卓悦控股有限公司
BONJOUR Holdings Limited
Hong Kong Stock Code 653

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卓悦控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 653)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

References are made to (i) the announcement of Bonjour Holdings Limited (the "**Company**", together with its subsidiaries, "**Bonjour**" or the "**Group**") dated 21 March 2022 in relation to, among other things, the publication of the unaudited annual results of the Group for the year ended 31 December 2021; (ii) the announcement of the Company dated 31 March 2022 in relation to the unaudited annual results of the Group for the year ended 31 December 2021 (the "**Unaudited Annual Results Announcement**"); (iii) the announcements of the Company dated 26 April 2022, 28 April 2022, 2 May 2022 in relation to the change of dates of the meeting of the board of directors of the Company (the "**Board**") for the purposes of, among other things, considering and approving the audited annual results of the Group for the year ended 31 December 2021 (the "**Audited Results**") and its publication; (iv) the announcements of the Company dated 12 May 2022, 18 May 2022, 27 May 2022, 1 June 2022 and 12 June 2022 in relation to the further delay in publication of the Audited Results and the Company's annual report for the year ended 31 December 2021 (the "**Annual Report**"); (v) the announcements of the Company dated 10 June 2022 and 20 June 2022 in relation to the change of auditor; (vi) the announcements of the Company dated 26 August 2022, 30 September 2022, 31 October 2022, 30 November 2022, 30 December 2022, 31 January 2023 and 28 February 2023 in relation to, among other things, further delay in publication of the Audited Results and the Annual Report, further postponement of the board meeting, delay in publication of the interim results of the Group for the six months ended 30 June 2022 (the "**Interim Results**") and the continued suspension of trading in the shares of the Company; and (vii) the announcement of the Company dated 19 September 2022 in relation to the resumption guidance for resumption of trading in the shares of the Company (the "**Resumption Guidance**") as set out in the letter from The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") dated 15 September 2022 and the quarterly update on status of resumption (collectively, the "**Announcements**").

The Board hereby announces that the auditing process of the Audited Results has been completed. The Board wishes to announce that the Company has obtained the agreement from the auditor of the Company on the figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto as set out in this announcement. As certain adjustments have been made to the unaudited financial information of the Group as contained in the Unaudited Annual Results Announcement, the differences between the unaudited financial information and the audited financial information contained in this announcement are set out in the section headed "material differences between the Audited Results and the Unaudited Annual Results Announcement" in this announcement in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

The Board hereby announces the audited consolidated results of the Group for the year ended 31 December 2021 (the "**Year**") with comparative figures for the previous year as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2021

	Notes	**2021** **HK$'000**	2020 HK$'000
Turnover	*3*	**626,991**	538,788
Cost of goods sold		**(577,031)**	(365,693)
Gross profit		**49,960**	173,095
Other income		**74,699**	100,207
Distribution costs		**(16,681)**	(27,563)
Administrative expenses		**(253,486)**	(398,625)
Other operating expenses		**(965)**	(18,865)
Impairment loss on trade and other receivables		**(12,574)**	–
Impairment loss on property, plant and equipment		**(3,866)**	(26,556)
Impairment loss on right-of-use assets		**(13,873)**	(13,475)
Impairment loss on goodwill		**–**	(5,520)
Loss from operations		**(176,786)**	(217,302)
Finance costs	*5*	**(43,292)**	(41,810)
Loss before tax		**(220,078)**	(259,112)
Income tax credit	*6*	**4,000**	689
Loss for the year	*7*	**(216,078)**	(258,423)
(Loss)/Profit for the year attributed to:			
Owners of the Company		**(216,738)**	(255,734)
Non-controlling interests		**660**	(2,689)
		(216,078)	(258,423)
Loss per share			
Basic and diluted	*9*	**HK(6.3) cents**	HK(7.5) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021	2020
	HK$'000	*HK$'000*
Loss for the year	**(216,078)**	(258,423)
Other comprehensive income/(expense):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement gains/(losses) on long service payment liabilities	**36**	(584)
Fair value changes of equity instruments at fair value through other comprehensive income ("**FVTOCI**")	**8,077**	(5,193)
	8,113	(5,777)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences reclassified to profit or loss on dissolution of subsidiaries	**470**	(2,751)
Exchange differences on translating foreign operations	**(694)**	73
	(224)	(2,678)
Other comprehensive income/(expense) for the year, net of tax	**7,889**	(8,455)
Total comprehensive expense for the year	**(208,189)**	(266,878)
Total comprehensive (expense)/income for the year attributed to:		
Owners of the Company	**(208,905)**	(264,132)
Non-controlling interests	**716**	(2,746)
	(208,189)	(266,878)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment		**2,254**	115,488
Right-of-use assets		**13,673**	151,746
Goodwill		**–**	–
Other intangible assets		**–**	2,313
Rental and utility deposits		**5,129**	9,273
Financial assets at FVTOCI	*10*	**71,172**	74,736
Investment in an associate		**–**	–
		92,228	353,556
Current assets			
Inventories		**26,373**	97,318
Trade receivables	*11*	**4,082**	7,465
Rental and utility deposits		**15,723**	34,448
Prepayments, deposits and other receivables		**20,349**	14,105
Amounts due from related parties		**–**	2,885
Bank and cash balances		**41,834**	20,288
		108,361	176,509
Assets classified as held for sale		**498,454**	497,481
		606,815	673,990
Current liabilities			
Trade payables	*12*	**16,044**	23,734
Other payables, deposits received and accrued charges		**127,311**	150,654
Lease liabilities		**21,150**	107,503
Amounts due to related parties		**–**	35,604
Amounts due to former related parties		**35,490**	–
Bank and other borrowings		**171,513**	411,920
Trade finance loans		**–**	38,772
Current tax liabilities		**2,732**	4,133
		374,240	772,320
Liabilities directly associated with assets classified as held for sale		**287,914**	–
		662,154	772,320
Net current liabilities		**(55,339)**	(98,330)
Total assets less current liabilities		**36,889**	255,226

	2021	2020
	HK$'000	*HK$'000*
		(Restated)
Non-current liabilities		
Deposits received	**–**	210
Lease liabilities	**6,831**	81,129
Other borrowings	**25,975**	–
Deferred tax liabilities	**–**	3,802
Long service payment liabilities	**1,296**	1,537
	34,102	86,678
Net assets	**2,787**	168,548
Capital and reserves		
Share capital	**35,126**	34,126
Reserves	**(32,339)**	138,040
Equity attributable to owners of the Company	**2,787**	172,166
Non-controlling interests	**–**	(3,618)
Total equity	**2,787**	168,548

Notes:

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") which includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKAS**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the accounting principles generally accepted in Hong Kong.

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 consolidated financial statements.

2. ADOPTION OF NEW OR AMENDED HKFRSs

2.1 Amended HKFRSs that are effective for annual periods beginning on 1 January 2021

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

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

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

The Phase 2 Amendments provide practical relief from certain requirements in HKFRSs. These reliefs relate to modifications of financial assets and financial liabilities (measured at amortised costs) and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark risk-free rate.

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

2.2 Issued but not yet effective HKFRSs

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

	Effective for accounting periods beginning on or after
Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKFRS 17 – Insurance Contracts and related amendments	1 January 2023
Amendments to HKFRS 3 – Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet determined
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
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 HKFRS Standards 2018-2020	1 January 2022
Accounting Guideline 5 (Revised) – Merger Accounting for Common Control Combination	1 January 2022

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

3. TURNOVER

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

	2021	2020
	HK$'000	*HK$'000*
Revenue from contract with customers within the scope of HKFRS 15		
Sales of beauty, healthcare and lifestyle products	**158,493**	538,788
Sales of technology products	**468,498**	–
	626,991	538,788
Timing of revenue recognition		
Products transferred at a point in time	**626,991**	538,788

4. SEGMENT INFORMATION

The chief operating decision-maker (the "**CODM**") has been identified as the Company's executive directors. During the year ended 31 December 2021, the executive directors have identified "wholesaling of technology products" as a reporting segment in addition to "wholesaling and retailing of beauty, health-care and lifestyle products" which has been identified in the prior year.

