BONJOUR

Bonjour Holdings Limited

卓悅控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 653)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 2009

RESULTS

The board of directors (the "Board" or "Directors") of Bonjour Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31st December 2009 (the "Year") with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2009

	Note	2009 *HK$'000*	2008 *HK$'000*
Turnover	3	**1,745,142**	1,381,889
Cost of goods sold		**(1,009,115)**	(732,655)
Gross profit		**736,027**	649,234
Other income	4	**13,445**	11,617
Distribution costs		**(44,750)**	(35,259)
Administrative expenses		**(512,690)**	(454,719)
Other operating expenses		**–**	(11,473)
Profit from operations		**192,032**	159,400
Finance costs	5	**(683)**	(556)
Share of profits of an associate		**307**	614
Profit before tax		**191,656**	159,458
Income tax expense	6	**(31,407)**	(26,966)
Profit for the year attributable to owners of the Company	7	**160,249**	132,492
Earnings per share	9		
Basic		**HK70.8 cents**	HK57.7 cents
Diluted		**HK67.2 cents**	HK56.3 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2009 *HK$'000*	2008 *HK$'000*
Profit for the year	**160,249**	132,492
Other comprehensive income:		
Exchange differences on translating foreign operations	**73**	210
Other comprehensive income for the year, net of tax	**73**	210
Total comprehensive income for the year attributable to owners of the Company	**160,322**	132,702

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31st December 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**50,952**	39,165
Prepaid land lease payments		**1,508**	1,534
Goodwill		**–**	–
Investment in an associate		**–**	3,729
Rental and utility deposits		**42,301**	29,884
Held-to-maturity investments		**3,405**	–
Deferred tax assets		**3,020**	3,930
		101,186	78,242
Current assets			
Inventories		**170,313**	131,497
Trade receivables	*10*	**25,781**	19,489
Rental and utility deposits		**16,369**	18,244
Prepayments, deposits and other receivables		**26,312**	15,796
Due from an associate		**–**	4,235
Current tax assets		**54**	153
Pledged bank balances		**1,389**	–
Bank and cash balances		**212,335**	158,581
		452,553	347,995
Current liabilities			
Trade payables	*11*	**121,650**	111,198
Other payables, deposits received and accrued charges		**68,524**	50,701
Deferred revenue		**31,746**	28,829
Current portion of long-term bank borrowings		**3,144**	187
Short-term bank borrowings		**15,000**	–
Trade finance loans		**40,394**	24,712
Bank overdrafts		**–**	10
Finance lease payables		**1,042**	957
Current tax liabilities		**16,731**	30,436
		298,231	247,030
Net current assets		**154,322**	100,965
Total assets less current liabilities		**255,508**	179,207

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2009	2008
	HK$'000	*HK$'000*
Non-current liabilities		
Long-term bank borrowings	**2,500**	144
Finance lease payables	**1,766**	2,122
Long service payment liabilities	**1,444**	786
	5,710	3,052
NET ASSETS	**249,798**	176,155
Capital and reserves		
Share capital	**2,294**	2,268
Reserves	**247,504**	173,887
TOTAL EQUITY	**249,798**	176,155

Notes:

1. Adoption of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1st 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 substantial changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

(a) Presentation of Financial Statements

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 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. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

(b) Operating Segments

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. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively.

The segment accounting policies under HKFRS 8 are stated in note 3.

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. Basis of preparation

These financial statements have been prepared under the historical cost convention.

3. Turnover and segment information

(a) Turnover

The Group is principally engaged in the retail and wholesale of beauty and health-care products and operation of beauty and health salons in Hong Kong and Macau. Revenues recognised during the year are as follows:

	2009	2008
	HK$'000	*HK$'000*
Sales of merchandise	**1,507,607**	1,172,590
Service income of beauty treatment services	**214,640**	182,177
Recognition of service income attributable to expired prepaid packages	**8,088**	12,431
Commission income	**14,807**	14,691
	1,745,142	1,381,889

(b) 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 skill and marketing strategies.

Segment profits or losses do not include other income, gains from investments, interest income, rental income, finance costs and income tax expense. Segment assets do not include deferred tax assets, investment in an associate, and property, plant and equipment and rental and utility deposits for corporate use. Segment liabilities do not include current tax liabilities, and bank borrowings and finance lease payables in respect of corporate use assets. Segment non-current assets do not include financial instruments, and deferred tax assets.

