BONJOUR

Bonjour Holdings Limited
卓悅控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 653)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

The board of directors (the "Director(s)") (the "Board") of Bonjour Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2009, together with comparative figures for the corresponding period last year. The interim results have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Turnover	*2*	**773,743**	660,844
Cost of goods sold		**(439,047)**	(353,288)
Gross profit		**334,696**	307,556
Other income	*3*	**7,616**	5,085
Distribution costs		**(18,446)**	(15,875)
Administrative expenses		**(240,851)**	(220,334)
Other operating expenses		**–**	(4,568)
Profit from operations		**83,015**	71,864
Finance costs	*5*	**(293)**	(228)
Share of profits of an associate		**307**	66
Profit before tax		**83,029**	71,702
Income tax expense	*6*	**(13,588)**	(12,899)
Profit for the period, attributable to owners of the Company	*7*	**69,441**	58,803
Earnings per share	*8*		
– basic		**HK 30.9 cents**	HK 25.3 cents
– diluted		**HK 29.2 cents**	HK 24.6 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**69,441**	58,803
Other comprehensive income:		
Exchange differences on translating foreign operations	**72**	–
Total comprehensive income for the period, attributable to owners of the Company	**69,513**	58,803

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2009 (Unaudited) *HK$'000*	At 31 December 2008 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**44,240**	39,165
Prepaid land lease payments		**1,521**	1,534
Investment in an associate		**–**	3,729
Rental and utility deposits		**35,308**	29,884
Deferred tax assets		**2,843**	3,930
		83,912	78,242
Current assets			
Inventories		**152,561**	131,497
Trade receivables	*10*	**26,605**	19,489
Rental and utility deposits		**16,820**	18,244
Prepayments, deposits and other receivables		**25,320**	15,796
Due from an associate		**–**	4,235
Current tax assets		**169**	153
Bank and cash balances		**95,536**	158,581
		317,011	347,995
Current liabilities			
Trade payables	*11*	**80,825**	111,198
Other payables, deposits received and accrued charges		**40,545**	50,701
Deferred revenue		**32,623**	28,829
Current portion of long-term bank borrowings	*12*	**187**	187
Trust receipt loans	*12*	**15,839**	24,712
Bank overdrafts	*12*	**568**	10
Finance lease payables		**1,009**	957
Current tax liabilities		**30,434**	30,436
		202,030	247,030
Net current assets		**114,981**	100,965
Total assets less current liabilities		**198,893**	179,207

	Note	**At 30 June 2009 (Unaudited)** ***HK$'000***	At 31 December 2008 (Audited) *HK$'000*
Non-current liabilities			
Long-term bank borrowings	*12*	**51**	144
Finance lease payables		**1,813**	2,122
Long service payment liabilities		**786**	786
		2,650	3,052
NET ASSETS		**196,243**	176,155
Capital and reserves			
Share capital	*13*	**2,242**	2,268
Reserves		**194,001**	173,887
TOTAL EQUITY		**196,243**	176,155

Notes:

1. Basis of Preparation and Significant Accounting Policies

These 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These condensed consolidated financial statements should be read in conjunction with the 2008 annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2008 except as stated below.

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting polices, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. These presentation requirements have been applied retrospectively in these condensed consolidated financial statements.

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. HKFRS 8 results in a redesignation of the Group's reportable segments, but has had no impact on the reported results or financial position of the Group. HKFRS 8 has been applied retrospectively.

The segment accounting policies under HKFRS 8 are stated in note 4 to the condensed consolidated financial statements.

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

2. Turnover

Revenue recognized during the period are as follows:

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Sales of merchandise	**662,271**	563,952
Service income of beauty treatment services	**102,488**	87,670
Recognition of service income attributable to expired prepaid packages	**2,244**	1,945
Commission income	**6,740**	7,277
	773,743	660,844

3. **Other Income**

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**65**	461
Rental income	**4,308**	3,587
Other income	**3,243**	1,037
	7,616	5,085

4. **Segment Information**

The Group has two reportable segments including (i) wholesaling and retailing of beauty and health-care products and (ii) operation of beauty and health salons.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in the Group's consolidated financial statements for the year ended 31 December 2008.

