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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)

**UNAUDITED ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Bonjour Holdings Limited (the “**Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, “**Bonjour**” or the “**Group**”) for the year ended 31 December 2021 (the “**Year**”) with comparative figures for the previous year as follows.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	<i>Note</i>	2021 HK\$'000 (unaudited)	2020 HK\$'000 (audited)
Turnover	3	626,991	538,788
Cost of goods sold		<u>(577,031)</u>	<u>(365,693)</u>
Gross profit		49,960	173,095
Other income		77,838	100,207
Distribution costs		(24,928)	(27,563)
Administrative expenses		(253,986)	(398,625)
Other operating expenses		(965)	(18,865)
Impairment loss on trade and other receivables		(7,480)	–
Impairment loss on property, plant and equipment		–	(26,556)
Impairment loss on right-of-use assets		(9,000)	(13,475)
Impairment loss on goodwill		<u>–</u>	<u>(5,520)</u>
Loss from operations		(168,561)	(217,302)
Finance costs	5	<u>(43,292)</u>	<u>(41,810)</u>
Loss before tax		(211,853)	(259,112)
Income tax credit	6	<u>3,761</u>	<u>689</u>
Loss for the year	7	<u>(208,092)</u>	<u>(258,423)</u>
Loss for the year attributed to:			
Owners of the Company		(208,092)	(255,734)
Non-controlling interests		<u>–</u>	<u>(2,689)</u>
		<u>(208,092)</u>	<u>(258,423)</u>
Loss per share	9		
Basic		<u>HK(6.0) cents</u>	<u>HK(7.5) cents</u>
Diluted		<u>HK(6.0) cents</u>	<u>HK(7.5) cents</u>

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

For the year ended 31 December 2021

	2021 HK\$'000 (unaudited)	2020 <i>HK\$'000</i> <i>(audited)</i>
Loss for the year	<u>(208,092)</u>	<u>(258,423)</u>
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Remeasurement losses on long service payment liabilities	–	(584)
Fair value changes of equity instruments at fair value through other comprehensive income (“FVTOCI”)	<u>(8,231)</u>	<u>(5,193)</u>
	<u>(8,231)</u>	<u>(5,777)</u>
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences reclassified to profit or loss on dissolution of subsidiaries	–	(2,751)
Exchange differences on translating foreign operations	<u>226</u>	<u>73</u>
	<u>226</u>	<u>(2,678)</u>
Other comprehensive income for the year, net of tax	<u>(8,005)</u>	<u>(8,455)</u>
Total comprehensive income for the year	<u>(216,097)</u>	<u>(266,878)</u>
Total comprehensive income for the year attributed to:		
Owners of the Company	(216,097)	(264,132)
Non-controlling interests	<u>–</u>	<u>(2,746)</u>
	<u>(216,097)</u>	<u>(266,878)</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Note</i>	2021 HK\$'000 (unaudited)	2020 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		6,120	133,707
Right-of-use assets		18,546	151,746
Goodwill		–	–
Other intangible assets		–	2,313
Rental and utility deposits		5,129	9,273
Financial assets at FVTOCI	<i>10</i>	71,172	74,736
Investment in an associate		–	–
		100,967	371,775
Current assets			
Inventories		26,373	97,318
Trade receivables	<i>11</i>	4,111	7,465
Rental and utility deposits		17,302	34,448
Prepayments, deposits and other receivables		23,238	14,105
Amounts due from related companies		–	2,885
Bank and cash balances		41,948	20,288
		112,972	176,509
Assets classified as held for sale		497,481	479,262
		610,453	655,771
Current liabilities			
Trade payables	<i>12</i>	16,044	23,734
Other payables, deposits received and accrued charges		166,860	152,525
Lease liabilities		21,150	107,503
Amounts due to related companies		–	33,733
Bank and other borrowings		366,599	411,920
Trade finance loans		–	38,772
Current tax liabilities		2,732	4,133
		573,385	772,320
Net current assets/(liabilities)		37,068	(116,549)
Total assets less current liabilities		138,035	255,226

