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Bonjour Holdings Limited
卓悦控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 653)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Director(s)**”) of Bonjour Holdings Limited (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, “**Bonjour**” or the “**Group**”) for the six months ended 30 June 2023 (the “**Period**” or “**Review Period**”) (the “**Interim Results**”), together with comparative figures for the corresponding period in 2022. The Interim Results have not been audited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Turnover	2	71,206	121,488
Cost of goods sold		<u>(47,926)</u>	<u>(96,881)</u>
Gross profit		23,280	24,607
Other income	4	5,674	5,663
Gain on disposal of subsidiaries		–	341,929
Distribution costs		(6,201)	(8,456)
Administrative expenses		(66,694)	(84,826)
Other operating expenses		(252)	(89)
Gain on deconsolidation of a subsidiary	5	102,996	–
Share of results of a joint venture		<u>(3,558)</u>	<u>–</u>
Profit from operations		55,245	278,828
Finance costs	6	<u>(6,019)</u>	<u>(26,320)</u>
Profit before tax		49,226	252,508
Income tax expense	7	<u>(568)</u>	<u>–</u>
Profit for the Period	8	<u>48,658</u>	<u>252,508</u>
Profit for the Period attributed to:			
Owners of the Company		48,658	252,508
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>48,658</u>	<u>252,508</u>
Earnings per share	9		
Basic and diluted		<u>HK1.4 cents</u>	<u>HK7.2 cents</u>

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the Period	48,658	252,508
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes of equity instruments at fair value through other comprehensive income ("FVTOCI")	(4,794)	3,374
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences arising on the translation of foreign operations	—	(7)
Other comprehensive (expense)/income for the Period, net of tax	(4,794)	3,367
Total comprehensive income for the Period	43,864	255,875
Total comprehensive income in the Period attributed to:		
Owners of the Company	43,864	255,875
Non-controlling interests	—	—
	43,864	255,875

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	10	943	1,440
Right-of-use assets	11	42,859	53,323
Intangible assets		–	–
Rental and utility deposits		3,210	7,401
Financial assets at FVTOCI		349	349
Interests in associates		–	–
Interest in a joint venture	13	340,067	343,625
Other receivables		4,900	4,900
		<u>392,328</u>	<u>411,038</u>
Current assets			
Inventories		5,208	7,127
Trade receivables	14	1,466	777
Rental and utility deposits		7,297	4,238
Prepayments, deposits and other receivables		19,015	27,540
Financial asset at FVTOCI		–	24,021
Amounts due from associates		17,590	12,737
Bank and cash balances		18,420	17,929
		<u>68,996</u>	<u>94,369</u>
Current liabilities			
Trade payables	15	6,122	17,365
Other payables, deposits received and accrued charges		63,385	127,716
Lease liabilities		32,440	31,323
Amounts due to former related parties		–	35,490
Amount due to the controlling shareholder		60,693	30,118
Bank and other borrowings	16	22,541	22,097
		<u>185,181</u>	<u>264,109</u>
Net current liabilities		<u>(116,185)</u>	<u>(169,740)</u>
Total assets less current liabilities		<u>276,143</u>	<u>241,298</u>

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Non-current liabilities		
Lease liabilities	53,352	65,205
Other borrowings	22,500	19,666
Long service payment liabilities	1,039	1,039
	<u>76,891</u>	<u>85,910</u>
Net assets	<u>199,252</u>	<u>155,388</u>
Capital and reserves		
Share capital	35,126	35,126
Reserves	164,126	120,262
	<u>199,252</u>	<u>155,388</u>
Equity attributable to owners of the Company	199,252	155,388
Non-controlling interests	—	—
Total equity	<u>199,252</u>	<u>155,388</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

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

These unaudited condensed consolidated financial statements for the six months ended 30 June 2023 (the “Period”) should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2022.

In the Period, the Group has adopted all the new and amended Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the Period and prior years.

