforementioned 55,000 options and 15,000 options are HK$2.16 and HK$1.4 respectively.

(6) The weighted average closing price of the Shares immediately before the dates on which the 1,335,896 Share options were exercised was not available as the Share were listed on 9 July 2021 and the relevant Share options were exercised before Listing Date while the weighted average closing price of Shares immediately before 17 November 2021 (the exercise date of 8,037 Share options) and 24 November 2021 (the exercise date of 2,575 Share options) were both HK$1.64.

(7) During the year ended 31 December 2021, number of exercised options of 2005 Share Option Scheme and 2016 Share Option Scheme were 165,000, 1,181,508 respectively.

(8) During the year ended 31 December 2021, the exercise prices of the cancelled 76,300, 6,625 and 1,250 share options under 2016 Share Option Scheme are US$ 2.01, US$1.55 and US$1.20 respectively.

During the year ended 31 December 2021, the total consideration received by the Company due to issuance of share options was approximately US$ 2,311,000 (2020: US$701,000).

Details of fair value assessment model and significant assumption are set out in note 5(b)(v) and note 33 to the consolidated financial statements.

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, which provides appropriate cover for certain legal actions brought against its Directors and officers arising out of corporate activities.

Such Director's and officers' liability insurance remained in force as of the date of this report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Year, the largest customer accounted for approximately 0.3% (2020: 2.5%) of the Group's total revenue. The five largest customers accounted for approximately 1.0% (2020: 3.0%) of the Group's total revenue for the Reporting Year.

The Group's five largest suppliers together accounted for approximately 28.8% (2020: 27.4%) of the Group's total purchase for the Reporting Year. The largest supplier accounted for approximately 14.1% (2020: 10.6%) 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 owned more than 5% of the Company's issued voting shares, had any beneficial interest in any of aforementioned largest 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.

EMOLUMENT POLICY

A 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.

CORPORATE GOVERNANCE PRACTICE

Our Company has complied with the CG code since the Listing Date. As of 31 December 2021 and to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, our Directors are not aware of any deviation from the provisions of the CG Code since the Listing Date save for deviation from the then Code Provision A.2.7 of the then CG Code (currently Code Provision C.2.7 under the amended CG Code).

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 as at the date of this report.

EVENTS AFTER THE REPORTING DATE

(a) Subsequent to the Reporting Year, the Group entered into a new lease agreement for the use of warehouse in Hong Kong for four years. Upon the lease commencement, the Group recognised the right-of-use assets and lease liabilities of US$12,077,000 and US$11,848,000 respectively. Details are set out in announcement of the Company dated on 31 January 2022.

(b) Subsequent to the Reporting Year, the Group has entered into two guarantees to a bank in January 2022 with an aggregate amount of US$1,270,000 (equivalent to EUR1,440,000) to a service provider to secure the business operation of intermediary services under the import-one-stop-shop scheme. Under the guarantees, the Group has pledged it bank deposits of US$1,670,000 to the bank.

(c) Subsequent to the Reporting Year, the Group has entered into a supply, installation and services agreement, and renovation agreement to acquire robot and mobile equipment and the related installation services from an autonomous mobile robot company in February 2022 and March 2022 respectively with total consideration of US$2,534,000 for the establishment of automated warehouse system in Hong Kong and US$124,000 for warranty service for the second year after completion. US$858,000 upfront has been paid in March 2022 and the transaction is expected to be completed on or before 30 June 2022

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

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

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

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

CLOSURE OF REGISTER OF MEMBERS

In relation to the AGM

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

In relation to the proposed final dividend

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

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, 24 March 2022

RSM Hong Kong
29th Floor, Lee Garden Two, 28 Yun Ping Road,
Causeway Bay, Hong Kong
T +852 2598 5123
F +852 2598 7230
www.rsmhk.com

羅申美會計師事務所
香港銅鑼灣恩平道二十八號
利園二期二十九字樓
電話 +852 2598 5123
傳真 +852 2598 7230
www.rsmhk.com

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 and its subsidiaries (the "Group") set out on pages 64 to 146, which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021, 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.

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 matter we identified is:

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(l) and Note 8 to the consolidated financial statements, respectively. For the year ended 31 December 2021, revenue generated from self-operated online platform amounted to US$160,771,000, represented 99.2% 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 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;

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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)	
	• 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; • 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.

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 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 these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

RSM Hong Kong
Certified Public Accountants

24 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	**2021**	2020
		US$'000	*US$'000*
REVENUE	8	**162,018**	173,319
Cost of sales		**(106,400)**	(111,448)
Gross profit		**55,618**	61,871
Other income and other gains and losses	9	**508**	3,150
Selling expenses		**(24,292)**	(21,563)
Administrative expenses		**(33,330)**	(29,704)
Reversal of impairment losses for trade receivables		**4**	10
Fair value gain on financial assets at fair value through profit or loss ("FVTPL")		**152**	10
(LOSS)/PROFIT FROM OPERATIONS		**(1,340)**	13,774
Finance costs	11	**(393)**	(336)
(Loss)/profit before tax		**(1,733)**	13,438
Income tax expense	12	**(332)**	(2,218)
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	13	**(2,065)**	11,220
OTHER COMPREHENSIVE INCOME:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(172)**	144
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(172)**	144
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		**(2,237)**	11,364
(LOSS)/EARNING PER SHARE	17		
Basic (US cents per share)		**(0.74)**	6.75
Diluted (US cents per share)		**(0.74)**	2.98

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Note	2021 *US$'000*	2020 *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	18	**2,732**	2,628
Right-of-use assets	19	**11,945**	13,540
Financial assets at FVTPL	20	**2,242**	784
Prepayment, deposits and other receivables	22	**763**	1,250
Total non-current assets		**17,682**	18,202
CURRENT ASSETS			
Inventories		**7,593**	8,364
Trade receivables	21	**1,821**	2,549
Prepayments, deposits and other receivables	22	**3,919**	3,309
Current tax assets		**404**	24
Pledged bank deposits	23(a)	**2,003**	2,445
Bank and cash balances	23	**36,465**	28,484
Total current assets		**52,205**	45,175
CURRENT LIABILITIES			
Trade and other payables and accruals	24	**9,668**	14,889
Contract liabilities	25	**9,303**	8,436
Provisions	26	**875**	718
Lease liabilities	27	**3,626**	3,758
Bank borrowing	28	**–**	493
Current tax liabilities		**608**	1,904
Total current liabilities		**24,080**	30,198
NET CURRENT ASSETS		**28,125**	14,977
TOTAL ASSETS LESS CURRENT LIABILITIES		**45,807**	33,179
NON-CURRENT LIABILITIES			
Provisions	26	**388**	503
Lease liabilities	27	**9,132**	10,222
Total non-current liabilities		**9,520**	10,725
NET ASSETS		**36,287**	22,454
CAPITAL AND RESERVES			
Share capital	30	**20,482**	2,310
Reserves	32(a)	**15,805**	20,144
TOTAL EQUITY		**36,287**	22,454