The Group accounts for intersegment sales and transfers at cost.

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

Information about reportable segment profit or loss, assets and liabilities:

	Wholesaling and retailing of beauty and health-care products *HK$'000*	**Operation of beauty and health salons** *HK$'000*	**Total** *HK$'000*
Year ended 31st December 2009			
Revenue from external customers	1,522,414	222,728	1,745,142
Intersegment revenue	1,550	–	1,550
Segment profit	136,882	42,012	178,894
Interest revenue	76	10	86
Interest expense	683	–	683
Depreciation and amortisation	10,595	11,601	22,196
Share of profits of an associate	307	–	307
Income tax expense	24,155	7,252	31,407
Other material non-cash items:			
Share-based payments	8,611	1,287	9,898
Additions to segment non-current assets	24,120	9,992	34,112
As at 31st December 2009			
Segment assets	415,697	171,332	587,029
Segment liabilities	172,532	173,634	346,166
Investment in an associate	–	–	–

	Wholesaling and retailing of beauty and health-care products *HK$'000*	Operation of beauty and health salons *HK$'000*	Total *HK$'000*
Year ended 31st December 2008			
Revenue from external customers	1,187,281	194,608	1,381,889
Intersegment revenue	1,133	–	1,133
Segment profit	96,864	51,533	148,397
Interest revenue	865	–	865
Interest expense	556	–	556
Depreciation and amortisation	7,648	11,345	18,993
Share of profits of an associate	614	–	614
Income tax expense	17,693	9,273	26,966
Other material non-cash items:			
Impairment loss on goodwill	1,890	–	1,890
Share-based payments	6,396	1,013	7,409
Additions to segment non-current assets	12,313	14,167	26,480
As at 31st December 2008			
Segment assets	377,445	116,379	493,824
Segment liabilities	202,015	105,762	307,777
Investment in an associate	3,729	–	3,729

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2009	2008
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**1,746,692**	1,383,022
Elimination of intersegment revenue	**(1,550)**	(1,133)
Consolidated revenue	**1,745,142**	1,381,889
Profit or loss		
Total profit or loss of reportable segments	**178,894**	148,397
Unallocated amounts:		
Other income	**13,445**	11,617
Finance costs	**(683)**	(556)
Consolidated profit before tax	**191,656**	159,458
Assets		
Total assets of reportable segments	**587,029**	493,824
Elimination of intersegment assets	**(59,100)**	(91,541)
Unallocated amounts:		
Property, plant and equipment and rental and utility deposits for corporate use	**22,790**	16,295
Investment in an associate	**–**	3,729
Deferred tax assets	**3,020**	3,930
Consolidated total assets	**553,739**	426,237
Liabilities		
Total liabilities of reportable segments	**346,166**	307,777
Elimination of intersegment liabilities	**(59,100)**	(91,541)
Unallocated amounts:		
Current tax liabilities	**16,731**	30,436
Bank borrowings and finance lease payables in respect of corporate use assets	**144**	3,410
Consolidated total liabilities	**303,941**	250,082

The totals of other items disclosed in the segment information are the same as the consolidated totals.

4. Other income

	2009	2008
	HK$'000	*HK$'000*
Bank interest income	**86**	865
Gain on disposal of an associate	**44**	–
Gain on disposals of property, plant and equipment	**288**	–
Net exchange gain	**469**	–
Other income	**3,159**	3,562
Rental income	**9,399**	7,190
	13,445	11,617

5. Finance costs

	2009	2008
	HK$'000	*HK$'000*
Interest expense on bank borrowings and overdrafts	**568**	489
Finance leases charges	**115**	67
	683	556

6. Income tax expense

	2009	2008
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**28,709**	26,146
Over-provision in prior years	**(2)**	(274)
	28,707	25,872
Current tax – Overseas		
Provision for the year	**1,817**	307
Over-provision in prior years	**(27)**	(58)
	1,790	249
Deferred tax	**910**	845
	31,407	26,966

Hong Kong Profits Tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year ended 31st December 2009.