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior period have been restated to conform to the requirement of HKFRS 8.

Six months ended 30 June 2009

	Wholesaling and retailing of beauty and health-care products (Unaudited) ***HK$'000***	**Operation of beauty and health salons (Unaudited)** ***HK$'000***	**Elimination (Unaudited)** ***HK$'000***	**Total (Unaudited)** ***HK$'000***
Segment revenue				
Turnover				
Revenue (from external customers)	**669,011**	**104,732**	**–**	**773,743**
Inter-segment revenue	**705**	**–**	**(705)**	**–**
	669,716	**104,732**	**(705)**	**773,743**
Segment profit	**47,294**	**28,412**		**75,706**
Other income				**7,616**
Profit from operations				**83,322**
Finance costs				**(293)**
Profit before tax				**83,029**
Income tax expense				**(13,588)**
Profit for the period				**69,441**

Six months ended 30 June 2008

	Wholesaling and retailing of beauty and health-care products (Unaudited) *HK$'000*	Operation of beauty and health salons (Unaudited) *HK$'000*	Elimination (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue				
Turnover				
Revenue (from external customers)	571,135	89,709	–	660,844
Inter-segment revenue	657	–	(657)	–
	571,792	89,709	(657)	660,844
Segment profit	41,292	25,553		66,845
Other income				5,085
Profit from operations				71,930
Finance costs				(228)
Profit before tax				71,702
Income tax expense				(12,899)
Profit for the period				58,803

5. Finance Costs

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest expense on bank loans and overdrafts	**242**	219
Finance lease charges	**51**	9
	293	228

6. **Income Tax Expense**

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit subjected to Hong Kong profits tax for the period. Overseas taxation is calculated at the rates applicable in the respective jurisdictions.

The amount of taxation charged to the condensed consolidated income statement represents:

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax	**11,660**	10,129
Overseas tax	**841**	1,201
Deferred tax	**1,087**	1,569
	13,588	12,899

7. **Profit For The Period**

Profit for the period is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Amortisation of lease premium for land	**13**	13
Costs of inventories sold	**439,047**	353,288
Depreciation	**10,455**	8,907
(Gain)/loss on disposal of property, plant and equipment	**(44)**	89
Gain on disposal of investment in an associate	**44**	–
Net exchange (gains)/losses	**(1,441)**	4,480

8. **Earnings Per Share**

The calculation of basic earnings per share is based on the unaudited profit for the period attributable to owners of the Company of HK$69,441,000 (2008: HK$58,803,000), and the weighted average of 225,027,000 (2008: 232,343,000) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2009 is based on the unaudited profit for the six months ended 30 June 2009 attributable to owners of the Company of HK$69,441,000. The weighted average number of ordinary shares used in the calculation is 225,027,000 ordinary shares in issue during the six months ended 30 June 2009, as used in the basic earnings per share calculation, and the weighted average of 12,913,000 (2008: 6,797,000) ordinary shares deemed to have been issued at no consideration on the deemed exercise of all share options during the six months ended 30 June 2009.

9. Dividends

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim, proposed of HK20.0 cents (2008: HK18.0 cents) per ordinary share	**44,828**	41,375
Special, Nil (2008: proposed of HK2.5 cents) per ordinary share	**–**	5,747
	44,828	47,122

At a meeting held on 31 August 2009, the Board declared an interim dividend of HK20.0 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these condensed consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2009.

