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**Bonjour Holdings Limited**

**卓悦控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 653)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Bonjour Holdings Limited (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, “**Bonjour**” or the “**Group**”) for the six months ended 30 June 2020 (the “**Period**” or “**review period**”) (the “**Interim Results**”), together with comparative figures for the corresponding period in 2019. The Interim Results have not been audited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		<b>Six months ended 30 June</b>	
		<b>2020</b>	<b>2019</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
	<i>Note</i>		
<b>Turnover</b>	2	<b>332,691</b>	824,829
Cost of goods sold		<u>(239,021)</u>	<u>(530,790)</u>
<b>Gross profit</b>		<b>93,670</b>	294,039
Other income	4	<b>42,209</b>	8,313
Distribution costs		<b>(15,242)</b>	(21,737)
Administrative expenses		<b>(227,589)</b>	(289,678)
Other operating expenses		<u>(6,211)</u>	<u>(523)</u>
<b>Loss from operations</b>		<b>(113,163)</b>	(9,586)
Finance costs	5	<u>(25,623)</u>	<u>(19,330)</u>
<b>Loss before tax</b>		<b>(138,786)</b>	(28,916)
Income tax expense	6	<u>(1,289)</u>	<u>(595)</u>
<b>Loss for the period</b>	7	<u><b>(140,075)</b></u>	<u>(29,511)</u>
<b>Loss for the period attributed to:</b>			
Owners of the Company		<b>(138,932)</b>	(29,511)
Non-controlling interests		<u>(1,143)</u>	<u>–</u>
		<u><b>(140,075)</b></u>	<u>(29,511)</u>
<b>Loss per share</b>	8		
Basic		<u><b>HK(4.1) cent</b></u>	<u>HK(0.9) cent</u>
Diluted		<u><b>HK(4.1) cent</b></u>	<u>HK(0.9) cent</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Loss for the period</b>	<b><u>(140,075)</u></b>	<b><u>(29,511)</u></b>
<b>Other comprehensive income:</b>		
Items that may be reclassified to profit or loss:		
Exchange differences arising on the translation of foreign operations	<b><u>1,230</u></b>	<b><u>(38)</u></b>
<b>Other comprehensive income for the period, net of tax</b>	<b><u>1,230</u></b>	<b><u>(38)</u></b>
<b>Total comprehensive income for the period</b>	<b><u>(138,845)</u></b>	<b><u>(29,549)</u></b>
<b>Total comprehensive income in the period attributed to:</b>		
Owners of the Company	<b>(137,760)</b>	(29,549)
Non-controlling interests	<b><u>(1,085)</u></b>	<u>–</u>
	<b><u>(138,845)</u></b>	<b><u>(29,549)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2020 (Unaudited) HK\$'000	At 31 December 2019 (Audited) HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment	9	653,823	671,019
Right-of-use assets	10	296,611	406,260
Goodwill		5,520	5,520
Other intangible assets		1,519	1,236
Rental and utility deposits		33,607	34,482
Financial assets at fair value through other comprehensive income ("FVTOCI")		77,838	77,838
Deferred tax assets		–	1,289
		<b>1,068,918</b>	1,197,644
<b>Current assets</b>			
Inventories		151,224	187,968
Trade receivables	12	10,568	16,318
Rental and utility deposits		17,879	24,692
Prepayments, deposits and other receivables		17,027	14,103
Amount due from a related company		2,058	58
Current tax assets		317	–
Bank and cash balances		50,597	98,855
		<b>249,670</b>	341,994
<b>Current liabilities</b>			
Trade payables	13	47,024	83,131
Other payables, deposits received and accrued charges		143,525	88,622
Lease liabilities		130,814	167,912
Amounts due to related companies		22,947	23,553
Bank borrowings	14	197,951	184,174
Trade finance loans	14	42,713	39,838
Current tax liabilities		6,246	7,885
		<b>591,220</b>	595,115
<b>Net current liabilities</b>		<b>(341,550)</b>	(253,121)
<b>Total assets less current liabilities</b>		<b>727,368</b>	944,523

