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BONJOUR

**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 2021**

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 2021 (the “**Period**” or “**review period**”) (the “**Interim Results**”), together with comparative figures for the corresponding period in 2020. 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**

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
		<b>(Unaudited)</b> <b>HK\$'000</b>	<b>(Unaudited)</b> <b>HK\$'000</b>
<b>Turnover</b>	2	<b>347,807</b>	332,691
Cost of goods sold		<u><b>(310,370)</b></u>	<u>(239,021)</u>
<b>Gross profit</b>		<b>37,437</b>	93,670
Other income	4	<b>21,154</b>	42,209
Distribution costs		<b>(14,368)</b>	(15,242)
Administrative expenses		<b>(117,402)</b>	(227,589)
Other operating expenses		<u><b>(26,897)</b></u>	<u>(6,211)</u>
<b>Loss from operations</b>		<b>(100,076)</b>	(113,163)
Finance costs	5	<u><b>(22,080)</b></u>	<u>(25,623)</u>
<b>Loss before tax</b>		<b>(122,156)</b>	(138,786)
Income tax expense	6	<u><b>(7)</b></u>	<u>(1,289)</u>
<b>Loss for the period</b>	7	<u><b>(122,163)</b></u>	<u>(140,075)</u>
<b>Loss for the period attributed to:</b>			
Owners of the Company		<b>(122,143)</b>	(138,932)
Non-controlling interests		<u><b>(20)</b></u>	<u>(1,143)</u>
		<u><b>(122,163)</b></u>	<u>(140,075)</u>
<b>Loss per share</b>	8		
Basic		<u><b>HK(3.6) cent</b></u>	<u>HK(4.1) cent</u>
Diluted		<u><b>HK(3.6) cent</b></u>	<u>HK(4.1) cent</u>

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Loss for the period	<u><b>(122,163)</b></u>	<u>(140,075)</u>
<b>Other comprehensive income:</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes of equity instruments at fair value through other comprehensive income ("FVTOCI")	14,722	–
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences arising on the translation of foreign operations	<u>(78)</u>	<u>1,230</u>
<b>Other comprehensive income for the period, net of tax</b>	<u><b>14,644</b></u>	<u>1,230</u>
<b>Total comprehensive income for the period</b>	<u><b>(107,519)</b></u>	<u>(138,845)</u>
<b>Total comprehensive income in the period attributed to:</b>		
Owners of the Company	(107,498)	(137,760)
Non-controlling interests	<u>(21)</u>	<u>(1,085)</u>
	<u><b>(107,519)</b></u>	<u>(138,845)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2021 (Unaudited) <i>HK\$'000</i>	At 31 December 2020 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment	<i>9</i>	25,944	133,707
Right-of-use assets	<i>10</i>	74,705	151,746
Other intangible assets		2,128	2,313
Rental and utility deposits		5,129	9,273
Financial assets at fair value through other comprehensive income (“FVTOCI”)		80,535	74,736
		<b>188,441</b>	371,775
<b>Current assets</b>			
Inventories		272,259	97,318
Trade receivables	<i>12</i>	10,096	7,465
Rental and utility deposits		38,324	34,448
Prepayments, deposits and other receivables		111,940	14,105
Amount due from a related company		–	2,885
Bank and cash balances		47,377	20,288
		<b>479,996</b>	176,509
Assets classified as held for sale		583,262	479,262
		<b>1,063,258</b>	655,771
<b>Current liabilities</b>			
Trade payables	<i>13</i>	18,549	23,734
Other payables, deposits received and accrued charges		511,662	152,525
Lease liabilities		79,701	107,503
Amounts due to related companies		–	33,733
Bank and other borrowings	<i>14</i>	373,538	411,920
Trade finance loans	<i>14</i>	24,206	38,772
Current tax liabilities		3,979	4,133
		<b>1,011,635</b>	772,320
<b>Net current assets/(liabilities)</b>		<b>51,623</b>	(116,549)
<b>Total assets less current liabilities</b>		<b>240,064</b>	255,226