10. Trade Receivables

The Group's sales to wholesale customers are entered into on credit terms ranging from 60 to 90 days, and trade receivables under credit card sales are due within 120 days (2008: 90 days) from the date of billings. The ageing analysis of trade receivables is as follows:

	At 30 June 2009 (Unaudited) *HK$'000*	At 31 December 2008 (Audited) *HK$'000* (Restated)
Wholesales debtors		
0 – 30 days	**3,646**	1,054
31 – 60 days	**1,295**	122
61 – 90 days	**76**	91
91 – 120 days	**417**	416
	5,434	1,683
Trade receivables under credit card sales		
0 – 30 days	**9,267**	12,541
31 – 60 days	**6,368**	4,853
61 – 90 days	**1,441**	412
91 – 120 days	**4,095**	–
	21,171	17,806
Total	**26,605**	19,489

11. Trade Payables

The ageing analysis of trade payables is as follows:

	At 30 June 2009 (Unaudited) *HK$'000*	At 31 December 2008 (Audited) *HK$'000*
0 – 30 days	**34,650**	67,735
31 – 60 days	**25,562**	28,502
61 – 90 days	**14,282**	11,330
91 – 120 days	**6,331**	3,631
	80,825	111,198

12. Bank Borrowings and Overdrafts

	At 30 June 2009 (Unaudited) *HK$'000*	At 31 December 2008 (Audited) *HK$'000*
Non-current		
Long-term bank borrowings, secured	**51**	144
Current		
Long-term bank borrowings, secured	**187**	187
Trust receipt loans	**15,839**	24,712
Bank overdrafts	**568**	10
	16,594	24,909
	16,645	25,053

13. Share Capital

	Number of shares	*HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 31 December 2008 and at 30 June 2009	2,000,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 31 December 2008 and at 1 January 2009	226,739,000	2,268
Shares issued on exercise of share options *(note a)*	150,000	2
Repurchase of shares *(note b)*	(2,750,000)	(28)
At 30 June 2009	224,139,000	2,242

Notes:

(a) During the period ended 30 June 2009, 150,000 ordinary shares of HK$0.01 each were issued in relation to share options exercised by employees of the Group under the share option scheme of the Company.

(b) The Company repurchased its own shares on the Stock Exchange as follows:

Month of repurchase	**Total number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate consideration paid**
		HK$	*HK$*	*HK$'000*
November 2008	95,000*	2.03	1.99	190,650
January 2009	1,407,000	2.05	1.98	2,854,380
February 2009	100,000	3.29	–	329,000
March 2009	65,000	3.18	3.10	205,820
April 2009	552,000	3.65	3.50	1,947,750
May 2009	531,000	3.39	3.34	1,785,090
	2,750,000			7,312,690

The above shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premiums on repurchase were charged against share premium.

* *The cancellation date of these shares was 8 January 2009.*

14. Commitments

(a) Commitments under operating leases

The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	At 30 June 2009 (Unaudited)	At 31 December 2008 (Audited)
	HK$'000	*HK$'000*
Not later than one year	**166,691**	143,193
Later than one year and not later than five years	**258,411**	179,490
	425,102	322,683

The Group had future minimum lease rental receivable under non-cancellable operating leases as follows:

	At 30 June 2009 (Unaudited) *HK$'000*	At 31 December 2008 (Audited) *HK$'000*
Not later than one year	**9,720**	2,105
Later than one year and not later than five years	**25,812**	–
	35,532	2,105

(b) The Company did not have any significant commitments as at 30 June 2009 and 31 December 2008.

15. Comparative Figures

Certain comparative figures have been re-classified to conform with current period presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Operations Review

Group Review

The Group's turnover for the first six month ended 30 June 2009 amounted to HK$773.7 million, representing an increase of 17.1% compared to the same period last year (2008: HK$660.8 million). Profit attributable to owners of the Company increased by 18.0% to HK$69.4 million (2008: HK$58.8 million). Basic earnings per share was HK30.9 cents (2008: HK25.3 cents). The Group's performance was satisfactory in view of the economic recession occurred during the period.