Approved by the Board of Directors on 24 March 2022 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 2021

	Share capital US$'000	Share-based payments reserve US$'000 (Note 32(c)(i))	Capital reserve US$'000 (Note 32(c)(ii))	Merger reserve US$'000 (Note 32(c)(iii))	Foreign currency translation reserve US$'000 (Note 32(c)(iv))	Retained earnings/ (accumulated losses) US$'000	Total US$'000
At 1 January 2020	2,637	1,581	15,308	2,271	(2)	(8,986)	12,809
Total comprehensive income for the year	–	–	–	–	144	11,220	11,364
Issue of shares under share option scheme	701	(184)	–	–	–	–	517
Repurchase of shares	(1,028)	–	(966)	–	–	(743)	(2,737)
Recognition of share-based payments *(Note 33)*	–	501	–	–	–	–	501
Changes in equity for the year	(327)	317	(966)	–	144	10,477	9,645
At 31 December 2020 and 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 30)*	**15,699**	**–**	**–**	**–**	**–**	**–**	**15,699**
Issuance of ordinary shares under the over-allotment option *(Note 30)*	**162**	**–**	**–**	**–**	**–**	**–**	**162**
Issue of shares under share option scheme	**2,311**	**(878)**	**–**	**–**	**–**	**–**	**1,433**
Recognition of share-based payments *(Note 33)*	**–**	**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	**20,482**	**2,351**	**14,342**	**2,271**	**(30)**	**(3,129)**	**36,287**

	Note	**2021** **US$'000**	2020 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(1,733)**	13,438
Adjustments for:			
Reversal of allowance for inventories, net	13	**(98)**	(2)
Interest income	9	**(14)**	(31)
Depreciation of property, plant and equipment	13, 18	**1,474**	871
Depreciation of right-of-use assets	13, 19	**4,514**	3,444
Equity-settled share-based payments	14	**1,331**	501
Fair value gain on financial assets at FVTPL		**(152)**	(10)
Finance costs	11	**393**	336
Gain on disposal of right-of-use assets	9, 19	**(14)**	–
Losses on disposal of property, plant and equipment	9	**–**	103
Gains on remeasurement upon lease modification	9	**(6)**	(30)
Reversal of impairment losses for trade receivables		**(4)**	(10)
(Reversal of provision)/provision for sales return, net	26	**(82)**	86
Provision for employee benefits, net	26	**60**	165
Reversal of provision on reinstatement costs	9, 26	**–**	(10)
Operating profit before working capital changes		**5,669**	18,851
Decrease/(increase) in inventories		**869**	(3,006)
Decrease/(increase) in trade receivables		**732**	(613)
Increase in prepayments, deposits and other receivables		**(123)**	(761)
(Decrease)/increase in trade and other payables and accruals		**(5,389)**	7,000
Increase in contract liabilities		**867**	739
Decrease in provisions		**–**	(10)
		2,625	22,200
Cash generated from operations			
Income taxes paid		**(1,993)**	(1,739)
Interest paid		**(380)**	(326)
Net cash generated from operating activities		**252**	20,135
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in non-pledged bank deposits	23(a)(ii)	**(7,182)**	(13)
Decrease in restricted bank balance	23(b)	**–**	47
Acquisition of financial assets at FVTPL		**(1,306)**	–
Interest received		**14**	18
Purchases of property, plant and equipment		**(1,580)**	(2,344)
Proceeds from disposal of right-of-use assets	19(c)	**18**	–
Net cash used in investing activities		**(10,036)**	(2,292)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021 US$'000	2020 US$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank borrowings	34(a)	**(493)**	(127)
Principal elements of lease payments	34(a)	**(4,049)**	(2,610)
Proceeds from issuance of shares	30	**1,433**	517
Repurchase of shares	30	**–**	(2,737)
Proceeds from share allotment	30	**15,861**	–
Decrease/(increase) in pledged bank deposits		**442**	(1,532)
Dividend paid		**(2,387)**	–
Net cash generated from/(used in) financing activities		**10,807**	(6,489)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,023**	11,354
Effect of foreign exchange rate changes		**(224)**	172
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**28,264**	16,738
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**29,063**	28,264
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**36,465**	28,484
Less: Bank deposits with original maturity beyond three months	23(a)(ii)	**(7,385)**	(203)
Restricted bank balances	23(b)	**(17)**	(17)
		29,063	28,264

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 36 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 2021 for the preparation of the financial statements:

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

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

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

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

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

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

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

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

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

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

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

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)

(a) Consolidation (Continued)

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).

(b) 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)

(b) Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all the Group entities 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)

(c) 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.

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.

(d) 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)

(d) 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. 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.

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.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (Continued)

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.

(e) 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.

(f) 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(r) to the consolidated financial statements and are reclassified to receivables when the right to the consideration has become unconditional.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Contract assets and contract liabilities (Continued)

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.

(g) 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 instruments.

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)

(g) 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.

(h) 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 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)

(h) Financial assets (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.

(i) 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.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(j) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(ii) 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)

(k) Financial liabilities and equity instruments (Continued)

(iii) 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.

(iv) 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.

(v) 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)

(l) 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)

(l) Revenue and other income (Continued)

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

(d) Others

Shipping revenue and service revenue are recognised over time when the services are 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.

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.

(m) 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)

(n) Share-based payments

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

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of 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.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(o) 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)

(p) 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)

(p) 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 the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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.

(q) 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)

(r) 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)

(r) 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)

(r) 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)

(r) 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)

(r) 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.

(s) 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.

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.

(t) 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

(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.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2021 were US$2,732,000 (2020: US$2,628,000) and US$11,945,000 (2020: US$13,540,000), 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$332,000 (2020: US$2,218,000) was 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 2021, the carrying amount of trade receivables is US$1,821,000 (2020: US$2,549,000), net of allowance for trade receivables of US$7,000 (2020: US$11,000).

