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Bonjour Holdings Limited
卓悦控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 653)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Bonjour Holdings Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, “**Bonjour**” or the “**Group**”) for the year ended 31 December 2022 (the “**Year**”) with comparative figures for the previous year as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Turnover	3	185,662	626,991
Cost of goods sold		<u>(151,908)</u>	<u>(577,031)</u>
Gross profit		33,754	49,960
Other income		7,345	74,699
Gain on disposal of subsidiaries, net	5	350,031	–
Distribution costs		(16,369)	(16,681)
Administrative expenses		(154,641)	(253,486)
Other operating expenses		(125)	(965)
Share of results of a joint venture		(7,787)	–
Impairment loss on rental and utility deposits		(7,621)	–
Impairment loss on trade and other receivables		(3,625)	(12,574)
Impairment loss on property, plant and equipment		–	(3,866)
Impairment loss on right-of-use assets		(1,849)	(13,873)
Profit/(Loss) from operations		199,113	(176,786)
Finance costs	6	<u>(34,624)</u>	<u>(43,292)</u>
Profit/(Loss) before tax		164,489	(220,078)
Income tax credit	7	<u>2,732</u>	<u>4,000</u>
Profit/(Loss) for the year	8	<u>167,221</u>	<u>(216,078)</u>
Profit/(Loss) for the year attributed to:			
Owners of the Company		167,221	(216,738)
Non-controlling interests		<u>–</u>	<u>660</u>
		<u>167,221</u>	<u>(216,078)</u>
Earnings/(Loss) per share			
Basic and diluted	10	<u>HK4.8 cents</u>	<u>HK(6.3) cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
	HK\$'000	HK\$'000
Profit/(Loss) for the year	<u>167,221</u>	<u>(216,078)</u>
Other comprehensive (expense)/income:		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Remeasurement gains on long service payment liabilities	164	36
Fair value changes of equity instruments at fair value through other comprehensive income (“FVTOCI”)	<u>(13,275)</u>	<u>8,077</u>
	<u>(13,111)</u>	<u>8,113</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences reclassified to profit or loss on dissolution of subsidiaries	–	470
Exchange differences on translating foreign operations	<u>(118)</u>	<u>(694)</u>
	<u>(118)</u>	<u>(224)</u>
Other comprehensive (expense)/income for the year, net of tax	<u>(13,229)</u>	<u>7,889</u>
Total comprehensive income/(expense) for the year	<u>153,992</u>	<u>(208,189)</u>
Total comprehensive income/(expense) for the year attributed to:		
Owners of the Company	153,992	(208,905)
Non-controlling interests	<u>–</u>	<u>716</u>
	<u>153,992</u>	<u>(208,189)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property, plant and equipment		1,440	2,254
Right-of-use assets		53,323	13,673
Intangible assets		–	–
Rental and utility deposits		7,401	5,129
Financial assets at FVTOCI	11	349	71,172
Investments in associates		–	–
Investment in a joint venture	12	343,625	–
Other receivables		4,900	–
		411,038	92,228
Current assets			
Inventories		7,127	26,373
Trade receivables	13	777	4,082
Rental and utility deposits		4,238	15,723
Prepayments, deposits and other receivables		40,277	20,349
Financial asset at FVTOCI	11	24,021	–
Bank and cash balances		17,929	41,834
		94,369	108,361
Assets classified as held for sale		–	498,454
		94,369	606,815
Current liabilities			
Trade payables	14	17,365	16,044
Other payables, deposits received and accrued charges		127,716	127,311
Lease liabilities		31,323	21,150
Amounts due to former related parties		35,490	35,490
Amount due to the controlling shareholder		30,118	–
Bank and other borrowings		22,097	171,513
Current tax liabilities		–	2,732
		264,109	374,240
Liabilities directly associated with assets classified as held for sale		–	287,914
		264,109	662,154
Net current liabilities		(169,740)	(55,339)
Total assets less current liabilities		241,298	36,889

	2022	2021
	HK\$'000	<i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	65,205	6,831
Other borrowings	19,666	25,975
Deferred tax liabilities	–	–
Long service payment liabilities	1,039	1,296
	<u>85,910</u>	<u>34,102</u>
Net assets	<u>155,388</u>	<u>2,787</u>
Capital and reserves		
Share capital	35,126	35,126
Reserves	120,262	(32,339)
	<u>155,388</u>	<u>2,787</u>
Equity attributable to owners of the Company	155,388	2,787
Non-controlling interests	–	–
Total equity	<u>155,388</u>	<u>2,787</u>

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 2022

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 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

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 2022. 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 17 – Insurance Contracts and related amendments	1 January 2023
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 HKFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
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

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:

	2022 HK\$'000	2021 HK\$'000
Revenue from contract with customers within the scope of HKFRS 15		
Sales of beauty, healthcare and lifestyle products	75,481	158,493
Sales of technology products	110,181	468,498
	185,662	626,991
Timing of revenue recognition		
Products transferred at a point in time	185,662	626,991

4. SEGMENT INFORMATION

The chief operating decision-maker (the “CODM”) has been identified as the Company’s executive directors.