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*At 31 December 2021*

	2021 HK\$'000 (unaudited)	2020 <i>HK\$'000</i> (audited)
Non-current liabilities		
Deposits received	–	210
Lease liabilities	6,831	81,129
Convertible loans	90,186	–
Bank and other borrowings	27,500	–
Deferred tax liabilities	1,691	3,802
Long service payment liabilities	1,537	1,537
	<u>127,745</u>	<u>86,678</u>
NET ASSETS	<u>10,290</u>	<u>168,548</u>
Capital and reserves		
Share capital	35,126	34,126
Reserves	(24,836)	138,040
	<u>10,290</u>	<u>172,166</u>
Equity attributable to owners of the Company	10,290	172,166
Non-controlling interests	–	(3,618)
	<u>10,290</u>	<u>168,548</u>
TOTAL EQUITY	<u>10,290</u>	<u>168,548</u>

Notes:

1. BASIS OF PREPARATION

These unaudited consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These unaudited consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these unaudited consolidated financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has early adopted Amendment to HKFRS 16, COVID-19-Related Rent Concessions for the year ended 31 December 2020.

The Group has applied the following amendments to HKFRSs issued by HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the unaudited consolidated financial statements:

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

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

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

(b) **New and revised HKFRSs in issue but not yet effective**

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

	Effective for accounting periods beginning on or after
Amendment to HKFRS 16 – COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to HKFRS 3 Business Combination – Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

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

3. TURNOVER

An analysis of the Group's turnover for the year is as follows:

	2021 HK\$'000 (unaudited)	2020 HK\$'000 (audited)
Revenue from contract with customers within the scope of HKFRS 15		
Sales of merchandise	<u><u>626,991</u></u>	<u><u>538,788</u></u>
Timing of revenue recognition		
Products transferred at a point in time	<u><u>626,991</u></u>	<u><u>538,788</u></u>

4. SEGMENT INFORMATION

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

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	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)
Hong Kong	607,427	501,009	6,110	133,547
Macau	19,395	35,809	10	130
PRC except Hong Kong and Macau	169	1,970	–	30
Consolidated total	<u>626,991</u>	<u>538,788</u>	<u>6,120</u>	<u>133,707</u>

Revenue from major customers:

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)
Customer A	94,394	–
Customer B	174,213	–
	<u>268,607</u>	<u>–</u>

5. FINANCE COSTS

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)
Interest expense on lease liabilities	8,609	29,013
Interest expense on bank and other borrowings	25,094	12,610
Interest expense on convertible loans	9,589	–
Interest expense on loan from a related company	–	187
	<u>43,292</u>	<u>41,810</u>

6. INCOME TAX CREDIT

Income tax has been recognised in profit or loss as following:

	2021 HK\$'000 (unaudited)	2020 <i>HK\$'000</i> (audited)
Current tax – Hong Kong Profits Tax		
Provision for the year	133	844
Over-provision in prior years	(778)	(913)
	<u>(645)</u>	<u>(69)</u>
Current tax – Overseas		
Over-provision in prior years	(1,006)	(1,580)
	<u>(1,006)</u>	<u>(1,580)</u>
Deferred tax	(2,110)	960
	<u>(3,761)</u>	<u>(689)</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the year ended 31 December 2021.

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

PRC Enterprise Income Tax has been provided at a rate of 25% (2020: 25%).

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.

7. LOSS FOR THE YEAR

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

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)
Auditor's remuneration	1,840	1,206
Cost of inventories sold (<i>Note</i>)	577,031	365,693
Allowance for slow-moving inventories (<i>Note</i>)	21,000	13,530
Depreciation of property, plant and equipment	4,830	33,285
Depreciation of right-of-use assets	69,011	160,848
Amortisation of other intangible assets	–	260
Write off of property, plant and equipment	514	16,393
Impairment loss on property, plant and equipment	–	26,556
Impairment loss on right-of-use assets	9,000	13,475
Impairment loss on goodwill	–	5,520
Gain on disposal of property, plant and equipment	(9,107)	(1,700)
Gain on dissolution of subsidiaries, net	(3,360)	(3,289)
Write off of other intangible assets	1,203	–
Staff costs, including directors' emoluments		
Wages and salaries and bonus	88,395	130,317
Retirement benefits scheme contributions	3,340	5,271
Provision for/(reversal of provision for) unutilised annual leave	2,000	(3,987)
Reversal of provision for long service payments	–	(846)
	93,735	130,755

Note: Cost of inventories sold includes allowance for slow-moving inventories of approximately HK\$21,000,000 (2020: HK\$13,530,000) which is included in the amount disclosed separately above.