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

Going concern assessment

The Group incurred a net cash outflow from operating activities of HK\$35,099,000 during the six months ended 30 June 2023 and, as of that date, the Group’s current liabilities exceeded its current assets by HK\$116,185,000. These conditions indicate the existence of a material uncertainty which may cast doubt on the Group’s ability to continue as a going concern, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the above, the unaudited condensed consolidated financial statements have been prepared on a going concern basis as the directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group and are satisfied that:

- (a) The ultimate controlling shareholder, Mr. Chen Jianwen has agreed to continue to support financially the operations of the Group to meet all third-party obligations for at least the ensuing twelve-month period after 31 December 2022.
- (b) The Group has taken various cost control measures to tighten the costs of operation including closing down under-performing retail stores.
- (c) The Group is actively negotiating with external parties and banks to obtain new sources of financing to finance the Group’s working capital and improve the Group’s liquidity position.

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

2. TURNOVER

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from contract with customers within the scope of HKFRS 15		
Wholesaling and retailing of beauty, health-care and lifestyle products	34,797	46,719
Wholesaling of technology products	36,409	74,769
	<u>71,206</u>	<u>121,488</u>
Timing of revenue recognition		
Products transferred at a point in time	<u>71,206</u>	<u>121,488</u>

3. 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 HK\$'000	Wholesaling of technology products HK\$'000	Unallocated corporate assets and liabilities HK\$'000	Total HK\$'000
For the six months ended 30 June 2023 (unaudited)				
Segment revenue	34,797	36,409	–	71,206
Segment cost of goods sold	<u>(12,252)</u>	<u>(35,674)</u>	<u>–</u>	<u>(47,926)</u>
Segment gross profit	<u>22,545</u>	<u>735</u>	<u>–</u>	<u>23,280</u>
As at 30 June 2023 (unaudited)				
Other segment information				
Segment assets	31,515	8,992	420,817	461,324
Segment liabilities	<u>(166,047)</u>	<u>–</u>	<u>(96,025)</u>	<u>(262,072)</u>
For the six months ended 30 June 2022 (unaudited)				
Segment revenue	46,719	74,769	–	121,488
Segment cost of goods sold	<u>(25,281)</u>	<u>(71,600)</u>	<u>–</u>	<u>(96,881)</u>
Segment gross profit	<u>21,438</u>	<u>3,169</u>	<u>–</u>	<u>24,607</u>
As at 31 December 2022 (audited)				
Other segment information				
Segment assets	96,249	17,774	391,384	505,407
Segment liabilities	<u>(263,909)</u>	<u>–</u>	<u>(86,110)</u>	<u>(350,019)</u>

(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 six months ended 30 June 2023 (unaudited)			
At a point in time	34,797	36,409	71,206
For the six months ended 30 June 2022 (unaudited)			
At a point in time	46,719	74,769	121,488

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

	Revenue		Non-current assets	
	Six months ended 30 June		As at	As at
	2023	2022	30 June	31 December
	(Unaudited)	(Unaudited)	2023	2022
	HK\$'000	HK\$'000	(Unaudited)	(Audited)
Hong Kong	61,559	115,965	42,327	54,310
Macau	9,647	4,932	1,475	453
PRC except Hong Kong and Macau	—	591	—	—
Consolidated total	71,206	121,488	43,802	54,763

(d) **Revenue from major customers**

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Arise from wholesaling of technology products:		
Customer A	25,940	—
Customer B	—	30,345
Customer C	—	23,029
Customer D	—	21,395

4. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank interest income	15	–
Rental income	156	56
Government subsidies	4,490	359
Gain on disposal of property, plant and equipment	–	4,510
Exchange gain	154	65
Sundry income	859	673
	<u>5,674</u>	<u>5,663</u>

5. GAIN ON DECONSOLIDATION OF A SUBSIDIARY

Deconsolidation 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.

Accordingly, the Group had deconsolidated HFL as the Directors considered that the Group’s control over HFL had been lost on 9 January 2023.