(a) Business segments

	Wholesaling and retailing of beauty, health-care and lifestyle products <i>HK\$'000</i>	Wholesaling of technology products <i>HK\$'000</i>	Unallocated corporate assets and liabilities* <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2022				
Segment turnover	75,481	110,181	-	185,662
Segment cost of goods sold	(46,697)	(105,211)	-	(151,908)
Segment gross profit	<u>28,784</u>	<u>4,970</u>	<u>-</u>	<u>33,754</u>
Other segment information				
Segment assets	96,249	17,774	391,384	505,407
Segment liabilities	(263,909)	-	(86,110)	(350,019)
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	<u>45,365</u>	<u>4,595</u>	<u>-</u>	<u>49,960</u>
Other segment information				
Segment assets	686,261	12,782	-	699,043
Segment liabilities	(696,256)	-	-	(696,256)

* Corporate assets mainly include certain right-of-use assets and investment in a joint venture. Corporate liabilities mainly include certain lease liabilities.

(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 <i>HK\$'000</i>	Wholesaling of technology products <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2022			
– At a point in time	<u>75,481</u>	<u>110,181</u>	<u>185,662</u>
For the year ended 31 December 2021			
– At a point in time	<u>158,493</u>	<u>468,498</u>	<u>626,991</u>

(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 and investment in a joint venture) by location of assets are detailed below:

	Revenue		Non-current assets	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	177,660	607,427	54,310	15,913
Macau	8,002	19,395	453	10
PRC except Hong Kong and Macau	—	169	—	4
Consolidated total	<u>185,662</u>	<u>626,991</u>	<u>54,763</u>	<u>15,927</u>

(d) **Revenue from major customers**

	2022	2021
	HK\$'000	HK\$'000
Arise from wholesaling of technology products:		
Customer A	N/A*	174,213
Customer B	N/A*	94,394
Customer C	65,758	N/A*
Customer D	23,028	N/A*
Customer E	<u>21,395</u>	<u>N/A*</u>

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

5. **DISPOSAL OF SUBSIDIARIES**

(a) **Disposal of subsidiaries with loss of control**

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 the entire equity interest in Apex Centric Investment Limited (“**Apex Centric**”) and Apex Frame Limited (collectively referred to as the “**Disposal Group**”) at an aggregate consideration of HK\$900,000,000, subject to the terms and conditions of the Sale and Purchase Agreement (the “**Disposal**”). The Disposal was completed on 29 June 2022.

Consideration received

	Year ended 31 December 2022
	HK\$'000
Consideration received in cash and cash equivalents	431,554
Investment in a joint venture (note 12)	351,412
Rental deposit for the Lease (as defined in note (ii))	4,500
Redemption of convertible bonds (note (i))	<u>112,534</u>
Total consideration	<u>900,000</u>

Analysis of assets and liabilities of the Disposal Group over which control was lost

	As at 29 June 2022 HK\$'000
Property, plant and equipment	496,298
Deferred tax liabilities	(1,413)
	<hr/>
Net assets disposed of	494,885

Gain on disposal

	As at 29 June 2022 HK\$'000
Total consideration	900,000
Net assets disposed of	(494,885)
Issuance of the Warrants (<i>note (i)</i>)	(22,037)
Effect of the Lease (<i>note (ii)</i>)	(41,149)
	<hr/>
Gain on disposal	341,929

The gain on disposal is included in the face of consolidated statement of profit or loss and other comprehensive income.

Notes:

- (i) Upon completion of the disposal (“**Completion**”), (i) Apex Centric redeemed all the outstanding convertible bonds previously issued to Karfond Limited (“**Karfond**”) at its principal amount of HK\$110,500,000 together with accrued and unpaid interest of approximately HK\$2,034,000; and (ii) the Company issued 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. The fair value of the warrant liability amounted to HK\$22,037,000 using Binomial Tree Pricing model for which involved unobservable inputs. The key inputs into the valuation model were as follows at initial measurement:

Exercise price	HK\$0.19
Exercisable period	From 29 June 2022 to 9 April 2026
Dividend yield	Nil
Volatility	57.192%
Risk-free rate	2.718%

- (ii) Upon Completion, the Company entered into a tenancy agreement, whereby the Company leased the Property for a term of four years commencing on the date of the Completion (the “**Lease**”). The annual rent payable by the Group are HK\$27,000,000, HK\$27,810,000, HK\$28,644,300 and HK\$29,503,629 for the first, second, third and fourth year of lease. The amount of right-of-use assets retained by the Group, lease liabilities assumed by the Group and rental paid in advance under the Lease was HK\$53,354,000, HK\$96,753,000 and HK\$2,250,000, respectively.