		<b>At 30 June 2021 (Unaudited) <i>HK\$'000</i></b>	At 31 December 2020 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
<b>Non-current liabilities</b>			
Other payables and deposits received		<b>210</b>	210
Lease liabilities		<b>42,197</b>	81,129
Convertible loans		<b>103,448</b>	–
Deferred tax liabilities		<b>3,788</b>	3,802
Long service payment liabilities		<b>1,537</b>	1,537
		<u><b>151,180</b></u>	<u>86,678</u>
<b>NET ASSETS</b>		<u><b>88,884</b></u>	<u>168,548</u>
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>34,126</b>	34,126
Reserves		<b>58,397</b>	138,040
		<u><b>92,523</b></u>	<u>172,166</u>
Equity attributable to owners of the Company		<b>92,523</b>	172,166
Non-controlling interests		<b>(3,639)</b>	(3,618)
		<u><b>(3,639)</b></u>	<u>(3,618)</u>
<b>TOTAL EQUITY</b>		<u><b>88,884</b></u>	<u>168,548</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company												
	Share capital <i>HKS'000</i>	Share premium account <i>HKS'000</i>	Capital redemption reserve <i>HKS'000</i>	Merger reserve <i>HKS'000</i>	Statutory reserve <i>HKS'000</i>	Share- based payment reserve <i>HKS'000</i>	Foreign currency translation reserve <i>HKS'000</i>	FVTOCI reserve <i>HKS'000</i>	Convertible loans reserve <i>HKS'000</i>	Retained profits <i>HKS'000</i>	Total <i>HKS'000</i>	Non- controlling interests <i>HKS'000</i>	Total equity
<b>Six months ended 30 June 2021</b>													
At 1 January 2021 (Audited)	34,126	209,902	1,181	415	-	-	(607)	(15,015)	-	(57,836)	172,166	(3,618)	168,548
Equity components of convertible loans	-	-	-	-	-	-	-	-	27,855	-	27,855	-	27,855
Transfer of gain on disposal of financial assets at FVTOCI	-	-	-	-	-	-	(621)	-	-	621	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	(77)	14,722	-	(122,143)	(107,498)	(21)	(107,519)
At 30 June 2021 (Unaudited)	<u>34,126</u>	<u>209,902</u>	<u>1,181</u>	<u>415</u>	<u>-</u>	<u>-</u>	<u>(684)</u>	<u>(914)</u>	<u>27,855</u>	<u>(179,358)</u>	<u>92,523</u>	<u>(3,639)</u>	<u>88,884</u>
<b>Six months ended 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>-</u>	<u>6,712</u>	<u>298,538</u>	<u>(1,957)</u>	<u>296,581</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b> <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Net cash inflow from operating activities	<b>7,274</b>	52,145
Net cash inflow/(outflow) from investing activities	<b>8,953</b>	(3,017)
Net cash inflow/(outflow) from financing activities	<b>10,940</b>	(98,616)
	<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents	<b>27,167</b>	(49,488)
Cash and cash equivalents at 1 January	<b>20,288</b>	98,855
Effect of foreign exchange rate changes	<b>(78)</b>	1,230
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	<b>47,377</b>	50,597
	<hr/> <hr/>	<hr/> <hr/>
Analysis of cash and cash equivalents		
Bank and cash balances	<b>47,377</b>	50,597
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## 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 2020. 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 2020.

In the current 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 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current Period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

#### Going concern assessment

The Group incurred a net loss of HK\$122.2 million during the six months ended 30 June 2021 and, as of that date, the Group had outstanding borrowings of approximately HK\$397.7 million which were due for repayment or renewal in the next twelve months after 30 June 2021. Notwithstanding the above, the unaudited condensed consolidated financial statements have been prepared on a going concern basis as the directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group and are satisfied that:

- (a) The Group has planned to dispose of the Bonjour Tower located in Nos. 36-42 and 44-50 Wang Wo Tsai Street, Tsuen Wan, New Territories, Hong Kong (“Bonjour Tower”). The management is continually negotiating with various independent third parties to get the favourable selling price of the Bonjour Tower. The completion of the disposal is subject to the signed Sales and Purchase Agreement and the approval by the shareholders of the Company.
- (b) The ultimate controlling shareholder, Mr. Chen Jianwen has agreed to continue to support financially the operations of the Group to meet all third-party obligations for at least the ensuing twelve-month period after 31 December 2020.
- (c) The Group has taken various cost control measures to tighten the costs of operation including closing down under-performing retail stores.
- (d) The Group is actively negotiating with external parties and banks to obtain new sources of financing to finance the Group’s working capital and improve the liquidity positions. Pursuant to the Company’s announcement on 9 April 2021, the company completed the issue of convertible bonds in the principal amount of HK\$129.5 million to the subscriber.
- (e) The Group actively dispose the financial assets at FVTOCI which resumed trading on Stock Exchange on 1 March 2021 to improve the liquidity position.



