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 31 DECEMBER 2014

RESULTS

The board of directors (the "Board" or "Directors") of Bonjour Holdings Limited ("Bonjour" or the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014 (the "Year") with comparative figures for the previous years as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2014

	Note	**2014** **HK$'000**	2013 HK$'000
Continuing operations			
Turnover	3	**2,795,658**	2,723,999
Cost of goods sold		**(1,627,223)**	(1,582,055)
Gross profit		**1,168,435**	1,141,944
Other income	4	**52,298**	52,933
Distribution costs		**(83,872)**	(80,507)
Administrative expenses		**(902,598)**	(828,049)
Other operating expenses		**(2,754)**	(721)
Profit from operations		**231,509**	285,600
Finance costs	6	**(1,836)**	(895)
Profit before tax		**229,673**	284,705
Income tax expense	7	**(39,177)**	(46,313)
Profit for the year from continuing operations	8	**190,496**	238,392
Discontinued operations			
Profit for the year from discontinued operations	9	**35,026**	34,137
Profit for the year		**225,522**	272,529
Attributable to owners of the Company		**225,522**	272,529
Earnings per share	11		
			(Restated)
From continuing and discontinued operations			
Basic		**HK6.6 cents**	HK8.3 cents
Diluted		**HK6.4 cents**	HK7.9 cents
From continuing operations			
Basic		**HK5.6 cents**	HK7.2 cents
Diluted		**HK5.4 cents**	HK6.9 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
Profit for the year	**225,522**	272,529
Other comprehensive income after tax:		
Item that will not be reclassified to profit or loss:		
Remeasurement losses on long service payment liabilities	**(1,266)**	–
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(1,666)**	(1,110)
Other comprehensive income for the year, net of tax	**(2,932)**	(1,110)
Total comprehensive income for the year	**222,590**	271,419
Attributable to owners of the Company	**222,590**	271,419

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**749,557**	78,682
Goodwill		**–**	–
Rental and utility deposits		**86,751**	83,168
Deferred tax assets		**2,834**	4,153
		839,142	166,003
Current assets			
Inventories		**261,084**	270,564
Trade receivables	*12*	**43,352**	66,262
Rental and utility deposits		**48,422**	54,081
Prepayments, deposits and other receivables		**42,846**	65,333
Current tax assets		**–**	5,414
Pledged bank deposits		**18,976**	19,164
Bank and cash balances		**189,413**	368,337
		604,093	849,155
Assets classified as held for sale	*13*	**105,714**	–
		709,807	849,155
Current liabilities			
Trade payables	*14*	**170,375**	200,540
Other payables, deposits received and accrued charges		**86,771**	121,493
Deferred revenue		**–**	212,847
Bank borrowings		**174,944**	33,634
Trade finance loans		**18,056**	11,144
Finance lease payables		**2,103**	608
Current tax liabilities		**13,544**	30,811
Bank overdrafts		**2**	–
		465,795	611,077
Liabilities directly associated with assets classified as held for sale	*13*	**240,361**	–
		706,156	611,077
Net current assets		**3,651**	238,078
Total assets less current liabilities		**842,793**	404,081

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
At 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Other payables and deposits received		**22,445**	–
Bank borrowings		**232,121**	–
Finance lease payables		**6,734**	1,572
Deferred tax liabilities		**–**	942
Long service payment liabilities		**4,118**	3,006
		265,418	5,520
NET ASSETS		**577,375**	398,561
Capital and reserves			
Share capital		**33,990**	30,033
Reserves		**543,385**	368,528
TOTAL EQUITY		**577,375**	398,561

Notes:

1. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

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 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

(a) Application of new and revised HKFRSs

The following standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2014:

Amendment to HKAS 32, Offsetting financial assets and financial liabilities

This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

Amendment to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less costs of disposal is determined using a present value technique. The amendments do not have an impact on these consolidated financial statements as the recoverable amounts of assets or cash-generating units have been determined on the basis of their value in use.

HK(IFRIC) 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these consolidated financial statements as the Group is not currently subjected to significant levies.

Amendments to HKFRS 2 (Annual Improvements to HKFRSs 2010–2012 Cycle)

This amendment clarifies the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment is applicable prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014 and had no effect on the Group's consolidated financial statements.

Amendments to HKFRS 13 (Annual Improvements to HKFRSs 2010–2012 Cycle)

This amendment to the standard's basis for conclusions only clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is retained.

(b) New and revised HKFRSs in issue but not yet effective that are relevant to the Group's operation

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2014. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[3]

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

[3] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

[4] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

[5] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

(c) New Hong Kong Companies Ordinance

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by the HKICPA and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

3. TURNOVER

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

	2014	2013
	HK$'000	*HK$'000*
Sales of merchandise	**2,781,308**	2,707,884
Commission income	**14,350**	16,115
	2,795,658	2,723,999

4. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Interest income on bank deposits	**2,900**	669
Licence income	**24,354**	28,172
Rental income	**11,896**	14,051
Sundry income	**13,148**	10,041
	52,298	52,933

5. SEGMENT INFORMATION

The Group has carried on a single business from continuing operations, which is wholesaling and retailing of beauty and health-care products. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the chief operating decision maker.

Geographical information:

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2014	2013	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	**2,524,910**	2,448,095	**744,848**	68,593
Macau	**231,475**	216,770	**2,392**	3,588
PRC except Hong Kong and Macau	**39,273**	59,134	**2,317**	6,501
Consolidated total	**2,795,658**	2,723,999	**749,557**	78,682

Revenue from major customers:

There was no single customer whose revenue amounted to 10% or more of the Group's revenue for the years ended 31 December 2013 and 2014.

6. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Interest expense on bank borrowings		
–Wholly repayable within five years	**385**	380
–Not wholly repayable within five years	**860**	420
–Not wholly repayable after five years	**483**	–
Finance leases charges	**108**	95
	1,836	895

7. INCOME TAX EXPENSE

Income tax relating to continuing operations has been recognised in profit or loss as following:

	2014	2013
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**37,492**	46,514
Under/(over)-provision in prior years	**9**	(419)
	37,501	46,095
Current tax – Overseas		
Provision for the year	**2,362**	2,559
Over-provision in prior years	**(1,281)**	(38)
	1,081	2,521
Deferred tax	**595**	(2,303)
	39,177	46,313

Hong Kong Profits Tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

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 multiplied by the Hong Kong Profits Tax rate is as follows:

	2014	2013
	HK$'000	*HK$'000*
Profit before tax (from continuing operations)	**229,673**	284,705
Tax at the Hong Kong Profits Tax rate of 16.5%	**37,896**	46,976
Tax effect of income that is not taxable	**(339)**	(268)
Tax effect of expenses that are not deductible	**1,662**	1,331
Tax effect of utilisation of tax losses not previously recognised	**(267)**	(111)
Tax effect of unrecognised tax losses and temporary differences	**3,519**	896
Over-provision in prior years	**(1,272)**	(457)
Effect of different tax rates of subsidiaries	**(2,022)**	(2,054)
Income tax expenses (relating to continuing operations)	**39,177**	46,313

8. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

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

	2014	2013
	HK$'000	*HK$'000*
Auditors' remuneration		
Provision for the year	**946**	871
Under-provision in prior year	**–**	17
	946	888
Cost of inventories sold *(Note)*	**1,627,223**	1,582,055
(Reversal of allowance for)/allowance for slow-moving inventories *(Note)*	**(184)**	193
Depreciation	**32,182**	22,724
Gain on disposal of property, plant and equipment	**(580)**	–
Write off of property, plant and equipment	**104**	115
Net exchange losses	**3,136**	605
Operating lease charge for land and buildings (included contingent rentals of HK$2,464,000 (2013: HK$493,000))	**473,806**	418,573
Staff costs, including directors' emoluments		
Wages and salaries	**298,511**	289,715
Share-based payments	**1,761**	–
Retirement benefits scheme contributions	**12,407**	11,569
Provision for unutilised annual leave	**2,614**	2,063
Provision for/(reversal of provision for) long service payments	**471**	(2,533)
	315,764	300,814

Note: Cost of inventories sold includes reversal of allowance for slow-moving inventories of HK$184,000 (2013: allowance of HK$193,000) which is included in the amount disclosed separately above.

9. DISCONTINUED OPERATIONS

On 20 August 2014, Bonjour Group Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Town Health International Medical Group Limited (the "Purchaser") for sale and purchase of 100% of the entire share capital of Bonjour Beauty International Limited and its subsidiaries (the "Disposal Group") at a consideration of HK$423,780,000 which will be satisfied by the allotment and issue of 365,327,586 consideration shares at an issue price of HK$1.16 per share by the Purchaser. The Disposal Group carried out all of the Group's beauty and health salons operations. The disposal was completed on 1 January 2015.

The net proceeds of sale are expected to exceed the aggregate carrying amount of the related assets and liabilities and, no impairment losses were recognised, neither when the operation was reclassified as a disposal group held for sale (note 13) nor at the end of the reporting period. The results of the discontinued operations included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	2014	2013
	HK$'000	*HK$'000*
Profit for the year from discontinued operations:		
Turnover	**348,344**	315,219
Cost of goods sold and services rendered	**(18,278)**	(18,033)
Other income	**1,392**	678
Distribution costs	**(18,985)**	(18,365)
Administrative expenses	**(269,369)**	(235,406)
Other operating expenses	**(78)**	(1,038)
Profit before tax	**43,026**	43,055
Income tax expense	**(8,000)**	(8,918)
Profit for the year from discontinued operations (attributable to owners of the Company)	**35,026**	34,137

Profit for the year from discontinued operations include the following:

	2014	2013
	HK$'000	*HK$'000*
Auditors' remuneration		
Provision for the year	**620**	524
Under-provision in prior year	**5**	6
	625	530
Cost of goods sold and services rendered	**18,278**	18,033
Interest income	**–**	(2)
Depreciation	**17,464**	19,892
Gain on disposal of property, plant and equipment	**(12)**	(230)
Write off of property, plant and equipment	**90**	661
Net exchange (gains)/losses	**(958)**	607
Operating lease charge for land and buildings (included contingent rentals of HK$87,000 (2013: Nil))	**60,143**	50,869
Staff costs, including directors' emoluments		
Wages and salaries	**129,969**	124,547
Share-based payments	**3,873**	–
Retirement benefits scheme contributions	**4,201**	4,138
Provision for unutilised annual leave	**1,410**	152
Provision for/(reversal of provision for) long service payments	**591**	(69)
	140,044	128,768

Cash flows from discontinued operations:

	2014	2013
Net cash inflows from operating activities	**20,122**	41,792
Net cash outflows from investing activities	**(5,158)**	(9,799)
Net cash outflows from financing activities	**(28,000)**	(17,000)
Net cash (outflows)/inflows	**(13,036)**	14,993

10. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Interim dividend paid of HK2.00 cents (2013: HK2.50 cents) per ordinary share	**68,212**	74,782
Nil of interim special dividend paid (2013: HK0.90 cent per ordinary share)	**–**	26,922
Proposed final dividend of HK2.10 cents (2013: HK2.88 cents) per ordinary share	**71,768**	89,296
Nil of special dividend (2013: HK0.92 cent per ordinary share)	**–**	28,525
	139,980	219,525

11. EARNINGS PER SHARE

From continuing and discontinued operations

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

	2014	2013
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share	**225,522**	272,529

	2014	2013 (Restated)
Number of shares		
Issued ordinary shares at 1 January	**3,003,294,000**	2,991,294,000
Effect of new shares issued	**104,741,096**	–
Effect of new shares issued upon exercise of share options	**–**	3,221,918
Effect of repurchase of shares	**(7,545,234)**	–
Effect of bonus issue on shares outstanding at 1 January 2014 (2013: weighted average for the year)	**300,329,400**	299,451,592
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**3,400,819,262**	3,293,967,510
Effect of dilutive potential ordinary shares arising from share options outstanding	**136,213,782**	147,249,444
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**3,537,033,044**	3,441,216,954

From continuing operations

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

	2014	2013
	HK$'000	*HK$'000*
Earnings for the purpose of calculating basic and diluted earnings per share	**225,522**	272,529
Profit for the year from discontinued operations	**(35,026)**	(34,137)
Earnings for the purpose of calculating basic and diluted earnings per share from continuing operations	**190,496**	238,392

From discontinued operations

Basic earnings per share from the discontinued operations is HK1.0 cent per share (2013: HK1.1 cents per share) and diluted earnings per share from the discontinued operations is HK1.0 cent per share (2013: HK1.0 cent per share), based on the profit for the year from discontinued operations attributable to the owners of the Company of approximately HK$35,026,000 (2013: HK$34,137,000) and the denominators used are the same as those detailed above for both basic and diluted earnings per share.

12. 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 150 days from the date of billings. The ageing analysis of trade receivables, including those classified as part of a disposal group held for sale, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Wholesales debtors		
0–30 days	**5,387**	6,783
31–60 days	**2,486**	2,856
61–90 days	**681**	1,132
91–120 days	**119**	1,625
Over 120 days	**163**	7,059
	8,836	19,455
Trade receivables under credit card sales		
0–30 days	**35,638**	35,888
31–60 days	**9,215**	5,908
61–90 days	**6,199**	214
91–120 days	**4,928**	1,151
Over 120 days	**2,783**	3,646
	58,763	46,807
Total	**67,599**	66,262

13. ASSETS CLASSIFIED AS HELD FOR SALE

	2014	2013
	HK$'000	*HK$'000*
Assets classified as held for sale	**105,714**	–
Liabilities directly associated with assets classified as held for sale	**240,361**	–

As described in note 9, the disposal of beauty and health salons operations was completed on 1 January 2015. The fair value less costs to sell of the business is higher than the aggregate carrying amount of the related assets and liabilities. Therefore, no impairment loss was recognised neither on reclassification of the assets and liabilities as held for sale, nor as at 31 December 2014. The major classes of assets and liabilities of the beauty and health salons operations at the end of the reporting period are as follows:

	2014
	HK$'000
Property, plant and equipment	**21,201**
Rental and utility deposits	**17,429**
Deferred tax assets	**724**
Trade receivables	**24,247**
Prepayments, deposits and other receivables	**6,273**
Current tax assets	**5,325**
Bank and cash balances	**30,515**
Assets classified as held for sale	**105,714**
Trade payables	**2,869**
Other payables and accrued charges	**23,090**
Deferred revenue	**205,830**
Current tax liabilities	**6,503**
Deferred tax liabilities	**853**
Long service payment liabilities	**1,216**
Liabilities associated with assets classified as held for sale	**240,361**
Net liabilities classified as held for sale	**(134,647)**

14. TRADE PAYABLES

The ageing analysis of the Group's trade payables, including those classified as part of a disposal group held for sale, based on the date of receipt of goods, is as follows:

	2014	2013
	HK$'000	*HK$'000*
0–30 days	**85,892**	104,885
31–60 days	**55,950**	69,137
61–90 days	**22,576**	18,380
91–120 days	**5,411**	5,100
Over 120 days	**3,415**	3,038
	173,244	200,540

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2014, the Group's turnover amounted to HK$3,144.0 million, representing an increase of 3.4% over the HK$3,039.2 million recorded last year. The Group's profit for the year was HK$225.5 million, a decrease of 17.2% over the HK$272.5 million recorded last fiscal year. Basic earnings per share were HK6.6 cents, as compared to HK8.3 cents in the previous fiscal year. The overall gross profit margin of the Group for the full fiscal year increased to 47.7% from 47.4% last year.

BUSINESS REVIEW

Results of Retail & Wholesale Business

For the year ended 31 December 2014, the Group's continuing retail and wholesale business recorded a turnover of HK$2,795.7 million, representing an increase of 2.6% over last year of HK$2,724.0 million. The overall gross profit margin of the Group's continuing operations decreased slightly from 41.9% in 2013 to 41.8% in 2014. Both sales and gross profit margin of retail business slowdown was mainly due to lesser consumer spending in the second half of the year. This weakening reflected the change of consumers' appetite and the change of the tourist consumption pattern. The Group's profit for the year from the continuing operations decreased by 20.1% to HK$190.5 million (2013: HK$238.4 million. Basic earnings per share was HK5.6 cents (2013: HK7.2 cents (restated)).