8. DIVIDENDS

The directors do not recommend the payment of interim and final dividends.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following:

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)
Loss		
Loss for the purpose of calculating basic and diluted loss per share	(208,092)	(255,734)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	3,461,607,095	3,412,566,000

The effects of potential ordinary shares are anti-dilutive for the year ended 31 December 2021. The weighted average numbers of ordinary shares used as denominator for calculating the basic and diluted earnings per share are the same for the year ended 31 December 2020.

10. FINANCIAL ASSETS AT FVTOCI

	2021 HK\$'000 (unaudited)	2020 <i>HK\$'000</i> (audited)
Listed investments, at fair value		
Equity securities	71,061	74,502
Unlisted equity securities at fair value	<u>111</u>	<u>234</u>
Analysed as non-current assets	<u>71,172</u>	<u>74,736</u>

As at 31 December 2021, the fair values of listed securities are based on current bid prices. As at 31 December 2020, as there is no quoted market price in an active market, the fair value of listed securities was determined by the directors with reference to the valuation carried out by an external independent valuer by using index return method which is based on index return on certain market comparables (level 3 fair value measurements). The liquidity discount rate used is 30%.

As at 31 December 2021 and 2020, as there is no quoted market price in an active market, the fair value of unlisted securities was determined by the directors with reference to the valuation carried out by an external independent valuer by using market comparable approach which is based on enterprise value-to-sales ratio on certain market comparables (level 3 fair value measurements). The liquidity discount rate used is 25% (2020: 20%).

For the year ended 31 December 2021, the Group recognised fair value changes of HK\$8,108,000 (2020: HK\$3,336,000) and HK\$123,000 (2020: HK\$1,857,000) related to listed securities and unlisted securities respectively which are classified as financial assets at FVTOCI held at the end of the reporting period in other comprehensive income.

Financial assets at FVTOCI are denominated in the following currencies:

	2021 HK\$'000 (unaudited)	2020 <i>HK\$'000</i> (audited)
HK dollars	71,061	74,502
US dollars	<u>111</u>	<u>234</u>
	<u>71,172</u>	<u>74,736</u>

11. TRADE RECEIVABLES

- (a) 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:

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)
Wholesales customers		
0–30 days	–	753
31–60 days	–	617
61–90 days	24	425
91–120 days	5	208
Over 120 days	602	1,328
	<hr/> 631 <hr/>	<hr/> 3,331 <hr/>
Trade receivables under retail sales		
0–30 days	329	2,788
31–60 days	687	1,260
61–90 days	35	40
91–120 days	140	19
Over 120 days	2,289	27
	<hr/> 3,480 <hr/>	<hr/> 4,134 <hr/>
Total	<hr/> 4,111 <hr/>	<hr/> 7,465 <hr/>

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

	HKD <i>HK\$'000</i>	Macau Pataca (“MOP”) <i>HK\$'000</i>	Total <i>HK\$'000</i>
2021 (unaudited)	4,018	93	4,111
	<hr/> 4,018 <hr/>	<hr/> 93 <hr/>	<hr/> 4,111 <hr/>
2020 (audited)	7,291	174	7,465
	<hr/> 7,291 <hr/>	<hr/> 174 <hr/>	<hr/> 7,465 <hr/>

- (c) As of 31 December 2021, trade receivables of approximately HK\$3,056,000 (2020: HK\$4,352,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (audited)
Up to 3 months	736	3,580
3 to 6 months	2,320	772
	<hr/> 3,056 <hr/>	<hr/> 4,352 <hr/>

12. TRADE PAYABLES

(a) The ageing analysis of the Group's trade payables based on the date of receipt of goods, is as follows:

	2021 HK\$'000 (unaudited)	2020 <i>HK\$'000</i> (audited)
0–30 days	1,236	4,053
31–60 days	560	5,249
61–90 days	247	3,836
91–120 days	704	283
Over 120 days	<u>13,297</u>	<u>10,313</u>
	<u>16,044</u>	<u>23,734</u>