- (f) Subsequent to the reporting date, the following actions have taken place:
- i. Pursuant to the Company's announcement on 11 June 2021, the Group has entered into the Provisional Sale and Purchase Agreement to dispose shops 2 & 3A on G/F of Dang Fat Mansion, 10-16 and 20 Tai Ho Road, 8-12 Dung Fat Street, 7-11 On Wing Street, Tsuen Wan, New Territories, Hong Kong at a consideration of HK\$115 million to an individual third party. The disposal was completed on 17 August 2021.
  - ii. Pursuant to the Company's announcement on 2 August 2021, the Group has appointed a placing agent – Venture Smart Asia Limited, on a best effort basis for the purposes of procuring Placees to subscribe in cash for the Bonds with an aggregate principal amount of up to HK\$50 million during the placing period of the placing agreement and terminating on the date falling on the expiration of six months from the date of the placing agreement.

Having taken into account the above, the directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due in the foreseeable future. Accordingly, the unaudited condensed consolidated financial statements have been prepared on a going concern basis.

## 2. TURNOVER

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Revenue from contract with customers within the scope of HKFRS 15</b>		
Sales of merchandise	347,807	332,691
<b>Timing of revenue recognition</b>		
Products transferred at a point in time	<u>347,807</u>	<u>332,691</u>

### 3. SEGMENT INFORMATION

The Group has carried on a single business, which is wholesaling and retailing of beauty, health-care and lifestyle 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		At	At
	2021	2020	30 June	31 December
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	335,622	310,403	25,867	133,547
Macau	12,181	20,986	48	130
Mainland	4	1,302	29	30
	<u>347,807</u>	<u>332,691</u>	<u>25,944</u>	<u>133,707</u>

### 4. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	30	192
Rental income	2,417	3,374
Government subsidies	–	2,561
Lease incentives	13,829	20,981
Gain on termination of leases	2,516	4,711
Sundry income	2,362	10,390
	<u>21,154</u>	<u>42,209</u>

### 5. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expense on lease liabilities	7,436	18,147
Interest expense on bank and other borrowings	12,292	7,351
Interest expense on loan from a related company	–	125
Interest expense on convertible loans	2,352	–
	<u>22,080</u>	<u>25,623</u>

## 6. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2020: 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	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current tax		
Hong Kong Profits Tax	21	–
Deferred tax	(14)	1,289
	<u>7</u>	<u>1,289</u>

## 7. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Costs of goods sold	310,370	239,021
Depreciation of property, plant and equipment	3,681	19,923
Depreciation of right-of-use assets	51,458	98,208
Amortisation of other intangible assets	185	65
Write-off of property, plant and equipment	82	–
Loss on disposal of property, plant and equipment	–	1,206
Allowance for inventories	15,000	8,000
Impairment loss on property, plant and equipment	–	4,951
Impairment loss on right-of-use assets	26,500	–
Net exchange losses	315	1,305
	<u>315</u>	<u>1,305</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	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>Loss</b>		
Loss for the purpose of calculating basic and diluted loss per share	<u>(122,143)</u>	<u>(138,932)</u>
	2021 (Unaudited)	2020 (Unaudited)
<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	–	–
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	<u>3,412,566,000</u>	<u>3,412,566,000</u>

The effects of conversion of the Group's outstanding convertible loans are anti-dilutive for the Period.

**9. PROPERTY, PLANT AND EQUIPMENT**

During the period, the Group acquired property, plant and equipment of approximately HK\$Nil (2020: HK\$3.2 million).

**10. RIGHT-OF-USE ASSETS**

During the period, the Group acquired right-of-use assets of approximately HK\$10.3 million (2020: HK\$7.4 million).

**11. DIVIDENDS**

The Board has resolved not to declare any interim dividend for the Period (2020: Nil).