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 reconciliation between the income tax expense and the product of profit before tax (excluding share of profits of an associate) multiplied by the Hong Kong Profits Tax rate is as follows:

	2009	2008
	HK$'000	*HK$'000*
Profit before tax (excluding share of profits of an associate)	**191,349**	158,844
Tax at the Hong Kong Profits Tax rate of 16.5% (2008: 16.5%)	**31,572**	26,209
Tax effect of income that is not taxable	**(840)**	(3,062)
Tax effect of expenses that are not deductible	**3,178**	2,094
Tax effect of utilisation of tax losses not previously recognised	**(2,806)**	(1,004)
Over-provision of deferred tax assets in prior years	**–**	38
Tax effect of unrecongised tax losses and temporary differences	**419**	3,140
Over-provision in prior years	**(29)**	(332)
Effect of different tax rates of subsidiaries	**(87)**	(117)
Income tax expense	**31,407**	26,966

7. Profit for the year

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

	2009	2008
	HK$'000	*HK$'000*
Auditors' remuneration	**1,037**	1,030
Cost of inventories sold *(Note)*	**1,009,115**	732,655
Write-back of slow-moving inventories *(Note)*	**(240)**	(617)
Depreciation	**22,170**	18,967
Written off of property, plant and equipment	**–**	679
Impairment loss on goodwill (included in other operating expenses)	**–**	1,890
Net exchange losses	**–**	8,905
Operating lease charge for land and buildings	**182,610**	160,522
Staff costs, including directors' emoluments		
Wages and salaries	**227,695**	203,503
Share-based payments	**9,898**	7,409
Retirement benefits scheme contributions	**7,992**	6,994
Provision for/(write back of) unutilised annual leave	**1,396**	(182)
Provision for long service payment	**658**	432
	247,639	218,156

Note: Cost of inventories sold includes write back of slow-moving inventories of HK$240,000 (2008: HK$617,000) which is included in the amount disclosed separately above.

8. Dividends

	2009	2008
	HK$'000	*HK$'000*
Interim dividend paid of HK20.0 cents (2008: HK18.0 cents) per ordinary share	**45,790**	41,326
Special dividend paid: Nil (2008: HK2.5 cents) per ordinary share	**–**	5,743
Proposed final dividend of HK32.5 cents (2008: HK23.0 cents) per ordinary share	**74,592**	51,767
Proposed special dividend of HK17.5 cents (2008: Nil) per ordinary share	**40,165**	–
	160,547	98,836

9. Earnings per share

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$160,249,000 (2008: HK$132,492,000) and the weighted average number of ordinary shares of 226,268,000 (2008: 229,431,000) in issue during the year.

Diluted earnings per share

The calculation of diluted earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$160,249,000 (2008: HK$132,492,000) and the weighted average number of ordinary shares of 238,573,000 (2008: 235,539,000), being the weighted average number of ordinary shares of 226,268,000 (2008: 229,431,000) in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 12,305,000 (2008: 6,108,000) assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the Year.

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:

	2009	2008
	HK$'000	*HK$'000*
Wholesales debtors		
0-30 days	**1,806**	931
31-60 days	**1,915**	122
61-90 days	**29**	91
91-120 days	**25**	416
Over 120 days	**39**	–
	3,814	1,560
Trade receivables under credit card sales		
0-30 days	**12,721**	12,664
31-60 days	**5,539**	4,853
61-90 days	**3,657**	412
91-120 days	**50**	–
	21,967	17,929
Total	**25,781**	19,489

11. Trade payables

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

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**72,679**	67,735
31 – 60 days	**35,753**	28,502
61 – 90 days	**10,451**	11,330
91 – 120 days	**2,712**	3,631
Over 120 days	**55**	–
	121,650	111,198

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is set to build momentum thanks to an impressive record of profitable growth in the overall business. Growth in turnover in the first half of 2009 was negatively affected by the swine flu outbreak in April 2009. But turnover increased at an accelerating pace in the second half of the Year, along with the resumption of tourists' activities in Hong Kong. During the Year, the Group's turnover rose 26.3% to HK$1,745.1 million (2008: HK$1,381.9 million). This also reflected the success of our pricing strategy and business operation. Revenue was driven primarily by the retail and wholesale service. Profit attributable to owners of the Company was recorded at HK$160.2 million (2008: HK$132.5 million), which was a 20.9% increase over the previous year. Basic earnings per share was HK70.8 cents, an improvement of 22.7% from HK57.7 cents a year ago.