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

	HKD <i>HK\$'000</i>	Japanese Yen ("JPY") <i>HK\$'000</i>	MOP <i>HK\$'000</i>	Renminbi ("RMB") <i>HK\$'000</i>	US Dollars <i>HK\$'000</i>	Total <i>HK\$'000</i>
2021 (unaudited)	<u>15,928</u>	<u>–</u>	<u>110</u>	<u>6</u>	<u>–</u>	<u>16,044</u>
2020 (audited)	<u>23,669</u>	<u>22</u>	<u>–</u>	<u>–</u>	<u>43</u>	<u>23,734</u>

MANAGEMENT DISCUSSION AND ANALYSIS

ANNUAL RESULTS

For the twelve months ended 31 December 2021 (the “Period” or “Review Period”), Bonjour Holdings Limited (the “Company”) and its subsidiaries (collectively, “Bonjour” or the “Group”) recorded revenue of HK\$627.0 million (2020: HK\$538.8 million), representing an increase of 16% from last year. Loss attributable to owners of the Company for the Period was HK\$208.1 million (loss for 2020: HK\$258.4 million), representing a decrease of 19% from last year. Loss per share amounted to HK6.0 cent (loss per share for 2020: HK7.5 cent).

MARKET OVERVIEW

During 2021, the local retail market recovered significantly from 2020 supported by the Consumption Voucher Scheme despite recurrent outbreaks from time to time, which were brought under control thanks to the cooperation and efforts made by people from all walks of life. According to the Census and Statistics Department, for the full year of 2021, the value of total retail sales was estimated at HK\$353 billion, an increase of 8.1% year-on-year, compared with an decrease of 24.3% for 2020. Besides, the value of online retail sales was estimated at HK\$28.6 billion, an increase of 39.0% year-on-year, accounting for about 8.1% of the value of total retail sales.

On the other hand, to stop the COVID from spreading, the government continued to implement strict quarantine measures to safeguard the health of the public, resulting in a slump in the number of visitors to Hong Kong. According to preliminary data from the Hong Kong Tourism Board, in 2021, the number of visitors to Hong Kong was about 91,398, with a year-on-year decline of 97.4%. Of these, the number of mainland visitors to Hong Kong was 65,694, down 97.6% year on year, and the number of non-mainland visitors to Hong Kong was 25,704, down 97.0% year on year. Due to the quarantine measures, they came to Hong Kong mainly to visit their relatives or for other necessary reasons, and the number of recreational visitors remained close to zero.

The outbreak of the epidemic, which has accelerated the popularity of the “stay-at-home economy”, and innovation in technology that makes online spending more convenient and reliable have significantly altered consumer behaviour. Traditional retailers have to speed up their transformation to keep up with consumer trends. They can only survive the competitive environment and seize the opportunities and differentiate themselves by leveraging on the evolving new retail technology.

BUSINESS REVIEW

The Group has actively driven its business transformation from 2020 to launch a new business model based on “technology + consumption + capital” and the brand-new “Beauty, Health & Beautiful Life” concept. Although it was still challenging for the retail sector in face of COVID-19 during the Period, the Group is committed to making its overall business outperform expectations through deepened transformation, simplification, bold attempts and unremitting efforts.

- **Online Retail**

During the Review Period, the Group applied various leading new retail technologies, including live streaming, intelligent shopping guide, smart push, image search, voice search, and data bank, to its e-commerce platform Bonjour HKMALL, which greatly enhanced the online shopping experience for customers.

As of 31 December 2021, HKMALL covered 34 countries including the UK, the US, Canada, Australia, France and Singapore, across 44 market platforms in mainland China and overseas, including Tmall Global, Kaola, JD.com, Facebook and WeChat Mall etc. The gross merchandise value (GMV) of completed orders amounted to HK\$627 million for the Period.

HKMALL is an omni-channel e-commerce platform that not only sells products and branded merchandises with exclusive distributorship rights, but also serves small and medium enterprises (SMEs) by assisting them to expand their sales network via HKMALL efficiently and effectively to markets in the Greater Bay Area and overseas countries. The Group sells authentic goods, and offers SMEs an easy way of payment settlement, logistics support and data services, providing a fast track to SMEs to digitally transform their businesses.

With the fast rise of the KOL economy, the Group has its own direct broadcasting studio with an area of over 10,000 sq. ft. for KOLs to conduct sales on social media. As a result, the Group is able to enhance the interaction of consumer experience and customer loyalty, while accumulating online subscriptions and “Likes” to boost its turnover. As of 31 December 2021, the Group had conducted over 2,000 live streaming broadcasts across all platforms. The Group has cultivated more than 200 sales staff to become KOLs so far.