(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 2021 was US$893,000 (2020: Nil).

(v) Share-based payments

The fair value of the share options granted to the directors, employees and consultants 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 2021 was US$2,351,000 (2020: US$1,898,000).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency 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 use foreign currency forward contracts to minimise against the risk when it is foreseen to be significant.

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 2021									
Financial assets	**27,869**	**8,926**	**5,565**	**809**	**103**	**720**	**545**	**579**	**45,116**
Financial liabilities	**1,343**	**6,092**	**156**	**95**	**177**	**761**	**578**	**466**	**9,668**
At 31 December 2020									
Financial assets	21,821	4,649	7,020	1,305	145	348	830	626	36,744
Financial liabilities	2,791	11,592	239	80	86	–	1	593	15,382

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Foreign currency risk (Continued)

Sensitivity analysis

The following table indicates the approximate change in the Group's profit 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 profit for the year *US$'000*
Group		
At 31 December 2021		
WON	**13%(13%)**	**587/(587)**
JPY	**10%(10%)**	**60/(60)**
RMB	**2%(2%)**	**1/(1)**
GBP	**1%(1%)**	**–***
EUR	**8%(8%)**	**2/(2)**
At 31 December 2020		
WON	10%/(10%)	566/(566)
JPY	6%/(6%)	61/(61)
RMB	7%/(7%)	3/(3)
GBP	4%/(4%)	12/(12)
EUR	12%/(12%)	83/(83)

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 2021 and 2020. 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 2021 would decrease/increase by 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 and foreign exchange transactions.

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

As at 31 December 2021 and 2020, 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.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (Continued)

(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 0.8% and 2.7% respectively of the trade receivables at as 31 December 2021 and 2020. 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.

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.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (Continued)

(ii) Credit risk of trade receivables (Continued)

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 2021 and 2020 is closed to 0.4% respectively. Reversal of impairment losses for trade receivables of US$4,000 (2020: US$10,000) was recognised for the year ended 31 December 2021.

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

	2021 ***US$'000***	2020 *US$'000*
At beginning of the year	**11**	21
Reversal of impairment losses	**(4)**	(10)
At the end of the year	**7**	11

(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$'000	Over 5 years US$'000	Total undiscounted cash flow US$'000	Carry amount US$'000
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**
At 31 December 2020						
Trade and other payables and accruals	14,889	–	–	–	14,889	14,889
Bank borrowing *(Note)*	494	–	–	–	494	493
Lease liabilities	4,082	3,349	5,281	2,072	14,784	13,980

Note: As at 31 December 2020, bank borrowing with a repayment on demand clause should include in the "less than 1 year or on demand" time band in the above maturity analysis. Taking into account the Group's financial position, the directors do not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The directors believe that such bank borrowing will be repaid in accordance with the scheduled repayment dates set out in the loan agreement.

(e) Interest rate risk

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

At 31 December 2021 and 2020, 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 profit after tax for the year as follows:

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Interest rate risk (Continued)

Impact on consolidated (loss)/profit after tax for the year:

	2021	2020
	US$'000	*US$'000*
Increase/(decrease) in interest rate		
100 basis points	**214**	169
(100) basis points	**(214)**	(169)

(f) Categories of financial instruments

	2021	2020
	US$'000	*US$'000*
Financial assets:		
Financial assets at FVTPL		
– Investment in a life insurance policy	**808**	784
– An equity security listed in Hong Kong	**1,434**	–
Financial assets measured at amortised cost	**42,874**	35,960
Financial liabilities:		
Financial liabilities at amortised cost	**9,668**	15,382

(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: Level 1** *US$'000*	**Level 2** *US$'000*	**Level 3** *US$'000*	**Total 2021** *US$'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**

Description	Fair value measurements using: Level 1 *US$'000*	Level 2 *US$'000*	Level 3 *US$'000*	Total 2020 *US$'000*
Recurring fair value measurements:				
Financial assets at FVTPL				
Investment in a life insurance policy	–	784	–	784

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:

	2021 **US$'000**	2020 *US$'000*
Sales of merchandise recognised at point in time	**147,353**	156,508
Shipping revenue recognised over time	**14,663**	16,807
Consignment sales recognised at point in time	**2**	4
	162,018	173,319

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.

	2021 **US$'000**	2020 *US$'000*
Sales of merchandise recognised at point in time	**5,126**	5,375
Shipping revenue recognised over time	**81**	182
	5,207	5,557

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 2021 and 2020 will be recognised as revenue in the subsequent one year.

9. OTHER INCOME AND OTHER GAINS AND LOSSES

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

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

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

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 2021				
Revenue from external customers	**155,496**	**6,522**	**–**	**162,018**
Segment results	**7,227**	**(127)**	**(9,165)**	**(2,065)**
Depreciation of property, plant and equipment	**1,303**	**25**	**146**	**1,474**
Depreciation of right-of-use assets	**3,888**	**188**	**438**	**4,514**
Reversal of impairment losses for trade receivables	**(4)**	**–***	**–**	**(4)**
Reversal of allowance for inventories	**(90)**	**(8)**	**–**	**(98)**
Additions to segment non-current assets	**4,162**	**82**	**470**	**4,714**
Year ended 31 December 2020				
Revenue from external customers	163,195	10,124	–	173,319
Segment results	19,196	80	(8,056)	11,220
Depreciation of property, plant and equipment	773	12	86	871
Depreciation of right-of-use assets	2,954	159	331	3,444
Reversal of impairment losses for trade receivables	(9)	(1)	–	(10)
Allowance/(reversal of allowance) for inventories	2	(4)	–	(2)
Additions to segment non-current assets	15,547	689	1,770	18,006

Reconciliations of segment results

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

* *Less than US$1,000*

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

	2021	2020
	US$'000	*US$'000*
United States	**77,881**	72,693
European countries		
France	**11,878**	14,441
Germany	**10,316**	9,817
Spain	**2,665**	3,270
Italy	**2,957**	2,190
Netherlands	**3,593**	3,040
Sweden	**1,192**	1,423
Other EU Countries *(Note 1)*	**7,603**	8,501
United Kingdom	**9,821**	14,674
Australia	**11,493**	12,074
Canada	**8,305**	10,934
Japan	**1,860**	5,538
Hong Kong	**3,186**	3,464
New Zealand	**1,142**	1,331
Singapore	**711**	1,179
Others *(Note 2)*	**7,415**	8,750
Consolidated Total	**162,018**	173,319