Consolidated gross profit margin dropped 3.2 percentage points from 46.5% in 2008 to 43.3% for the first six months in 2009. The decrease in Group's gross margin was caused by the decrease in the retail gross margin. The retail margin decrease was in turn mostly induced by the tremendous increase in the sale of low margin milk powder products.

The Group's rental-to-turnover ratio continued to get better even after the network restructuring were completed in early 2008. While the turnover increased healthily and the overall rental remained at reasonable level, the Group's consolidated rental-to-turnover ratio decreased further to 10.9%. Since additional advertising cost was spent for launching promotion campaigns for new retail outlets as well as new beauty salons, the overall profitability of the Group remained at about the same level of 2008.

Retail and Wholesale Division

For the six month period ended 30 June 2009, the retail & wholesale division recorded a turnover of HK$669.0 million, representing a growth of 17.1% (2008: HK$571.1 million). This turnover growth was boosted by the same stores sale and the new shops opened in the past six months as well. The swine flu broke out in late April 2009 had some negative impact on the turnover growth in May and June 2009, as the number of tourists decreased by more than 10.0% during these two months.

Unlike tourists' spending, the local spending for cosmetics was sustained in spite of the occurrence of the swine flu. The down turn of the local economy had no visible negative effect. For retailers like us who sell basic or "semi-basic" goods, the impact of the financial crisis won't be felt unless the crisis will spread across the economy much further. Fortunately, this much worse scenario did not emerge. The financial turmoil seemed to be stabilizing and the local economy might have already reached its bottom at the end of the first quarter this year.

The retail gross margin dropped 4.1 percentage points from 39.1% in 2008 to 35.0% for the first six months in 2009. The decrease largely was due to the remarkable increase in the sale of low margin Japanese milk powder during the period. Since this product category is not a substitute of high margin products, it was actually not hurting our profitability, but rather an added momentum to push the profit higher. Besides the sale of Japanese milk powder, the retail margin was slightly lowered when more bargain sale campaigns were launched during the recession period. For other product categories other than milk powder, we continued to take in more or more exclusive products with high margin to shift the sale mix further to higher end.

The segment profit for the six months period for the retail and wholesale division was HK$47.3 million (2008: HK$41.3 million). Given the decrease in retail gross margin, the increase in turnover was the main drive to push the profit level higher.

As the rental in the main shopping areas has become more reasonable after the outbreak of the financial turmoil, we took the opportunities and opened three new shops in Tsimshatsui and Mongkok shopping area. The number of retail outlets increased from 27 to 29 during the period. As the rentals for the existing shops after renewal were also kept at the present reasonable level and the same store sale increased at a faster pace during the period, the rental cost to turnover ratio for the retail and wholesale division was reduced further from 11.1% for 2008 to 10.0% for the first half of 2009.

The turnover amount generated from E-shop still accounted for a small percentage of the total turnover. However, the turnover for E-shop significantly increased over the corresponding period of the previous fiscal year, with the continuous improvement of E-shop's functionalities, increased marketing activities and expansion of the product range.

Beauty Services Division

The beauty services division recorded a segment profit of HK$28.4 million for the first half of 2009 (2008: HK$25.6 million). Though the increase in profit was not as phenomenal as in 2008, the division's performance was satisfactory especially in a period where most high-end consumer markets were affected.

The beauty services division's turnover (service redemption) increased 16.7% to HK$104.7 million (2008: HK$89.7 million). With the three new salons added in 2008, the turnover growth was attributed to both network expansion and organic growth. Different from the retail sector, the beauty services target mainly local clients; therefore, the decrease of mainland China tourists caused by the swine flu did not have any impact on the beauty service sector. On the contrary, as the financial crisis stabilized, and the stock market as well as the property market bounced back in the second quarter of 2009, the consumer's confidence was much improved.