- **Offline Retail**

With the outbreak of COVID-19, the number of tourist arrival slumped rapidly, and people have also turned to online shopping instead of going out. During the Period, the Group strategically adjusted the number of retail stores and optimised and transformed them into new O2O stores to provide consumers with new shopping experience while saving rental costs.

As of 31 December 2021, the Group operated 10 physical retail stores in Hong Kong and Macau. The Group will continue to monitor the rental market closely and review its store network for better cost control. Also, the Group intends to explore new sources of income by utilising digital displays in and out of its stores with the control system powered by Bonjour Technology Development Limited, a wholly owned subsidiary of the Company.

- **Technology and Industry Innovation**

Apart from its own development, the Group is also committed to providing SMEs with the best e-commerce services and all-rounded intelligent retail solutions, helping businesses to transform to digital and traditional industries to innovate. The Group not only supports businesses to streamline costs and improve efficiency, but also empowers customers to achieve operational excellence through the flexible use of the capabilities of the Bonjour Technology platform.

In order to build an effective ecosystem and leverage on partnership to accelerate growth, the Group entered into cooperation agreements with various strong strategic partners, including industry-leading companies or groups such as China Mobile Hong Kong, Huawei Cloud, CEN, ATOME, Hong Kong Science and Technology Youth Federation, and Hong Kong Federation of Education Workers, to drive for a win-win with respective strengths.

To enable traditional business to transform to new business models, the Group has established the “Hong Kong Industry Innovation Centre” (HKIIC), which aims to support the digital transformation of business by combining “industry + technology + capital”. The HKIIC also serves as the Hong Kong site of the “Guangdong Hongkong and Macau Youth Entrepreneurship Incubator”, offering one-stop services for office sharing, start-up incubation and acceleration, financing facilitation and ecosystem development. The Guangdong Hongkong and Macau Youth Entrepreneurship Incubator was approved for inclusion into the Cyberport Accelerator Support Programme (CASP) as an accelerator recognised by Cyberport.

- **Exploring Beauty Business**

During the Review Period, the Group actively explored the possibility of expanding into aesthetic medical business under the development approach of “Beauty, Health & Beautiful Life”. In December 2021, Bonjour Health Limited (“**Bonjour Health**”), a wholly owned subsidiary of the Group, entered into a strategic cooperation memorandum of understanding with APEX Boom Limited wholly-owned by Dr. Angus Wong Wo Yuen, a leading aesthetic medical expert in Hong Kong, in relation to the cooperation in business development in the aesthetic medical market. The Group expects to capture enormous opportunities in markets across the Greater Bay Area and even Asia with quality aesthetic medical services. The first aesthetic medical centre is expected to open in the first half of 2022.

Further, the Group is preparing for the provision of beauty services led by experienced experts in the sector through the brand-new Suisse Reborn beauty center which will offer one-stop new experience of life and beauty to customers. It is expected to open in the first half of 2022.

- **Brand Management**

Currently, the Group offers over 40,000 SKUs, and 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 bodycare, the Group also sourced healthcare and life style products from all over the world. Recently, a variety of quality products are offered at competitive prices to satisfy the ever-changing customer needs.

OUTLOOK

Digital transformation reshapes all industries. Since commencement of business transformation from 2020, the Group has been working to innovate and make a difference with the aim to generate sustainable growth and maximise return to its shareholders. The Group's main focus has been "Technology + Consumption" to support its own development and the transformation of traditional businesses. The Group will stick to this philosophy to build up the scale, strength and expertise of its business.

HKMALL is more than a Bonjour online shop, it is also an e-commerce 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.

On the front of offline shopping experience, the Group will transform all physical stores into new retail O2O shops, empowered by big data and intelligent technology. This aims to provide brand new shopping experience to customers.

On product side, the Group will actively diversify its products to satisfy changing consumer needs and to create a "better life" for all, while building up its exclusive distributorship in order for better risk management and profitability.

Digital transformation applies not just to front-line, but also in internal transaction processing. By using technology, internal processes and structure can be streamlined and become more efficient. This will help control the overall cost, and generate higher value per headcount. This will also help the organization to become "green" by saving physical resources via conducting transactions in a digital and paperless manner.