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Property, plant and equipment	390
Right-of-use assets	486
Trade and other receivables	6,378
Bank balances and cash	431
Trade and other payables	(110,681)
Amounts due to group companies	<u>(379,908)</u>
Net liabilities	<u>(482,904)</u>
Gain on deconsolidation of HFL:	
Net liabilities deconsolidated	482,904
Less: Amounts due from HFL	<u>(379,908)</u>
Gain on deconsolidation	<u>102,996</u>
Net cash outflow arising on deconsolidation:	
Banks balances and cash of HFL	<u>(431)</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expense on lease liabilities	3,624	1,461
Interest expense on bank and other borrowings	1,723	18,461
Interest expense on convertible loans	–	6,398
Interest expense on amount due to the controlling shareholder	672	–
	<u>6,019</u>	<u>26,320</u>

7. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the Period.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax		
Hong Kong Profits Tax	568	–

8. PROFIT FOR THE PERIOD

The Group's profit for the Period is arrived after charging the following:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Costs of inventories sold	47,926	96,881
Depreciation of property, plant and equipment	124	675
Depreciation of right-of-use assets	17,996	15,888

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit		
Profit for the purpose of calculating basic earnings per share	<u>48,658</u>	<u>252,508</u>
	2023	2022
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>3,512,565,999</u>	<u>3,512,565,999</u>

The effects of conversion of the Group's outstanding warrants are anti-dilutive for the six months ended 30 June 2022 and 2023.

10. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of approximately HK\$10 thousand (2022: HK\$1.3 million).

11. RIGHT-OF-USE ASSETS

During the Period, the Group acquired right-of-use assets of approximately HK\$8 million (2022: HK\$69.6 million).

12. DIVIDENDS

The Board has resolved not to declare any interim dividend for the Period (2022: Nil).

13. INTEREST IN A JOINT VENTURE

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Cost of investment, unlisted shares	351,412	351,412
Share of post-acquisition results	<u>(11,345)</u>	<u>(7,787)</u>
	<u>340,067</u>	<u>343,625</u>

As at 30 June 2023, 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. (the "Fund")	Exempted limited partnership	The Cayman Islands	HK\$550,000,000	75%	Property investment

14. TRADE RECEIVABLES

The Group's sales to customers are entered into on credit terms ranging from 30 to 120 days. The ageing analysis of trade receivables by invoice date is as follows:

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
0–30 days	560	374
31–60 days	327	71
61–90 days	151	98
91–120 days	140	164
Over 120 days	1,167	6,195
Gross trade receivables	2,345	6,902
Less: Loss allowance for expected credit losses	(879)	(6,125)
	1,466	777

15. TRADE PAYABLES

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

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
0–30 days	334	512
31–60 days	537	951
61–90 days	72	360
91–120 days	103	43
Over 120 days	5,076	15,499
	6,122	17,365

16. BANK AND OTHER BORROWINGS

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Short-term bank borrowings	4,302	4,296
Other borrowings	40,739	37,467
	45,041	41,763

17. SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 31 December 2022 (audited), at 1 January 2023 and at 30 June 2023 (unaudited)	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 31 December 2022 (audited), at 1 January 2023 and at 30 June 2023 (unaudited)	3,512,565,999	35,126

18. CONTINGENT LIABILITIES

At 30 June 2023, the Group did not have any material contingent liabilities.

19. RELATED PARTY TRANSACTIONS

- a) In addition to those related party transactions and balances disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had no other material transactions with its related parties during the six months ended 30 June 2022 and 2023.
- b) The remuneration of Directors and other members of key management during the Period was as follows:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Fees	302	302
Basic salaries, allowances and benefits in kind	3,000	3,100
Retirement benefits scheme contributions	27	27
	<u>3,329</u>	<u>3,429</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Results

For the six months ended 30 June 2023 (the “**Period**” or “**Review Period**”), Bonjour Holdings Limited (the “**Company**”) and its subsidiaries (collectively, “**Bonjour**” or the “**Group**”) recorded revenue of approximately HK\$71.2 million (2022: approximately HK\$121.5 million), representing a decrease of approximately 41.4% from the corresponding period of last year. There was a gain on deconsolidation of a subsidiary amounting to HK\$103.0 million. This resulted in a profit for the Period of approximately HK\$48.7 million (2022: profit of approximately HK\$252.5 million). The Board has resolved not to declare any interim dividend for the Period (2022: Nil).