Business Review

Retail and Wholesale Service Division

For the 12 months ended 31st December 2009, the retail & wholesale division recorded a turnover of HK$1,522.4 million, representing a growth of 28.2% (2008: HK$1,187.3 million). The remarkable growth in turnover was driven by the improved number of tourists, the prudent expansion of our retail stores network and the increased marketing effort. The swine flu outbreak in April 2009 affected tourism, which in turn affected turnover growth in the subsequent months in the first half Year of 2009. Nonetheless, the Group's turnover for the entire year increased considerably thanks to strong growth in the second half of 2009. According to the figures provided by Hong Kong Tourism Board, the number of tourists from Mainland China in 2009 increased 6.5%, accounting for 60% of the total tourists visiting Hong Kong. During the Year, profit for the retail and wholesale division was HK$136.9 million (2008: HK$96.9 million).

During the Year under review, the retail and wholesale gross margin dropped from 39.1% in 2008 to 34.3% in 2009. The change was largely due to the fact that sales of Japanese milk powder that yield lower gross margin rates outpaced sales of our higher margin products. The Group has been selling Japanese milk powder for several years and has accounted for 8.5% of total turnover during the Year. The high turnover of Japanese milk powder clearly marks the popularity of the product among our customers. Since this product category is not a substitute of the high margin products, the sales of the low margin Japanese milk powder do no harm to our profitability, but essentially drove the overall profit to a higher level. Same store sales increased 18.7% during the Year. Furthermore, the retail and wholesale margin was slightly lowered due to the increased launch of bargain sale campaigns during the recession period in the first half of 2009.

As rents in the main shopping areas have become more reasonable after the outbreak of the financial turmoil, we took the opportunity to open more stores in the busy shopping areas during the Year, including Tsimshatsui, Mongkok and Causeway Bay. The number of retail outlets increased from 27 in 2008 to 34 in 2009 offering over 20,000 beauty and healthcare products, including over 100 of private labels and exclusively distributed labels. We have also remodeled our existing stores throughout the Year, making them more spacious and easier to shop, so to deliver better inventory allocation and ensure increased operational efficiencies. As leases for existing shops after renewal kept rents at reasonable levels and same store sales increased at a faster pace during the Year, the rental cost-to-turnover ratio for the retail and wholesale division was reduced from 11.1% in 2008 to 9.6% in 2009. In the second half of the Year under review, Bonjour had signed 6 rental contracts. Contributions from these stores are expected to be shown in the next financial year.

The recognition of the value of marketing and branding in delivering brand value and driving traffic leads to Bonjour's increased effort in marketing and brand promotion last year. In 2009, the Group enticed customers with a constant flow of fresh new promotional campaigns to which successfully boosted turnover and profit. The success of our innovative marketing approaches is fully reflected in the launching of the "Super Day" last year, which attracted a massive flow of customers to our retails stores. During the Year, the Group has spent 0.9% of its total retail and wholesale turnover in marketing.

Beauty Service Division

2009 was a year of solid performance for the beauty service division. The Group's beauty service division provides high quality beauty services and skin care products, including a full range of quality beauty and health services on radio frequency shaping facial treatments, intense pulsed light, body slimming, laser beauty, spa, body massage, manicure services and foot massage. For the year ended 31st December 2009, we have made a good stride in improving and differentiating ourselves in the market through implementing a strategy that emphasizes quality services for our customers. The healthy development of the segment shows that customers remained confident in our quality service. The beauty services division recorded a profit of HK$42.0 million in 2009 (2008: HK$51.5 million).

During the Year under review, 3 more beauty salons were opened in Shatin, Causeway Bay and Tsimshatsui, bringing the total number of beauty service outlets to 18. By nature, the beauty service business is a high-margin one compared with the retail business, and margin gains would be further enhanced with organic growth on a per outlet basis as well as with economies of scale of the whole operation. it is believed that the future return generated by the salons outweighs the high set-up costs. In 2009, Bonjour has put a lot of effort in marketing and advertising to promote the superior service and devlier our brand value to our customers. We have signed a few celebrities in town as spokespersons and launched a number of advertising campaigns in order to effectively develop our brand in the beauty service sector.

The division's performance was satisfactory especially in a period where most high end consumer markets were affected. In 2009, the beauty services division's turnover (service redemption) increased 14.4% to HK$222.7 million (2008: HK$194.6 million). The beauty service segment is now in the growing stage which the Group is very positive in its future contribution.

Prospects

Bonjour consistently pushes itself to be the first in the market with the newest innovations, but we always remember what makes us successful today. In 2010 and beyond, we are committed to creating value for our shareholders over time by managing our business with wisdom and prudence, and by investing strategically.