**12. TRADE RECEIVABLES**

The Group's sales to customers are entered into on credit terms ranging from 30 to 150 days. The ageing analysis of trade receivables is as follows:

	<b>At 30 June 2021 (Unaudited) HK\$'000</b>	At 31 December 2020 (Audited) HK\$'000
Trade receivables		
0—30 days	7,486	3,541
31—60 days	360	1,877
61—90 days	386	465
91—120 days	350	227
Over 120 days	1,514	1,355
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Total	<b>10,096</b>	7,465
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### 13. TRADE PAYABLES

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

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
0–30 days	43	4,053
31–60 days	68	5,249
61–90 days	983	3,836
91–120 days	689	283
Over 120 days	16,766	10,313
	<u>18,549</u>	<u>23,734</u>

### 14. BANK AND OTHER BORROWINGS

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
Short-term bank borrowings	160,000	160,000
Long-term bank borrowings	202,030	240,380
Trade finance loans	24,206	38,772
Other borrowings	9,000	8,000
Bank overdrafts	2,508	3,540
	<u>397,744</u>	<u>450,692</u>

### 15. SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 31 December 2020 (Audited) and at 30 June 2021 (Unaudited)	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 31 December 2020 (Audited) and at 30 June 2021 (Unaudited)	3,412,566,000	34,126

### 16. CONTINGENT LIABILITIES

#### Litigations

As at 30 June 2021, the Group has been involved in a number of ongoing litigations and claims arising from tenancy and business disputes. The management has sufficient provision to meet the claims arising from the said tenancy and business disputes, and believes that a favourable settlement could be reached with the respective claimants.

## 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	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Sales to related companies	113	1,234
Rental income from a related company	1,080	1,098
Loan interest expense to a related company	–	125
Rental expense to an executive Director	–	1,530
Sales received on behalf of related companies	–	804
	<u>1,193</u>	<u>4,791</u>

The executive Directors, Mr. Ip Chun Heng, Wilson and Ms. Chung Pui Wan are also the beneficial owners and directors of the related companies. On 29 June 2021, the Board resolved to remove of Mr. Ip Chun Heng, Wilson and Ms. Chung Pui Wan from the office as executive Directors.

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

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Key management personnel compensation:		
Fees	302	302
Basic salaries, allowances and benefits in kind	9,176	5,184
Discretionary bonuses	–	59
Retirement benefits scheme contributions	198	204
	<u>9,676</u>	<u>5,749</u>

## 18. EVENT AFTER THE REPORTING PERIOD

Pursuant to the Company's announcement on 11 June 2021, the Group has entered into the Provisional Sale and Purchase Agreement to dispose shops 2 & 3A on G/F of Dang Fat Mansion, 10-16 and 20 Tai Ho Road, 8-12 Dung Fat Street, 7-11 On Wing Street, Tsuen Wan, New Territories, Hong Kong at a consideration of HK\$115 million to an individual third party. The disposal was completed on 17 August 2021.

On 6 July 2021, the Company has issued 100,000,000 ordinary shares at HK\$0.19 per share pursuant to the exercise of the conversion rights of the convertible loans in the principal amount of HK\$19 million.

Pursuant to the Company's announcement on 2 August 2021, the Group has appointed a placing agent – Venture Smart Asia Limited, on a best effort basis for the purposes of procuring Placees to subscribe in cash for the Bonds with an aggregate principal amount of up to HK\$50 million during the placing period of the placing agreement and terminating on the date falling on the expiration of six months from the date of the placing agreement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Interim Results

For the six months ended 30 June 2021 (the “**Period**” or “**Review Period**”), Bonjour Holdings Limited (the “**Company**”) and its subsidiaries (collectively, “**Bonjour**” or the “**Group**”) recorded revenue of HK\$347.8 million (2020: HK\$332.7 million), representing an increase of 4.6% from the corresponding period of last year. Loss for the Period was HK\$122.2 million (2020: HK\$140.1 million). The Board has resolved not to declare any interim dividend for the Period (2020: Nil).

### Market overview

Retail sales in Hong Kong are still severely affected by COVID-19 in the first six months of 2021. The repeated outbreaks of the epidemic and the variation of the virus strain have caused national governments to continuously implement travel restrictions and quarantine measures, resulting in an unprecedented reduction in global travel activities. According to the Hong Kong Tourism Board, in the first half of 2021 (from January to June), the number of mainland visitors to Hong Kong was 24,259, with a year-on-year decline of 99.1%. The number of non-mainland visitors to Hong Kong in the first half of this year was only 9,490, down 98.9% year on year. The continuing decline in tourists to Hong Kong and the economic downturn during the period of epidemic have brought difficulties and challenges to the retail industry.