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

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

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

10. SEGMENT INFORMATION (CONTINUED)

Revenue about major customers:

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

11. FINANCE COSTS

	2021	2020
	US$'000	*US$'000*
Interest expenses on lease liabilities	**379**	314
Interest expenses on provision for reinstatement costs	**13**	10
Interest on bank borrowings	**1**	12
	393	336

12. INCOME TAX EXPENSE

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

12. INCOME TAX EXPENSE (CONTINUED)

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

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

YesAsia.com (Korea) Limited ("YAKR") is subject to Korean Corporate Income Tax which comprised national and local taxes (collectively "Korean Corporate Income Tax"). Korean Corporate Income Tax is generally charged at the progressive rate from 11% to 27.5% on the estimated assessable profit during the year. The Korean Corporate Income Tax rates applicable to YAKR was 11% based on the estimated assessable profits during the year.

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

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

	2021 ***US$'000***	2020 *US$'000*
(Loss)/profit before tax	**(1,733)**	13,438
Tax at the Hong Kong Profits Tax rate of 16.5% (2020: 16.5%)	**(286)**	2,217
Tax effect of income that is not taxable	**(111)**	(531)
Tax effect of expenses that are not deductible	**614**	559
Tax effect of temporary differences not recognised	**99**	(103)
Tax effect of tax losses not recognised	**72**	33
Tax effect of utilisation of tax losses not previously recognised	**–(*)**	(1)
Effect of different tax rates of subsidiaries	**14**	43
Tax concession	**(26)**	(21)
Over-provision in prior years	**(28)**	(1)
(Under)/over-provision in current year	**(16)**	23
Income tax expense	**332**	2,218

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

13. (LOSS)/PROFIT FOR THE YEAR

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

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

Note:

(i) Represent fair value losses on foreign exchange forward contracts.

(ii) The reversal of allowance for inventories for both years was mainly resulted from the utilisation of the inventories of which allowance had previously been provided.

14. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2021	2020
	US$'000	*US$'000*
Salaries, bonuses and allowances	**22,282**	19,706
Equity-settled share-based payments	**1,331**	501
Retirement benefits scheme contributions	**949**	764
	24,562	20,971

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

The Group contributes to defined contribution retirement plans which are available for eligible employees in Hong Kong.

The Group 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 2020 and 2021, the Group had no forfeited contributions under the MPF Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2020 and 2021 under the MPF Scheme 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:

	2021	2020
	US$'000	*US$'000*
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:		
Fees	**80**	15
Salaries and allowances	**478**	480
Discretionary bonuses	**–**	50
Equity-settled share-based payments	**37**	59
Retirement benefits scheme contributions	**6**	7
	601	611

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 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	12	–	–	–	–	12
Mr. Sin Pak Cheong Philip Charles	12	–	–	–	–	12
Mr. Wong Chee Chung	12	–	–	–	–	12
	80	478	–	37	6	601
Year ended 31 December 2020						
Executive directors						
Mr. Lau Kwok Chu *(Chief Executive Officer)*	–	252	26	58	3	339
Ms. Chu Lai King *(Chairperson)*	–	127	13	1	2	143
Ms. Wong Shuet Ha	–	101	11	–*	2	114
Non-executive directors						
Mr. Hui Yat Yan Henry	5	–	–	–	–	5
Mr. Lui Michael Pak-Shing	5	–	–	–	–	5
Mr. Poon Chi Ho	5	–	–	–	–	5
Independent non-executive Directors						
Mr. Chan Yu Cheong	–	–	–	–	–	–
Mr. Sin Pak Cheong Philip Charles	–	–	–	–	–	–
Mr. Wong Chee Chung	–	–	–	–	–	–
	15	480	50	59	7	611

* *Less than US$1,000*

Mr. Chan Yu Cheong, Mr. Sin Pak Cheong Philip Charles and Mr. Wong Chee Chung were appointed as independent non-executive directors of the Company on 19 June 2021.

15. BENEFITS AND INTEREST OF DIRECTORS (CONTINUED)

(a) *Directors' emoluments (Continued)*

During the year, no amount was paid or payable by the Group to the directors or any of the five highest paid individuals set out in Note 15 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

(b) *Five highest paid individuals*

The five highest paid individuals in the Group for the reporting period included 1 (2020: 2) directors whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining 4 (2020:3) highest paid individuals during the years ended 31 December 2021 and 2020 are as follows:

	2021 ***US$'000***	2020 *US$'000*
Salaries and allowances	**685**	421
Discretionary bonuses	**129**	44
Equity-settled share-based payments	**220**	65
Retirement benefits scheme contributions	**9**	7
	1,043	537

The emoluments fell within the following band:

	Number of individuals	
	2021	2020
HK$1,000,001 to HK$1,500,000 (equivalent to US$129,001 to US$193,500)	**1**	2
HK$1,500,001 to HK$2,000,000 (equivalent to US$193,501 to US$258,000)	**–**	1
HK$2,000,001 to HK$2,500,000 (equivalent to US$258,001 to US$322,500)	**3**	–

During the years ended 31 December 2021 and 2020, no emoluments were paid by the Group to 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.

During the years ended 31 December 2021 and 2020, no compensation paid or receivable by directors for the loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group distinguishing between contractual and other payment.

15. BENEFITS AND INTEREST OF DIRECTORS (CONTINUED)

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

Saved as disclosed in Note 37 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 2021 and 2020.

(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

Mr. Lau Kwok Chu, Ms. Chu Lai King and Ms. Wong Shuet Ha held options to subscribe shares of the Company. Details of options granted to the directors were as follows:

	Outstanding at 1 January 2021	**Granted during the year**	**Exercised during the year**	**Transferred 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**

	Outstanding at 1 January 2020	Granted during the year	Exercised during the year	Transferred during the year	Outstanding at 31 December 2020
Mr. Lau Kwok Chu	490,000	–	–	(120,000)	370,000
Ms. Chu Lai King	60,000	–	–	–	60,000
Ms. Wong Shuet Ha	309,000	–	(289,000)	(20,000)	–
	859,000	–	(289,000)	(140,000)	430,000

Details of the share option plan are set out in Note 33.

(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 2021 and 2020.