In the year ahead, we will continue to expand our assortment of the products in our retail stores, with particular emphasis on the healthcare products, The Group are committed to take in more exclusive products with high margins, to shift the sales mix further to higher end. We will increase the number the private labels and exclusively distributed labels which could increase the Group's gross margin while allowing us to provide price leadership and value to our customers, at the same time, to improve product quality, sustainability, and leveraging our scale to achieve lower costs, we are committed to provide more quality trainings to strengthen our sourcing and procurement capabilities.

As online shopping gains importance in Hong Kong, Bonjour will continue to put resources in developing the E-shop. Turnover of the E-shop increased significantly in 2009, although its contribution to overall turnover is still small. The Group believes that with the continuous improvement of E-shop's functionalities, increased marketing activities and expansion of the product range, contribution from the E-shop will increase gradually.

To maintain maximum financial and strategic flexibility, we plan to continue to develop our retail store and beauty salon networks through an aggressive yet disciplined growth strategy. In 2010, we expect to open approximately 4 – 5 new retail stores and 2 – 3 beauty salons. The Group believes that prudent investment in new and existing stores will continue to contribute significantly to our success over time.

In 2010, we will continue to add more resources in marketing and branding, and will take a balanced marketing approach by promoting value, driving traffic to our stores and communicating differentiation, ensuring our services are relevant to our customers' needs.

The Group's business focus is on Hong Kong. We are confident with our long-term growth prospects here and believe we have ample opportunities to continue to grow profitably for many years to come. Therefore, the Group will continue to strengthen its foothold in Hong Kong in the year ahead. We also understand that the China market offers great potentials, and making our presence felt there is still our long-term ambition. We will continue to look for the right opportunity to invest in the China market.

We will continue to manage our business with wisdom and prudence: by fuelling market share growth while controlling expenses, by maintaining a consistently positive guest experience, and by investing capital to deliver appropriate shareholder returns and ensure sufficient liquidity in an uncertain market.

FINANCIAL REVIEW

Liquidity and Financial Resources

Liquidity and financial resources position remain strong as the Group continues to adopt a prudent approach in managing its financial resources. As at 31st December 2009, the Group's cash and bank deposits amounted to HK$213.7 million (2008: HK$158.6 million). The Group's bank borrowings and finance lease payables as at 31st December 2009 were HK$23.5 million (2008: HK$3.4 million), out of which HK$19.2 million (2008: HK$1.1 million) were repayable within the next 12 months. Therefore, the Group had a net cash balance (total cash on hand minus total bank borrowings and finance lease payables) of HK$190.2 million as at 31st December 2009 (2008: HK$155.2 million).

As at 31st December 2009, the Group's gearing ratio was 0.09 (2008: 0.02), and was calculated based on the Group's bank borrowings and finance lease payables, divided by shareholders' funds of HK$249.8 million (2008: HK$176.2 million). Total liability to shareholders' funds improved to 121.7% as compared to 142.0% in last year. The current ratio was 1.52 in 2009 (2008: 1.41).

Cash Flow

Cash inflow from operating activities decreased by HK$23.5 million from HK$172.3 million in 2008 to HK$148.8 million in 2009. The profit before tax was HK$191.7 million. The total amount of non-cash items amounting to HK$32.5 million (mainly the depreciation and share-based compensation expense) was net off with the decrease in working capital of HK$30.5 million.

Cash outflow from investing activities increased by HK$11.0 million from HK$22.4 million in 2008 to HK$33.4 million in 2009. The increase was largely due to an increase in purchase of property, plant and equipment.

Cash outflow from financing activities was HK$61.7 million in 2009 (2008: HK$113.5 million). The cash outflow for this year mainly represented dividend paid net off with bank loans raised.

Contingent Liabilities

	2009 ***HK$'000***	2008 *HK$'000*
Guarantees given by banks for rental payment to landlords	**2,176**	684

Foreign Exchange and Bank Borrowing Interest Rate Exposures

The Group has minimum exposure to foreign exchange fluctuations as most of its assets, receipts and payments are in Hong Kong dollars, US dollars and Japanese Yen. As at 31st December 2009, all of the Group's bank borrowings were denominated in Hong Kong dollars. 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 Year under review, 2,655,000 fully paid ordinary shares were repurchased and 2,750,000 shares were cancelled during the Year, and 5,404,000 ordinary shares of the Company were issued under exercising share options to the share options holders of the Company. The total number of issued and fully paid ordinary shares of the Company as at 31st December 2009 was 229,393,000 shares.

