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YesAsia Holdings Limited

喆麗控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2209)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND REVISION OF ANNUAL CAP

Reference is made to the Prospectus in relation to the continuing connected transactions between HKT and the Company pursuant to the terms of the 2019 HKT Agreement under which the Company engaged HKT for the provision of contact centre services including email and other electronic channel support to the Company's customers.

As the 2019 HKT Agreement expired on 2 October 2021 and the Company wishes to continue the transactions contemplated thereunder, on 18 October 2021 (Hong Kong time after trading hours), HKT and the Company entered into the 2021 HKT Agreement, pursuant to which HKT will continue to provide the Company with services on normal commercial terms in its ordinary and usual course of business for a term of 2 years with retrospective effect from 3 October 2021 to 2 October 2023 (both days inclusive).

As at the date of this announcement, 39,704,030 Shares, representing approximately 10.03% of the total number of issued Shares, were held by PCCW e-Ventures. As such, PCCW e-Ventures is a substantial Shareholder and a connected person of the Company under Chapter 14A of the Listing Rules. HKT is an indirect non-wholly owned subsidiary of PCCW (which in turn indirectly holds 100% equity interest in PCCW e-Ventures), and is therefore a fellow subsidiary and an associate of PCCW e-Ventures. HKT is hence a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the 2021 HKT Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated with reference to the Annual Caps exceed 0.1% but all are less than 5%, the transactions contemplated under the 2021 HKT Agreement are subject to the reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the Prospectus in relation to the continuing connected transactions between HKT and the Company pursuant to the terms of the 2019 HKT Agreement under which the Company engaged HKT for the provision of contact centre services including email and other electronic channel support to the Company's customers.

As the 2019 HKT Agreement expired on 2 October 2021 and the Company wishes to continue the transactions contemplated thereunder, on 18 October 2021 (Hong Kong time after trading hours), HKT and the Company entered into the 2021 HKT Agreement (which is on substantially similar terms as the 2019 HKT Agreement), pursuant to which HKT will continue to provide the Company with services on normal commercial terms in its ordinary and usual course of business for a term of 2 years with retrospective effect from 3 October 2021 to 2 October 2023 (both days inclusive).

Since HKT and the Company took time to negotiate and finalise the terms of the 2021 HKT Agreement and the provision of contact centre services by HKT was not terminated with HKT's indulgence despite the expiry of the 2019 HKT Agreement on 2 October 2021, HKT and the Company entered into the 2021 HKT Agreement on 18 October 2021 with retrospective effect from 3 October 2021. During the period from 1 January 2021 to 18 October 2021, the transaction amount of fees paid by the Group to HKT was approximately HK\$2.8 million.

PRINCIPAL TERMS OF THE 2021 HKT AGREEMENT

The principal terms of the 2021 HKT Agreement are set out below:

Parties

- (1) HKT; and
- (2) the Company

Services to be provided by HKT

In consideration of the service fees, HKT shall be responsible for, among other things, the provision and management of a hotline by giving email and other electronic channel support to the Company's customers. HKT, on behalf of the Company, shall handle incoming enquiries, including general enquiry, account status and customer feedback.

Term

The 2021 HKT Agreement shall be regarded as having 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).

Pricing policy and price determination

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.

For ancillary charges, such as charges for lease line, IDD and toll fee, it will be charged by HKT on a cost basis at a comparable rate to its other independent customers.

For subsequent system modification, the charges will be calculated by reference to the working days required per man per day to carry out and implement the modification and rates charged by HKT to its other independent customers.

The service fees shall be paid by the Company within thirty days from the date of receipt of the invoice.

The services to be provided by HKT to the Company under the 2021 HKT Agreement will be in the usual and ordinary course of business of the Group and will be conducted on arm's length basis and on normal commercial terms.

HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS

The following table sets out (i) the historical actual transaction amount of fees paid by the Group to HKT under the 2019 HKT Agreement and (ii) the proposed Annual Caps of the fees payable by the Group to HKT under the 2021 HKT Agreement for the respective financial years:

	Year ended 31 December		Year ending 31 December		
	2019	2020	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2019 HKT Agreement (Historical actual transaction amounts)	1,308	2,845	2,695 (up to 2 October 2021)	–	–
2021 HKT Agreement (Proposed Annual Caps)	–	–	943 (from 3 October 2021)	4,550	4,327 (up to 2 October 2023 only)
Total	1,308	2,845	3,638	4,550	4,327

The transaction amount of fees paid by the Group to HKT for the period from 1 January 2021 to 18 October 2021 was approximately HK\$2.8 million.

The Company confirms that the actual transaction amount of fees paid by the Group to HKT between 1 January 2021 up to the date of this announcement did not exceed the proposed annual cap under the 2019 HKT Agreement as disclosed in the Prospectus (being HK\$3 million).