		<b>At 30 June</b>	At 31 December
		<b>2020</b>	2019
		<b>(Unaudited)</b>	(Audited)
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current liabilities</b>			
Other payables and deposits received		<b>266</b>	321
Lease liabilities		<b>199,065</b>	273,273
Loan from a related company		<b>5,000</b>	5,000
Bank borrowings	<i>14</i>	<b>219,871</b>	223,833
Deferred tax liabilities		<b>4,131</b>	4,131
Long service payment liabilities		<b>2,454</b>	2,539
		<hr/> <b>430,787</b>	<hr/> 509,097
<b>NET ASSETS</b>		<hr/> <b>296,581</b>	<hr/> 435,426
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>34,126</b>	34,126
Reserves		<b>264,412</b>	402,172
		<hr/> <b>298,538</b>	<hr/> 436,298
Equity attributable to owners of the Company		<b>(1,957)</b>	(872)
Non-controlling interests		<hr/> <b>296,581</b>	<hr/> 435,426
<b>TOTAL EQUITY</b>		<hr/> <b>296,581</b>	<hr/> 435,426

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Share- based payment reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	FVTOCI reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>Six months ended</b>												
<b>30 June 2020</b>												
At 1 January 2020 (Audited)	34,126	209,902	1,181	415	243	52,595	2,014	(9,822)	145,644	436,298	(872)	435,426
Total comprehensive income for the period	-	-	-	-	-	-	1,172	-	(138,932)	(137,760)	(1,085)	(138,845)
At 30 June 2020 (Unaudited)	<u>34,126</u>	<u>209,902</u>	<u>1,181</u>	<u>415</u>	<u>243</u>	<u>52,595</u>	<u>3,186</u>	<u>(9,822)</u>	<u>6,712</u>	<u>298,538</u>	<u>(1,957)</u>	<u>296,581</u>
<b>Six months ended</b>												
<b>30 June 2019</b>												
At 1 January 2019 (Audited)	34,126	209,902	1,181	415	243	64,013	943	(4,448)	293,310	599,685	-	599,685
Adjustments on initial application of HKFRS 16	-	-	-	-	-	-	-	-	(18,925)	(18,925)	-	(18,925)
Restated balance at 1 January 2019	34,126	209,902	1,181	415	243	64,013	943	(4,448)	274,385	580,760	-	580,760
Total comprehensive income for the period	-	-	-	-	-	-	(38)	-	(29,511)	(29,549)	-	(29,549)
At 30 June 2019 (Unaudited)	<u>34,126</u>	<u>209,902</u>	<u>1,181</u>	<u>415</u>	<u>243</u>	<u>64,013</u>	<u>905</u>	<u>(4,448)</u>	<u>244,874</u>	<u>551,211</u>	<u>-</u>	<u>551,211</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>
Net cash inflow from operating activities	<b>52,145</b>	65,537
Net cash outflow from investing activities	<b>(3,017)</b>	(85,034)
Net cash outflow from financing activities	<b>(98,616)</b>	(75,947)
	<hr/>	<hr/>
Decrease in cash and cash equivalents	<b>(49,488)</b>	(95,444)
Cash and cash equivalents at 1 January	<b>98,855</b>	237,532
Effect of foreign exchange rate changes	<b>1,230</b>	(58)
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	<b>50,597</b>	142,030
	<hr/>	<hr/>
Analysis of cash and cash equivalents		
Bank and cash balances	<b>50,597</b>	142,030
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2019. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2019.

In the Period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has initially adopted Amendment to HKFRS 16, Covid-19 Related Rent Concession from 1 January 2020. Except for Amendment to HKFRS 16, a number of other new standards are effective from 1 January 2020 but they do not have a material effect on the Group’s unaudited condensed consolidated financial statements.

#### **Amendment 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 group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the group during the interim reporting period. Consequently, rent concessions received have been accounted for as lease incentives recognised in profit or loss in the period in which the event or condition that triggers those incentives received. There is no impact on the opening balance of equity at 1 January 2020.