Net cash inflow on disposal of subsidiaries

	<i>HK\$'000</i>
Consideration received in cash and cash equivalents (included under investing activities in consolidated statement of cash flows)	431,554
Repayments of bank borrowings (included under financing activities in consolidated statement of cash flows)	<u>(371,000)</u>
	<u>60,554</u>

(b) Deemed disposal of subsidiaries with loss of control

In December 2022, certain subsidiaries of the Group allotted ordinary shares to entities controlled by Mr. Chen Jianwen. Upon the shares allotments, the Group's equity interests in these subsidiaries reduced from 100% to 30%. Accordingly, the Group's investments in these subsidiaries were accounted for as associates of the Group by using equity method after the deemed disposal.

	<i>HK\$'000</i>
Aggregate consideration from share allotments	<u>–</u>

Analysis of assets and liabilities over which control was lost

	<i>HK\$'000</i>
Property, plant and equipment	3,408
Right-of-use assets	6,668
Trade receivables	225
Prepayments, deposits and other receivables	1,824
Bank and cash balances	477
Trade payables	(24)
Other payable, deposits received and accrued charges	(13,664)
Lease liabilities	<u>(7,016)</u>
Net liabilities disposed of	<u>(8,102)</u>

Gain on disposals

	<i>HK\$'000</i>
Consideration	–
Net liabilities disposed of	<u>8,102</u>
Gain on disposals	<u>8,102</u>

The gain on disposals is included in the face of the consolidated statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expense on lease liabilities	6,116	9,631
Interest expense on bank and other borrowings	21,868	24,073
Interest expense on convertible loans	6,522	9,588
Interest expense on amount due to the controlling shareholder	118	–
	<u>34,624</u>	<u>43,292</u>

7. INCOME TAX CREDIT

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	–	21
Over-provision in prior years	–	(626)
	<u>–</u>	<u>(605)</u>
Current tax – Overseas		
Over-provision in prior years	(2,732)	(1,006)
Deferred tax	–	(2,389)
	<u>(2,732)</u>	<u>(4,000)</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year ended 31 December 2022.

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% (2021: 25%).

Macau SAR Complementary Tax has been provided at a rate of 12% (2021: 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.

8. PROFIT/(LOSS) FOR THE YEAR

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration	2,180	4,340
Cost of inventories sold (<i>Note</i>)	151,908	577,031
(Reversal of)/Allowance for slow-moving inventories (<i>Note</i>)	(8,000)	21,000
Depreciation of property, plant and equipment	884	4,841
Depreciation of right-of-use assets	26,731	69,011
Amortisation of other intangible assets	–	124
Written off of property, plant and equipment	–	527
Impairment loss on other intangible assets	–	1,123
Loss on dissolution of subsidiaries, net	–	470
Write-off of other intangible assets	–	1,102
Staff costs, including directors' emoluments		
– Wages, salaries and bonuses	67,312	94,593
– Retirement benefits scheme contributions	2,421	3,340
– Reversal of provision for unutilised annual leave	(2,006)	(1,655)
– Provision for long service payments	373	513

Note: Cost of inventories sold includes reversal of allowances for slow-moving inventories of HK\$8,000,000 (2021: allowance of HK\$21,000,000) which is included in the amount disclosed separately above.

9. DIVIDENDS

The directors do not recommend the payment of interim and final dividends (2021: Nil).

10. EARNINGS/(LOSS) PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit/(Loss)		
Profit/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share	<u>167,221</u>	<u>(216,738)</u>
	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	<u>3,512,565,999</u>	<u>3,461,607,095</u>

The effects of potential ordinary shares are anti-dilutive for the years ended 31 December 2022 and 2021. Hence the same weighted average numbers of ordinary shares would be used as denominator for calculating the basic and diluted earnings/(loss) per share for the years ended 31 December 2022 and 2021.

11. FINANCIAL ASSETS AT FVTOCI

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Listed investments, at fair value		
Equity securities	24,021	71,061
Unlisted equity securities at fair value	<u>349</u>	<u>111</u>
	<u>24,370</u>	<u>71,172</u>

As at 31 December 2022 and 2021, the fair values of listed securities are based on current bid prices.

As at 31 December 2022 and 2021, 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 20.5% (2021: 25%).