The outbreak of the epidemic and advancement in technology have significantly altered consumer behaviour. The business ecosystem has transformed from traditional retail to omni channel – fully integrating online and offline (O2O) retail experience. According to the Hong Kong Census and Statistics Department, online sales in Hong Kong accounted for 8.1% of the total retail sales in June 2021. The provisional estimate of online retail sales in Hong Kong in June 2021 was \$2.3 billion, representing an increase of 63.8% from the same month of 2020. The trend of online retail sales is growing. The core focus of retail transformation is the alignment and coordination among customer channels, operation processes, payment methods and supply chain management. Through effective electronic payment, efficient logistics support, eCommerce is able to meet changing consumer needs and improve shopping experience such as enabling shopping at home at own leisure via mobile phone, computers or other electronic devices.

## **Business Review**

The Group has commenced its business transformation from early 2020. On the product side, the Group expanded the product range from pure beauty products to ‘Beauty, Health & Beautiful Life’ products, enhancing consumers experience. In terms of operations, the Group has leveraged on technology innovation to transform the traditional retail business to a new business ecosystem, of which the Group and all stakeholders including consumers, merchants and suppliers will benefit. This is achieved by (1) establishing an O2O system integrating offline with online operations to enhance consumers’ shopping experience (2) establishing a global eCommerce platform ‘HKMALL’ (香港貓) to serve Hong Kong merchants as well as overseas brands across 34 countries over 44 market platforms. (3) establishing an ecosystem to assist Hong Kong small and medium enterprises (SMEs) to digitally transform their traditional business into new business models.

### ***Store Retail***

During the period under review, it was still difficult and challenging for retail industry in face of COVID-19. The Group continued to pay attention to the changing needs of local consumers, by expanding the diversified product portfolio. Since the outbreak of COVID-19, epidemic prevention supplies have become the daily necessity for consumers, followed by face and body care products, as well as groceries and health products. In line with the national strategic direction, the Group has made concerted efforts to raise public health awareness and promote healthy living. Hence the Group now sells full range of ‘Beauty, Health, & Beautiful Life’ products, creating a ‘Better Life’ for consumers, both via physical stores as well as on line eCommerce HKMALL (see below). At store operations front, the Group strategically adjusted the number of traditional retail stores and conducted assessment of the store locations, in the plan to digitally transform all the retail stores into new O2O store with integrated online/offline providing consumers new retail experience. This transformation has commenced during the period and will continue in the second half year.

### ***eCommerce – HKMALL (香港貓)***

In the context of maturity of 5G and digital technology, the Group has focused its resources and investment in digital transformation for future growth. Bonjour HKMALL (香港貓) is a global eCommerce platform providing new shopping experience to consumers all over the world. It renovates the three key elements of traditional retail in “location, products, consumers” into new order of “consumers, products, locations” in new retail models. The Group also assisted SMEs to expand their sales network via HKMALL efficiently and effectively to markets in Greater Bay Area and overseas countries. HKMALL sells authentic goods, and provides to SMEs easy way of payment settlement, logistics support and data services. HKMALL provides a fast track to SMEs to digitally transform their businesses.

The Bonjour HKMALL covers 34 countries, across 44 market platforms in Chinese mainland and overseas, including Tmall Global, Kaola, JD.com, Facebook, YouTube, Instagram, Haitao and Wechat Mall etc..



“Live streaming-commerce” is the product of integration of “live streaming” and “e-commerce”. Live streaming-commerce has advantages of stronger interaction and higher conversion rate etc. compared with traditional e-commerce. The host KOL plays an important role. The Group actively cultivates more than 200 sales staff to become KOLs; The Group has its own direct broadcasting studios, KOLs conduct sales on social media, As a result, the Group is able to improve the sales convenience and operation efficiency, while enhancing the interaction of consumer experience. With understanding of customers’ spending habits from data, the Group is able to effectively promote sales, accumulating online subscriptions and “Likes”, to enhance the brand awareness and increase customer loyalty.

### ***Strategic cooperation***

During the period under review, Bonjour entered into cooperation agreements with various strong strategic partners including China Mobile Hong Kong, Huawei Cloud, FEC, i-CABLE, CEN, ATOME and other companies. Among which, a subsidiary of Bonjour Holdings Limited successfully issued HK\$129.5 million of convertible bonds to Far East Consortium (FEC), which reflects the market’s confidence in the Group and enhanced Bonjour’s capital base. Meanwhile, FEC’s real estate development and experience in Hong Kong and overseas will help Bonjour accelerate the development of the offline retail and e-commerce businesses. The Group will integrate the concept of “technology + consumption”, and more actively expand its business to overseas markets to accelerate the digital transformation of the Group.