### 2. TURNOVER

An analysis of the Group’s turnover during the Period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
<b>Revenue from contract with customers within the scope of HKFRS 15</b>		
Sales of merchandise	<b>332,691</b>	824,829
<b>Timing of revenue recognition</b>		
Products transferred at a point in time	<b>332,691</b>	824,829



### 3. SEGMENT INFORMATION

The Group has carried on a single business, which is wholesaling and retailing of beauty and health-care products. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the chief executive director.

#### Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	Six months ended 30 June 2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	At 30 June 2020 (Unaudited) HK\$'000	At 31 December 2019 (Audited) HK\$'000
Hong Kong	310,403	741,738	653,566	670,556
Macau	20,986	80,304	185	283
PRC except Hong Kong and Macau	1,302	2,787	72	180
Consolidated total	<u>332,691</u>	<u>824,829</u>	<u>653,823</u>	<u>671,019</u>

### 4. OTHER INCOME

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Bank interest income	192	653
Rental income	3,374	2,683
Government subsidies	2,561	–
Lease incentives	20,981	–
Gain on termination of leases	4,711	–
Sundry income	10,390	4,977
	<u>42,209</u>	<u>8,313</u>

### 5. FINANCE COSTS

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest expense on lease liabilities	18,147	11,283
Interest expense on bank borrowings	7,351	6,197
Interest expense on loan from a related company	125	1,805
Finance leases charges	–	45
	<u>25,623</u>	<u>19,330</u>

## 6. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the Period.

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 amount of income tax expense charged to the unaudited condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Current tax		
Hong Kong Profits Tax	–	595
Deferred tax	<u>1,289</u>	<u>–</u>
	<u>1,289</u>	<u>595</u>

## 7. LOSS FOR THE PERIOD

The Group's loss for the Period is stated after charging the following:

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Costs of goods sold	239,021	530,790
Depreciation of property, plant and equipment	19,923	19,812
Depreciation of right-of-use assets	98,208	123,462
Loss on disposal of property, plant and equipment	1,206	148
Allowance for inventories	8,000	–
Impairment loss on property, plant and equipment	4,951	–
Net exchange losses	<u>1,305</u>	<u>224</u>

## 8. LOSS PER SHARE

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

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Loss		
Loss for the purpose of calculating basic and diluted loss per share	<u>(138,932)</u>	<u>(29,511)</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	3,412,566,000	3,412,566,000
Effect of dilutive potential ordinary shares arising from share options outstanding	<u>–</u>	<u>15,012,537</u>
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	<u>3,412,566,000</u>	<u>3,427,578,537</u>

The effects of potential shares are anti-dilutive for the Period.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment of approximately HK\$3.2 million. (2019: HK\$1.1 million)

## 10. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2020, the Group acquired right-of-use assets of approximately HK\$7.4 million (2019: HK\$84.6 million).

## 11. DIVIDENDS

The Board has resolved not to declare any interim dividend for the Period (2019: Nil).

## 12. TRADE RECEIVABLES

The Group's sales to wholesale customers are entered into on credit terms ranging from 60 to 90 days, and trade receivables under retail sales are due within 150 days from the date of billings. The ageing analysis of trade receivables is as follows:

	At 30 June 2020 (Unaudited) HK\$'000	At 31 December 2019 (Audited) HK\$'000
Wholesales debtors		
0 – 30 days	541	696
31 – 60 days	210	784
61 – 90 days	838	363
91 – 120 days	61	111
Over 120 days	1,356	318
	<u>3,006</u>	<u>2,272</u>
Trade receivables under credit card sales		
0 – 30 days	3,742	6,513
31 – 60 days	43	2,536
61 – 90 days	7	902
91 – 120 days	23	2,741
Over 120 days	3,747	1,354
	<u>7,562</u>	<u>14,046</u>
Total	<u>10,568</u>	<u>16,318</u>