(a) Business segments

	Wholesaling and retailing of beauty, health-care and lifestyle products *HK$'000*	**Wholesaling of technology products** *HK$'000*	**Total** *HK$'000*
For the year ended 31 December 2021			
Segment turnover	**158,493**	**468,498**	**626,991**
Segment cost of goods sold	**(113,128)**	**(463,903)**	**(577,031)**
Segment gross profit	**45,365**	**4,595**	**49,960**
Other segment information			
Segment assets	**686,261**	**12,782**	**699,043**
Segment liabilities	**(696,256)**	**–**	**(696,256)**
For the year ended 31 December 2020			
Segment turnover	538,788	–	538,788
Segment cost of goods sold	(365,693)	–	(365,693)
Segment gross profit	173,095	–	173,095
Other segment information			
Segment assets	1,027,546	–	1,027,546
Segment liabilities	(858,998)	–	(858,998)

(b) Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by timing over revenue recognition (under HKFRS 15). The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Wholesaling and retailing of beauty, health-care and lifestyle products *HK$'000*	**Wholesaling of technology products** *HK$'000*	**Total** *HK$'000*
For the year ended 31 December 2021			
– At a point in time	**158,493**	**468,498**	**626,991**
For the year ended 31 December 2020			
– At a point in time	538,788	–	538,788

(c) **Geographical information**

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

	Revenue		Non-current assets	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
				(Restated)
Hong Kong	**607,427**	501,009	**15,913**	266,865
Macau	**19,395**	35,809	**10**	451
PRC except Hong Kong and Macau	**169**	1,970	**4**	2,231
Consolidated total	**626,991**	538,788	**15,927**	269,547

(d) **Revenue from major customers**

	2021	2020
	HK$'000	*HK$'000*
Arise from wholesaling of technology products:		
Customer A	**174,213**	N/A*
Customer B	**94,394**	N/A*

* The corresponding revenue did not contribute over 10% of total revenue of the Group.

5. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Interest expense on lease liabilities	**9,631**	29,013
Interest expense on bank and other borrowings	**24,073**	12,610
Interest expense on convertible loans	**9,588**	–
Interest expense on loan from a related company	**–**	187
	43,292	41,810

6. INCOME TAX CREDIT

Income tax has been recognised/(credited) in profit or loss as following:

	2021	2020
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**21**	844
Over-provision in prior years	**(626)**	(913)
	(605)	(69)
Current tax – Overseas		
Provision for the year	**–**	–
Over-provision in prior years	**(1,006)**	(1,580)
	(1,006)	(1,580)
Deferred tax	**(2,389)**	960
	(4,000)	(689)

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%).

Macau SAR Complementary Tax has been provided at a rate of 12% (2020: 12%).

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	2020
	HK$'000	*HK$'000*
Auditor's remuneration	**4,340**	1,206
Cost of inventories sold *(Note)*	**577,031**	365,693
Allowance for slow-moving inventories *(Note)*	**21,000**	13,530
Depreciation of property, plant and equipment	**4,841**	33,285
Depreciation of right-of-use assets	**69,011**	160,848
Amortisation of other intangible assets	**124**	260
Written off of property, plant and equipment	**527**	16,393
Impairment loss on other intangible assets	**1,123**	–
Impairment loss on property, plant and equipment	**3,866**	26,556
Impairment loss on right-of-use assets	**13,873**	13,475
Impairment loss on goodwill	**–**	5,520
Gain on disposal of property, plant and equipment	**(9,107)**	(1,700)
Loss/(Gain) on dissolution of subsidiaries, net	**470**	(3,289)
Write-off of other intangible assets	**1,102**	–
Staff costs, including directors' emoluments		
– Wages, salaries and bonuses	**94,593**	130,317
– Retirement benefits scheme contributions	**3,340**	5,271
– Reversal of provision for unutilised annual leave	**(1,655)**	(3,987)
– Provision for/(Reversal of provision for) long service payments	**513**	(846)

Note: Cost of inventories sold includes allowance for slow-moving inventories of 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	2020
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of calculating basic and diluted loss per share	**(216,738)**	(255,734)

	2021	2020
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

As the Group incurred losses for the year ended 31 December 2021 and 2020, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. The weighted average numbers of ordinary shares used as denominator for calculating the basic and diluted loss per share are the same for the year ended 31 December 2021 and 2020.

10. FINANCIAL ASSETS AT FVTOCI

	2021	2020
	HK$'000	*HK$'000*
Listed investments, at fair value		
Equity securities	**71,061**	74,502
Unlisted equity securities at fair value	**111**	234
Analysed as non-current assets	**71,172**	74,736

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 for the listed securities, 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 for the unlisted securities, 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 gain of HK$8,200,000 (2020: fair value loss of HK$3,336,000) and fair value loss of HK$123,000 (2020: fair value loss of 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	2020
	HK$'000	*HK$'000*
HK$	**71,061**	74,502
US dollars	**111**	234
	71,172	74,736

11. TRADE RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**6,582**	7,465
Allowance for expected credit losses	**(2,500)**	–
	4,082	7,465

(a) The Group's sales to wholesale customers are entered into on credit terms ranging from 30 to 120 days (2020: 60 to 90 days), and trade receivables under retail sales are due within 30 days (2020: 150 days) from the date of billings. The ageing analysis of trade receivables before allowance for expected credit losses is as follows:

	2021	2020
	HK$'000	*HK$'000*
Wholesales customers		
0-30 days	**–**	753
31-60 days	**–**	617
61-90 days	**–**	425
91-120 days	**–**	208
Over 120 days	**3,557**	1,328
	3,557	3,331
Trade receivables under retail sales		
0-30 days	**384**	2,788
31-60 days	**595**	1,260
61-90 days	**61**	40
91-120 days	**134**	19
Over 120 days	**1,851**	27
	3,025	4,134
Total	**6,582**	7,465

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

	HKD	**Macau Pataca ("MOP")**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
2021	**6,489**	**93**	**6,582**
2020	7,291	174	7,465

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	2020
	HK$'000	*HK$'000*
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	**13,297**	10,313
	16,044	23,734

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

	HKD	**JPY**	**MOP**	**RMB**	**USD**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
2021	**15,928**	**–**	**110**	**6**	**–**	**16,044**
2020	23,669	22	–	–	43	23,734

13. EVENTS AFTER THE REPORTING PERIOD

Very substantial disposal in relation to the disposal of the entire issued share capital of the Target Company (as defined below); Major transaction in relation to investment in a fund; Issue of warrants under specific mandate; and Discloseable transaction in relation to the Tenancy Agreement

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 DEMARCATION 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**").

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, which involves the Fund acquiring the Sale Share from the Company (the "**Investment**").

Upon completion of the Disposal ("**Completion**"), (i) the Target Company would redeem all the outstanding convertible bonds previously issued to Karfond Limited, a wholly-owned subsidiary of Far East Consortium ("**Karfond**"), at its principal amount of HK$110,500,000 together with accrued and unpaid interest up to and excluding the date of such redemption; and (ii) the Company would issue 581,578,947 unlisted warrants (the "**Warrants**") conferring rights to subscribe for 581,578,947 shares to be issued by the Company upon exercise (the "**Warrant Shares**") at the exercise price of HK$0.19 per Warrant Share with an aggregate face value of HK$110,500,000 to Karfond.

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 "**Lease**"). The annual rent payable by the Group will be HK$27,000,000, HK$27,810,000, HK$28,644,300 and HK$29,503,629 for the first, second, third and forth year of lease respectively during the term of the Tenancy Agreement. The Property will continue to be used by the Group as premises for its operation.