16. DIVIDEND

	2021 **US$'000**	2020 *US$'000*
Interim dividend of US$0.0064 (equivalent to HK$0.05) (2020: nil) per ordinary share	**2,555**	–

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

17. (LOSS)/EARNINGS PER SHARE

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

	2021 **US$'000**	2020 *US$'000*
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company	**(2,065)**	11,220

	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share *(Note)*	**277,355**	166,321
Effect of dilutive potential ordinary shares arising from share options issued by the Company	**4,331**	31,502
Effect of dilutive potential ordinary shares arising from convertible preferred shares	**91,127**	179,062
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share *(Note)*	**372,813**	376,885

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

Note: On 9 June 2021, the Company underwent a share subdivision whereby each issued and unissued share in the Company's share capital shall be subdivided into 10 shares. Further details are set in Note 30 to the consolidated financial statements.

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

19. RIGHT-OF-USE ASSETS

	Leased properties *US$'000*	Office equipment *US$'000*	Motor vehicles *US$'000*	Total *US$'000*
At 1 January 2020	2,263	164	18	2,445
Additions	15,434	228	–	15,662
Remeasurement upon lease modification *(Note (a))*	(990)	(144)	–	(1,134)
Depreciation	(3,385)	(47)	(12)	(3,444)
Exchange differences	10	1	–	11
At 31 December 2020 and 1 January 2021	**13,332**	**202**	**6**	**13,540**
Additions	**2,744**	**390**	**–**	**3,134**
Remeasurement upon lease modification *(Note (b))*	**–**	**(198)**	**–**	**(198)**
Depreciation	**(4,428)**	**(84)**	**(2)**	**(4,514)**
Disposal *(Note (c))*	**–**	**–**	**(4)**	**(4)**
Exchange differences	**(13)**	**–**	**–**	**(13)**
At 31 December 2021	**11,635**	**310**	**–**	**11,945**

Note:

(a) YesAsia.com Limited leased a property for 5 years (including 2 years extension option exercised) as an office since 2017. The leased property was recognised as a right-of-use asset on 1 January 2019. The lease was modified through shortening the contractual lease term and changing the consideration in January 2020. As the result, the corresponding right-of-use asset was adjusted.

(b) YesAsia.com Limited 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.

(c) 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 (2020: Nil), resulting in a gain on disposal of lease of US$14,000 (2020: Nil) being recognised in profit or loss for the year.

19. RIGHT-OF-USE ASSETS (CONTINUED)

Note: (Continued)

(d) Lease liabilities of US$12,758,000 (2020: US$13,980,000) are recognised with related right-of-use assets of US$11,657,000 (2020: US$13,076,000) as at 31 December 2021. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

	2021 US$'000	2020 US$'000
Gain on disposal of right-of-use assets	**14**	–
Depreciation expenses on right-of-use assets	**4,514**	3,444
Interest expenses on lease liabilities (included in finance costs)	**379**	314
Expenses relating to short-term lease (included in administrative expenses)	**257**	29

(e) Details of total cash outflow for leases is set out in Note 34(b).

(f) The Group leases various properties and office equipment (2020: properties, office equipment and motor vehicles) for its operations. Lease contracts are entered into for fixed term of 1 to 3 years, but may have extension and termination options as described above. Certain leases of office equipment (2020: office equipment and motor vehicles) were accounted for as finance leases during the reporting period and carried interest ranged from 1.41% to 4.35% (2020: 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) At 31 December 2020, the carrying amount of motor vehicles pledged to a bank for banking facilities granted amounting to US$6,000.

20. FINANCIAL ASSETS AT FVTPL

	2021	2020
	US$'000	*US$'000*
Investment in life insurance policy *(Note (i))*	**808**	784
An equity security listed in Hong Kong *(Note (ii))*	**1,434**	–
	2,242	784

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. As at 31 December 2020, the life insurance was pledged to a bank to secure banking facilities of the Group (Note 28). The pledged was subsequently released by the bank in March 2021. 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 2021.

21. TRADE RECEIVABLES

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

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

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

	2021	2020
	US$'000	*US$'000*
0 to 30 days	**1,793**	2,542
31 to 60 days	**9**	3
61 to 90 days	**12**	1
Over 90 days	**7**	3
	1,821	2,549

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

	2021	2020
	US$'000	*US$'000*
US$	**796**	905
JPY	**124**	107
GBP	**174**	301
EUR	**316**	719
Australian dollar	**198**	211
Others	**220**	317
	1,828	2,560
Less: Impairment losses	**(7)**	(11)
	1,821	2,549

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

23. BANK DEPOSITS AND BANK AND CASH BALANCES

(a) Bank deposits

	Note	2021 US$'000	2020 US$'000
Pledged bank deposits	(i)	**2,003**	2,445
Non-pledged bank deposits	(ii)	**7,385**	203
		9,388	2,648

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

	2021 %	2020 %
Pledged bank deposits	**0.79**	0.63
Non-pledged bank deposits	**0.59**	0.87

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 2021 and 2020, the Group's non-pledged bank deposits with original maturity beyond three months of US$7,385,000 and US$203,000 respectively. These deposits are denominated in the following currencies:

	2021 US$'000	2020 US$'000
US$	**7,200**	–
WON	**185**	203
	7,385	203

(b) Bank and cash balances

At 31 December 2021 and 2020, 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:

	2021 **US$'000**	2020 US$'000
US$	**26,329**	20,104
HK$	**5,796**	3,357
WON	**5,023**	6,305
JPY	**362**	784
RMB	**–***	90
GBP	**547**	47
EUR	**229**	111
Others	**182**	131
	38,468	30,929

* *Less than US$1,000*

24. TRADE AND OTHER PAYABLES AND ACCRUALS

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

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:

	2021	2020
	US$'000	*US$'000*
0 to 30 days	**5,083**	7,523
31 to 60 days	**226**	993
61 to 90 days	**4**	24
Over 90 days	**16**	3
	5,329	8,543

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

	2021	2020
	US$'000	*US$'000*
US$	**8**	9
HK$	**4,963**	8,185
WON	**123**	158
JPY	**76**	80
RMB	**141**	71
Others	**18**	40
	5,329	8,543

25. CONTRACT LIABILITIES

	2021 **US$'000**	2020 *US$'000*
Advance payments from customers	**8,410**	8,436
Deferred revenue for customer loyalty programme	**893**	–
	9,303	8,436

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:

	2021 **US$'000**	2020 *US$'000*
Balance at 1 January	**8,436**	7,697
Decrease in contract liabilities as result of recognising revenue during the year was included in the contract liabilities at the beginning of the year	**(6,204)**	(5,761)
Increase in contract liabilities as a result of advance payments from customers and deferred revenue for loyalty programme	**7,071**	6,500
Balance at 31 December	**9,303**	8,436

26. PROVISIONS

	Sales return	Employee benefits	Reinstatement costs	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
At 1 January 2020	98	350	130	578
Additional provisions during the year	184	322	380	886
Provision used during the year	(52)	(157)	–	(209)
Payment of provisions during the year	–	–	(10)	(10)
Unused provision reversed	(46)	–	(10)	(56)
Interest expenses	–	–	10	10
Exchange difference	–	19	3	22
At 31 December 2020 and 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	**102**	**566**	**595**	**1,263**

	2021	2020
	US$'000	*US$'000*
Analysed as:		
Current liabilities	**875**	718
Non-current liabilities	**388**	503
	1,263	1,221

27. LEASE LIABILITIES

	2021	2020
	US$'000	*US$'000*
Leased properties	**12,442**	13,768
Office equipment	**316**	205
Motor vehicle	**–**	7
	12,758	13,980

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

27. LEASE LIABILITIES (CONTINUED)

As at 31 December 2021, the Group has leased certain of its office equipment (2020: office equipment and motor vehicles) under finance leases. The average lease term is 5 years.

The incremental borrowing rates applied to lease liabilities range from 1.41% to 7.50% (2020: 1.41% to 7.50%).

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

	2021 ***US$'000***	2020 *US$'000*
HK$	**12,697**	13,780
WON	**14**	100
JPY	**47**	100
	12,758	13,980

28. BANK BORROWING

	2021 ***US$'000***	2020 *US$'000*
Bank loan	**–**	493

The bank borrowing is repayable as follows:

	2021 ***US$'000***	2020 *US$'000*
Within one year	**–**	131
More than one year, but not exceeding two years	**–**	134
More than two years, but not more than five years	**–**	228
	–	493
Portion of bank loan that is due for repayment after one year but contains a repayment on demand clause (shown under current liabilities)	**–**	(493)
Amount due for settlement after 12 months	**–**	–

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

28. BANK BORROWING (CONTINUED)

The interest rate of the Group's borrowing at 31 December was as follows:

	2021	2020
	%	%
Bank loan	**–**	1.65

Bank loan as at 31 December 2020 is arranged at one month LIBOR plus 1.5% per annum, thus exposing the Group to cash flow interest rate risk; and is secured by legal charge on life insurance policy (Note 20(i)), pledged bank deposits (Note 23(a)(i)), corporate guarantee provided by the Company and personal guarantee executed by a director of the Company.

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

29. DEFERRED TAX ASSETS

As at 31 December 2021 and 2020, the Group has unutilised tax losses of US$1,510,000 and US$1,183,000 respectively available for offset against future profits. No deferred tax asset has been recognised due to these unused tax losses were generated from subsidiaries which have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

As at 31 December 2021 and 2020, the Group's tax losses will expire in the following years:

	2021	2020
	US$'000	*US$'000*
On 31 December 2023	**80**	90
On 31 December 2024	**275**	307
On 31 December 2025	**133**	149
On 31 December 2026	**173**	193
On 31 December 2027	**161**	180
On 31 December 2030	**68**	75
On 31 December 2031	**434**	–
	1,324	994
No expiry date	**186**	189
	1,510	1,183

30. SHARE CAPITAL

	Ordinary shares		Series A preferred shares		Series B preferred shares		Series C preferred shares		
	Number of shares	Amount US$'000	Number of shares	Amount US$'000	Number of shares	Amount US$'000	Number of shares	Amount US$'000	Total amount US$'000
Issued and fully paid:									
At 1 January 2020	16,377,121	534	1,058,424	11	5,295,732	53	3,442,611	2,039	2,637
Issue of shares under share option scheme	943,275	701	–	–	–	–	–	–	701
Repurchase of shares	(886,639)	(877)	(10,019)	–*	(130,995)	(1)	(60,982)	(150)	(1,028)
At 31 December 2020 and 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	**395,905,910**	**20,482**	**–**	**–**	**–**	**–**	**–**	**–**	**20,482**

* *Less than US$1,000*

30. 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.

During the year ended 31 December 2021, 1,658,916 (2020: 943,275) ordinary shares of the Company were issued under share option scheme. The net proceeds of US$1,433,000 (2020: US$517,000) were credited to share capital.

During the year ended 31 December 2020, the Company repurchased 886,639 ordinary shares for a total consideration of US$1,782,000.

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.

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.

30. 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.

30. 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 and bank borrowing) 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 2021 was 35.2% (2020: 64.5%). The decrease in the gearing ratio of the Group is primarily due to the decrease in the balance of lease liabilities and the bank borrowing was fully settled as at 31 December 2021.

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 2021 and 2020.

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2021 *US$'000*	2020 *US$'000*
Non-current assets			
Investment in subsidiaries	36	**391**	391
Financial assets at FVTPL		**1,434**	–
Total non-current assets		**1,825**	391
Current assets			
Prepayments		**145**	335
Amounts due from subsidiaries	36	**4,634**	3,085
Bank and cash balance		**16,282**	3,172
Total current assets		**21,061**	6,592
Current liabilities			
Trade and other payables and accruals		**516**	2,122
Provisions		**139**	112
Current tax liabilities		**549**	329
Total current liabilities		**1,204**	2,563
Net current assets		**19,857**	4,029
NET ASSETS		**21,682**	4,420
Capital and reserves			
Share capital	30	**20,482**	2,310
Reserves	32(b)	**1,200**	2,110
TOTAL EQUITY		**21,682**	4,420

Approved by the Board of Directors on 24 March 2022 and are signed on its behalf by:

Mr. LAU Kwok Chu

Ms. CHU Lai King

32. 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$'000*	Capital reserve *US$'000*	Retained earnings/ (accumulated losses) *US$'000*	Total *US$'000*
At 1 January 2020	1,581	966	(4,847)	(2,300)
Profit for the year	–	–	5,802	5,802
Issue of shares under share option scheme	(184)	–	–	(184)
Recognition of share-based payments *(Note 33)*	501	–	–	501
Repurchase of shares during the year	–	(966)	(743)	(1,709)
At 31 December 2020 and 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 33)*	**1,331**	**–**	**–**	**1,331**
Dividend *(Note 16)*	**–**	**–**	**(2,555)**	**(2,555)**
At 31 December 2021	**2,351**	**–**	**(1,151)**	**1,200**

(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(n) to the consolidated financial statements.