For the year ended 31 December 2022, the Group recognised fair value loss of HK\$13,513,000 (2021: fair value gain of HK\$8,200,000) and fair value gain of HK\$238,000 (2021: fair value loss of HK\$123,000) 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
HKD	24,021	71,061
USD	<u>349</u>	<u>111</u>
	<u>24,370</u>	<u>71,172</u>

Subsequent to the reporting period, the Group has further disposed the listed equity securities. For further details of the disposal, please refer to the announcements of the Company dated 14 February 2023, 23 February 2023 and 7 March 2023.

12. INVESTMENT IN A JOINT VENTURE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of investment	351,412	–
Share of post-acquisition results	<u>(7,787)</u>	<u>–</u>
	<u>343,625</u>	<u>–</u>

As at 31 December 2022, details of the Group's investment in a joint venture are as follows:

Name of joint venture	Form of business structure	Country/place of incorporation and business	Registered capital	% of interest held	Principal activity
CR Business Innovation Investment Fund L.P.	Exempted limited partnership	The Cayman Islands	HK\$550,000,000 <i>(note)</i>	75% (2021: N/A)	Property investment

Note:

As at 31 December 2022, the Group has capital commitment of HK\$61,088,000 to the Fund.

On 28 March 2022, Bonjour Investment Management Limited (a wholly-owned subsidiary of the Company, “**Bonjour Investment**”), CR Capital Investment (Cayman) Limited (“**CRCI**”) (together with Bonjour Investment, the “**Limited Partner(s)**”) and CR Business Innovation Investment GP Company Limited (the “**General Partner**”), entered into a limited partnership agreement (the “**Limited Partnership Agreement**”) and a subscription agreement, 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. On 29 June 2022, the Group disposed the entire equity interest in Disposal Group to the Fund.

Set out below are the summarised financial information of the Fund which is accounted for using the equity method:

	As at 31 December 2022 HK\$'000
Current assets	8,621
Non-current assets	844,804
Current liabilities	(13,282)
Non-current liabilities	(450,000)
Net assets	<u>390,143</u>
Included in the above assets and liabilities:	
Cash and cash equivalents	8,621
Non-current financial liabilities (excluding trade and other payables and provisions)	<u>450,000</u>
	Period from 29 June 2022 to 31 December 2022 (the “Period”) HK\$'000
Loss and total comprehensive expense for the Period	<u>(10,383)</u>
	As at 31 December 2022 HK\$'000
Total net assets of the joint venture	390,143
Proportion of ownership interests held by Group	75%
Goodwill	<u>51,018</u>
Carrying amount of the investment in a joint venture in the consolidated financial statements	<u>343,625</u>

13. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	6,902	6,582
Allowance for expected credit losses	<u>(6,125)</u>	<u>(2,500)</u>
	<u>777</u>	<u>4,082</u>

- (a) The Group's sales to wholesale customers are entered into on credit terms ranging from 30 to 120 days (2021: 30 to 120 days), and trade receivables under retail sales are due within 30 days (2021: 30 days) from the date of billings. The ageing analysis of trade receivables before allowance for expected credit losses is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Wholesales customers		
0-30 days	-	-
31-60 days	-	-
61-90 days	-	-
91-120 days	-	-
Over 120 days	<u>3,517</u>	<u>3,557</u>
	<u>3,517</u>	<u>3,557</u>
Trade receivables under retail sales		
0-30 days	374	384
31-60 days	71	595
61-90 days	98	61
91-120 days	164	134
Over 120 days	<u>2,678</u>	<u>1,851</u>
	<u>3,385</u>	<u>3,025</u>
Total	<u>6,902</u>	<u>6,582</u>

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

	HKD <i>HK\$'000</i>	Macau Pataca ("MOP") <i>HK\$'000</i>	Total <i>HK\$'000</i>
2022	<u>6,895</u>	<u>7</u>	<u>6,902</u>
2021	<u>6,489</u>	<u>93</u>	<u>6,582</u>

14. TRADE PAYABLES

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0-30 days	512	1,236
31-60 days	951	560
61-90 days	360	247
91-120 days	43	704
Over 120 days	<u>15,499</u>	<u>13,297</u>
	<u><u>17,365</u></u>	<u><u>16,044</u></u>

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

	HKD <i>HK\$'000</i>	MOP <i>HK\$'000</i>	RMB <i>HK\$'000</i>	EUR <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
2022	<u>16,105</u>	<u>–</u>	<u>409</u>	<u>607</u>	<u>244</u>	<u>17,365</u>
2021	<u>15,928</u>	<u>110</u>	<u>6</u>	<u>–</u>	<u>–</u>	<u>16,044</u>