Details of the above-mentioned transactions are set out in the Company's circular dated 7 June 2022.

The Disposal, the Investment, issue of the Warrants and the Lease are contractually inter-conditional upon each other.

The Disposal, the Investment, the issue of the Warrants and the specific mandate to authorise the Directors to issue the Warrants and the Warrant Shares upon exercise thereof and the transactions contemplated thereunder were subject to approval by the shareholders of the Company, which was obtained at an extraordinary general meeting of the Company held on 27 June 2022. Completion of the Disposal, the Investment, the issue of the Warrants and the Lease took place on 29 June 2022.

For further details of the Disposal, the Investment, the issue of the Warrants and the Lease, please refer to (i) the announcements of the Company dated 28 March 2022, 30 May 2022 and 29 June 2022; (ii) the circular of the Company dated 7 June 2022; and (iii) the poll results announcement of the Company dated 27 June 2022.

Winding up of Hop Fung Lung Limited ("HFL")(Formerly known as Bonjour Cosmetic Wholesale Center Limited)

On 9 January 2023, a winding-up order was made by the High Court against HFL, a subsidiary of the Company, at the hearing of the Petition pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Official Receiver of Hong Kong has been appointed as the provisional liquidator of HFL. For further details of the winding-up, please refer to the announcements of the Company dated 9 January 2023 and 17 January 2023.

14. RECLASSIFICATIONS AND COMPARATIVE FIGURES

As at 31 December 2020, the Group had been seeking to dispose of the Property and anticipated that the disposal of the Property will be completed by 2021. As at 31 December 2020, carrying amount of the Property (excluding leasehold improvements attached) of HK$479,262,000 was classified as assets classified as held for sale. Leasehold improvements with carrying amounts of HK$18,219,000 were attached to the Property and considered as inseparable to the Property. As a result, the Group has made a reclassification and restatement adjustment to reallocate the leasehold improvement of HK$18,219,000 to assets classified as held for sale as at 31 December 2020.

MATERIAL DIFFERENCES BETWEEN THE AUDITED RESULTS AND THE UNAUDITED ANNUAL RESULTS ANNOUNCEMENT

Since the financial information contained in the Unaudited Annual Results Announcement was not audited by the auditor of the Company as at the date of its publication and subsequent adjustments have been made to such information upon completion of the auditing process, shareholders and potential investors of the Company are advised to pay attention to the following differences between the financial information of the audited annual results of the Group for the Year disclosed in this announcement and that disclosed in the Unaudited Annual Results Announcement. Set forth below are details and reasons for the material differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

	Disclosed in this announcement *HK$'000*	Disclosed in the 2021 Unaudited Annual Results Announcement *HK$'000*	Differences *HK$'000*	*Notes*
Turnover	**626,991**	626,991	–	
Cost of goods sold	**(577,031)**	(577,031)	–	
Gross profit	**49,960**	49,960		
Other income	**74,699**	77,838	(3,139)	*(a)*
Distribution costs	**(16,681)**	(24,928)	8,247	*(b)*
Administrative expenses	**(253,486)**	(253,986)	500	*(c)*
Other operating expenses	**(965)**	(965)	–	
Impairment loss on trade and other receivables	**(12,574)**	(7,480)	(5,094)	*(d)*
Impairment loss on property, plant and equipment	**(3,866)**	–	(3,866)	*(e)*
Impairment loss on right-of-use assets	**(13,873)**	(9,000)	(4,873)	*(f)*
Impairment loss on goodwill	**–**	–	–	
Loss from operations	**(176,786)**	(168,561)	(8,225)	
Finance costs	**(43,292)**	(43,292)	–	
Loss before tax	**(220,078)**	(211,853)	(8,225)	
Income tax credit	**4,000**	3,761	239	*(g)*
Loss for the year	**(216,078)**	(208,092)	(7,986)	
(Loss)/Profit for the year attributed to:				
Owners of the Company	**(216,738)**	(208,092)	(8,646)	
Non-controlling interests	**660**	–	660	*(h)*
	(216,078)	(208,092)	(7,986)	
Loss per share				
Basic and diluted	**HK(6.3) cents**	HK(6.0) cents	(0.3) cents	*(v)*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Disclosed in this announcement *HK$'000*	Disclosed in the 2021 Unaudited Annual Results Announcement *HK$'000*	Differences *HK$'000*	*Notes*
Loss for the year	**(216,078)**	(208,092)	(7,986)	
Other comprehensive income/(expense):				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement gains/(losses) on long service payment liabilities	**36**	–	36	*(c)*
Fair value changes of equity instruments at fair value through other comprehensive income ("**FVTOCI**")	**8,077**	(8,231)	16,308	*(c)*
	8,113	(8,231)	16,344	
Items that may be reclassified subsequently to profit or loss:				
Exchange differences reclassified to profit or loss on dissolution of subsidiaries	**470**	–	470	*(i)*
Exchange differences on translating foreign operations	**(694)**	226	(920)	*(i)*
	(224)	226	(450)	
Other comprehensive income/(expense) for the year, net of tax	**7,889**	(8,005)	15,894	
Total comprehensive expense for the year	**(208,189)**	(216,097)	7,908	
Total comprehensive income/(expense) for the year attributed to:				
Owners of the Company	**(208,905)**	(216,097)	7,192	
Non-controlling interests	**716**	–	716	*(h)*
	(208,189)	(216,097)	7,908	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Disclosed in this announcement	Disclosed in the 2021 Unaudited Annual Results Announcement	Differences	*Notes*
	HK$'000	*HK$'000*	*HK$'000*	
Non-current assets				
Property, plant and equipment	**2,254**	6,120	(3,866)	*(e)*
Right-of-use assets	**13,673**	18,546	(4,873)	*(f)*
Goodwill	**–**	–	–	
Other intangible assets	**–**	–	–	
Rental and utility deposits	**5,129**	5,129	–	
Financial assets at FVTOCI	**71,172**	71,172	–	
Investment in an associate	**–**	–	–	
	92,228	100,967	(8,739)	
Current assets				
Inventories	**26,373**	26,373	–	
Trade receivables	**4,082**	4,111	(29)	*(j)*
Rental and utility deposits	**15,723**	17,302	(1,579)	*(k)*
Prepayments, deposits and other receivables	**20,349**	23,238	(2,889)	*(l)*
Amounts due from related parties	**–**	–	–	
Bank and cash balances	**41,834**	41,948	(114)	*(m)*
	108,361	112,972	(4,611)	
Assets classified as held for sale	**498,454**	497,481	973	*(n)*
	606,815	610,453	(3,638)	
Current liabilities				
Trade payables	**16,044**	16,044	–	
Other payables, deposits received and accrued charges	**127,311**	166,860	(39,549)	*(o)*
Lease liabilities	**21,150**	21,150	–	
Amounts due to related parties	**–**	–	–	
Amounts due to former related parties	**35,490**	–	35,490	*(o)*
Bank and other borrowings	**171,513**	366,599	(195,086)	*(p)*
Trade finance loans	**–**	–	–	
Current tax liabilities	**2,732**	2,732	–	
	374,240	573,385	(199,145)	
Liabilities directly associated with assets classified as held for sale	**287,914**	–	287,914	*(s)*
	662,154	573,385	88,769	
Net current (liabilities)/assets	**(55,339)**	37,068	(92,407)	
Total assets less current liabilities	**36,889**	138,035	(101,146)	

	Disclosed in this announcement	Disclosed in the 2021 Unaudited Annual Results Announcement	Differences	
	HK$'000	*HK$'000*	*HK$'000*	*Notes*
Non-current liabilities				
Deposits received	**–**	–	–	
Lease liabilities	**6,831**	6,831	–	
Convertible loans	**–**	90,186	(90,186)	*(q)*
Other borrowings	**25,975**	27,500	(1,525)	*(t)*
Deferred tax liabilities	**–**	1,691	(1,691)	*(r)*
Long service payment liabilities	**1,296**	1,537	(241)	*(c)*
	34,102	127,745	(93,643)	
Net assets	**2,787**	10,290	(7,503)	
Capital and reserves				
Share capital	**35,126**	35,126	–	
Reserves	**(32,339)**	(24,836)	(7,503)	
Equity attributable to owners of the Company	**2,787**	10,290	(7,503)	
Non-controlling interests	**–**	–	–	
Total equity	**2,787**	10,290	(7,503)	