## 13. TRADE PAYABLES

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	At 30 June 2020 (Unaudited) HK\$'000	At 31 December 2019 (Audited) HK\$'000
0 – 30 days	25,482	45,457
31 – 60 days	8,292	22,969
61 – 90 days	2,758	7,658
91 – 120 days	3,443	972
Over 120 days	7,049	6,075
	<u>47,024</u>	<u>83,131</u>

#### 14. BANK BORROWINGS

	At 30 June 2020 (Unaudited) <i>HK\$'000</i>	At 31 December 2019 (Audited) <i>HK\$'000</i>
Short-term bank borrowings	177,000	160,000
Long-term bank borrowings	240,822	248,007
Trade finance loans	42,713	39,838
	<u>460,535</u>	<u>447,845</u>

#### 15. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised: Ordinary shares of HK\$0.01 each At 31 December 2019 (Audited) and at 30 June 2020 (Unaudited)	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid: Ordinary shares of HK\$0.01 each At 31 December 2019 (Audited) and at 30 June 2020 (Unaudited)	<u>3,412,566,000</u>	<u>34,126</u>

## 16. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2020 (At 31 December 2019: HK\$Nil).

## 17. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Sales to related companies	1,234	1,805
Rental income from a related company	1,098	660
Loan interest expense to a related company	125	1,805
Rental expense to an executive Director	1,530	1,440
Sales received on behalf of related companies	<u>804</u>	<u>1,714</u>

The executive Directors, Dr. Ip Chun Heng, Wilson and Ms. Chung Pui Wan are also the beneficial owners and directors of the related companies.

- b) The remuneration of Directors and other members of key management during the Period was as follows:

	Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Key management personnel compensation:		
Fees	302	302
Basic salaries, allowances and benefits in kind	5,184	5,744
Discretionary bonuses	59	186
Retirement benefits scheme contributions	<u>204</u>	<u>204</u>
	<u>5,749</u>	<u>6,436</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Interim Results

The retail market in Hong Kong is greatly suffered from the COVID-19. For the six months ended 30 June 2020 (the “Period” or “Review Period”), Bonjour Holdings Limited (the “Company”) and its subsidiaries (collectively, “Bonjour” or the “Group”) recorded revenue of HK\$332.7 million (2019: HK\$824.8 million), representing a decrease of 59.7% from the corresponding period of last year. Loss for the Period was HK\$140.1 million (2019: Loss for the period HK\$29.5 million). The Board has resolved not to declare any interim dividend for the Period (2019: Nil).

### Market overview

The outbreak of COVID-19 imposed significant impact on global economy. According to the report from the International Monetary Fund in June, global economic growth is projected at -4.9% in 2020. Many countries have nation-wide lockdown measures in place because of the COVID-19 and economic activities are heavily disrupted.

Hong Kong’s economy is also suffering from COVID-19. The number of tourists slumped drastically because of travel restriction and quarantine measures. According to the Hong Kong Tourism Board, the provisional numbers of tourist arrivals in Hong Kong in the first half of 2020 only recorded 3.52 million, representing a year-on-year drop of 90% for the same period.

Being closely related to the tourism market, the retail market has also taken a plunge. For the first half of 2020, the value of total retail sales was provisionally estimated at HK\$160.8 billion, decreased by 33.3% compared with the same period in 2019, according to the Census and Statistics Department.

Undoubtedly, consumer sentiment further tumbles because of the COVID-19 with people being cautious when it comes to shopping, as concern over livelihood grows. At the same time, the consumer pattern has also changed from offline to online during the pandemic. E-commerce starts to take a more important role as people spend more time using online shopping platforms. According to the survey conducted by Ipsos in March, 48% of Hong Kong adults spend more time surfing online shopping platforms and 33% use more mobile payments. E-commerce, as well as digital services – including Kiosk, buy online and self-pick services – would take evolution in the retail market.

### Business Review

#### *Retail Sales*

In order to combat the decreased sale from tourists, Bonjour has put effort to focus on local consumers’ needs and demands, and has hence diversified its product portfolio. Since the outbreak of coronavirus in Hong Kong, the Group has been sourcing epidemic protection products around the world, including masks and sanitizing wipes, etc. Bonjour offered these products at reasonable prices to help the public to combat the virus.