Three more beauty salons were opened in the first half of 2009, bringing the total number of beauty service outlets to 19. All the new salons opened in 2008 and 2009 were all in good shape in recruiting new members and were able to become profitable in the first three months of operation. Some of them have already recuperated all the initial investment costs. While extra marketing resources were utilized to recruit new members in the shortest period of time and the operating efficiency for new salons were inherently less efficient before it becomes mature, the operating margin inevitably slightly dropped temporarily.

As for the nail bar service in China, the operation was running smoothly even though the economic downturn also had certain impact in mainland China, especially in the first quarter of 2009. Yet, there was little progress in finding suitable locations for expansion. Since its turnover accounted for only a small portion of the Group's turnover, there was no impact at all on the overall Group's profitability.

Outlook

Retail and Wholesale Division

While the financial turmoil has stabilized in the first half in 2009, the general overview of the economy in the second half of 2009 is mixed and unclear. Some economists predict that the economy will not be back on the growth track again until 2010. However, since the retail market for cosmetics was relatively unscathed even under the existing unfavourable economic conditions, the Group's are cautiously optimistic to the economic environment in the second half of 2009. Furthermore, The People's Republic of China (the "PRC") government's stimulus package launched in late 2008 is starting to show its effect on the economy recently and Hong Kong is highly likely to enjoy the beneficial spill-over effect later this year. The relaxation of the Individual Visit Scheme for Shenzhen residents should have benefited the local retail industry in the first half of 2009. Yet, unexpectedly quite a number of visitors have held off their visits to the HKSAR after April 2009 due to the occurrence of the swine flu. The latest development of the swine flu epidemic shows that the seriousness of this illness is much less than Severe Acute Respiratory Syndrome (SARS) in 2003 and apparently most of the daily activities have back to normal, even though the flu epidemic has already widely existed in the community. More importantly the HKSAR government has changed its compulsory quarantine policy which had deterred some visitors from coming to Hong Kong previously. Therefore, we can reasonably believe that swine flu panic will be over soon and the number of visitors from the PRC will resume to normal in a short period of time.

While the economy is striving out of the recession, it definitely is not a good timing to push too hard to boost the gross margin up by adopting more aggressive pricing policy. Instead, we will continue the effort to add more exclusive products in the sales mix. When the economy starts picking up again, those exclusive brands and products would be the major categories that can provide better margin improvement.

The renewal of the leases expired in the second half of 2009 are completed. Since the overall rental remains at about the same level after renewal as in the first half of 2009, the rental-to-turnover ratio would continue to fall whilst the turnover rises as predicted. As it is unlikely that the general economy as well as the overall retail market would be booming again in the near term, the rental is expected to stay at its present level, thereby allowing the Group to enjoy a relatively stable cost environment for some time. As such, following our expansion plan started in 2008 and taking the advantage of the present reasonable rental environment, two to three new shops are to be opened in the second half of 2009 as planned.

Besides rental, other major expenses including staff cost are expected to stay at its present proportion to turnover, as the Group will continue its efforts in exercising stringent cost controls. However, the distribution cost is expected to increase in the second half of 2009, as the Group will need to allocate additional resources for promoting new exclusive products when more and more new exclusive products have been added. Despite the increase, the overall advertising budget would be kept below 2% of the Group's turnover.

The growth potential of internet shopping is increasingly prominent, and the Group sees it as a good opportunity to boost our sales considerably through this channel. We will launch a new E-shop with great improvement in design, functionalities and on-line shopping procedure. In addition, we will actively expand the Group of on-line customers in the market of Mainland China, Hong Kong and overseas, thereby further increasing the sales capacity.

Beauty Services Division

The whole beauty services market is facing much serious challenges than that in previous years. Yet, the performance of the beauty services division in the first half of 2009 is satisfactory. As the local economy is slowly recovering, the Group is confident that growth would be sustained in the second half of 2009.