2014 Retail Market

In 2014, the overall retail market in Hong Kong was challenging. The retail industry sailed through ups and downs throughout the year as a result of the instabilities of the external environment and the change of Mainland tourists' consumption pattern. According to the statistics released by the Census and Statistics Department, the total retail sales value edged down 0.2% to HK$493.3 billion compare to 2013. Hong Kong's annual retail sales figures fell for the first time since the SARS outbreak in 2003.

Over the years, the growth of Hong Kong retail industry was mainly attributable to domestic and tourism consumption. The total visitors in Hong Kong in 2014 reached 60.8 million, representing an increase of 12% over previous year, in which visitors from Mainland China accounted for approximately 78% of total visitors. The figures showed that the number of visitors continue to rise. In other words, the decreased value of Hong Kong's retails sales last year reflected that each visitor is spending lesser compared to that of last year. Reasons for that can be summerized as: 1) The proportions of visitors from lower-tier cities of Mainland China who have relatively lower consuming power have increased. 2) Same day visitors who tend to spend less per transaction grew at a faster rate than the overnight ones. According to the Hong Kong Tourism Board, the total number of day-trippers reached 33.1 million in 2014, accounting for 54.4% of total number of visitors and represent an increase of 15.5% compared to previous year, while Mainland China same-day visitors recorded an increase of 19.1% compared to overnight Mainland China visitors increased by 11.6% year-on-year. 3) Customers shifted targets from luxury products to lower-priced range products also drove the retail business to decline. Despite the impact from change of tourist mix and their consumption pattern in the second half of 2014, the unstable political environment and social movement "Occupy Protest" which began in late September also struck a blow to Hong Kong retail market. It caused some disruption to normal operations in certain core shopping districts particularly to those retail business which locate nearby the road-blocking area.

Review of Retail and wholesale Business

During the year, retail and wholesale turnover of the Group recorded an increase of 2.6% year-on-year yet, the growth of sales slow down compared to 2013. Such performance was resulted from a 6.2% increase in the number of transactions and a 2.4% drop in total average sales value per transaction. Illustrating the fact that the customer base is still growing while there is an increasing demand for lower-priced products. The first half of the year saw a 3.8% turnover growth while the second half resulted only a 1.6% sales growth. In other words, the Group's second half performance of the Group dragged down the whole year result. The Group was aware of the change of customers' appetite and therefore made careful adjustments to our product portfolio during the year. We put more focus on sourcing and offered mid-end and value-for-money products as well as implemented other operational measures to align the Group's business with the inevitable changes in customer consumption preference and pattern.

In response to the lesser-spending pattern of consumers, the Group launched various activities to attract sales from both tourists and local customers. Following the success of 2013, the Group launched a campaign called "Bonjour's Amazing Summer Sales" in July 2014, which lasted for 2 weeks selling promotional items. Some products are sold shockingly at $1 which has brought overwhelming response.

Besides, to cope with the market increasing continuous demand products of lower prices, the Group, introduced a series of Korean skincare and cosmetic products and promoted new trending brands from time to time. Korean products have been increasingly popular and its overall average selling price is in general lower than that of European and Japanese brands. In 2014, beauty cosmetic products imported from Korea valued HK$2.51 billion, representing an increase of 38.2%. Bonjour observed the change in market demand and understood our customers' needs, we then adjusted our product portfolio carefully. In 2014, the Group's total sale of Korean products increased 61% as compared to that of 2013. Moreover, in response to the recent Korean hits, the Group held Korea Myeongdong Festival in March 2014, selling different kind of popular Korean products with preferential price to attract customers.

Bonjour positions itself as a one-stop-shop cosmetics retail store by offering a great variety of products with different fix prices, this positioning provided us competitive advantages over the years. Customers, no matter they are seeking value-for-money alternatives during difficult economic times or looking for high-end precious products, find Bonjour a convenient and easily accessible retail store brand. This positioning helped us to gain customers from our competitors and to increase customers flow in our stores. We believe that a broader customer base will help to fuel future growth when the economy recovers.

Although the overall business environment in 2014, especially in the second half, was very challenging, gross profits margin in 2014 (41.8%) was relatively stable compared to that of 2013 (41.9%). Stable gross profits margin was mainly contributed by the diversified products sold in Bonjour's stores.

In terms of the network, we followed a prudent strategy towards lease renewal, including store relocation, in order to manage rental pressure and improve our store network distribution. In the first half of 2014, there was a net increase of 2 stores opened in Hong Kong and Macau. However, in the second half, facing the unstable business environment the management selected to slow down the store opening plan. In 2014, the percentage of shop rental cost over turnover in Hong Kong and Macau was 15.1% (2013: 12.8%). which was mainly attributable to the new stores opened during the fiscal year. During the course of expansion of its retail store network, the Group will continue to carefully assess the rental level and its efficiency when considering new lease. As at 31 December 2014, there were 46 stores in Hong Kong, Macau and in China.