32. RESERVES (CONTINUED)

(c) Nature and purpose of reserves (Continued)

(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.

The capital reserve of the Company represents the difference between the costs of investments in subsidiaries, assets and liabilities acquired pursuant to the Reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.

In 2020, the board of directors of the Company had approved and special resolutions were duly passed at the annual general meeting of the shareholders of the Company in respect of the repurchase of shares by the Company. For the purpose of the repurchase of shares in 2020, payment of US$966,000 was made out of capital reserve.

(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.

(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(b)(iii) to the consolidated financial statements.

33. 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 2021 and 2020, 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$	**2021**	2020
Directors	25 July 2013	25 July 2023	0.50	**10,000**	10,000
Employees	24 May 2012	24 May 2022	0.50	**–**	75,000
	25 July 2013	25 July 2023	0.50	**–**	90,000
Consultants	25 October 2012	25 October 2022	0.50	**–**	10,000
Total for the 2005 Share Option Scheme				**10,000**	185,000

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 2005 Share Option Scheme exercised.

33. 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 2021 and 2020, 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$	**2021**	2020
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	880,064
	26 January 2017	26 January 2027	0.80	–	18,125
	27 April 2017	27 April 2027	0.80	625	10,000
	10 August 2017	10 August 2027	0.80	1,250	10,000
	27 April 2018	27 April 2028	1.20	50,988	156,875
	26 July 2018	26 July 2028	1.20	69,375	220,000
	24 January 2019	24 January 2029	1.20	88,175	180,000
	25 April 2019	25 April 2029	1.55	74,567	116,000
	15 August 2019	15 August 2029	1.55	39,250	70,000
	6 February 2020	6 February 2030	1.55	178,200	240,000
	23 April 2020	23 April 2030	2.01	265,000	270,000
	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	29 January 2031	2.01	140,000	–
	25 February 2021	25 February 2031	2.01	100,000	–
	29 April 2021	29 April 2031	2.01	593,000	–
Total for the 2016 Share Option Scheme				2,312,881	2,881,064

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 2016 Share Option Scheme exercised.

33. 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 2021 are as follows:

	Grant date	**Expiry date**	**Exercise price per option**	**No. of options outstanding *(Note)***
			US$	**2021**
Employees	30 August 2021	29 August 2031	3.16*	**55,000**
	29 October 2021	28 October 2031	1.84*	**15,000**
				70,000

* Equivalent to the exercise price per option denominated in HK$ of HK$24.48 and HK$14.28 respectively.

Note:

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

33. SHARE-BASED PAYMENTS (CONTINUED)

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

	2021 Number of share options	**2021** Weighted average exercise price per option *(Note)* *US$*	2020 Number of share options	2020 Weighted average exercise price per option *(Note)* *US$*
Outstanding at 1 January	**3,066,064**	**1.23**	3,357,964	0.89
Granted during the year	**975,000**	**2.08**	801,000	1.88
Exercised during the year	**(1,563,408)**	**0.92**	(943,275)	0.55
Lapsed during the year	**–**	**–**	(35,500)	0.50
Forfeited during the year	**(84,775)**	**1.96**	(114,125)	1.50
Outstanding at end of year	**2,392,881**	**1.75**	3,066,064	1.23
Exercisable at end of year	**655,523**	**1.20**	1,581,103	0.90

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 exercisable price per share under options granted as at 31 December 2021 is US$0.12 (2020: US$0.09)

The options outstanding at the end of the year have a weighted average remaining contractual life of 8.09 years as at 31 December 2021 (2020: 7.11 years).

During the year ended 31 December 2020, 240,000, 271,000, 50,000 and 240,000 options were granted under the 2016 Share Option Scheme on 6 February 2020, 23 April 2020, 30 July 2020 and 29 October 2020 respectively and the total estimated fair value of these options on the date of grant was US$1,067,300.

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.

33. 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 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.

For the year ended 31 December 2020

	Share option granted on			
	6 February 2020	23 April 2020	30 July 2020	29 October 2020
Share price per option	US$2.016	US$2.289	US$2.218	US$2.701
Exercise price per option	US$1.550	US$2.010	US$2.010	US$2.010
Expected volatility	46.58%	49.15%	51.25%	51.27%
Expected life	10 years	10 years	10 years	10 years
Risk free rate	1.37%	0.54%	0.25%	0.49%
Expected dividend yield	0%	0%	0%	0%

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$1,331,000 (2020: US$501,000) during the year ended 31 December 2021 in respect of the share option schemes.

34. 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.

	As at 1 January 2021 US$'000	Net cash flows US$'000	Non-cash changes Interest expenses US$'000	Addition of right-of use assets US$'000	Exchange difference US$'000	Re-measurement upon modification US$'000	As at 31 December 2021 US$'000
Bank borrowing *(Note 28)*	**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**

	As at 1 January 2020 US$'000	Net cash flows US$'000	Non-cash changes Interest expenses US$'000	Addition of right-of use assets US$'000	Exchange difference US$'000	Re-measurement upon modification US$'000	As at 31 December 2020 US$'000
Bank borrowing *(Note 28)*	620	(139)	12	–	–	–	493
Lease liabilities *(Note 27)*	2,462	(2,924)	314	15,282	10	(1,164)	13,980
	3,082	(3,063)	326	15,282	10	(1,164)	14,473

34. 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:

	2021 US$'000	2020 US$'000
Within operating cash flows	**636**	343
Within financing cash flows	**4,049**	2,610
	4,685	2,953

These amounts relate to the following:

	2021 US$'000	2020 US$'000
Lease rental paid	**257**	29
Payments for principal elements of leases	**4,049**	2,610
Payments for interest of leases	**379**	314
	4,685	2,953

(c) Major non-cash transaction

During the year ended 31 December 2021, the Group entered into new lease agreements for the use of leased properties and office equipments (2020: leased properties and motor vehicles) for 3 years to 5 years (2020: 2 years to 6 years). On the leases commencement, the Group recognised right-of-use assets and lease liabilities of US$3,050,000 (2020: US$15,282,000) respectively.