Overall, despite the headwinds to Hong Kong's economic recovery resulting from the fifth wave of COVID outbreak in the first quarter of 2022, the Group believes that Hong Kong will eventually overcome the epidemic with concerted efforts and its economy will thrive again. As the Group is well prepared in terms of new retail technology, e-commerce platform development and planning for aesthetic medical business, the Group will stage a comeback quickly and provide better return to its shareholders as soon as the epidemic ends or fades down.

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 May this Year. Under the agreement, 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, 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.

In September, Bonjour Technology Development Limited established a close cooperative relationship with and China Resources Capital Investment Management Limited (“**China Resources Capital**”) to vigorously promote the upgrading and transformation of traditional industries in Hong Kong, and promote the full development of technology, capital and industries in the Greater Bay Area. As of December, Bonjour Health Limited, APEX Boom Limited, and Hong Kong’s top aesthetic medical expert, Dr. Angus Wong Wo Yuen, conducted cooperation on the business development in the aesthetic medical market, achieved mutual benefits and win-win results, hoping to capture the huge market opportunities in the Greater Bay Area and even Asia with high-quality aesthetic medical services. In the same month, Bonjour Technology Development Limited and the Hong Kong Science and Technology Youth Federation jointly promoted the integration of “industry + technology + capital”, and provided a full range of smart retail solutions for enterprises to transform from traditional business to a new business model and realize digital transformation.

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.

FINANCIAL REVIEW

Overview

Despite the continuation of the epidemic affecting the economy in the Year, the Group has managed to streamline its operations via digitalization resulting in significant cost savings at around 37% reduction of operating costs from 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 approximately 16% and narrow the loss by approximately 19% in comparison to the same period last year. Bank and cash balance as of 31 December 2021 amounted to approximately HK\$42.0 million (31 December 2020: approximately 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 on 11 June 2021. Net current assets were improved from net current liabilities of approximately HK\$116.5 million as of 31 December 2020 to net current assets of approximately HK\$37.1 million as of 31 December 2021. The current ratio of the Group was also improved from approximately 0.85 as of 31 December 2020 to approximately 1.06 as of 31 December 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 31 December 2021, the Group's cash and bank deposits amounted to approximately HK\$42.0 million (31 December 2020: approximately HK\$20.3 million). The Group's bank and other borrowings, trade financing loans, lease liabilities and convertible bonds as at 31 December 2021 were HK\$512.3 million (31 December 2020: approximately HK\$639.3 million), out of which, approximately HK\$415.3 million (31 December 2020: approximately HK\$558.2 million) were repayable within next 12 months. As at 31 December 2021, among the current liabilities of approximately HK\$573.4 million (31 December 2020: current liabilities of approximately HK\$772.3 million), approximately HK\$21.2 million was related to lease liability (31 December 2020: HK\$107.5 million) and approximately HK\$366.6 million was mainly related to bank and other borrowings (31 December 2020: approximately HK\$450.7 million).

The Group's net debt ratio as at 31 December 2021 was approximately 49.8 (31 December 2020: approximately 3.8), and was calculated based on the Group's bank and other borrowings, lease liabilities and convertible bond, divided by total equity of approximately HK\$10.3 million (31 December 2020: approximately HK\$168.5 million). Total liabilities to shareholders funds was approximately 68.1% (31 December 2020: approximately 5.1%). The current ratio of the Group as at 31 December 2021 was approximately 1.06 (31 December 2020: approximately 0.85).

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

Placing of bonds

On 2 August 2021 (after trading hours), the Company entered into a placing agreement (the “**Placing Agreement**”) with Venture Smart Asia Limited, the placing agent (the “**Placing Agent**”), pursuant to which the Placing Agent conditionally agreed to act as placing agent, on a best effort basis, for the purposes of procuring placees to subscribe in cash for the two-year 9% bonds with an aggregate principal amount of up to HK\$50,000,000 during the period commencing from the date of the Placing Agreement and terminating on the date falling on the expiration of six (6) months from the date of the Placing Agreement. Please refer to the announcement of the Company dated 2 August 2021 for details.

Contingent Liabilities

As at 31 December 2021, the Group had no significant contingent liabilities (31 December 2020: Nil).

Litigation

As at 31 December 2021, the Group has been involved in numerous ongoing legal proceedings and claims. The management has made full provision for the accrued rentals and believes that a favorable settlement solution can be reached with the plaintiffs.