Bonjour Technology Services Limited, a wholly owned subsidiary of the Group, entered into a Cooperation Development Agreement with Huawei International Co. Limited (“**Huawei Cloud**”) in April this year. Under the agreement, the parties will conduct joint brand marketing activities. Huawei Cloud will build the smart retail store for Bonjour with big data analysis, electronic payment network, wifi 6 and other solutions, and make use of its prime architecture to provide technical solution supports. In addition, as one of the application cases of Bonjour’s global business cooperation, Huawei Cloud will help Bonjour develop innovative applications of new retail technology services (Retail Tech as a Service).

Bonjour Technology Services Limited entered into the 5G Retail Integrated Development Cooperation Framework Agreement with China Mobile Hong Kong Company Limited (“**China Mobile Hong Kong**”) in June this year, pursuant to which, the cooperation between the two parties will be based on respective professional expertise to promote mutual benefit and achieve win-win results. China Mobile Hong Kong will take advantage of its expertise in 5G mobile communications technology to actively help Bonjour transform and upgrade its businesses in the new retail field.

The Group’s collaboration with powerful strategic partners has enhanced both sides’ strengths in branding, eCommerce, business operations and smart technology; and at the same time leveraged on big data, mobile payment and other technology tools, to digitally transform traditional businesses into new businesses. Leveraging on the strategic partners’ strong reputation in the Mainland and International markets, the Group joins hands with the partners to develop smart retail and innovated solutions to seize the huge business opportunities in the Greater Bay Area.

### ***Rental and store network***

With the outbreak of COVID-19, the number of tourist arrival slumped rapidly. Most people also tend to stay at home and turn to online shopping. A number of international retail brands have exited the Hong Kong market and or intended to close physical stores and switch their focus on online sales. Physical store rental has become a cost pressure to retail industry.

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 need of 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, the Group also sourced healthcare and life style products all over the world. Recently, a variety of quality products are offered at competitive prices. The Group always pays close attention to the market trends and consumer behavior, and research on latest hot items to satisfy the ever-changing customers' needs.

### ***Talent Training***

Facing economic hardship, the Group has endeavoured to find ways to walk in unity with staff to overcome the hard ship. Being aware of the changing market trend to a digital era, the Group started to reform by providing online broadcasting training for its staff in early 2020. Over 200 frontline staff have been successfully trained to be KOLs for broadcasting online. The Group has also cooperated with Taobao University to improve the e-commerce skills of the staff.

### ***Outlook***

Digital transformation reshapes all industries. Since commencement of business transformation from early 2020, the Group has continuously renovated its business model with the aim to produce sustainable growth and high net worth to the shareholders. Main focus of the Group has been 'Technology+ Consumption' to leverage on technology to accelerate consumption. This will continue and will expand to create an innovated business ecosystem not just for the Group but also a platform for all enterprises who would like to digitally transform their businesses.

The Group's retail business is renovated via HKMALL. HKMALL is more than a Bonjour online shop, it is an eCommerce platform which allows merchants to set up their own e-shops seamlessly on HKMALL and sell merchandise online. In the coming year, HKMALL will be expanding its functions to provide one-stop services to the SMEs for them to operate their own e-shops on HKMALL. This will provide a pathway for SMEs in Hong Kong to digitally transform their traditional business quickly into new business model. As HKMALL is a global eCommerce platform, hence it will continue to offer services to the Group as well as our merchant partners to sell merchandise to 34 countries globally across 44 market platforms. Since the epidemic has permanently transformed the consumer behaviour to shop digitally, this will offer enormous business potential in HKMALL's service offerings.

The digital transformation also occurred offline at shop front. It is world trend that consumer experience is no longer restricted to just physical stores or online, but consumers will need to be satisfied by combining both online and offline experience (O2O). Going forward, the Group will reconstitute the retail model from traditional mode of 'location-product-consumer' to the innovated 'consumer-product-location' new retail mode. Hence the Group will transform all physical stores into new retail O2O shops combining offline with online experience, powered by technology/AI and big data. This aims to provide a totally new experience to consumers when they visit Bonjour's stores. In this respect, the Group is working with many technology partners in collaboration to provide this digital experience on our platforms both physical and online.