Brand Management

As one of a premier cosmetics retailers, Bonjour devoted in consolidating our leading position. The Group introduced more than 100 brands of exclusive and private labels beauty care products of top quality such as Suisse Reborn which received orders even from overseas markets. In addition, we had invited Miss Ada Choi to demonstrate the effectiveness of the new series of deluxe skin care products. The Group continues to obtain new trendy skin care products to match the market needs. In order to raise the visibility of exclusive brands, Bonjour has invited well-known artists to participate in our brand ambassadors from Hong Kong and Korea. Apart from Miss Ada Choi, as mentioned, we have also invited other celebrities to be our beauty product spokeswomen, including Miss Cecilia Wang, Miss Tracy Ip, Miss Queenie Chu and Miss Sherman Chung for the retail sectors spokeswomen. Each of them used unique fascination to interpret Bonjour's beauty secret. The Group is committed to create the perfect figure for every woman and strives to bring the most popular and latest trendy products to our beloved customers.

With cautions implementation of cost controlling measures, the percentage of advertising and promotional expenses over turnover of continuing operation was 1.4% (2013: 1.5%). Marketing spending was used in a more effective and efficient way.

E-Commerce

E-commerce has grown as a battleground of retail industry. During the year, turnover from the Group's e-commerce amounted to HK$44.8 million, a decrease of 13.8% over the previous fiscal year. The growth of turnover in the second half slowed down significantly mainly attributable to the intense competition of online platform, especially in China markets. We will keep a close eye on the online customers spending habits and trends to further strengthen our e-commerce channels.

Discontinued operation

On 20 August 2014, the Group, entered into a sale and purchase agreement with Town Health International Medical Group Limited ("Town Health", or the "Purchaser") for sale and purchase of 100% of the entire share capital of Bonjour Beauty International Limited and its subsidiaries (the "Disposal Group" or "Bonjour Beauty") at a consideration of HK$423,780,000. The Disposal Group carried out all of the Group's beauty and health salons operations. The disposal transaction was completed on 1 January 2015. The beauty and health salons operations have been classified and accounted for at 31 December 2014 as a disposal group held for sale and discontinued operation.

During the year, the Group operated 12 beauty salons "About Beauty" and 5 auxiliary beauty services centers of "Dr. Protalk" and "Top Comfort" to provide one stop beauty services including beauty, medical aesthetics, Chinese medical, foot massage and manicure services in Hong Kong, Macau and Shanghai. The beauty services division recorded a segment revenue of HK$348.3 million (2013: HK$315.2 million), representing an increase of 10.5% over previous year. The Disposal Group's profit for the year was HK$35.0 million (2013: HK$34.1 million).

SOCIAL RESPONSIBILITY

Public awareness of corporate social responsibility (CSR) has risen in recent years, Bonjour is committed in rewarding the society. In 2014, the Group paid great effort in environment, social and governance (ESG) aspect, including human resources, social responsibility and environmental issues. For instance, the Group initiated paperless e-filing and the use of recycled paper in the company, in particular, the Group adopted environmental paper for the publication of annual report this year. In addition, the Group was awarded as "Friends of EcoPark 2013/2014" by the Environmental Protection Department and the EcoPark Management Company. The Group also participated in the Yan Oi Tong Plastic Recycling Partnership Scheme since 2013, advocates sustainable plastic recycle practices in the community and strengthens the public awareness on environmental issues. The Group realizes the importance of environmental education in the society and to the next generation, therefore, Bonjour was delighted to sponsor the "Environmental Education Campaign" organized by Yan Oi Tong EcoPark Resources Recycling Centre.

PROSPECTS

Hong Kong retail industry seeing multiple headwinds

The retail industry has been historically seen as top- and bottom-line growth for the past decade, in particular true for cosmetic retail business throughout the business cycle. However, given the current social unrest expelling the PRC tourist inflow to Hong Kong and the change in tourist mix with less spending pattern, Bonjour, being one of the key market players in the cosmetic retailing industry, is inevitably facing a challenging environment.

In the light of the challenges we encountered, there is an expected increase in volume of non-Mainland tourists. According to the official figure, it was up by 2.8% to 14 million in 2014. These are encouraging figures for the retail market in Hong Kong. We are still optimistic about the tourist volume growth. We are still optimistic about the tourist volume growth. Bonjour has positioned itself in the market at premiums to other Hong Kong retail peers due to: (1) relatively resilient demand as their products are increasingly viewed as necessities; (2) margin expansion from product mix shift; (3) strong cash flow generating ability. We will continue to devote ourselves to maintaining our strengths and sustaining a strong value for our shareholders.

Turn challenges into opportunities

Opportunities can always be found from challenges. Hong Kong is facing a downturn in retail market, rental outcome and outlook had been affected accordingly and which the Group believes that it will benefit the Group's store expansion plan. In the past, there is no doubt that luxury consumer goods sector has strongest affordability for prime rents, and any slowdown in this sector would cast an immediate shadow over rental movement and retailers' expectation. For other remarkable transactions in late 2014, most either maintained the rental level of the previous contract or have returned to the level in 2011. Landlord's asking price has generally seen a substantial concession as well. Since the luxury consumer goods sector had lent the strongest support to rental growth in prime locations, it will be difficult to find a retailer to occupy the same spot with the same rent. By this reason a bigger correction in rentals can be expected. According to analysis of DTC, the commercial real estate research firm, rental of shops had been lower since H2 2014. Some new leases of individual shops decreased 20% to 30% comparing to the peak period.

Despite the challenging economic environment, we are trying to turn the challenges into opportunities. Ease of rental pressure, higher disposable income from lower tier cities from PRC and benefit from the high-speed rail link and the Hong Kong-Zhuhai-Macau bridge by shortened travel times, all are the favourable factors that bring opportunities of our Group. We are still cautiously optimistic about the long term growth of Hong Kong retail sales. The Group will integrate and increase the store network strategically and carefully in accordance to market needs and costs.