BASIS OF THE PROPOSED ANNUAL CAPS

In arriving at the proposed Annual Caps, the Company considered a number of factors, in particular: (i) the historical transaction amounts under the 2019 HKT Agreement (details are set out in “HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS” above); and (ii) the number of on-the-job personnel and other ancillary services from HKT required based on the expected demand of the customers of the Group in the relevant periods.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2021 HKT AGREEMENT

As part of the Group’s commitment to provide customers with a high level of service, the Group understands that customers may, from time to time, require professional customer care solutions and support to assist them with their purchases on the Group’s e-commerce platforms. Since HKT provides customer relationship management as well as customer contact management solutions and services, the Group has, during the three financial years ended 31 December 2018, 2019 and 2020, engaged HKT and will continue to engage HKT to provide contact centre services including email and other electronic channel support to the Group’s customers.

As the contact centre operated by HKT under the 2021 HKT Agreement is outside Hong Kong where the labour costs are lower than that in Hong Kong, the Company can benefit from the lower costs instead of operating and managing its own contact centre in Hong Kong whilst maintaining the high standard of professional customer care solution and support.

The Directors (including the independent non-executive Directors but excluding the Overlapping Directors) consider that the 2021 HKT Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Group, and the terms of the 2021 HKT Agreement (including the Annual Caps), which were determined after arm’s length negotiations among the parties thereto, are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The Group is an online retailer headquartered in Hong Kong which engages in the procurement and sale of third-party branded and unbranded Asian fashion & lifestyle, beauty and entertainment products to customers around the world.

INFORMATION ON HKT

HKT is a company incorporated in Hong Kong with limited liability and the principal activities of which are the provision of customer relationship management as well as customer contact management solutions and services. HKT is an indirect non-wholly owned subsidiary of PCCW, and is therefore a fellow subsidiary of PCCW e-Ventures.

PCCW e-Ventures is an indirect wholly-owned subsidiary of PCCW, and has been an investment holding vehicle for strategic investments of PCCW.

PCCW is a global company headquartered in Hong Kong which holds interests in telecommunications, media, IT solutions, property development and investment, and other businesses.

The principal activity of PCCW is investment holding, and the principal activities of the PCCW Group are the provision of telecommunications and related services which include local telephony, local data and broadband, international telecommunications, mobile, enterprise solutions, and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting, and contact centers; the provision of interactive pay-TV services, over-the-top (OTT) digital media entertainment services in Hong Kong, the Asia Pacific region, and other parts of the world; investments in, and development of, systems integration, network engineering, and information technology-related businesses; and development and management of premium-grade property and infrastructure projects as well as premium-grade property investments. Through HK Television Entertainment Company Limited, PCCW also operates a domestic free television service in Hong Kong.

LISTING RULES IMPLICATIONS

As at the date of this announcement, 39,704,030 Shares, representing approximately 10.03% of the total number of issued Shares, were held by PCCW e-Ventures. As such, PCCW e-Ventures is a substantial Shareholder and a connected person of the Company under Chapter 14A of the Listing Rules. HKT is an indirect non-wholly owned subsidiary of PCCW (which in turn indirectly holds 100% equity interest in PCCW e-Ventures), and is therefore a fellow subsidiary and an associate of PCCW e-Ventures. HKT is hence a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the 2021 HKT Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated with reference to the Annual Caps exceed 0.1% but all are less than 5%, the transactions contemplated under the 2021 HKT Agreement are subject to the reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

APPROVAL BY THE BOARD

As the Overlapping Directors hold senior positions in the PCCW Group, for good corporate governance, they have abstained from voting on the resolutions of the Board approving the 2021 HKT Agreement and the Annual Caps.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, apart from the Overlapping Directors who have abstained from voting on the Board resolutions approving the 2021 HKT Agreement and the transactions contemplated thereunder, none of the Directors has a material interest in the 2021 HKT Agreement and they are entitled to vote on the relevant Board resolutions pursuant to the Company's articles of association.

As at the date of this announcement, the Group has no other connected transactions with the PCCW Group except the transactions under 2019 HKT Agreement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“2019 HKT Agreement”	a service agreement entered into on 1 June 2019 between the Company and HKT (as further amended and supplemented by an addendum agreement entered into between the parties on 7 June 2021)
“2021 HKT Agreement”	a service agreement entered into on 18 October 2021 between the Company and HKT
“Annual Caps”	the annual caps in respect of the continuing connected transactions contemplated under the 2021 HKT Agreement for the period from 3 October 2021 to 31 December 2021, for the year ending 31 December 2022 and for the period ending 2 October 2023
“associate(s)”	has the meaning ascribed to it under the Listing Rules

“Board”	the Board of Directors
“Company”	YesAsia Holdings Limited (喆麗控股有限公司), a company incorporated in Hong Kong with limited liability on 11 March 2005 with its shares listed on the Main Board of the Stock Exchange (stock code: 2209)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKT”	HKT Teleservices International Limited, a company incorporated in Hong Kong with limited liability
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Overlapping Directors”	Directors who hold senior positions in the PCCW Group, namely Mr. Hui Yat Yan Henry and Mr. Poon Chi Ho
“PCCW”	PCCW Limited (電訊盈科有限公司), a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 0008)
“PCCW e-Ventures”	PCCW e-Ventures Limited, a company incorporated in Hong Kong with limited liability
“PCCW Group”	PCCW and its subsidiaries

“Prospectus”	prospectus of the Company dated 28 June 2021
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

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

Hong Kong, 18 October 2021

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