Market overview

The border reopened in January 2023. Despite the visitors for the first half year of 2023 has surged compared to the first half year of 2022, the recovery in the retail sector has been slow.

In the “New Normal”, the business ecosystem has transformed from traditional retail to omni channel – fully integrating online and offline (O2O) retail experience. The trend of online retail sales is growing. The core focus of retail transformation is the alignment and coordination among customer channels, operation processes, payment methods and supply chain management. Through effective electronic payment, efficient logistics support, eCommerce is able to meet changing consumer needs and improve shopping experience such as enabling shopping at home at own leisure via mobile phone, computers or other electronic devices. Mobile eCommerce is enhanced with 5G networks available, increasing on-the-go internet speeds and facilitating more mobile eCommerce. Bonjour has applied 5G technology to broadcast live streaming of KOL outreach.

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

In the “New Normal” post COVID-19 pandemic, 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 critically evaluate the need of tenancy renewal in each store. As of 30 June 2023, 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. The Group will continue to leverage on technology to enhance the shopping experience of consumers to improve sales.

During the Review Period, the Group applied various leading new retail technologies, including live streaming, intelligent shopping guide, smart push, image search, voice search, and data bank, to its eCommerce platform Bonjour HKMALL (香港貓) (“**HKMALL**”), which greatly enhanced the online shopping experience for customers.

As of 30 June 2023, 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 eCommerce 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.

Consumers nowadays are shopping across channels, price-sensitive and expecting fast shipping and sustainable products. More consumers rely on social media and KOLs for inspiration and may be influenced by them to make purchase decision. In order to serve this new consumption pattern, the Group has its own direct broadcasting studio with an area of over 10,000 sq ft for KOLs to conduct showcases on social media to promote sales. As of June 2023, the Group have conducted frequent livestreams across multiple channels, achieving over 10% growth versus the previous year. The Group is blending beauty products, health and lifestyle with online purchasing, live commerce offers and thankful weeks (感謝祭) with wider scope for creating value for consumers. The Group continues to collaborate with various associations such as Junior Chamber of Commerce to launch competitions to nurture inspiring KOLs in pursuit of live commerce and online marketing. Despite the slow sales recovery in the first half of 2023, our analysis indicates that live commerce sales will continue to rack up sales momentum to help market transformation for brands, retailers and the marketplaces. The gross merchandise value (GMV) of completed orders on O2O platform (including beauty products and technology products) amounted to approximately HK\$79.1 million for the Period (2022: HK\$121.5 million).

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.

Strategic Cooperation and Industry Innovation

Apart from its own development, the Group is also committed to providing SMEs with the best eCommerce 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 group's eCommerce and technology platform.

To enable traditional business to transform to new business models, the Group operated 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.

The Group has continued working with various strategic partners for expanding business coverage on a win-win basis, especially using technology and our eCommerce platform to assist traditional business to transform in order to capture bigger business opportunities.

The Group continues working with ‘WOW Restaurant Group’ (“WOW” 嚶嚶嚶飲食集團) to provide digital transformation to support WOW's end to end enterprise solutions. In order to expand the product horizon to include food category, the Group has installed cold storage facilities, and entered into cooperation arrangement in July 2023 to work with a start-up company to provide vegetables, meat and frozen food via HKMall to the public in the second half year. A number of other cooperation discussions are in the pipeline to expand the Group's business.

Exploring Beauty Business

During the Review Period, the Group continues to develop beauty services led by experienced experts in the sector through the Suisse Reborn beauty center which will offer one-stop new experience of healthy lifestyle and beauty to customers. 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**”), an associate company 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.

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.

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.

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 innovated via HKMALL. HKMALL is more than a Bonjour online shop, it is a forward thinking eCommerce platform which allows merchants to set up their own e-shops seamlessly on HKMALL and sell merchandise online. During the Period, HKMALL has expanded its functions to provide one-stop services to the SMEs for them to operate their own e-shops on HKMALL. This provides a pathway for SMEs in Hong Kong to digitally transform their traditional business quickly into new business model. Through this new omni-channel retail ecosystem, HKMALL actively builds suppliers network and engagement on product, consumer access, buying preferences and purchase insights and develops suppliers to become online wholesalers and retailers. As HKMALL is a global eCommerce platform, 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.