The industry has undergone consolidation since the second half of 2008, and it seems that the process will continue to take place indefinitely. The Group will take this as a good opportunity for expansion so as to broaden our client base and increase the market share. Two new salons already opened in the first half of 2009, and one more salon is planned to open in the second half this year. After the new salons opened in these two years becoming mature, they will enjoy much greater cost efficiency and become highly profitable, just as those salons opened earlier and become the cash cow at present. The Group is well aware that the risk involved is high for rapid expansion in a difficult time when unexpected things may happen. Hence, the Group will continue to undertake a prudent approach in the execution of its expansion plan, opening 2 to 3 salons per year in the next two years. As for the China market, there are more difficulties than we expected in finding suitable locations for the expansion of nail bar service centres. Therefore, the pace of expansion would be slower than we planned. Nevertheless, there is little impact on the overall growth momentum of the beauty services division.

Financial Review

Liquidity and Financial Resources

As at 30 June 2009, the Group's cash and bank deposits amounted to HK$95.5 million (31 December 2008: HK$158.6 million). The Group's bank borrowings and finance lease payables as at 30 June 2009 were HK$3.1 million (31 December 2008: HK$3.4 million), out of which, HK$1.2 million (31 December 2008: HK$1.1 million) were repayable within 12 months.

The Group's gearing ratio as at 30 June 2009 was 0.02 (31 December 2008: 0.02), and was calculated based on the Group's bank borrowings and finance lease payable, divided by total equity of HK$196.2 million (31 December 2008: HK$176.2 million). The current ratio of the Group as at 30 June 2009 was 1.57 (31 December 2008: 1.41).

The Group services its debt primarily through the cash earned from its operation and the Board believes that the Group has maintained sufficient working capital for its operation and future expansion.

Cash Flow

Net cash inflow from operations for the period was HK$11.7 million (2008: HK$43.5 million). The profit before tax was HK$83.0 million. The total amount of non-cash items amounting to HK$20.0 million (mainly depreciation and share-based compensation expense) and was net off with a net decrease in working capital of HK$78.4 million.

Net cash outflow from investing activities for the period was HK$7.2 million (2008: HK$6.9 million), which mainly represented capital expenditure on beauty salons opened in the period.

Net cash outflow from financing activities for the period was HK$68.2 million (2008: HK$66.1 million), which mainly represented consideration paid for repurchase of shares and dividends paid in the period.

Contingent Liabilities

As at 30 June 2009, the Group had contingent liabilities totaling HK$0.8 million (31 December 2008: HK$0.7 million) which represented guarantee given by bank for rental payment to landlord.

Foreign Exchange Exposure

The Group has little exposure to foreign fluctuations as most of its assets, receipts and payments are principally denominated in Hong Kong dollar, Renminbi and United States dollar. As at 30 June 2009, none of the Group's bank borrowings was in foreign currency. The Group's bank borrowings were on floating rate basis at either bank prime rate or short-term inter-bank offer rates. The Group will continue to monitor its foreign exchange position and, if necessary, will hedge its foreign exchange exposure by forward foreign exchange contracts.

Capital Structure

During the six months period ended 30 June 2009, 2,655,000 fully paid ordinary shares of the Company were repurchased and 2,750,000 fully paid ordinary shares were cancelled. The total number of issued and fully paid shares of the Company as at 30 June 2009 was 224,139,000.

Banking Facilities

As at 30 June 2009, the Group's banking facilities totalling approximately HK$64.7 million (31 December 2008: HK$65.7 million) were secured by corporate guarantee of the Company and a first legal charge over leasehold land and buildings held by the Group.

Charge on Group Assets

As at 30 June 2009, certain of the Group's assets with a net book value of approximately HK$2.0 million (31 December 2008: HK$2.0 million) were pledged to secure banking facilities granted to the Group.

Significant Investments

During the six months period ended 30 June 2009, the Group did not have any significant investments.

Material Acquisition or Disposal of Subsidiaries and Associated Companies

There was no material acquisition or disposal of subsidiaries and associated companies during the six months period ended 30 June 2009.