More importantly, the Group has noticed that it needs to transform from traditional retail to new retail which has become the trend. Digitalization of the operating system and business model would help the Group to better understand the customers’ needs and wants and build a long-term relationship with the customers. Starting with training its frontline staff to broadcast product information online, the Group will grasp the market opportunity and further develop the e-commerce platforms.

### *E-commerce*

Recently, the development of big data technology is advancing rapidly, with e-commerce being in the spotlight for retail industry. Consumers are often strongly influenced by the reviews and comments from influencers on social platforms.

Bonjour has started training its frontline staff to be influencers and doing live broadcasting at our social channels since early this year. Over 200 frontline staff are trained to be influencers to share latest product information and interact with customers online instantly. At the same time, the Group has also established its foothold at major online platforms spanning across 16 countries, including SHOPSHOPS, Tmall Global, kaola.com, JD.COM, Facebook, Youtube, Instagram and haitao.com, as well as establishing WeChat store to connect with the VIP users.

At the same time, the Group has gradually digitalized and upgraded its own systems and established a new retail innovation center with a broadcast studio and smart shopping scenario supported by self-service equipment, which is scheduled to apply to physical stores in the future.

### *Rental and store network*

With the outbreak of COVID-19, the number of tourist arrival slumped rapidly. Also, most people also tend to stay at home and turn to online shopping. A number of international retail brands have even exited the Hong Kong market and or intended to close physical stores and switch their focus on online sales.

The Group will continue to monitor the rental market closely and review its store network. By re-evaluating its store network, underperforming stores are closed for better cost control. Also, the Group has initiated negotiations with landlords for rent discounts of existing stores and re-consider the tenancy renewal in each store.

### *Brand Management*

Currently, the Group offers over 40,000 SKUs. Besides, the Group also exclusively distributes over 100 well-known brands, including, among others, Suisse Reborn, Dr. Bauer, Yumei, WOWWOW, Dr. Schafter and Auslin. Apart from skincare, fragrance, cosmetics, haircare and body-care, healthcare products are also sourced all over the world. Recently, quality sanitizing products are offered at competitive prices. The Group always pays attention to the market trends and needs and searches the latest hot items to satisfy the ever-changing customers' needs.

### *Talent Training*

Facing economic hardship, the Group has tried its best to find ways to overcome with its staff. Being aware of the changing into the e-commerce era of the retail market, the Group has started to reform by firstly providing online broadcasting training for its staff. Over 200 frontline staff have been successfully trained to be influencers for broadcasting online. The Group has also cooperated with Taobao University to improve the e-commerce skills of its staff.



## **Outlook**

### *Retail market*

Looking ahead, the retail market will remain challenging because of COVID-19. The tourism market is unlikely to recover in the near future.

It is important for retailers to reform the business model and optimize online channels for sustainable growth. Only to effectively connect the capital, logistics and big data flow, retailers could better leverage the resources on e-commerce development. The increasing usage in online shopping and live streaming video also helps retailers to gather customer data which could be used to provide more customized products and services.

With its solid foundation in the retail industry, it is easier for the Group to leverage its resources in capital, logistics and big data which helps to strengthen the interaction with customers and enhance the shopping experience. The Group will continue to implement technologies to better improve its e-commerce services and further promote local e-commerce development.

### *Keep up with the latest e-commerce trends*

Digital transformation reshapes the retail industry and technology helps to elevate the shopping experience nowadays. The Group will continue to embrace the new retail and further integrate its online and offline channels.

Apart from leveraging our social channels, the Group will also target to improve in-store facilities to optimize shopping experience. Powered by mobile phone technology, customers can scan QR code of a product to learn product information before they make a purchase. Self-service kiosks will be installed at physical stores so that customers can check out by themselves, and in turn creating convenience and operation efficiency.

With the rise of augmented reality and virtual reality, the Group will keep an open mind to embrace new technology that helps customers to virtually try the products on which to help them to explore the most suitable products.