Note 3

TURNOVER

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

	Disclosed in this announcement *HK$'000*	Disclosed in the 2021 Unaudited Annual Results Announcement *HK$'000*	Differences *HK$'000*	*Notes*
Revenue from contract with customers within the scope of HKFRS 15				
Sales of beauty, healthcare and lifestyle products	**158,493**	626,991	(468,498)	*(u)*
Sales of technology products	**468,498**	–	468,498	*(u)*
	626,991	626,991	–	
Timing of revenue recognition				
Products transferred at a point in time	**626,991**	626,991	–	

Note 4

SEGMENT INFORMATION

Geographical information

The Group's information about its non-current assets (other than financial instruments) by location of assets are detailed below:

	Non-current assets			
	Disclosed in this announcement *HK$'000*	Disclosed in the 2021 Unaudited Annual Results Announcement *HK$'000*	Differences *HK$'000*	*Notes*
Hong Kong	**15,913**	6,110	9,803	*(u)*
Macau	**10**	10	–	*(u)*
PRC except Hong Kong and Macau	**4**	–	4	*(u)*
Consolidated total	**15,927**	6,120	9,807	*(u)*

Note 5

FINANCE COSTS

	Disclosed in this announcement	Disclosed in the 2021 Unaudited Annual Results Announcement	Differences	
	HK$'000	*HK$'000*	*HK$'000*	*Notes*
Interest expense on lease liabilities	**9,631**	8,609	1,022	*(u)*
Interest expense on bank and other borrowings	**24,073**	25,094	(1,021)	*(u)*
Interest expense on convertible loans	**9,588**	9,589	(1)	*(u)*
Interest expense on loan from a related company	**–**	–	–	
	43,292	43,292	–	

Note 6

INCOME TAX CREDIT

Income tax has been recognised/(credited) in profit or loss as following:

	Disclosed in this announcement	Disclosed in the 2021 Unaudited Annual Results Announcement	Differences	
	HK$'000	*HK$'000*	*HK$'000*	*Notes*
Current tax – Hong Kong Profits Tax				
Provision for the year	**21**	133	(112)	*(u)*
Over-provision in prior years	**(626)**	(778)	152	*(u)*
	(605)	(645)	40	
Current tax – Overseas				
Provision for the year	**–**	–	–	
Over-provision in prior years	**(1,006)**	(1,006)	–	
	(1,006)	(1,006)	–	
Deferred tax	**(2,389)**	(2,110)	(279)	*(u)*
	(4,000)	(3,761)	(239)	*(g)*

Note 7

LOSS FOR THE YEAR

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

	Disclosed in this announcement ***HK$'000***	Disclosed in the 2021 Unaudited Annual Results Announcement *HK$'000*	Differences *HK$'000*	*Notes*
Auditor's remuneration	**4,340**	1,840	2,500	*(c)*
Cost of inventories sold	**577,031**	577,031	–	
Allowance for slow-moving inventories	**21,000**	21,000	–	
Depreciation of property, plant and equipment	**4,841**	4,830	11	*(u)*
Depreciation of right-of-use assets	**69,011**	69,011	–	
Amortisation of other intangible assets	**124**	–	124	*(u)*
Written off of property, plant and equipment	**527**	514	13	*(u)*
Impairment loss on other intangible assets	**1,123**	–	1,123	*(u)*
Impairment loss on property, plant and equipment	**3,866**	–	3,866	*(e)*
Impairment loss on right-of-use assets	**13,873**	9,000	4,873	*(f)*
Impairment loss on goodwill	**–**	–	–	
Gain on disposal of property, plant and equipment	**(9,107)**	(9,107)	–	
Loss/(Gain) on dissolution of subsidiaries, net	**470**	(3,360)	3,830	*(i), (u)*
Write-off of other intangible assets	**1,102**	1,203	(101)	*(u)*
Staff costs, including directors' emoluments				
– Wages, salaries and bonuses	**94,593**	88,395	6,198	*(a), (c), (u)*
– Retirement benefits scheme contributions	**3,340**	3,340	–	
– (Reversal of provision for)/provision for unutilised annual leave	**(1,655)**	2,000	(3,655)	*(a), (c), (u)*
– Provision for long service payments	**513**	–	513	*(c), (u)*

Note 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:

	Disclosed in this announcement ***HK$'000***	Disclosed in the 2021 Unaudited Annual Results Announcement *HK$'000*	Differences *HK$'000*	*Notes*
Loss				
Loss for the purpose of calculating basic and diluted loss per share	**(216,738)**	(208,092)	(8,646)	*(v)*
	2021	2021		
Number of shares				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**3,461,607,095**	3,461,607,095	–	

Note 11

TRADE RECEIVABLES

The Group's sales to wholesale customers are entered into on credit terms ranging from 30 to 120 days (2020: 60 to 90 days), and trade receivables under retail sales are due within 30 days (2020: 150 days) from the date of billings. The ageing analysis of trade receivables before allowance for expected credit losses is as follows:

	Disclosed in this announcement *HK$'000*	Disclosed in the 2021 Unaudited Annual Results Announcement *HK$'000*	Differences *HK$'000*	*Notes*
Wholesales customers				
0-30 days	**–**	–	–	
31-60 days	**–**	–	–	
61-90 days	**–**	24	(24)	*(j)*
91-120 days	**–**	5	(5)	*(j)*
Over 120 days	**3,557**	602	2,955	*(u)*
	3,557	631	2,926	
Trade receivables under retail sales				
0-30 days	**384**	329	55	*(u)*
31-60 days	**595**	687	(92)	*(u)*
61-90 days	**61**	35	26	*(u)*
91-120 days	**134**	140	(6)	*(u)*
Over 120 days	**1,851**	2,289	(438)	*(u)*
	3,025	3,480	(455)	
Total	**6,582**	4,111	2,471	

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

	HKD *HK$'000*	**Macau Pataca ("MOP")** *HK$'000*	**Total** *HK$'000*
Disclosed in this announcement	**6,489**	**93**	**6,582**
Disclosed in the 2021 Unaudited Annual Results Announcement	4,018	93	4,111
Differences	2,471	–	2,471
Notes	(j), (u)		(j), (u)

Notes

(a) The differences are due to (i) a correction of accounting treatment on acquisition of non-controlling interests of HK$4,228,000; (ii) the over-provision for staff costs of HK$32,000; (iii) an adjustment on gain on dissolution of a subsidiary of HK$4,159,000 based on the financial information of the dissolved subsidiary; and (iv) an adjustment on elimination of intra-group transactions of HK$3,240,000.

(b) The differences are due to (i) an adjustment on amortising the deposits paid to profit or loss of HK$5,381,000; and (ii) the reclassification of expenses of HK$2,866,000 for presentation purpose.

(c) The differences are due to (i) an adjustment on administrative charge of HK$2,100,000 of a long-term borrowings under effective interest rate method; (ii) a recognition of gain on disposal and fair value changes of financial assets at FVTOCI of HK$32,000 to profit or loss and HK$16,308,000 to other comprehensive income, respectively; (iii) a re-measurement on long service payment liabilities HK$36,000 in other comprehensive income according to the independent valuation; (iv) an adjustment on provision for long service payment liabilities of HK$206,000; (v) the write-off of the Group's other intangible assets of HK$997,000 based on the latest supporting information; (vi) an over-provision for staff costs of HK$3,912,000; (vii) the provision for auditor's remuneration for the Year of HK$2,500,000; (viii) an adjustment on cut-off difference of administrative expenses of HK$2,627,000; (ix) an adjustment on elimination of intra-group transactions of HK$3,240,000 (note (a)); and (x) the reclassification of expenses of HK$2,866,000 for presentation purpose (note (b)).