35. OPERATING LEASE ARRANGEMENTS

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

	2021 US$'000	2020 US$'000
Within one year	**–**	29

During the year ended 31 December 2020, the Group entered into a short-term lease for an equipment and the outstanding lease commitments relating to this equipment was US$29,000. In addition, the Group also entered into a new lease for office that is not yet commenced, with non-cancellable period of 23.5 months with extension option of 3 years. The total future undiscounted cash flows over the non-cancellable period amounted to US$908,000.

36. INVESTMENTS IN SUBSIDIARIES

	2021 **US$'000**	2020 US$'000
Unlisted investments, at cost	**391**	391
Amounts due from subsidiaries	**4,634**	3,085

As at 31 December 2021 and 2020, the amounts due from subsidiaries are unsecured, interest free and repayment on demand.

Particulars of the Company's principal subsidiaries as at 31 December 2021 and 2020 are as follows:

Name	Principal country of operation, place of incorporation and kind of legal entity	Issued and fully paid up capital	Equity interest of the Group	Principal activities
Direct held				
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

37. 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:

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

Notes:

(i) HKT is a fellow subsidiary of a shareholder of the Company.

(ii) Ms. Chu Po King is a sister of a director and shareholder of the Company.

(b) The Company received management fees of US$11,900,000 during the year ended 31 December 2021 (2020: US$9,288,000) from its subsidiaries.

(c) The Company paid management fee of US$42,000 during the year ended 31 December 2021 (2020: US$18,000) to a subsidiary.

38. CAPITAL COMMITMENTS

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

	2021 **US$'000**	2020 *US$'000*
Property, plant and equipment	**13**	72

39. CONTINGENT LIABILITIES

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

	2021	2020
	US$'000	*US$'000*
Guarantees given to banks for:		
– a payment gateway company	**17**	17
– a supplier located in Hong Kong (2020: Hong Kong and Korea)	**8**	63
	25	80

The letter of guarantees issued by banks were secured by pledged bank deposits (Note 23).

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

40. EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to the reporting period, the Group entered into a new lease agreement for the use of warehouse in Hong Kong for four years. Upon the lease commencement, the Group recognised the right-of-use assets and lease liabilities of US$12,077,000 and US$11,848,000 respectively. Details are set out in announcement of the Company dated on 31 January 2022.

(b) Subsequent to the reporting period, the Group has entered into two guarantees to a bank in January 2022 with an aggregate amount of US$1,270,000 (equivalent to EUR1,440,000) to a service provider to secure the business operation of intermediary services under the import-one-stop-shop scheme. Under the guarantees, the Group has pledged it bank deposits of US$1,670,000 to the bank.

(c) Subsequent to the reporting period, the Group has entered into a supply, installation and services agreement, and renovation agreement to acquire robot and mobile equipment and the related installation services from an autonomous mobile robot company in February 2022 and March 2022 respectively with total consideration of US$2,534,000 for the establishment of automated warehouse system in Hong Kong. US$858,000 upfront has been paid in March 2022 and the transaction is expected to be completed on or before 30 June 2022.

The financial information contained in this four-year financial summary does not constitute the Company's statutory annual consolidated financial statements for any of the financial years ended 31 December 2021, 2020, 2019 and 2018 but is derived from those published audited consolidated financial statements and prospectus and restated upon the adoption of the new or amended standards and interpretations as appropriate, is set out below. 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 three years ended 31 December 2020 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 2021 in due course.

The Company's auditor has reported on these consolidated financial statements for all four 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

	2021	2020	2019	2018
	US$'000	*US$'000*	*US$'000*	*US$'000*
Turnover	**162,018**	173,319	117,589	85,364
(Loss)/profit for the year	**(2,065)**	11,220	3,369	3,992
Total Assets	**69,887**	63,377	33,457	20,993
Total Liabilities	**(33,600)**	(49,023)	(20,648)	(12,194)
Net assets	**36,287**	63,377	33,457	20,993

DEFINITIONS AND GLOSSARY

"2019 HKT Agreement"	Service agreement entered into by the Company with HKT Teleservices on 1 June 2019 (as further amended and supplemented by an addendum agreement entered into between the parties on 7 June 2021) and expired on 2 October 2021
"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
"AI Robotic Warehouse"	smart warehousing with artificial intelligence, robotics and automation technology
"Articles"	Articles of Association of the Company
"*AsianBeautyWholesale*"	www. AsianBeautyWholesale.com
"Audit Committee"	the audit committee of our Company
"Auditor"	the external auditor of our Company
"Board" or "Board of Directors"	the board of directors of our Company
"Citigroup"	Citigroup Global Markets Asia Limited
"Code Provisions"	code provisions set out in the Corporate Governance Code
"CG Code"	Corporate Governance Code as amended from time to time contained in Appendix 14 to the Listing Rules
"Company", "our Company" or "the Company"	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
"Company Secretary"	Company Secretary of the Company
"Compliance advisor"	UOB Kay Hian (Hong Kong) Limited

"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
"Corporate Governance Committee"	the corporate governance committee of the Board
"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
"Directors" or "our directors"	the directors of our Company
"Geek Plus"	Geek Plus International Company Limited, a company incorporated in Hong Kong with limited liability
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Goodman Warehouse"	a warehouse at Goodman Interlink with 137,525 square feet
"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 PRC
"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 U.S. Securities Act, including to professional, institutional and other investors in Hong Kong
"Investment"	the subscribed 1,100,000 shares in CN Logistics by the Company
"KOL"	Key Opinion Leader
"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
"Ms. Chu"	Ms. Chu Lai King, one of the founders of our Group, an executive Director, chair of the Board and one of our Controlling Shareholders
"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
"Ms. Wong"	Ms. Wong Shuet Ha, an executive Director and one of our Shareholders
"Nomination Committee"	the nomination committee of the Board
"OFAC"	The U.S. Department of Treasury's Office of Foreign Assets Control
"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 2021.
"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
"Prospectus"	prospectus of the Company dated 28 June 2021
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Year"	the year ended 31 December 2021
"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 U.S., 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)

"Strategic Logistics Partnership"	the strategic logistics cooperation arrangement as contemplated under the MOU
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the amount payable for each Share to be subscribed for under an option
"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$" or "USD"	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
"Vesting Start Date"	Vesting Start Date specified in option agreement
"YesAsia"	www.YesAsia.com
"YesStyle"	www.YesStyle.com