The Group will also continuously seek opportunities to collaborate with renowned e-commerce platforms to expand the ecosystem. Establishing close relationships with leading e-commerce enterprises including Alibaba, Tencent, JD, eBay and Google, the Group could better leverage the flow of capital, logistics and data. With the massive customer database, the Group will be able to reach target customers more easily and better understand the demand of customers and eventually to develop a long-term relationship with the customers and enhance customer loyalty.

### *Rental and store network*

According to the international property consultant JLL, high street shop rents are expected to drop 35% to 40% this year and leasing demand will maintain weak in the second half of the year.

With e-commerce gaining popularity amidst COVID-19, physical stores are expected to change to flagship stores or pop-up stores for demonstrating products and enhancing shopping experience.

The Group plan to reduce its reliance on brick-and-mortar stores and focus more on e-commerce development. Modifying some of the existing shops with more technological equipment will effectively attract and engage customers, as well as to create better shopping experience and operational efficiency.

### *Timely Product Portfolio Adjustment*

As online shopping becomes easier and more convenient, people start to get used to buying their necessities online. The Group will continue to keep an eye on the market trend and closely analyze the needs of the market. After understanding the market preferences, the Group will diversify our product portfolio by increasing numbers of SKU and extending our types of products into different categories. The Group will also source any kind of consumer goods, not limited to cosmetic products but also include daily necessities and lifestyle products, etc.

### **Conclusion**

Hong Kong is facing a third wave of COVID-19 infection with an increasing number of local untraceable infections. It is expected more new measures would be announced if the situation does not improve shortly, making economic environment remain bleak. Under such conditions, people are encouraged to stay at home, which means online e-commerce would continue to be relied on.

Although there are still lots of uncertainties on the economic development, there is no doubt that digitalization would be the future trend. To strive to provide the best shopping experience, the Group will keep an open mind and be willing to study the latest e-commerce trends. The Group will always fully prepare itself to face the challenges ahead with the continuous effort on developing e-commerce.

## Financial Review

### *Liquidity and Financial Resources*

As at 30 June 2020, the Group's cash and bank deposits amounted to HK\$50.6 million (31 December 2019: HK\$98.9 million). The Group's bank borrowings, loan from a related company and lease liabilities as at 30 June 2020 were HK\$752.7 million (31 December 2019: HK\$854.2 million), out of which, HK\$328.8 million (31 December 2019: HK\$352.1 million) were repayable within next 12 months. As at 30 June 2020, among the net current liabilities of HK\$341.6 million (31 December 2019: Net current liabilities of HK\$ 253.1 million), around HK\$130.8 million was related to lease liability and around HK\$198.0 million was mainly related to bank borrowings which are revolving in nature.

The Group's gearing ratio as at 30 June 2020 was 2.682 (31 December 2019: 2.054), and was calculated based on the Group's bank and other borrowings and lease liabilities, divided by total equity of HK\$296.6 million (31 December 2019: HK\$435.4 million). Total liabilities to shareholders funds was 344.6% (31 December 2019: 253.6%). The current ratio of the Group as at 30 June 2020 was 0.42 (31 December 2019: 0.57).

The Group services its debt primarily through the cash earned from its operation.

### *Cash Flow*

Net cash inflow from operating activities for the Period was HK\$52.1 million (2019: inflow of HK\$65.5 million). The loss before tax was HK\$138.8 million (2019: loss before tax HK\$28.9 million). The total amount of non-cash items amounting to HK\$129.80 million (mainly depreciation expense) and there was a net increase in working capital of HK\$63.2 million.

Net cash outflow from investing activities for the Period was HK\$3.0 million (2019: HK\$85.0 million), which mainly represented purchase of property, plant and equipment.

Net cash outflow from financing activities for the Period was HK\$98.6 million (2019: outflow of HK\$75.9 million), which mainly represented the repayment of lease liabilities during the Period.