(d) The difference is due to an additional provision for impairment loss on other receivables and trade deposits of HK$5,094,000 based on the latest supporting information available and forward-looking information.

(e) The difference is due to an additional provision for impairment loss on property, plant and equipment of HK$3,866,000 based on the latest supporting information available.

(f) The difference is due to an additional provision for impairment loss on right-of-use assets of HK$4,873,000 based on the latest supporting information available.

(g) The differences are due to (i) an adjustment on provision for income tax of HK$11,000; and (ii) a reversal of the corresponding deferred tax impact of HK$250,000 on write-off of the Group's other intangible assets (note (c)).

(h) The differences are due to the allocations of profit of HK$660,000 and total comprehensive income HK$716,000 attributable to non-controlling interests, respectively, for the Year.

(i) The differences are due to (i) a reclassification of exchange difference of a dissolved foreign subsidiary of HK$470,000 to profit or loss; and (ii) an adjustment on exchange differences of HK$920,000 on translating foreign operations.

(j) The difference is due to a reclassification of the Target Company's trade receivables of HK$29,000 to assets classified as held for sale.

(k) The differences are due to (i) a reclassification of the Target Company's rental and utility deposits of HK$769,000 to assets classified as held for sale; and (ii) an elimination of intra-group transactions of HK$810,000.

(l) The differences are due to (i) the write-off of receivables from a dissolved subsidiary of HK$4,159,000 (note (a)); (ii) a correction on deposits paid of HK$5,381,000 (note (b)); (iii) an additional impairment loss on other receivables and trade deposits of HK$5,094,000 (note (e)); (iv) the reclassification of the Target Company's other receivables of HK$61,000 to assets classified as held for sale; and (v) the adjustments of cut-off difference of HK$1,044,000 on expenses.

(m) The difference is due to a reclassification of the Target Company's bank deposits of HK$114,000 to assets classified as held for sale.

(n) The difference is due to the reclassifications of Target Company's assets to assets classified as held for sale (notes (j), (k), (l) and (m)).

(o) The differences are due to (i) the reclassification of amounts due to former related parties of HK$35,490,000 to provide more meaningful information to the users of financial statements; (ii) an adjustment on a long-term borrowing under effective interest rate method of HK$576,000; (iii) the over-provision for staff costs of HK$3,944,000 (notes (a) and (c)); (iv) an adjustment on elimination of intra-group transactions of HK$810,000 (note (k)); (v) the provision for auditor's remuneration for the Year of HK$2,500,000 (note (c)); and (vi) the reclassification of the Target Company's other payables, deposits received and accrued charges of HK$1,229,000 to liabilities directly associated with assets classified as held for sale.

(p) The difference is due to the reclassification of the Target Company's bank borrowings of HK$195,086,000 to liabilities directly associated with assets classified as held for sale.

(q) The difference is due to the reclassification of the Target Company's convertible loans of HK$90,186,000 to liabilities directly associated with assets classified as held for sale.

(r) The differences are due to (i) the reclassification of the Target Company's deferred tax liabilities of HK$1,413,000 to liabilities directly associated with assets classified as held for sale; (ii) the reversal of the corresponding deferred tax impact of HK$250,000 on write-off of the Group's other intangible assets (note (g)); and (iii) an adjustment on reversal of temporary tax difference of HK$28,000.

(s) The difference is due to the reclassifications of Target Company's liabilities to liabilities directly associated with assets classified as held for sale (notes (o), (p), (q) and (r)).

(t) The difference is due to an adjustment on a long-term borrowing of HK$1,525,000 under effective interest rate method.

(u) The differences are disclosure adjustments based on the Group's adjusted financial information.

(v) The basic and diluted loss per share decreased due to the increase in loss attributable to equity holders.

ISSUES IDENTIFIED BY FORMER AUDITOR

References are made to the announcements of the Company dated 10 June 2022 and 20 June 2022 in relation to, among other things, the change of auditor of the Company.

A summary of (i) the observations, findings and outstanding issues identified by RSM Hong Kong, the former auditor of the Company (the "**Issues**"); (ii) work performed by Grant Thornton Hong Kong Limited, the new auditor of the Company (the "**Auditor**") to address the Issues; and (iii) the findings of the Auditor, are set out in the following table:

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
1. Business rationale of the 3C product business	i) Given the gross profit margin of the 3C product transactions was very low and the Company was exposed to credit risk for certain long outstanding (five months from invoice date) trade receivables, the former auditor required the Company to explain the business rationale as to why the Company was engaged in the 3C product business	• The Company's business strategy to engage in the 3C product business is to capture the growth opportunities therefrom and leverage this new product line to expand the Company's product diversification in the future • The Company made profit of approximately HK$4.6 million for the 3C product business in about 3 months of operation during the Year	• Interviewed the Company's chairman, Mr. Chen Jianwen ("Mr. Chen") on the Company's strategic reasons to engage in the 3C product business and Mr. Chen explained its business strategy and rationale for engaging in the 3C product business • Obtained profit analysis of the 3C product business and performed substantive procedures and analytical review on the relevant transactions • It is noted that a profit of approximately HK$4.6 million was generated from the 3C product business for the Year • The Auditor is satisfied with the Company's explanation on its business rationale to conduct the 3C product business

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
	ii) Given the customers and suppliers of the 3C product business were incorporated during the years from 2019 to 2021, the former auditor required the Company to explain and provide information and evidence regarding their background, track records and nature of business as well as their shareholders/directors	• The shareholders of the customers and suppliers had extensive experience in the 3C products trading industry • It is the customers' and suppliers' business practice and decision to set up different companies to conduct their business • The customers and suppliers are independent third parties of the Company • To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Company is not aware of relationship other than the normal business relationship of the 3C product business between the Service Companies and their respective directors, shareholders and senior management and associates on one hand, and the suppliers and customers and their respective directors, shareholders and senior management and associates on the other hand	• Interviewed the customers and suppliers involved in the 3C product business and the customers and suppliers presented their backgrounds, business natures, target customers, company scale and the experience in the 3C products industry • The customers and suppliers explained that it is their industry norm to set up different companies to conduct their business • Interviewed and confirmed the customers and suppliers that they were independent third parties of the Company

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
			• Interviewed and confirmed with the Service Companies that, other than the normal business relationship in the 3C product business, they have no relationship with the customers and suppliers (including the respective directors, shareholders and senior management and associates) involved in the 3C product business • Performed company searches on all the customers and suppliers and the Service Companies involved in the 3C product business and background searches on their shareholder(s)/ultimate beneficial owner(s)/director(s) • No findings came to the Auditor's attention that the customers and suppliers were connected with or were the related parties of the Company or the Service Companies

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
	iii) Given credit terms were granted to some customers, the former auditor required the Company to explain its internal procedures for the credit assessment of these customers	• The Company performed the credit assessment by considering factors including but not limited to the customer's (including its shareholders/ director) background, nature of business, transaction history, repayment history, level of credit, etc. • The customers had sound transaction and repayment history and considered that the level of credit granted would not pose significant risk to the Company	• Interviewed Mr. Chen to obtain understanding of the Company's commercial grounds and bases in its credit assessment and reviewed the transaction and repayment history of the relevant customers who were granted with credits • Interviewed the customers with respect to their background, industry experience and scale of operations • Based on the Company's credit assessment, the Auditor reviewed the customers' transaction history (e.g. transaction volume and settlement) with the Company during 2021 and the relevant customers fully performed their obligations • No findings came to the Auditor's attention that the Company granted credit to credit-impaired customers