Understand the market, understand the customers

Consumers always want new and "better" products. Nowadays, consumers like different functional products and they are eager to look for organic and natural items. Moreover, many customers wish their skin condition is good enough that they do not need to put on makeup to go out. This desire of consumers' fascination with perfect skin is coincide with the trendy and naturalism-oriented Korean brands. Korean brands continue to gain popularity for its skincare and cosmetic in Hong Kong and in other Asian countries. Bonjour understood this market trend and put much effort on sourcing a series of Korean products that suit all classes of our customers, from luxury and fashionable brands to value-for-money brands. In 2014, the sales of Korean products increased by 61% as compared to 2013.

It is very essential for a cosmetic retailer to understand their customers need so as to offer to them what they want. To improve our product portfolio and to better satisfy our customers, we not only keeps ourselves staying sensitive and responsive to the beauty trend and changing market conditions, but also have to keep us update for our customers purchase cycle. These include customers' brand awareness, product appeal, distribution network, brand loyalty and convenience to access. To do this, the integration of all the effort from staff of different functions, from frontline to back office, from marketing to purchasing, from operation to customer services. The Group remains alert to the company operation strategies to strengthen the infrastructure. We are committed to providing better and more comprehensive products and services to customers. Satisfying customers always come first.

O2O to expedite growth

Online consumption continues to trend up and is beginning to influence the local retail market, the Group has developed online sales platform over the years and will continue to enhance our competitiveness in our e-commerce business. In terms of user experience, we will enhance our search engine, create customers' personal purchasing history and recommendations, as well as optimize channel advertisements to increase traffic and conversion rates. In order to further consolidate the flow of e-commerce business, the Group has already planned to reserve sufficient space for the development of e-commerce in the newly acquired Tsuen Wan office building. It will include an enlarged packaging and logistic center as well as a technology and administration support center to support the future development. The Group believes that breaking into the current limitation by enhancing of infrastructure and facilities, the Group's online sales development is expected to be growing faster.

Online-to-offline (O2O) offer strong traction with e-commerce, and helps directing internet users to physical stores. O2O is a means to direct online users to offline physical stores and together with online payment capabilities could help enhancing business scalability. Key features include online product search and order, product information, online payment, access to e-coupons, e-ticketing, VIP points and gift redemption, digital marketing, offline verification and product collection, etc. Riding on the booming online market in China, Bonjour is eager to increasingly develop e-shops & O2O to expedite growth.

Overall success of O2O could generally be determined by e-commerce sales and online & offline integration. Bonjour would explore additional benefits from O2O by including better measurement of consumption patterns to more effectively localize or personalize product offerings and enhance sales efficiency.

Being a scalable store operator, we believe that a successful e-commerce & O2O strategies could support same-store-sales growth to a great extent and enhance profitability by elevating service level and visibility. This switch of development will be most essential for retail platform operators like us, especially given the swift penetration of e-commerce into low-tier cities of China. Moreover, the Group believes with an enhancement of the e-commerce channels, our network will expand from current existing markets including China, South East Asia and European to a worldwide network.

Strengthen the logistic center and prepare for the development in next decade

In 2014, the Group acquired a building located at Tsuen Wan with total Gross Floor Area of approximately 223,804 sq.ft. at a consideration of approximately HK$490 million. The acquired building will be mainly used as the head office and the main warehouse. Since the existing office has been used for over 10 years in which the capacity is insufficient for further expansion of the Group, the acquired building will be primarily used as the head office and the main warehouse as a result.

It is expected that the Group to save more than HK$10 million rental payment per annum for the acquisition of the new office. Substantially, the Group will no longer need to chew over the relocation and will save millions of decoration costs in every tenancy terms. The capacity of the newly acquired building represents three times more than the existing one, therefore, the Group is expected to receive some rental income by renting out floors to other parties in the first few years. In the long run, these rented areas can be reserved for the Group's long term development and it is expected that such area is able to accelerate Bonjour's development in the next ten years. Moreover, we will reserve additional spaces in the acquired building to form our packaging and logistic center for the development of the e-commerce business. The Group believes that acquired building has built a solid foundation to the Group's future development and is surely a key milestone to the Group's 25 years history.

China will remain a challenge for Hong Kong cosmetic retailer to break into

Intense competition from online players, restrictions on parallel imports and high upfront costs for the product registration process to the government will continue to put pressure on profit-generating ability. With the experiences gained in China throughout the years, the Group will continue to explore for extension of its footprint in the China market. China is moving towards a consumption-driven economy, this presents huge opportunities for retailers to expand into the market. Also, the Group might benefit from the amendment of the general consumption tax rate in which a new classification of cosmetic products will be implemented. We might be able to save the general consumption tax with respect to the business development in China. We keep ourselves well-equipped and grasp the opportunity once it comes.

Strategic co-operation with Town Health for brighter prospects

Benefiting from the increase in people's income and their pursuit of quality of life, the Group expects more customers are willing to increase their spending on beauty-related products and services, thus creating a bright outlook for the beauty industry. The Group grasps the business opportunity in this beauty market and thus becomes a strategic shareholder of Town Health, further venturing into the medical cosmetic dermatology business. Through the support of Town Health's renowned medical expertise and international advanced equipment, we not only specialize in providing a full range of high quality beauty treatment services (facial, medical aesthetics, nail art, body and foot massage), but also expand our existing services to medical treatments which targets to all classes. We believe this cooperation will offer a good branding effect to boost up the image of the cosmetic beauty chain of Bonjour Beauty. Management of the Group expected that the consolidation of the Group's intensive experience in the salon operations with the medical expertise of Town Health will surely bring synergy effects to the original salon businesses to meet the incoming demand to medical treatment. As a shareholder of Town Health, the Group can enjoy the expected fast growing new salon business. For details of the disposal, please refer to the Group's announcement dated 20 August 2014.