15. EVENTS AFTER THE REPORTING PERIOD

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 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. As a result of the liquidation and appointment of liquidators, the Group lost control over HFL and HFL ceased to be subsidiary of the Company. For further details of the winding-up, please refer to the announcements of the Company dated 9 January 2023 and 17 January 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

ANNUAL RESULTS

For the twelve months ended 31 December 2022 (the “Year”), Bonjour Holdings Limited (the “Company”) and its subsidiaries (collectively, “Bonjour” or the “Group”) recorded revenue of HK\$185.7 million (2021: HK\$627.0 million), representing a decrease of 70.4% from last year. Profit for the Year was HK\$167.2 million (loss for 2021: HK\$216.1 million), representing an increase of 177.4% from last year. Earnings per share amounted to HK\$4.8 cents (loss per share for 2021: HK6.3 cents).

MARKET OVERVIEW

Retail sales in Hong Kong are still severely affected by COVID-19 in the year of 2022. According to the Census and Statistics Department (“Statistics”), for the full year of 2022, the value of total retail sales was estimated at HK\$350 billion (2021: HK\$353 billion), a slight decrease of 0.9% from 2021. Despite the repeated outbreaks of the epidemic and the variation of the virus strain since 2020 which have caused unprecedented reduction in global travel activities, 2022 has shown a rebound from 2021. According to the Hong Kong Tourism Board, the total number of visitors to Hong Kong in 2022 was 605,000 compared to only about 90,000 in 2021, although the figure still fall short of over 50 million visitors per year in the pre-COVID-19 period. The significant decline in tourists to Hong Kong and the economic downturn during the prevalent period of epidemic have continued to bring major difficulties and challenges to the retail industry in 2022.

Crisis brings opportunities. The outbreak of the epidemic, social distancing measures and advancement in technology have significantly altered consumer behaviour. The business ecosystem has transformed from traditional retail to omni-channel – fully integrating online and offline (O2O) retail experience. According to Statistics, for the year of 2022, the value of online retail sales was estimated at HK\$34.6 billion, an increase of 20.8% year-on-year, accounting for about 9.9% of the value of total retail sales. The trend of online retail sales is growing. The core focus of retail transformation is the alignment and coordination among customer channels, operation processes, payment methods and supply chain management. Through effective electronic payment, efficient logistics support, e-Commerce is able to meet changing consumer needs and improve shopping experience such as enabling shopping at home at own leisure via mobile phone, computers or other electronic devices. Mobile e-commerce is enhanced with 5G networks available, increasing on-the-go internet speeds and facilitating more mobile e-commerce.

With the improved economic sentiment and further relaxation of social distancing measures towards end of 2022, the fourth quarter of 2022 has shown an increase of 0.9% in value of total retail sales compared to preceding quarter. The value of total retail sales in January 2023, provisionally estimated at HK\$36.2 billion, increased by 7.0% compared with the same month in 2022. In January 2023, since the lifting of travel restrictions, the number of visitor arrivals in Hong Kong reached approximately 498,690 which is 82% of full year 2022. According to a consultancy report, Hong Kong’s retail sales are expected to rise by 13% year-on-year to approximately HK\$395 billion in 2023, driven by the lifting of travel restrictions and the city’s ambitious global promotional drive. Department stores and the luxury sector will continue to revive by around 40% in 2023, while clothing, footwear and allied products will grow by about 20%, supported by the recovery in tourism and the strengthening RMB. Hence overall, the outlook for economic recovery in 2023 is positive and encouraging.

BUSINESS REVIEW

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

- **New Retail O2O**

With the continuation of the COVID-19 pandemic into 2022 and the border between Hong Kong and Mainland still remain under tight quarantine control, the number of tourist arrival continue to slump. With the maintenance of social distancing measures, people have turned to online shopping instead of going out to physical stores. International retail brands have also switched their focus to online sales. The Group was well aware of this trend and have made transformation plans. Since 2020 and continuing into 2022, the Group strategically optimised the number of retail stores and transformed them into O2O stores to provide consumers with new shopping experience while also saving rental costs. Underperforming stores are closed for better cost control. For existing stores, the Group has initiated negotiations with landlords for rental discounts and critically evaluate the need of tenancy renewal in each store. As of 31 December 2022, the Group operated 10 physical retail stores in Hong Kong and Macau. The Group will continue to monitor the rental market closely and review its store network for better cost control and more efficient operations. Further, the Group intends to explore new sources of income by utilising digital displays in and outside stores with the control system powered by Bonjour Technology Development Limited (“**Bonjour Technology**”), a wholly owned subsidiary of the Company. The Group will continue to leverage on technology to enhance the shopping experience of consumers to improve sales.