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
	iv) Given the Company was required to pay in advance to the suppliers as transaction deposits, the former auditor required the Company to explain and provide information about the Company's internal procedures for assessing the suppliers' creditability	• The Company assessed the suppliers' creditability based on the transaction history (e.g. number of transaction in the past, timing of delivery, etc.) • The suppliers had sound transaction history	• Interviewed Mr. Chen to obtain understanding of the Company's commercial grounds and bases in its assessment of suppliers' creditability and reviewed the transaction history of the suppliers • Based on the Company's credit assessment, the Auditor reviewed the suppliers' transaction history (e.g. transaction volume, shipment and settlement) with the Company during 2021 and the relevant suppliers fully performed their obligations • No findings came to the Auditor's attention that the suppliers had a credit-impaired history

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
	v) Given the substantial amounts were advanced to the suppliers and from the customer as transaction deposits, the former auditor would like to understand whether sales and purchases documentation were made	• It was the Company's policy to enter sales and purchases agreements for every sale and purchase transaction • Due to the expectation that the relevant sales and purchases orders could be completed in a short period of time just as the previous completed transactions, no separate deposits agreements with the suppliers and customers were signed. However, the Company took initiative to obtain updates on the logistic and custom restrictions so as to complete the orders as soon as practicable. In December 2021, the Company decided to terminate the relevant sales and purchases requests and arrange refunds • From March 2023 onward, the Company will enter into sale and purchase agreements with deposits provisions or deposit agreements (including the terms on the amount of deposits payable and credit periods) with suppliers and customers	• Obtained understanding on the Company's process in entering into sales and purchases agreements and inspected samples of the sales and purchase agreements • Obtained Company's correspondence in following up status of orders • Interviewed the customers and suppliers to confirm the amount of deposits and the nature of deposits • Arranged audit confirmations with the customers and suppliers to confirm the amount of deposits paid during the Year and the sales and purchase transaction amounts occurred for the Year and no exception was noted

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
	vi) Given the Company's selling prices of the 3C products are closed to or slightly below Hong Kong retail prices for certain sales orders, the former auditor required the Company to provide explanation as to why these customers made purchases from the Company at such prices	• The Company adopted a "cost-based pricing" strategy in determining the selling price of the 3C products, as this pricing strategy was considered to be easy to implement and manage from the management's perspective. Given that the 3C product business was a large-volume business, the Company considered that even with a humble standard mark-up, it would be able to generate a sizeable profit and make stable turnover and profits to the Group • The variance of Hong Kong retail price over the Company's selling prices for the 3C products were affected by a number of factors including, the market demand and popularity of the particular model, the then market condition of the products, and therefore, the direct comparison between two prices did not sufficiently provide meaningful information in analyzing the pricing	• Obtained the market researches prepared by the Company on overseas and retail selling prices and compared them against the publicly available information • Interviewed the customers on their commercial view on the pricing and the customers explained that the Company's pricing was determined on arm's length basis based on the then market condition • The customers confirmed they are 3C product exporters and retailers during the interview • The Auditor is satisfied that the pricing basis is on normal commercial terms

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
		• The Company considers that such comparison between the retail prices and the Company's selling prices for the 3C products is not entirely appropriate, in particularly because, to the best of the Company's knowledge, the customers did not only resell the 3C products locally but also to overseas • Based on the research performed by the Company, the selling prices of the 3C products in certain overseas districts are much higher than the Company's selling prices	

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
2. Accounting treatment of revenue recognition (principal or agent) of the 3C product business	i) The former auditor required the Company to provide explanation and evidence to support the Group acts as a principal of the 3C product business and that the sales and purchases of the 3C product were not negotiated as a single arrangement between the parties	• The Company established its business model (including pricing and credit policy) and the relevant internal control procedures for the 3C product business • The Company had the contractual obligation to provide the products to the customers • The Company had the discretion to establish the selling prices of the products • The Company possessed the title of the products before such title was transferred to the customers • The Company bore the inventory risk of the products and credit risk of the sales contract sum • To the best of the Company's knowledge, the customers and the suppliers do not know each other and the sales and purchases transactions were not negotiated as a single arrangement between the parties	• Discussed with the Company on its "principal versus agent" analysis and obtained walkthrough documents of the 3C product business • Interviewed the management regarding its pricing strategy • Assessed the commercial terms of the transactions conducted • Interviewed with the customers and suppliers to confirm their respective contractual obligations • The customers confirmed that the Company bore the contractual obligation to provide the products to them and the related loss and damage, if any • The suppliers confirmed that they have no obligation to provide products to the Company's customers and would not bear any risk after the control of the products was passed to the Company

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
			• The customers confirmed that they had no relationship with the Company's suppliers • The suppliers confirmed that they had no relationship with the Company's customers • Performed company searches on the customers, suppliers, Services Companies and Intermediate Companies and background searches on their shareholder(s), ultimate beneficial owner(s) and director(s) • Confirmed with them during the interviews that they are not connected with or the related parties of the Company, or with each other

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
			• Regarding the transaction amount with the customers and suppliers, inspected samples of sales and purchases documents, including sales and purchases contracts, delivery documents, PRC and Hong Kong customs documents, customer acceptance notes and arranged audit confirmations with the customers and suppliers • No findings came to the Auditor's attention that the sales and purchases transactions are entered into as a single arrangement (i.e. acting as an agent) • The Auditor concurred with the Company's treatment on revenue recognition (i.e. gross value of the sales as revenue)

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
3. Relationship between the Company, customers, suppliers and intermediate companies carrying out settlement arrangements for the Group (the "Intermediate Companies") in respect of the 3C product business *(Note 1)*	i) The former auditor required the Company to explain why certain customers and suppliers engaged the Intermediate Companies to carry out settlement arrangements in December 2021 and why the customers are willing to carry out such settlement in December 2021	• The Company managed to reduce its risk exposure during the Year by taking the initiative to negotiate with the relevant customers and suppliers to terminate the sales and purchase orders and arrange refunds, against the back drop of the unpredictability of the relevant travel and logistic restrictions caused by the Covid-19 pandemic	• Reviewed the transaction flows and obtained the relevant supporting documents from the Company

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
		• The Company had a prudent practice of encouraging the settlement of outstanding balances before its year-end date • The Company, with assistance from the Service Companies *(Note 2)*, negotiated with the relevant customers and suppliers to collect and refund their balances in December 2021 • The Intermediate Companies were authorised by the relevant customers and suppliers to conduct the settlement arrangements	• Interviewed the Company's management, the relevant customers and suppliers and the Intermediate Companies on the reasons in changing the mode of payments as well as their relationship and the relevant customers and suppliers confirmed that they arranged the settlements through the Intermediate Companies after their arm's length commercial negotiations • Obtained the payment authorisation letters and confirmed the relevant customers and suppliers and the Intermediate Companies regarding the settlement arrangements during the interview • The relevant customers and suppliers confirmed that the payments were solely for settling the refunds with the Company and for no other purposes

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
		• The settlement arrangements were conducted by the relevant customers and suppliers by their own business decisions and the Company was not involved in any commercial negotiations between the Intermediate Companies and the relevant suppliers and customers	• Arranged audit confirmations with the relevant customers, suppliers and Intermediate Companies to confirm the settlement arrangements and the balance as at the year-end with no exception was noted
	ii) The former auditor required the Company to explain as to why the Company did not pay any transaction fees to the Intermediate Companies	• The Intermediate Companies did not provide any service during the Year to the Company but to the relevant customers and suppliers	• Interviewed the Intermediate Companies and the Intermediate Companies confirmed that they conducted the settlement arrangements for the relevant customers and suppliers, but not the Company and accordingly, no service fees were charged to the Company
	iii) The former auditor required the Company to explain and provide information and evidence to support that no relationships existed among the Company, customers, suppliers and Intermediate Companies	• The customers, suppliers and Intermediate Companies are independent third parties of the Company • The suppliers did not know the customers	• Interviewed and confirmed with the Company's management, the relevant customers and suppliers and the Intermediate Companies that they are independent third parties of the Company • The Intermediate Companies confirmed that they are also companies within the 3C products trading industry