Conclusion

2014 is a year of challenge with unrest political environment and challenging global economy. Bonjour devotes in continuous improvement over the years with recorded sustainability and steady growth. The Group believes the adoption of high execution and flexibility strategies will lead us to overcome economic downturns in the future. Facing the moderation in Mainland China's economic growth, the Group will maintain its core value in building its strategic competitiveness and be confident to deliver consistent growth in the long run.

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 31 December 2014, the Group's cash and bank deposits amounted to HK$208.4 million (2013: HK$387.5 million). The Group's bank borrowings and finance lease payables as at 31 December 2014 were HK$415.9 million (2013: HK$35.8 million), out of which HK$161.9 million (2013: HK$34.2 million) were repayable within the next 12 months.

As at 31 December 2014, the Group's gearing ratio was 0.720 (2013: 0.090), and was calculated based on the Group's bank borrowings and finance lease payables, divided by total equity of HK$577.4 million (2013: HK$398.6 million). Total liabilities to Shareholders' funds improved to 168.3% as compared to 154.7% last year. The current ratio of the Group was 1.01 in 2014 (2013: 1.39).

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 operating activities decreased by HK$39.3 million from HK$291.7 million in 2013 to HK$252.4 million in 2014. The profit before tax was HK$272.7 million. The total amount of non-cash items amounting to HK$54.7 million (mainly depreciation) was net off with a net decrease in working capital of HK$15.5 million.

Net cash outflow from investing activities increased by HK$657.6 million from HK$55.4 million in 2013 to HK$713.0 million in 2014. The increase was largely due to increase in purchase of property, plant and equipment.

Net cash inflow from financing activities was HK$330.1 million in 2014 (2013: outflow of HK$192.3 million). The cash inflow for the Year mainly represented dividends paid, net-off with consideration received from issuance of new shares and bank borrowings raised.

Contingent Liabilities

	2014	2013
	HK$'000	*HK$'000*
Guarantees given by banks for rental payment to landlords	**8,226**	7,176
Guarantees given for installment and purchase to a merchant bank and vendors respectively	**13,660**	13,660
	21,886	20,836

Foreign Exchange and Bank Borrowing Interest Rate Exposures

The Group has minimum exposure to foreign exchange fluctuations given that most of its assets, receipts and payments are principally denominated in Hong Kong dollars, Renminbi, United States dollars and Japanese Yen. The Group monitors its foreign exchange position and, if necessary, will hedge its foreign exchange exposure by forward foreign exchange contracts.

As at 31 December 2014, the Group had short-term bank borrowings amounting to HK$100.8 million (2013: HK$33.6 million) and long-term bank borrowings amounting to HK$306.2 (2013: Nil).

Capital Structure

The total number of issued and fully paid ordinary shares of the Company as at 31 December 2014 was 3,399,031,999 shares.

Placing

On 4 February 2014, 105,000,000 placing shares have been successfully placed by the placing agent, Astrum Capital Management Limited to not fewer than six placees at the placing price of HK$1.56 per placing share.

Repurchase of Shares

19,318,000 ordinary shares of the Company were repurchased, and 12,294,000 repurchased ordinary shares of the Company were cancelled during the Year.

Charges on Group Assets

As at 31 December 2014, certain of the Group's assets with carrying amount of approximately HK$712.8 million (2013: HK$19.2 million) were pledged to secure banking facilities granted to the Group.

Significant Investments

On 25 June 2014, it was announced that Apex Frame Limited ("Apex Frame"), a wholly-owned subsidiary of the Company, has entered into a formal sale and purchase agreement with Warrington and Company Limited ("Warrington"), pursuant to which, amongst other things, Apex Frame agreed to acquire, and Warrington agreed to sell, the property owned by the Warrington at Nos.36–42 and Nos.44–50 Wang Wo Tsai Street, Tsuen Wan, New Territories, Hong Kong (Lot Nos.458 and 488 in D.D.443) (the "Property") for a purchase price in the amount of HK$490,000,000 (the "Acquisition"). The total gross floor area of the Property is about 223,804 square feet and the Group will hold the Property for self use as well as for investment purposes by providing spaces for main offices and storage for the Group and for rental income. The Acquisition was completed on 31 October 2014. For details of this investment, please refer to the Group's announcement dated 25 June 2014, 29 August 2014, 8 October 2014 and 31 October 2014.

Save as disclosed above, the Group did not have any significant investments during the Period.

Material Acquisitions or Disposals of Subsidiaries and Associated Companies

On 6 January 2014, the Company entered into the memorandum of understanding with Town Health, a company listed on the Stock Exchange of Hong Kong Limited, formerly known as Town Health International Investments Limited, pursuant to which the Company (via its subsidiary) was intended to acquire and Town Health (via Million Worldwide) was intended to dispose of (1) the entire issued share capital of Wealthy Train at a consideration of HK$3,321,616 and (2) all of the loan owed by Wealthy Train to Million Worldwide, being HK$160,638,449.