On product side, the Group will continue to transform the traditional retail of pure beauty products to a new business ecosystem of full range of products in 'Beauty, Health & Beautiful Life'. The diversification of products will continue to satisfy changing consumer needs and to create a 'Better Life' for all, whilst sole agency brands and private labels will continue to be nurtured. This helps to diversify our revenue portfolio for risk management and profitability enhancement.

Digital transformation applies not just to frontline, but also in internal transaction processing. By using technology, internal processes and structure can be streamlined and become more efficient. This will help streamlining administration cost as a whole, and produce higher value per headcount. This will also help the organization to become 'green' by saving physical resources via conducting transactions digitally and paperless.

Overall the outlook is positive as Bonjour is being digitally transformed to an integrated online/offline platform, working in collaboration with value added technology and business partners, and providing services to own subsidiaries as well as third party SMEs.

## **Financial Review**

### ***Overview***

Despite the continuation of the epidemic affecting the economy in the first half of 2021, the Group has managed to streamline its operations via digitalization resulting in significant cost savings at around 36% reduction of operating costs from same period in 2020. In terms of turnover, the Group expanded its pure physical store retail business to online eCommerce as well as B2B business. This has managed to achieve a slight increase in revenue of 4.5% and narrow the loss by 12.8% in comparison to the same period last year. Bank and cash balance as of 30 June 2021 amounted to HK\$47.4 Million (31 December 2020: HK\$20.3 Million). The liquidity level will improve as proceeds came in from disposal of assets to a third party at HK\$115 Million consideration which took place after the reporting date (see note 18). Net current assets were improved from net liabilities of HK\$116.5 Million as of 31 December 2020 to a net asset position of HK\$51.6 Million as of 30 June 2021. The current ratio of the Group was also improved from 0.84 as of 31 December 2020 to 1.05 as of 30 June 2021. The Management of the Group has active plans to improve the financial results leveraging on digital transformation to achieve ultimate profitability as well as long term sustainable growth for the Group.

### ***Liquidity and Financial Resources***

As at 30 June 2021, the Group's cash and bank deposits amounted to HK\$47.4 million (31 December 2020: HK\$20.3 million). The Group's bank borrowings, lease liabilities and convertible loans as at 30 June 2021 were HK\$623.1 million (31 December 2020: HK\$639.3 million), out of which, HK\$477.4 million (31 December 2020: HK\$558.2 million) were repayable within next 12 months. As at 30 June 2021, the net current assets were HK\$51.6 million (31 December 2020: Net current liabilities of HK\$116.5 million).

The Group's net debt ratio as at 30 June 2021 was 7.008 (31 December 2020: 3.793), and was calculated based on the Group's bank and other borrowings, lease liabilities and convertible loans, divided by total equity of HK\$88.9 million (31 December 2020: HK\$168.5 million). The current ratio of the Group as at 30 June 2021 was 1.05 (31 December 2020: 0.84).

### ***Cash Flow***

Net cash inflow from operating activities for the Period was HK\$7.3 million (2020: inflow of HK\$52.1 million). The loss before tax was HK\$122.2 million (2020: loss before tax HK\$138.8 million). The total amount of non-cash items amounting to HK\$94.9 million (mainly depreciation expense) and there was a net increase in working capital of HK\$33.4 million.

Net cash inflow from investing activities for the Period was HK\$9.0 million (2020: outflow of HK\$3.0 million), which mainly represented net proceeds from disposal of the financial assets at FVTOCI.

Net cash inflow from financing activities for the Period was HK\$10.9 million (2020: outflow of HK\$98.6 million), which mainly represented the issuance of convertible loan set off by the repayment of bank borrowing and the lease liabilities.

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

The Group has limited exposure to foreign exchange fluctuations given that most of its assets, receipts and payments are principally denominated in Hong Kong dollars, Macau Pataca and Renminbi with a few denominated in Japanese Yen and Euro. The Group will continue to monitor its foreign exchange receipts and payments and the gearing levels on an on-going basis and, if necessary, will hedge the foreign exchange exposure by forward contracts. As at 30 June 2021, the Group's bank borrowings approximated to HK\$13.4 million (31 December 2020: HK\$11.9 million) were denominated in foreign currency.