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
		• The customers did not know the suppliers • The Company believed that the relevant customers and suppliers who conducted the settlement arrangements in December 2021 should know the Intermediate Companies • To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Intermediate Companies are also companies within the 3C products trading industry and the Company is not aware of relationship other than the normal 3C product business relationship between the Service Companies and their respective directors, shareholders and senior management and associates on one hand, and the Intermediate Companies and their respective directors, shareholders and senior management and associates on the other hand	• The relevant customers and suppliers explained that they knew the Intermediate Companies through the Service Companies and have business relationship with the Intermediate Companies, and the Intermediate Companies confirmed the same • The Intermediate Companies explained that they did not have any transaction history or relationship with the Company and did not know the Company beforehand • Performed company searches on the Intermediate Companies and compared the results against the company searches of the customers, suppliers as well as the Service Companies and background searches on their shareholder(s), ultimate beneficial owner(s) and director(s) • No findings came to the Auditor's attention that the suppliers, customers and the Intermediate Companies were connected with or were related parties of the Company or the Service Companies

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
4. Interview with certain customers, suppliers and the Intermediate Companies in respect of the 3C product business	i) The former auditor required direct access with the customers, suppliers, Service Companies and Intermediate Companies	• The Company was not able to arrange direct access with the customers, suppliers, Service Companies and Intermediate Companies during the period of severe Covid-19 outbreak in Hong Kong and the mainland China • The Company will use its best endeavours to liaise with the customers, suppliers, Service Companies and Intermediate Companies for direct access by the Auditor	• Conducted on-line interviews with the customers, suppliers, Service Companies and Intermediate Companies and arranged audit confirmations to their registered office shown in the company searches

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
5. Logistic arrangement of the 3C product business	i) The former auditor required the Company to explain the nature of deposits of HK$8 million paid to the Service Companies and the amount of service charge	• The Company paid upfront deposits of HK$8 million, determined on an arm's length basis and in an amount that the Company found acceptable and not unreasonable, to the Service Companies as earnest money to demonstrate its sincerity in forming their business partnership, and it was agreed that future fee(s) chargeable by the Service Companies might be deducted from the HK$8 million initial deposit subject to further negotiations and upon mutual agreement • The Service Companies decided not to charge service fees during the Year out of courtesy in light of underperformance of the business and the purpose of the deposits of HK$8 million retained by the Service Companies will be applied for in the future	• Interviewed the Service Companies and the Company's management to confirm the nature of the deposits and no service fees were charged for the Year • Arranged audit confirmations with the Service Companies to confirm the balance of the deposits paid and the amount of their service charges (i.e. nil) for the Year • Enquired the Company's finance team on the accounting treatment for the deposits paid • The accounting difference had been corrected in the Audited Results • Other than the above, no findings came to the Auditor's attention that the deposits paid were for other purposes

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
		• The service charges recorded in the unaudited annual result were found to be misstated as the Company's finance team amortised the deposits paid by straight-line time apportionment method • The accounting difference of the service charges had been corrected accordingly • As the Company resumed the 3C product business in early 2022, the Company supplemented and signed a fee charging arrangement with the Service Companies, such that service fees shall be charged based on the amount of sales from 1 January 2022	• The Auditor is satisfied that the commercial terms of the service fee and the payment of the deposits are on normal commercial terms

The Issues	Details of the issues	Company's response	Work performed by the Auditor to address the Issues and the findings
	ii) The former auditor required the Company to explain and provide information and evidence regarding its assessment of the capability of the Service Companies to provide the services or repay the deposits	• The Company understood the background and experience of the Service Companies from their management • The holding company of the Service Companies was a company listed on the Main Board of the Stock Exchange • The Company also assessed the Service Companies' capability by checking the publicly available information • The information available to the Company supported the capability of the Service Companies	• Obtained the understanding of the Company's capability assessment on the Service Companies • Checked the published information (e.g. financial information, operational data, etc) of the Service Companies' holding company • No findings came to the Auditor's attention that significantly impaired the Service Companies' capability to provide the services and/or handle the deposits

Notes:

1. Suppliers engaged an Intermediate Company to carry out settlement arrangements of outstanding supplier deposits, whereas customers engaged the Intermediate Company(ies) to carry out settlement arrangements of outstanding customer deposits and trade receivables respectively.

2. In conducting the 3C product business, the Group engaged Service Companies which are independent third parties to (i) coordinate with the suppliers for the purchases, transportation, and all relevant services of 3C products; (ii) arrange for all transportation, logistics, warehousing, customs clearance, and relevant services; and (iii) coordinate with the customers for the sales, transportation, and all relevant services of 3C products.

Having considered the work performed by the Auditor to address the Issues and the findings of the Auditor as set out in the table above, the Company is of the view, and the Auditor and Audit Committee concur, that all the Issues have been duly addressed and resolved.

MANAGEMENT DISCUSSION AND ANALYSIS

ANNUAL RESULTS

For the twelve months ended 31 December 2021 (the "**Year**"), 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 16.4% from last year. Loss for the Year was HK$216.1 million (loss for 2020: HK$258.4 million), representing a decrease of 16.4% from last year. Profit/loss per share amounted to HK6.3 cents (loss per share for 2020: HK7.5 cents).

MARKET OVERVIEW

During 2021, the local retail market recovered relatively from 2020 supported by the Consumption Voucher Scheme despite recurrent outbreaks from time to time. 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. The 2020 statistics also show that 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-19 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, the number of visitors to Hong Kong was about 91,398 in 2021, with a significant decline of 97.4% compared to that in 2020. Of these, the number of mainland visitors to Hong Kong was 65,721, down 97.6% from 2020, 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, in order to 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" 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 Year, the Group is committed to achieve its overall business outperform expectations through technology transformation, process simplification, bold attempts and unremitting efforts.

- **New Retail O2O**

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

  As of 31 December 2021, the Group operated 11 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. Further, 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 ("**Bonjour Technology**"), a wholly owned subsidiary of the Company.

  During the Year, 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 "HKMALL"(香港貓), 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.

  HKMALL is an omni-channel e-commerce platform that not only sells products and branded merchandises with exclusive distributorship rights, but also assists small and medium enterprises (SMEs) in expanding 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 key-opinion-leader ("**KOL**") economy, the Group has its own sizeable direct broadcasting studio 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. The group also collaborated with various associations to launch open competitions to nurture external KOLs. The gross merchandise value (GMV) of completed orders on O2O platform (including beauty products and technology products) amounted to HK$627.0 million for the Year.

- **Brand Management**

  Currently, the Group offers over 100,000 SKUs, and distributes over 100 well-known brands, including, among others, exclusive distribution of Suisse Reborn, Dr. Bauer, Yumei, WOWWOW, Dr. Schafter and I.SKIN FOCUS. Apart from skincare, fragrance, cosmetics, haircare and bodycare, the Group also sourced healthcare and lifestyle products from all over the world. Recently, a variety of quality products are offered at competitive prices to satisfy the ever-changing customer needs.

- **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 and 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 collaboration.

  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. Both the Guangdong Hongkong and Macau Youth Entrepreneurship Incubator and the Hong Kong site were approved for inclusion into the Cyberport Accelerator Support Programme (CASP) as an accelerator recognised by Cyberport.

- **Exploring Beauty Business**

  During the Year, 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, commenced strategic business discussion with leading aesthetic medical experts in Hong Kong to develop 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.

  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 healthy lifestyle and beauty to customers.

- **3C Product Business**

  In early 2021, the Company took an initiative to diversify its product line by tapping into the 3C product business and capturing its growth potential, as the 3C product business caught the Company's interest by its high-turnover and large-volume nature, which was expected to generate a stable and growing profit for the Company as its business expanded.