On 18 February 2014, Active Earn, Million Worldwide and the Million Worldwide's Guarantor (Town Health) entered into the Share Sale Agreement, pursuant to which Active Earn conditionally agreed to purchase and Million Worldwide conditionally agreed to sell the Sale Share at a consideration of HK$3,321,616.

On 18 February 2014, Bonjour Cosmetic Wholesale Center Limited ("Bonjour Cosmetic"), Million Worldwide and Million Worldwide's Guarantor (Town Health) entered into the Debt Sale Agreement, pursuant to which the Million Worldwide conditionally agreed to assign to Bonjour Cosmetic the Sale Debt at a consideration of HK$160,578,384.

On 21 February 2014, all conditions precedent to the Share Sale Agreement and the Debt Sale Agreement were fulfilled and completion of the transaction took place in accordance with the terms and conditions of the Share Sale Agreement and Debt Sale Agreement respectively. Wealthy Train has become a wholly owned subsidiary of the Group, the financial results and assets and liabilities of which will be consolidated into the financial statements of the Group accordingly.

On 20 August 2014, the Group has entered into an agreement with Town Health. Under the agreement, subject to certain conditions precedent, upon completion, the Group will become the second largest shareholders of Town Health and Town Health will own 100% of the Group's salon businesses (the "Disposal"). Management of the Group expected that the consolidation of the Group's intensive experience in the salon operations with the medical expertise of Town Health will surely bring synergy effects to the original salon businesses to meet the incoming demand to medical treatment. As a shareholder of Town Health, the Group can enjoy the expected fast growing new salon business. For details of the disposal, please refer to the Group's announcement dated 20 August 2014.

Upon completion, the Group shall not hold any equity interest in the disposal companies, where these will cease to be a subsidiary of the Group and its assets and liabilities and its profits and losses will no longer be consolidated into the consolidated financial statements of the Company.

It is expected that the Group shall record an unaudited accounting gain of approximately HK$420 million from the Disposal, being the difference between the consideration and (i) the estimated unaudited consolidated net asset value of the disposal companies recorded in the Group's accounts at Completion, and (ii) the relevant reserves. The actual gain or loss is subject to final audit to be performed by the Company's auditors.

The Disposal was completed on 1 January 2015.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries and associated companies 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. During the Year, 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 values its human resources and recognises the importance of attracting and retaining qualified staff for its continuing success. Remuneration packages are generally structured by reference to market terms and individual qualifications. In addition, share options and discretionary bonuses are also granted to eligible employees based on individual's performance. The Group also provides mandatory provident fund schemes, medical insurance schemes, staff purchases discounts and training programs for our employees.

As at 31 December 2014, the Group had approximately 1,700 (2013: 1,720) full-time and part-time employees in Hong Kong, Macau and the PRC. For the Year, the total staff cost including directors' emoluments amounted to approximately HK$455.8 million.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Year, the Company repurchased a total of 19,318,000 fully paid ordinary shares of the Company at an aggregate consideration of approximately HK$21.4 million on The Stock Exchange of Hong Kong Limited. Details of the repurchases of such ordinary shares were as follows:

Month of repurchase	Number of ordinary shares repurchased	Per ordinary share Highest price paid (HK$)	Per ordinary share Lowest price paid (HK$)	Aggregate purchase price (HK$)
May 2014	7,734,000	1.32	1.18	9,683,614
September 2014	4,560,000	1.23	1,17	5,527,515
November 2014	2,842,000*	0.97	0.96	2,757,463
December 2014	4,182,000*	0.84	0.82	3,476,065
Total	**19,318,000**			**21,444,657**

12,294,000 repurchased ordinary shares of the Company were cancelled during the Year 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 of the Company (the "Shareholder(s)"), with a view to benefit the Shareholders as a whole in enhancing the net assets and earnings per share of the Company.

On 23 May 2014, the Shareholders granted a general and unconditional mandate to the Directors on an annual general meeting of the Company to exercise all powers of the Company to repurchase up to 10% of the aggregate nominal amount of the issued share capital of the Company as at 23 May 2014.

In addition, on 4 February 2014, 105,000,000 placing shares have been successfully placed by the placing agent, Astrum Capital Management Limited to not fewer than six placees at the placing price of HK$1.56 per placing share.

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 Year.

* The cancellation date of these shares was 9 February 2015.

DIVIDENDS

The Board recommended payment of a final dividend of HK2.10 cents (2013: HK2.88 cents and a special dividend of HK0.92 cent) per ordinary share for the Year. Together with interim dividend of HK2.00 cents (2013: HK2.50 cents) per ordinary share was paid, the total dividend for the Year amounted to HK4.10 cents (2013: HK7.20 cents included interim special dividend of HK0.9 cent) per ordinary share.

Subject to the Shareholders' approval at the forthcoming annual general meeting of the Company (the "AGM"), the said final and special dividends will be paid to the Shareholders, whose names appeared on the registers of members of the Company on 3 June 2015 and payable on or about 11 June 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 May 2015 to 22 May 2015, both days inclusive, during the period no transfer of shares will be registered. In order to determine the entitlement to attend and vote at the forthcoming AGM of the Company, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 19 May 2015.

In addition, the register of members of the Company will also be closed on 1 June 2015 to 3 June 2015, both days inclusive, during which no transfer of shares will be effected. In order to qualify for the proposed final dividend, if approved at the forthcoming AGM of the Company, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 29 May 2015.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. Throughout the Year, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the deviation 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 and audited by the independent auditor of the Company, RSM Nelson Wheeler.

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, 27 March 2015

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