Foreign Exchange and Bank Borrowing Interest Rate Exposures

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 foreign exchange contracts. As at 31 December 2021, the Group’s bank borrowings were not dominated in foreign currency.

As at 31 December 2021, the Group had bank and other borrowings amounting to approximately HK\$394.1 million (31 December 2020: approximately HK\$450.1 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 Year, 100,000,000 new shares of the Company (the “**Share(s)**”) were issued pursuant to the exercise of conversion rights of convertible bonds.

The total number of issued and fully paid Shares as at 31 December 2021 was 3,512,565,999 Shares.

Charges on Group Assets

As at 31 December 2021, certain of the Group's assets with net book value of approximately HK\$479.8 million (31 December 2020: approximately HK\$583.3 million) were pledged to secure banking facilities granted to the Group.

Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures

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 independent third party. The disposal was completed on 17 August 2021.

Save as disclosed herein, there was no material acquisition or disposal of subsidiaries, associates and joint ventures during the Year.

Significant Securities Investments

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

As at 31 December 2021, the Group had financial assets at FVTOCI (31 December 2020: 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 approximately HK\$71.1 million, accounting for approximately 10.0% of the Group's total assets (31 December 2020: approximately HK\$74.5 million, accounting for approximately 7.2% of the Group's total assets). Throughout the Year, the Group only held two financial assets and the change on the fair value of such financial assets amounted to a loss of approximately HK\$8.2 million for the Year (2020: loss of approximately HK\$5.2 million). The market value of the financial assets will be affected by the financial performance of Town Health. In addition, the fair value for the unlisted securities was determined by the directors with reference to the valuation carried out by an external independent valuer by using Market Comparable Approach which is based on enterprise value-to-sales ratio on certain market comparables (level 3 fair value measurements). 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.

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.

EVENTS AFTER THE REPORTING PERIOD

Very substantial disposal in relation to the disposal of the entire issued share capital of the Target Company

On 28 March 2022, the Company entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”), pursuant to which the Company agreed to sell and CR Business Innovation Investment Fund L.P (the “**Fund**”) agreed to purchase one ordinary share (the “**Sale Share**”) of Apex Centric Investment Limited (a direct wholly-owned subsidiary of the Company, the “**Target Company**”) at an aggregate consideration of HK\$900,000,000, subject to the terms and conditions of the Sale and Purchase Agreement (the “**Disposal**”).

The Target Company directly holds and owns 100% of the issued shares of Apex Frame Limited (“**Apex Frame**”), which is the legal and beneficial owner of all those pieces or parcels of ground situated lying and being at Tsuen Wan, New Territories, Hong Kong and respectively registered in the Land Registry as LOT NO. 458 IN DEMARCATION DISTRICT NO. 443 AND LOT NO. 488 UB DENARCATION DISTRICT NO.443 TOGETHER with the messuages erections and buildings thereon now known as NOS. 36-42 and NOS. 44-50 WANG WO TSAI STREET, Tsuen Wan, New Territories, Hong Kong (the “**Property**”).

Major transaction in relation to investment in a fund

On 28 March 2022, Bonjour Investment Management Limited (a wholly-owned subsidiary of the Company, “**Bonjour Investment**”), CR Capital Investment (Cayman) Limited (“**CRCI**”) (together with Bonjour Investment, the “**Limited Partner(s)**”) and CR Business Innovation Investment GP Company Limited (the “**General Partner**”), entered into a limited partnership agreement (the “**Limited Partnership Agreement**”) and a subscription agreement (the “**Subscription Agreement**”), pursuant to which the parties have agreed upon, among other things, that the Limited Partners shall contribute a maximum of HK\$550,000,000 to the Fund subject to the terms of the Limited Partnership Agreement. The principal investment of the Fund is the acquisition of the Property by way of purchasing the Sale Share of the Target Company (the “**Seed Project**”), which involves the Fund acquiring the Sale Share from the Company (the “**Investment**”).

Issue of warrants under specific mandate

Upon completion of the Disposal (the “**Completion**”), the Company will issue 581,578,947 warrants (the “**Warrants**”) with an aggregate face value of HK\$110,500,000 to Karfond Limited (the “**Subscriber**”).