Human Resources

As at 30 June 2009, the Group had approximately 1,030 (2008: 970) full-time and part-time employees in both Hong Kong and Macau. Staff costs for the period under review were HK$118.3 million (2008: HK$103.8 million). The Group values its human resources and recognizes the importance of attracting and retaining qualified staff for its continuing success. Remuneration packages are generally structured by reference to market terms and individual qualifications. In addition, share options and discretionary bonuses are also granted to eligible employees based on individuals' performances. The Group also provides mandatory provident fund schemes, medical insurance schemes, staff purchases discounts and training programs for our employees.

DIVIDENDS

The Board does not recommend the payment of any special dividend (2008: HK2.5 cents per ordinary share of the Company) for the six months ended 30 June 2009.

The Board has resolved to declare an interim dividend of HK20.0 cents (2008: HK18.0 cents) per ordinary share of the Company for the six months ended 30 June 2009 to be payable to shareholders whose names appear on the registers of members of the Company on 30 September 2009.

CLOSURE OF REGISTER OF MEMBERS

The registers of the Company will be closed from 25 September 2009 to 30 September 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividends, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 24 September 2009.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months period ended 30 June 2009, the Company repurchased a total of 2,655,000 fully-paid ordinary shares of the Company at an aggregate consideration of approximately HK$7.1 million on the Stock Exchange. Details of the repurchases of such ordinary shares were as follows:

Date of repurchase	Number of ordinary shares repurchased	Price per ordinary share		Aggregate purchase price
		Highest	Lowest	
		(HK$)	*(HK$)*	*(HK$)*
January 2009	1,407,000	2.05	1.98	2,854,380
February 2009	100,000	3.29	–	329,000
March 2009	65,000	3.18	3.10	205,820
April 2009	552,000	3.65	3.50	1,947,750
May 2009	531,000	3.39	3.34	1,785,090
Total	2,655,000			7,122,040

35,000 shares and 60,000 shares were repurchased on 13 November 2008 and 21 November 2008 respectively has been cancelled on 8 January 2009.

All of the 2,750,000 repurchased ordinary shares of the Company were cancelled during the six months period ended 30 June 2009 and the issued share capital of the Company was reduced by the par value thereof. The above repurchases were effected by the Directors, pursuant to the mandate from shareholders, with a view to benefit shareholders as a whole in enhancing the net assets and earnings per share of the Company.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the six months period ended 30 June 2009.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions (the "Code Provision") set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules (the "CG Code") during the period, except for the deviation from Code Provision A.2.1.

CODE PROVISION A.2.1

According to the Code Provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Dr. Ip Chun Heng, Wilson, the chairman and executive Director, also being the chief executive officer of the Company since the Board considered that Dr. Ip has in-depth knowledge and experience in the retail sales and cosmetic product market and is the most appropriate person. Notwithstanding the above, the Board will review the current structure from time to time. When at the appropriate time and if candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may make necessary arrangement.

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules 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 under review.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. All audit committee members possess appropriate industry and financial experience to advise on the compliance of the financial reporting, internal controls and risk evaluation. At present, audit committee members comprise Mr. Wong Chi Wai, Dr. Chow Ho Ming and Mr. Lo Hang Fong, being the three independent non-executive Directors. 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 of internal controls and risk evaluation. The unaudited financial statements of the Company for the period have been reviewed by the audit committee.

OTHER BOARD COMMITTEES

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

By order of the Board
Ip Chun Heng, Wilson
Chairman

Hong Kong, 31 August 2009

As of the date of this announcement, the Board comprises of four executive Directors namely Dr. Ip Chun Heng, Wilson, Ms. Chung Pui Wan, Mr. Yip Kwok Li and Mr. Chan Chi Chau; and three independent non-executive Directors namely Mr. Wong Chi Wai, Dr. Chow Ho Ming and Mr. Lo Hang Fong.