### *Contingent liabilities*

As at 30 June 2020, two companies of the Group are defendants in certain law suits relating to late payment of rent. The Group intends to contest the claims, and while the final outcomes of the proceedings are uncertain, it is the directors' opinion that the ultimate liability, if any, will not have a material impact on the Group's financial position.

### *Foreign Exchange and Bank Borrowing Interest Rate Exposure*

The Group has limited exposure to foreign exchange fluctuations as most of its assets, receipts and payments are principally denominated in Hong Kong dollars, Macau Pataca, Renminbi and United States dollars, with a few denominated in Japanese Yen and Euro. The Group will continue to monitor its foreign exchange position on an on-going basis and, if necessary, will hedge the foreign exchange exposure by forward foreign exchange contracts. As at 30 June 2020, none of the Group's bank borrowings was denominated in foreign currency.

As at 30 June 2020, the Group had short-term bank borrowings amounting to HK\$177.0 million (31 December 2019: HK\$160.0 million) and long-term bank borrowings amounting to HK\$240.8 million (31 December 2019: HK\$248.0 million). The bank borrowings were arranged at both fixed interest rate and floating interest rate basis at short-term inter-bank offer rates.

### *Capital Structure*

During the Period, the Company did not issue and allot new shares. The total number of issued shares of the Company was 3,412,566,000 as at 30 June 2020.

### *Charge on Group Assets*

As at 30 June 2020, certain of the Group's assets with a net book value of approximately HK\$613.0 million (31 December 2019: HK\$622.0 million) were pledged to secure banking facilities granted to the Group.

### *Material Acquisition or Disposal of Subsidiaries, Associates and Joint Ventures*

There was no material acquisition or disposal of subsidiaries, associates or joint ventures during the Period.

### *Significant Securities Investments*

The investment objective of the Group is to achieve earnings and enhance the corporate value to the shareholders of the Company. The strategy of the Group is to identify and invest in both listed and unlisted investments and other related financial assets with potential growth within their industries. The Group has no specific industry focus on potential investment.

As at 30 June 2020, the Group had financial assets at FVTOCI through equity investments in Town Health International Medical Group Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 3886) ("Town Health") with a total market value of HK\$77.8 million, accounting for 5.9% of the Group's total assets (31 December 2019: HK\$77.8 million, accounting for 5.1% of total assets). Throughout the Period, the Group has been holding only one single financial asset and no change on the fair value of such financial asset for the Period (2019: Nil). The market value of the financial assets will be affected by the current status of being suspended in trading and the financial performance of Town Health. To mitigate relevant risks, the Group will monitor the trends of macro economy to optimise its investment strategies in response to market conditions. When considering future investment, the Group will assess the results of operations and compliance of the investees to prevent receiving no future economic benefits.

## **Human Resources**

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. As at 30 June 2020, the Group had approximately 612 (2019: 810) full-time and part-time employees in Hong Kong, Macau and the PRC. Staff costs including Directors' emoluments for the Period were HK\$64.4 million (2019: HK\$112.2 million).

The Group values its human resources and recognizes the importance of attracting and retaining qualified staff for its continuing success. Remuneration packages are generally structured by reference to market terms and individual qualifications. In addition, share options and discretionary bonuses are also granted to eligible employees based on individual's performance. The Group also provides mandatory provident fund schemes, medical insurance schemes, staff purchases discounts and training programs for our employees.

## **Dividends**

The Board has resolved not to declare any interim dividend for the Period (2019: Nil).

## **Events after the Reporting Period**

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

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

The Board will consider plans for investments and capital assets which can improve the Company's profitability and liquidity.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the Period.

## **DISCLOSURE OF INFORMATION ON DIRECTORS**

Pursuant to rule 13.51B(1) of the Listing Rules, the changes of information on the Directors are as follows:

- Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of one year commencing from 1 July 2019 to 30 June 2020, which can be terminated by either party giving not less than one month's notice in writing. On 22 May 2020, the Board resolved to renew the appointment letter of each of the independent non-executive Directors for a term of one year commencing from 1 July 2020 to 30 June 2021.
- On 26 May 2020, Dr. Ip Chun Heng, Wilson stepped down from the positions of chairman of the Board (the "Chairman") and chief executive officer of the Company (the "Chief Executive Officer"), was appointed as the vice chairman of the Board (the "Vice Chairman") and remained as an executive Director.