As at 30 June 2021, the Group had short-term bank borrowings amounting to HK\$160.0 million (31 December 2020: HK\$160.0 million) and long-term bank borrowings amounting to HK\$202.0 million (31 December 2020: HK\$240.4 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 or allot new shares. The total number of issued shares of the Company was 3,412,566,000 as at 30 June 2021.

### ***Charge on Group Assets***

As at 30 June 2021, certain of the Group's assets with a net book value of approximately HK\$583.3 million (31 December 2020: HK\$583.3 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 2021, 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\$80.4 million, accounting for 6.4% of the Group's total assets (31 December 2020: HK\$74.5 million, accounting for 7.2% of total assets). Throughout the Period, the Group only held two financial assets and the change on the fair value of such financial assets amounted to a gain of HK\$14.7 million for the Period (2020: Nil). No impairment was therefore required as of 30 June 2021. The market value of the financial assets will be affected by the share prices 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 2021, the Group had approximately 441 (2020: approximately 500) full-time and part-time employees in Hong Kong, Macau and Mainland. Staff costs including Directors' emoluments for the Period were significantly streamlined at approximately HK\$48.7 million (2020: approximately HK\$130.8 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 (2020: Nil).

## **Event after the reporting period**

Pursuant to the Company's announcement on 11 June 2021, the Group has entered into the Provisional Sale and Purchase Agreement to dispose shops 2 & 3A on G/F of Dang Fat Mansion, 10-16 and 20 Tai Ho Road, 8-12 Dung Fat Street, 7-11 On Wing Street, Tsuen Wan, New Territories, Hong Kong at a consideration of HK\$115 million to an individual third party. The disposal was completed on 17 August 2021.

On 6 July 2021, the Company has issued 100,000,000 ordinary shares at HK\$0.19 per share pursuant to the exercise of the conversion rights of the convertible loans in the principal amount of HK\$19 million.

Pursuant to the Company's announcement on 2 August 2021, the Group has appointed a placing agent – Venture Smart Asia Limited, on a best effort basis for the purposes of procuring Placees to subscribe in cash for the Bonds with an aggregate principal amount of up to HK\$50 million during the placing period of the placing agreement and terminating on the date falling on the expiration of six months from the date of the placing agreement.

## **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.

## **CONTINGENT LIABILITIES**

As at 30 June 2021, the Group has been involved in a number of ongoing litigations and claims arising from tenancy and business disputes. The management has sufficient provision to meet the claims arising from the said tenancy and business disputes, and believes that a favourable settlement could be reached with the respective claimants.

## **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.

## **DIRECTORS' SERVICE CONTRACTS**

All Directors have entered into a service agreement with the Company. Each of Mr. Chen Jianwen and Mr. Wan Yim Keung, Daniel has entered into a service agreement with the Company for an initial term of two years commencing from April 2020 will continue thereafter until terminated by either party giving not less than 30 days' notice in writing. Mr. Kwan Tat Cheong has entered into a service agreement with the Company with no specific term commencing from August 2020. Ms. Chiu Lai Kuen, Susanna has entered into a service agreement with the Company for a term of 3 years commencing from 31 December 2020 to 30 December 2023 and will continue thereafter until terminated by either party giving not less than 30 days' notice in writing. Mr. Kwok Chi Shing has entered into a service agreement with the Company for a term of 1 year commencing from 21 September 2020 to 20 September 2021 and will continue thereafter until terminated by either party giving not less than 30 days' notice in writing. Mr. Lee Kwun Kwan has entered into a service agreement with the Company for a term of 1 year commencing from 31 August 2020 to 30 August 2021 and will continue thereafter until terminated by either party giving not less than 30 days' notice in writing. Mr. Yan Sherman Chuek-ning has entered into a service agreement with the Company for a term of 1 year commencing from 15 September 2020 to 14 September 2021 and will continue thereafter until terminated by either party giving not less than 30 days' 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.

## **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. Kwok Chi Shing, Mr. Lee Kwun Kwan and Mr. Yan Sherman Chuek-ning. Mr. Kwok Chi Shing 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, 30 August 2021

*As at the date of this announcement, the Board comprised Mr. Chen Jianwen, Mr. Wan Yim Keung, Daniel, Mr. Kwan Tat Cheong and Ms. Chiu Lai Kuen, Susanna as executive Directors; Mr. Kwok Chi Shing, Mr. Lee Kwun Kwan and Mr. Yan Sherman Chuek-ning as independent non-executive Directors.*