  As a pilot run and in agreement with the Service Companies, the 3C product business, which involved the sale of mobile phones, was conducted using a cost-plus pricing strategy. The Service Companies commenced its procurement agent business in early 2020, that source for and sell goods that suit the customers' specific requirements. They introduced suppliers that could source 3C products (i.e. mobile phones) at a competitive price to the Company and also introduced customers that were incentivized by the Company's established brand name to buy and resell the Company's 3C products under the cost-plus pricing model, thus ensuring a stable profit for the Company.

  In conducting the 3C product business, the Company acted as a "Principal" and it bore various transaction risks (i.e. credit risk, inventory risk, legal risk, etc.). With its established branding and goodwill, the Company operates as an essential and value-added party to the 3C product business. The Company's reputation not only ensures a wider customer base for consumer products but also provides assurance to relevant suppliers and customers when securing orders.

  The Company typically receive prepayments from the customers and pays deposits to the suppliers upon receipt of payment from the customers after entering into the sales and purchases agreements with the potential customers and suppliers. Once the orders are fulfilled, the Company collects and settles any remaining payments, if applicable. This transaction flow is designed to ensure that the Company maintains a reliable supply chain and that its customers receive high-quality products in a timely and efficient manner.

  In July 2021, due to the logistic restrictions caused by the COVID-19 pandemic, the 3C product business was suspended.

  As the economy started to recover in early 2022, the Company resumed its 3C product business using the same business model in March of the same year. The Company expects that the financial performance of the 3C product business will be reflected in its 2022 financial results.

OUTLOOK

Digital transformation reshapes all industries. Since the 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 service 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.

In terms of offline shopping experience, the Group will transform all physical stores into new retail O2O shops, empowered by big data and intelligent technology on HKMALL. 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 for better risk management and profitability.

Digital transformation applies not just to the 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-19 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 timely and provide better returns to its shareholders as soon as the epidemic ends or fades down.

Strategic cooperation

During the Year, 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 2021. 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 support.

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 established a close cooperative relationship with 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. In December, Bonjour Health Limited conducted cooperation with aesthetic medical experts for business development in the aesthetic medical market, aiming 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 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, e-commerce, 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 39.1% 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 16.4% and narrow the loss by approximately 16.4% in comparison to the same period last year. Bank and cash balance as at 31 December 2021 amounted to approximately HK$41.8 million (31 December 2020: approximately HK$20.3 million). The liquidity level improved as proceeds came in from the disposal of assets to a third party at HK$115 million consideration which took place on 11 June 2021. Net current liabilities of approximately HK$98.3 million as at 31 December 2020 was reduced to net current labilities of approximately HK$55.3 million as at 31 December 2021. The current ratio of the Group was also improved from approximately 0.87 as at 31 December 2020 to approximately 0.92 as at 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$41.8 million (31 December 2020: approximately HK$20.3 million). The Group's bank and other borrowings, trade finance loans, and lease liabilities (excluding liabilities associated with assets classified as held for sales) as at 31 December 2021 were HK$225.5 million (31 December 2020: approximately HK$639.3 million), out of which, approximately HK$192.7 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$662.2 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$171.5 million was mainly related to bank and other borrowings and trade finance loans (31 December 2020: approximately HK$450.7 million).

The Group's net debt ratio as at 31 December 2021 was approximately 80.9 (31 December 2020: approximately 3.8), and was calculated based on the Group's bank and other borrowings, trade finance loans and lease liabilities (excluding liabilities associated with assets classified as held for sales), divided by total equity of approximately HK$2.8 million (31 December 2020: approximately HK$168.5 million). Total liabilities to shareholders funds was approximately 249.8 (31 December 2020: approximately 5.1).

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 million 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. On 31 January 2022, both parties agreed to extend the Placing Period to 31 July 2022, a letter of extension was signed.

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 has been pursuing favorable settlement solutions 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 and trade finance loans (excluding liabilities associated with assets classified as held for sales) amounting to approximately HK$197.5 million (31 December 2020: approximately HK$450.7 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 ordinary shares of the Company (the "**Share(s)**") were allotted issued pursuant to the exercise of conversion rights attached to the convertible bonds in the principal amount of HK$19 million at the conversion price of HK$0.19 per share.

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$479.3 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

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 (Stock Code: 3886) ("**Town Health**") with a total market value of approximately HK$71.2 million, accounting for approximately 10.2% of the Group's total assets (31 December 2020: approximately HK$74.7 million, accounting for approximately 7.3% 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 gain of approximately HK$8.1 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.

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 270 (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$96.8 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.

EVENTS AFTER THE REPORTING PERIOD

Very substantial disposal in relation to the disposal of the entire issued share capital of the Target Company; Major transaction in relation to investment in a fund; Issue of warrants under specific mandate; and Discloseable transaction in relation to the Tenancy Agreement

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 DEMARCATION 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**").

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, which involves the Fund acquiring the Sale Share from the Company (the "**Investment**").

Upon completion of the Disposal ("**Completion**"), (i) the Target Company would redeem all the outstanding convertible bonds previously issued to Karfond Limited, a wholly-owned subsidiary of FEC ("**Karfond**"), at its principal amount of HK$110.5 million together with accrued and unpaid interest up to and excluding the date of such redemption; and (ii) the Company would issue 581,578,947 unlisted warrants (the "**Warrants**") conferring rights to subscribe for 581,578,947 shares to be issued by the Company upon exercise (the "**Warrant Shares**") at the exercise price of HK$0.19 per Warrant Share with an aggregate face value of HK$110.5 million to Karfond.

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$27.0 million, HK$27.8 million, HK$28.6 million and HK$29.5 million for the first, second, third and forth year of lease respectively 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.

The Disposal, the Investment, the issue of the Warrants and the specific mandate to authorise the Directors to issue the Warrants and the Warrant Shares upon exercise thereof and the transactions contemplated thereunder were subject to approval by the shareholders of the Company, which was obtained at an extraordinary general meeting of the Company held on 27 June 2022. Completion of the Disposal, the Investment, the issue of the Warrants and the Lease took place on 29 June 2022.

For further details of the Disposal, the Investment, the issue of the Warrants and the Lease, please refer to (i) the announcements of the Company dated 28 March 2022, 30 May 2022 and 29 June 2022; (ii) the circular of the Company dated 7 June 2022; and (iii) the poll results announcement of the Company dated 27 June 2022.

Winding up of Hop Fung Lung Limited ("HFL") (formerly known as Bonjour Cosmetic Wholesale Center Limited)

On 9 January 2023, a winding-up order was made by the High Court against HFL, a subsidiary of the Company, at the hearing of the Petition pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Official Receiver of Hong Kong has been appointed as the provisional liquidator of HFL. For further details of the winding-up, please refer to the announcements of the Company dated 9 January 2023 and 17 January 2023.

Change of auditor

RSM Hong Kong ("**RSM**") resigned as the auditor of the Company with effect from 10 June 2022. On the same day, the Board, with the recommendation of the audit committee of the Company (the "**Audit Committee**"), appointed Grant Thornton Hong Kong Limited as the new auditor of the Company to fill the casual vacancy following the resignation of RSM and to hold office until the conclusion of the next annual general meeting of the Company. For further details, please refer to the announcements of the Company dated 10 June 2022 and 20 June 2022.

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

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.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures. Throughout the Year, the Company has applied the principles of good corporate governance and complied with all the applicable code provisions prescribed in Part 2 of 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 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 audited 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 audited 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

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website (http://corp.bonjourhk.com) and the website of the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the Year will be dispatched to the Company's shareholders and made available at the Company's website and Stock Exchange's website in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 1:00 p.m. on Thursday, 16 June 2022 pending the publication of, among other things, the Audited Results and remains suspended until the Company fulfills the Resumption Guidance. Application has been made by the Company for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 27 March 2023.

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

Hong Kong, 24 March 2023

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.