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 Bonjour HKMALL (香港貓) (“**HKMALL**”), which greatly enhanced the online shopping experience for customers.

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. 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.

With the fast rise of the KOL economy, the Group has its own direct broadcasting studio with an area of over 10,000 sq. ft. for KOLs to conduct sales on social media. As a result, the Group is able to enhance the interaction of consumer experience and customer loyalty, while accumulating online subscriptions and “Likes” to boost its turnover. As of 31 December 2022, 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 association 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 approximately HK\$553 million for the Year.

- **Brand Management**

Currently, the Group offers over 100,000 SKUs, and distributes over 100 well-known brands, including, exclusive distribution of Suisse Reborn, Dr. Bauer, Yumei, WOWWOW, Dr. Schafter and I.Skin Focus. Apart from skincare, fragrance, cosmetics, haircare and body-care, the Group also sourced healthcare and life style products all over the world. Recently, a variety of quality products are offered at competitive prices. The Group continuously pays close attention to the market trends and consumer behavior, and research on latest hot items to satisfy the ever-changing customers’ 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 developed 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. The first Suisse Reborn beauty center was opened in June 2022. Further, the Group actively explored the possibility of expanding into aesthetic medical business under the development approach of “Beauty, Health & Beautiful Life”. 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 business development in the aesthetic medical market. The Group expects to capture enormous opportunities in markets across the Greater Bay Area and even Asia with quality aesthetic medical services. This led to the second shop Suisse Reborn Medical opening in September 2022, managed by experienced experts in the sector 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 was conducted using a cost-plus pricing strategy, as this business model would provide the customers procured through the Service Companies with adequate incentives to buy and resell the Company’s 3C products, and hence ensure 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.

Due to the logistic restrictions caused by the COVID-19 pandemic, the 3C product business was suspended in July 2021. As the COVID-19 lockdown restriction relaxed slightly in early 2022, the Company resumed its 3C product business using the same business model in March to July of the same year. However, due to the resurgence of COVID-19 cases and the subsequent lockdown measures imposed by the PRC government, the Company again had to suspend its 3C product business in August 2022. The 3C product business will resume when economic situation improves in 2023.

Strategic cooperation

During the Year, Bonjour Technology, a subsidiary of the Company, entered into a non-binding Memorandum of Understanding (“**Memorandum of Understanding**”) with Loving Home Foundation Ltd. (家園基金有限公司) (“**Loving Home Foundation**”) and Runnovation Limited (潤維創坊有限公司) (“**Runnovation**”), which represents a preliminary understanding between Bonjour Technology, Loving Home Foundation and Runnovation in relation to a potential cooperation, to complement each other’s strengths, to achieve mutual benefits and win-win outcome.

According to the Memorandum of Understanding, Bonjour Technology, Loving Home Foundation and Runnovation unanimously agreed to promote comprehensive cooperation partnership between the three parties, so as to provide all-round technology support, for local convenience stores operated under the Loving Home Foundation; to promote digital transformation of social welfare organisations in Hong Kong; and to enhance technology innovation and transformation, as well as to promote the development of local industries in Hong Kong and benefit the underprivileged community.

Based on the new concept of “Beauty, Health & Beautiful Life”, the Group has been actively promoting “technology + consumption” since 2020 and leading the new 5G digital economy. The Group has upgraded from a traditional beauty industry retailer to a global e-commerce company, and is committed to provide consumers with international general merchandise products and professional services, as well as to provide the best quality of e-commerce services for Hong Kong small and medium-sized enterprises.

Bonjour Technology, supported by the industrial digital innovation platform, has developed major businesses such as big data integration, industrial innovation incubation service, and science and technology investment, providing Hong Kong’s incubation of science and technology with platform support through the accumulation of various innovative resources, which in turn helps realise the industrialization of scientific and technological achievements, and realizing the strategic policy of Hong Kong industry going global.

The Memorandum of Understanding aims to promote the upgrade and transformation of local industries service to the community in Hong Kong, the transformation of technology innovations, benefit the general public and provide effective services for the grassroots citizens. The three parties agreed to enter comprehensive cooperation, carry out organisation transformation, strengthen the synergy mechanism for conducting industrial and technology innovation, which will bring significant opportunities. The Board believes that the Memorandum of Understanding will further promote the sustainable development and steady growth of the Company, provide profitability and bring considerable returns for the Shareholders.