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 have been streamlined and become more efficient. This has helped control the overall cost, and generated higher value per headcount. This also helps the organization to become "green" by saving physical resources via conducting transactions in a digital and paperless manner.

Overall, despite the recovery to retail business of the group has been slow in the first half of 2023, the Group believes that Hong Kong will eventually recover and its economy will thrive again. As the Group is well prepared in terms of new retail technology, eCommerce platform development and planning for aesthetic medical business, the Group will stage a comeback timely and provide better returns to its shareholders.

Financial Review

Overview

Three years of Covid-19 border closures has changed people's spending habits, as they now prefer to shop online rather than travel abroad to buy foreign-made products. The Group's cross border eCommerce platform HKMall is well placed to capture this 'New Normal'. However, the pace of recovery in 2023 was slow and gradual. As a result, the overall turnover was decreased by approximately 41.4%. On the positive side, overall gross margins have improved for the six months' period at 32.7% (2022: 20.3%). Gross margin for wholesaling and retailing of beauty, health-care and lifestyle products was 64.8% (2022: 45.9%) and wholesaling of technology products was 2% (2022: 4.2%). The Group's earnings had achieved a profit of approximately HK\$48.7 million (2022: profit of approximately HK\$252.5 million), comprising a gain on deconsolidation of a subsidiary (see note 5 to the Financial Statements).

Bank and cash balance as at 30 June 2023 amounted to approximately HK\$18.4 million (31 December 2022: approximately HK\$17.9 million). Net current liabilities were decreased from approximately HK\$169.7 million as at 31 December 2022 to approximately HK\$116.2 million as at 30 June 2023. The current ratio of the Group was also increased from approximately 0.36 as of 31 December 2022 to approximately 0.37 as at 30 June 2023 as a result of assets held for sales being disposed. The Management of the Group has active plans to improve the financial results leveraging on digital transformation to achieve ultimate profitability as well as long term sustainable growth for the Group.

Liquidity and Financial Resources

As at 30 June 2023, the Group's cash and bank deposits amounted to approximately HK\$18.4 million (31 December 2022: approximately HK\$17.9 million). The Group's bank and other borrowings and lease liabilities as at 30 June 2023 were approximately HK\$130.8 million (31 December 2022: approximately HK\$138.3 million), out of which, approximately HK\$55.0 million (31 December 2022: approximately HK\$53.4 million) were repayable within next 12 months. As at 30 June 2023, the net current liabilities were approximately HK\$116.2 million (31 December 2022: Net current liabilities of approximately HK\$169.7 million).

The Group's net debt ratio as at 30 June 2023 was approximately 0.66 (31 December 2022: approximately 0.89), and was calculated based on the Group's bank and other borrowings and lease liabilities, divided by total equity of approximately HK\$199.3 million (31 December 2022: approximately HK\$155.4 million). The current ratio of the Group as at 30 June 2023 was approximately 0.37 (31 December 2022: approximately 0.36).

Cash Flow

Net cash outflow from operating activities for the Period was approximately HK\$35.1 million (2022: outflow of approximately HK\$51.7 million). The profit before tax was approximately HK\$49.2 million (2022: profit before tax approximately HK\$252.5 million). The total amount of non-cash items amounting to approximately HK\$81.1 million (mainly comprise of depreciation expense and gain on deconsolidation of a subsidiary) and there was a net increase in working capital of approximately HK\$2.8 million.

Net cash inflow from investing activities for the Period was approximately HK\$20.0 million (2022: Net inflow of approximately HK\$440.1 million), which mainly represented the proceeds from disposal of a subsidiary, repayment of rental and utility deposit and net proceeds from disposal of the financial assets at FVTOCI.

Net cash inflow from financing activities for the Period was approximately HK\$15.6 million (2022: Net outflow of approximately HK\$351.0 million), which mainly represented proceeds from other borrowings and shareholder loans.