The issue price of the Warrants is nil. Each Warrant carries the right to subscribe for one new Share (the “**Warrant Share**”) at an exercise price of HK\$0.19 per Warrant Share (subject to adjustment events set out in and in accordance with the terms and conditions of the Warrants). The Warrant Shares will be issued under the specific mandate to be sought from the shareholders of the Company at the extraordinary general meeting of the Company. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges. The Company will make application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares upon exercise of the rights of the Subscriber to subscribe for Warrant Shares upon and subject to the terms and conditions of the Warrants on the Stock Exchange.

Discloseable transaction in relation to the Tenancy Agreement

Pursuant to the Sale and Purchase Agreement, upon Completion, the Company (or its subsidiary/affiliate) and the Fund will enter into a tenancy agreement (the “**Tenancy Agreement**”), whereby the Fund will lease the Property to the Group for the Group’s use for a term of four years commencing on the date of the Completion. The annual rent payable by the Group will be HK\$27,000,000 during the term of the Tenancy Agreement. The Property will continue to be used by the Group as premises for its operation.

The Disposal, the Investment, issue of the Warrants and the entering into of the Tenancy Agreement are contractually inter-conditional upon each other.

Save as disclosed herein, no material events happened subsequent to the Year and up to the date of this announcement.

Human Resources

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. As at 31 December 2021, the Group had approximately 210 (2020: approximately 500) full-time and part-time employees in Hong Kong, Macau and Mainland. Staff costs including Directors’ emoluments for the Year were significantly streamlined at approximately HK\$93.7 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.

PURCHASE, SALE OR REDEMPTION OF LISTED 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 Year.

DIVIDENDS

The Board does not recommend the payment of any dividend for the Year.

PREPARATION OF UNAUDITED ANNUAL RESULTS

The Board wishes to emphasize that the unaudited consolidated results of the Group for the Year set out herein is extracted directly from the latest unaudited management accounts of the Group for the Year and is subject to changes resulting from, among other things, (i) further review by the Company and relevant professional parties; (ii) any potential adjustments that might be necessary according to the work results of the Company's auditor. The unaudited consolidated results of the Group for the Year is subject to change and has not been agreed by the auditor of the Company as required under Rule 13.49(2) of the Listing Rules. The audit process for the annual results for the Year has not been completed due to the outbreak of the COVID-19 Pandemic.

In order to keep the shareholders of the Company and potential investors of the Company informed of the Group's business operation and financial position, the Board has set forth in this announcement the unaudited consolidated results of the Group for the Year as extracted from the latest unaudited management accounts of the Group for the Year. The Board confirmed that the unaudited consolidated results of the Group for the Year were prepared on the same basis as set out in note 1 to this announcement. Based on the current situation and the latest discussion with the Company's auditor, the Company expects that an announcement relating to the audited annual results of the Group for the Year will be made before the end of April 2022, although this may be subject to further developments of the Pandemic outbreak.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures. Throughout the Year, the Company has complied with the code provisions prescribed in the Corporate Governance Code (the "**CG Code**") set out in the Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (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 during the Year.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 17 June 2003 with written terms of reference no less exacting terms than the CG Code. 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. The Audit Committee has reviewed the effectiveness of both external audit and risk management and internal control systems. The unaudited consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee.

The Audit Committee acts as an important link between the Board and the Company's auditor in matters within the scope of the Group's audit. The duties of the Audit Committee are to review and discuss on the effectiveness of external audit, risk management and internal control systems of the Group, the Company's annual report and accounts, interim report and to provide advice and comments to the Board. The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the Year. The Audit Committee meets regularly with the management and the external auditor to discuss the risk management and internal control systems, financial reporting system, the accounting principles and practices adopted by the Group. During the Year, four meetings were held to review, among others, the audited consolidated financial statements of the Group for the year ended 31 December 2020 and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 with the recommendations to the Board for approval; and has reviewed the accounting principles and policies adopted by the Group and its systems of risk management and internal control. The attendance records for the Audit Committee meetings are set out below:

Members of the Audit Committee	Members' Attendance
Mr. Kwok Chi Shing	4/4
Mr. Lee Kwun Kwan	4/4
Mr. Yan Sherman Chuek-ning	4/4

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

Hong Kong, 31 March 2022

As at the date of this announcement, the Board comprises Mr. Chen Jianwen, Mr. Wan Yim Keung, Daniel 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.