Charges on Group Assets

As at 31st December 2009, certain lease premium for land and buildings of the Group with carrying amount of approximately HK$1,934,000 (2008: HK$1,971,000) and bank deposit of approximately HK$1,389,000 (2008: Nil) were pledged as security for certain bank borrowings of the Group.

Material Acquisitions and Disposals of Investments and Subsidiaries and Significant Investments Held

There were no material acquisitions or disposals of subsidiaries and no significant investment held during the Year.

Human Resources

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. During the Year under review, the Group provided a series of training courses to enhance the customer service skills of all our frontline staff by inviting professional consultants as lecturers to enrich the scope of this program. The Group also offers share options to the senior executives and general staff, as a means to reward and retain high caliber of the management team. In the meantime, competitive remuneration packages and goal-oriented bonuses are paid to different levels of staff. These rewarding packages strengthen the morale among the staff and led to high efficiencies, which further reinforced the confidence of the Directors' decision to adopt this strategic direction.

As at 31st December 2009, the Group had approximately 1,210 (2008: 960) full-time and part-time employees in both Hong Kong and Macau. The senior management team consisted of 19 people, in which about half of them had been with the Group for over 5 years. The Group treasures people as valuable human resources and recognises the importance of attracting and retaining high quality staff for the Group's continuous success. For the Year, the total staff cost including directors' emoluments amounted to approximately HK$247.6 million.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Year, 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:

Month of repurchase	Number of ordinary shares repurchased	Highest price per share	Lowest price per share	Aggregate purchase price
		HK$	*HK$*	*HK$'000*
November 2008	95,000*	2.03	1.99	191
January 2009	1,407,000	2.05	1.98	2,854
February 2009	100,000	3.29	–	329
March 2009	65,000	3.18	3.10	206
April 2009	552,000	3.65	3.50	1,948
May 2009	531,000	3.39	3.34	1,785
Total	2,750,000			7,313

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

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

DIVIDENDS AND BONUS ISSUE

The Board recommended the payment of a final dividend of HK32.5 cents (2008: HK23.0 cents) and a special dividend of HK17.5 cents per ordinary share for the Year. Also, the Board recommend a bonus issue to the shareholders of the Company (except certain overseas shareholders) on the basis five bonus shares (the "Bonus Share(s)") for every one existing ordinary share (the "Bonus Issue"). The Bonus Shares will be credited as fully paid by way of capitalisation of an amount in the share premium account of the Company. The Bonus Shares will rank pari passu in all respects with the ordinary shares of the Company.

The Bonus Issue is conditional upon:

(i) the approval of the Bonus Issue by the shareholders of the Company at the AGM of the Company to be held;

(ii) the Listing Committee of the Stock Exchange granting the listings of, and permission to deal in, the Bonus Shares; and

(iii) compliance with the relevant legal procedures and requirements under the Companies Law and the articles of association of the Company to effect the Bonus Issue.

The necessary resolution will be proposed at the forthcoming annual general meeting of the Company. A circular containing, among other things, further details of the Bonus Issue will be dispatched to the shareholders of the Company as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

The registers of the Company will be closed from 17th May 2010 to 20th May 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, special dividend and Bonus Shares for the Year and to attend the forthcoming annual general meeting of the Company, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 14th May 2010.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. Throughout the year ended 31st December 2009, the Group has complied with the code provisions prescribed in the Code on Corporate Governance Practices (the "CG Code") set out in the Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the deviations from 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. During the Year, Dr. Ip Chun Heng, Wilson is both the chairman and chief executive officer of the Company.

The Board considered that Dr. Ip has in-depth knowledge and experience in the retails 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 arrangements.

MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors (the "Code"). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Code for the Year under review.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference. At present, members of the Audit Committee comprise Mr. Wong Chi Wai, Dr. Chow Ho Ming and Mr. Lo Hang Fong, being the three independent non-executive Directors. Mr. Wong Chi Wai is the chairman of the Audit Committee. The Audit Committee has reviewed the effectiveness of both the external audit and internal control and risk evaluation. The audited financial statements of the Company and its subsidiaries for the Year have been reviewed by the Audit Committee.

APPRECIATION

Finally, on behalf of the Directors, I would like to express my gratitude to our management and staff for their hard work and dedication throughout the Year.

By Order of the Board
Bonjour Holdings Limited
Ip Chun Heng, Wilson
Chairman

Hong Kong, 30th March 2010

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