- On 26 May 2020, Mr. Chen Jianwen, *JP* was appointed as the Chairman.
- On 26 May 2020, Mr. Wan Yim Keung, Daniel was appointed as the Vice Chairman.
- On 26 May 2020, Ms. Chung Pui Wan stepped down from the position of the Vice Chairman but remained as an executive Director.

## **DIRECTORS' SERVICE CONTRACTS**

Each of the executive Directors, except Mr. Chen Jianwen, *JP* and Mr. Wan Yim Keung, Daniel, has entered into a service contract with the Company for an initial term of two years commencing from 1 July 2003, and will continue thereafter until terminated by either party giving not less than three months' notice in writing.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of one year commencing from 1 July 2020 to 30 June 2021, which can be terminated by either party giving not less than one month's notice in writing.

None of the Directors proposed for re-election at the annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation.

## **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its parent company, its subsidiaries or fellow subsidiaries were a party and in which a director of the company or his/her connected entities had a material interest, where directly or indirectly, subsisted at the end of the Period or at any time during the Period.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code for the Period.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to the establishment of good corporate governance practices and procedures. Throughout the Period, the Group has complied with the code provisions prescribed in the Corporate Governance Code (the "**CG Code**") set out in the Appendix 14 to the Listing Rules, except for the deviation from the code provision A.2.1 which is explained in the following relevant paragraph.

## **Code Provision A.2.1**

According to the code provision A.2.1 of the CG Code, the roles of the chairman (the “**Chairman**”) and the chief executive officer (the “**Chief Executive Officer**”) should be separated and should not be performed by the same individual. Dr. Ip Chun Heng, Wilson served as both the Chairman and the Chief Executive Officer until 26 May 2020, such practice deviated from code provision A.2.1 of the CG Code. The Board considered that Dr. Ip Chun Heng, Wilson has in-depth knowledge and experience in the retail sales and cosmetic product market and he is the most appropriate person as the Chairman and the Chief Executive Officer.

The Company has been in compliance with code provision A.2.1 of the CG Code when Dr. Ip Chun Heng, Wilson stepped down from the positions of the Chairman and the Chief Executive Officer and Mr. Chen Jianwen, *JP* and Mr. Cheung Ka Fai was appointed as the Chairman and the Chief Executive Officer respectively since 26 May 2020. Mr. Wong Iu Ming was later appointed as the Chief Executive Officer after the resignation of Mr. Cheung Ka Fai on 10 July 2020.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference. At present, members of the Audit Committee comprise three independent non-executive Directors, namely Mr. Wong Chi Wai, Dr. Chow Ho Ming and Mr. Lo Hang Fong. Mr. Wong Chi Wai is the chairman of the Audit Committee. During the Period, two meetings of the Audit Committee have been held. The Audit Committee has reviewed the effectiveness of both the external audit and internal control and also the risk management evaluation. The unaudited financial statements of the Group for the Period have been reviewed by the Audit Committee.

## **OTHER BOARD COMMITTEES**

In addition to the Audit Committee, the Company has established a remuneration committee and a nomination committee on 16 September 2005. These board committees were formed to ensure maintenance of high corporate governance standards.

By order of the Board  
**Bonjour Holdings Limited**  
**Chen Jianwen**  
*Chairman and executive Director*

Hong Kong, 28 August 2020

*As at the date of this announcement, the executive Directors are Mr. Chen Jianwen, JP, Dr. Ip Chun Heng, Wilson, Mr. Wan Yim Keung, Daniel, Ms. Chung Pui Wan, Mr. Lam Chi Wing and Mr. Kwan Tat Cheong; and the independent non-executive Directors are Mr. Wong Chi Wai, Dr. Chow Ho Ming and Mr. Lo Hang Fong.*