Foreign Exchange and Bank Borrowing Interest Rate Exposure

The Group has limited exposure to foreign exchange fluctuations given that most of its assets, receipts and payments are principally denominated in Hong Kong dollars, United States dollars, Macau Pataca and Renminbi with a few denominated in Japanese Yen and Euro. The Group will continue to monitor its foreign exchange receipts and payments and the gearing levels on an on-going basis and, if necessary, will hedge the foreign exchange exposure by forward contracts. As at 30 June 2023 and 31 December 2022, no bank borrowings were denominated in foreign currency.

As at 30 June 2023, the Group had bank and other borrowings amounting to approximately HK\$45.0 million (31 December 2022: approximately HK\$41.8 million). The bank and other borrowings were arranged at both fixed interest rate and floating interest rate basis at short-term inter-bank offer rates.

Capital Structure

During the Period, the Company did not issue or allot new shares. The total number of issued shares of the Company was 3,512,565,999 as at 30 June 2023.

Charge on Group Assets

As at 30 June 2023, none of Group's assets (31 December 2022: Nil) were pledged to secure banking facilities granted to the Group.

Material Acquisition or Disposal of Subsidiaries, Associates and Joint Ventures

Disposals

During the period from 22 April 2022 to 14 February 2023, the Company, through its wholly-owned subsidiary, made a series of disposals (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.

The Further Disposals

On 23 February 2023 and 7 March 2023, the Company, through its wholly-owned subsidiary, made further 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, there was no material acquisition or disposal of subsidiaries, associates or joint ventures during the Period.

Human Resources

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. As at 30 June 2023, the Group had approximately 187 (2022 Jun: approximately 211) full-time and part-time employees in Hong Kong and Macau. Staff costs including Directors’ emoluments for the Period were significantly streamlined at approximately HK\$29.9 million (2022 Jun: approximately HK\$35.9 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/or discretionary bonuses will also be granted to eligible employees based on individual’s performance and upon management’s discretion. The Group also provides mandatory provident fund schemes, medical insurance schemes, staff purchases discounts and training programs for our employees.

Dividends

The Board has resolved not to declare any interim dividend for the Period (2022: Nil).

Future Plans for Material Investments and Capital Assets

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

Contingent liabilities

At 30 June 2023, the Group did not have any material contingent liabilities.

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.

Purchase, Sale or Redemption of Securities

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

PLACING OF BONDS

On 2 August 2021 (after trading hours), the Company entered into a placing agreement (the "**Placing Agreement**") with Venture Smart Asia Limited, the placing agent (the "**Placing Agent**"), pursuant to which the Placing Agent conditionally agreed to act as placing agent, on a best effort basis, for the purposes of procuring placees to subscribe in cash for the two-year 9% bonds with an aggregate principal amount of up to HK\$50,000,000 during the period commencing from the date of the Placing Agreement and terminating on the date falling on the expiration of six (6) months from the date of the Placing Agreement. Please refer to the announcement of the Company dated 2 August 2021 for details. The Placing Agreement was extended to 31 January 2024.

DIRECTORS' SECURITIES TRANSACTIONS

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

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures. Throughout the Period, the Group has complied with the code provisions prescribed in the Corporate Governance Code (the “**CG Code**”) set out in the Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference. At present, members of the Audit Committee comprise three independent non-executive Directors, namely Mr. Kwok Chi Shing, Mr. Lee Kwun Kwan and Mr. Yan Sherman Chuek-ning. Mr. Kwok Chi Shing is the chairman of the Audit Committee. During the Period, two meetings of the Audit Committee have been held. The Audit Committee has reviewed the effectiveness of both the external audit and internal control and also the risk management evaluation. The unaudited financial statements of the Group for the Period have been reviewed by the Audit Committee.

OTHER BOARD COMMITTEES

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company’s website (<http://corp.bonjourhk.com>) and the website of the Stock Exchange (www.hkexnews.hk). The interim report of the Group for the Period 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, 30 August 2023

As at the date of this announcement, the Board comprised 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.