OUTLOOK

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

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

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

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

Digital transformation applies not just to 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 costs, 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 improved economic sentiment and further relaxation of social distancing measures towards end of 2022 and lifting of travel restrictions in January 2023, the outlook for economic recovery in 2023 is positive and encouraging. Bonjour in its digitally transformed business model to an integrated online/offline platform, working in collaboration with value added technology and business partners, and providing services to own subsidiaries as well as third parties SMEs, Bonjour is well positioned to stage a timely rebound with the revive of the economy to capture opportunities in new retail technology, e-commerce platform development and aesthetic medical business, in order to provide better returns to its shareholders.

FINANCIAL REVIEW

Overview

Despite Hong Kong was entering recovery in 2022, the pace was very slow and gradual. In Mainland China, more stringent measures were implemented to control COVID-19, many major cities were facing ‘close down’ for several months. This has continued to significantly affect Bonjour’s revenue sales which traditionally were reliant on Mainland visitors. As a result, the revenue dropped by approximately 70% to HK\$185.7 million in comparison to last year of HK\$627 million. Bank and cash balance as of 31 December 2022 amounted to approximately HK\$17.9 million (31 December 2021: approximately HK\$41.8 million). The liquidity level has improved as proceeds came in from disposal of subsidiaries and a property to third parties at approximately HK\$900.0 million and HK\$6.0 million consideration respectively. Due to the assets held for sale at the year end of 2021 was being disposed in 2022, the net current liabilities were increased from approximately HK\$55.3 million as of 31 December 2021 to approximately HK\$169.7 million as of 31 December 2022. The current ratio of the Group was reduced from approximately 0.92 as of 31 December 2021 to approximately 0.36 as of 31 December 2022. 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 2022, the Group’s cash and bank deposits amounted to approximately HK\$17.9 million (31 December 2021: approximately HK\$41.8 million). The Group’s bank and other borrowings, and lease liabilities as at 31 December 2022 were HK\$138.3 million (31 December 2021: approximately HK\$225.5 million (excluding liabilities associated with assets classified as held for sales)), out of which, approximately HK\$53.4 million (31 December 2021: approximately HK\$192.7 million) were repayable within next 12 months. As at 31 December 2022, among the current liabilities of approximately HK\$264.1 million (31 December 2021: current liabilities of approximately HK\$662.2 million), approximately HK\$31.3 million was related to lease liabilities (31 December 2021: HK\$21.2 million) and approximately HK\$22.1 million was mainly related to bank and other borrowings (31 December 2021: approximately HK\$171.5 million).

The Group’s net debt ratio as at 31 December 2022 was greatly improved at approximately 0.9 (31 December 2021: approximately 80.9), and was calculated based on the Group’s bank and other borrowings and lease liabilities (2021: excluding liabilities associated with assets classified as held for sales) divided by total equity of approximately HK\$155.4 million (31 December 2021: approximately HK\$2.8 million). Total liabilities to shareholders funds was approximately 2.3 (31 December 2021: approximately 249.8). The current ratio of the Group as at 31 December 2022 was approximately 0.36 (31 December 2021: approximately 0.92). 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. The Placing Agreement was extended to 31 July 2023.

Redemption of Convertible Bonds and issue of Warrants

As disclosed in the announcements of the Company dated 1 April 2021 and 9 April 2021, the Target Company issued the convertible bonds in the principal amount of HK\$129,500,000 (the “**Convertible Bonds**”) to Karfond Limited (the “**Subscriber**”) on 9 April 2021. On the same day, the Company, the Target Company, Apex Frame, Mr. Chen Jianwen and the Subscriber entered into a deed of undertaking (the “**Deed of Undertaking**”) whereby the Subscriber was granted a right of first refusal for the sale of the Property and/or the shares of the Target Company and Apex Frame, and a co-development right in respect of the Property, further details of which are disclosed in the announcement of the Company dated 1 April 2021.

Pursuant to the terms of the Convertible Bonds, the Disposal constituted an event which confers a right on the Subscriber to, at its option, require early redemption of the Convertible Bonds before its maturity date, which is 9 April 2026 (“**Early Redemption**”). On the other hand, pursuant to the terms of the Convertible Bonds, unless previously redeemed, converted or purchased and cancelled, the earliest date on which the Target Company may, at its option, redeem the outstanding Convertible Bonds is 9 April 2024.

The Directors considered that the issue of Warrants to the Subscriber at nil consideration would serve as a necessary and suitable incentive for the Subscriber to (i) consent to the Disposal, and (ii) waive all its rights and claims under the Deed of Undertaking upon Early Redemption, both of which are conditions precedent to the Disposal.

Therefore, upon the Fund paying the Subscriber the outstanding principal amount of HK\$110,500,000 together with accrued interest on behalf of the Target Company to redeem the Convertible Bonds in full pursuant to the Sale and Purchase Agreement, the outstanding Convertible Bonds were redeemed in full and the Subscriber’s consent to the Disposal became unconditional and effective, and on 29 June 2022, the Company has issued 581,578,947 unlisted warrants conferring rights to subscribe for 581,578,947 shares of the Company (the “**Warrants**”) upon full redemption of the Convertible Bonds.

The issue price of the Warrants is nil. The exercise price (subject to adjustment events set out in and in accordance with the terms and conditions of the Warrants) of the Warrants is HK\$0.19 per Warrant Share, which represents: (1) approximately 38.686% premium to the closing price of HK\$0.1370 per Share as quoted on the Stock Exchange on the date of the announcement of the issue of the Warrants; and (2) approximately 37.681% premium to the average closing price of HK\$0.1380 per Share for the last five consecutive trading days immediately preceding the date of the announcement of the issue of the Warrants.

For details of the issue of the Warrants, please refer to the announcements of the Company dated 28 March 2022, 21 April 2022, 6 May 2022, 20 May 2022, 30 May 2022, 27 June 2022 and 29 June 2022 and the circular of the Company dated 7 June 2022.

Assuming that there is no change in share capital of the Company since 30 June 2022 and the subscription rights attached to the Warrants are exercised in full, the number of issued shares of the Company will be increased by 581,578,947 (the “**Warrants Shares**”), representing approximately 16.56% of the issued share capital of the Company as at 30 June 2022 (i.e. 3,512,565,999 Shares) and approximately 14.21% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrants Shares (i.e. 4,094,144,946 Shares).

Dilution impact of the Conversion of Warrants

Set out below is the dilution effect on equity interest of the shareholding structure of the Company upon the fully conversion of the outstanding Warrants.

Substantial Shareholders	As at 31 December 2022		Upon full conversion of Warrants as at 31 December 2022	
	<i>Number of Shares</i>	<i>Approximately % of issued Shares</i>	<i>Number of Shares</i>	<i>Approximately % of issued Shares</i>
Mr. Chen Jianwen	2,244,195,868	63.89	2,244,195,868	54.81

Dilution Impact on Earnings/(Loss) Per Share

The effects of potential ordinary shares are anti-dilutive for the years ended 31 December 2022 and 2021.

Contingent Liabilities

As at 31 December 2022, the Group had no significant contingent liabilities (31 December 2021: Nil).

Litigation

As at 31 December 2022, 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 2022, the Group's bank borrowings were not dominated in foreign currency.

As at 31 December 2022, the Group had bank and other borrowings amounting to approximately HK\$41.8 million (31 December 2021: approximately HK\$197.5 million (excluding liabilities associated with assets classified as held for sales)). 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, the Company did not issue or allot new shares.

The total number of issued and fully paid Shares as at 31 December 2022 was 3,512,565,999 Shares (2021: 3,512,565,999 shares).

Charges on Group Assets

As at 31 December 2022, none of the assets of the Group were pledged (31 December 2021: approximately HK\$479.3 million were pledged to secure banking facilities granted to the Group).

Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures

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\$110,500,000 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 annual rent payable by the Group will be HK\$27,000,000 during the term of the Tenancy Agreement. The Property will continue to be used by the Group as premises for its operation.

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

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.

The Disposals

During the period from 22 April 2022 to 14 February 2023, the Company, through its wholly-owned subsidiary, made the Disposals of an aggregate of 135,156,000 ordinary shares issued by Town Health International Medical Group Limited (“**Town Health Shares**”).

For further details of the Disposals, please refer to the announcement of the Company dated 14 February 2023.

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

Significant Securities Investments

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

As at 31 December 2022, the Group had 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\$24.4 million, accounting for approximately 4.8% of the Group’s total assets (31 December 2021: approximately HK\$71.2 million, accounting for approximately 10.2% of the Group’s total assets). Throughout the Year, the Group only held two financial assets and the change on the fair value of such financial assets amounted to a loss of approximately HK\$13.3 million for the Year (2021: gain of approximately HK\$8.1 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.

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.

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 2022, the Group had approximately 194 (2021: approximately 270) 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\$68.1 million (2021: approximately HK\$96.8 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 may also be 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

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.

The Further Disposals

On 23 February 2023 and 7 March 2023, the Company, through its wholly-owned subsidiary, made the disposals of an aggregate of 26,345,586 Town Health Shares (the “**Further Disposals**”).

For further details of the Further Disposals, please refer to the announcements of the Company dated 23 February 2023 and 7 March 2023.

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

Save as disclosed herein, 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, eight meetings were held to review, among others, the audited consolidated financial statements of the Group for the year ended 31 December 2022 and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022 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	8/8
Mr. Lee Kwun Kwan	8/8
Mr. Yan Sherman Chuek-ning	8/8

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.

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

Hong Kong, 31 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.