

LEVEL 7 ASSESSMENT SPECIFICATION

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Report on financial analysis, operational review and challenges of Bonjour Holdings Limited

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Executive Summary

Hong Kong, like many cities over the world has been affected by COVID-19 pandemic, tightening social distancing measures and travel banned lead to a collapse of tourism and retail cosmetic industry. The value of sales of cosmetic retailers plunged by almost half during 2020. Without exception, Bonjour Holdings Limited (Bonjour) (0653 HK) has net loss -48% in 2020. COVID-19 pandemic has appeared and spread quickly over 200 countries since December 2019. Recently high transmissible COVID-19 pandemic delta variant spread extremely fast in the US and India. There are still many unknowns to COVID-19, doctors expect COVID-19 pandemic will be with us for some time. Companies like Bonjour should think of the solutions to cope with COVID-19 pandemic. This report analysis the financial situation of Bonjour based on various financial ratio like bankruptcy index, liquidity, efficiency and etc. Compared Bonjour's financial ratio with its competitors Sasa International Holdings Limited (0178 HK) and L'Occitane International SA (0973 HK) to evaluate the financial statistics of the companies. In order to understand the corporate framework and systems of rules in Bonjour, this report will look into corporate governance issues.

In order to cope with COVID-19 pandemic, Bonjour started to promote digital technology to integrate online and offline channels. A project will be launched to invest in eCommerce platform. Project stimulation will be used to calculate the net present value, cashflow, rate of investment returns to evaluate the effectiveness of the project. A recommendation will be provided to Bonjour to reform the corporate governance, operational efficiency and improve value of sales.

Table of Contents

	<u>Page</u>
1 Introduction	1
2 Background of Bonjour Holdings Limited	1-2
2.1 Industry competition	2-3
2.2 Today's Business Environment	3
2.3 Company structure	4
2.4 Research comparison company information	4
3 Bonjour's financial analysis	4
3.1 Bankruptcy index Z-Score analysis	5-6
3.2 Financial structure	6
3.2.1 Fixed Asset to long term liability ratio	6
3.2.2 Current Liabilities to net asset ratio	6-7
3.2.3 Current liabilities to stock ratio	7
3.3 Paying debt ability	7
3.3.1 Current ratio, quick ratio and cash ratio	7
3.3.2 Total debt ratio	7
3.3.3 Debt and equity ratio	8
3.3.4 Time interest cover ratio	8
4 Sales and Profitability	8-9
4.1 Profitability of Bonjour, Sa Sa and L'occitane	10-11
4.2 Stock Market Prospect Analysis	11
5 Corporate Governance assessment on Bonjour	11
5.1 The importance of corporate governance	11-12
5.2 Corporate governance in Bonjour	12-13
5.3 Suggestions for improvement	13
6 Investment Project Appraisal	14
6.1 Information on project items	14
6.2 Computing Tax Cost	14
6.3 Cashflow calculation	15
6.4 ARR and NPV calculation	15
6.5 Payback period and IRR	16
6.6 Investment appraisal	16
6.7 New project appraisal methods for analysis	16-17
6.8 Work plan schedule	17
6.9 Suggestion for cashflow of the project	17
6.10 Financing methods	18
7 Recommendations and audit program	18-19
8 Conclusion	19
Academic References	20
Bibliography	21-23
Appendix	24-36

1. Introduction

This report focuses on business analysis on Bonjour Holdings Limited (Bonjour). The biggest problem of Bonjour is a big drop on sales in 2020 due to COVID-19 pandemic. This is a call to have a health check of the Bonjour to respond the issue and reform the business model to cope with COVID-19 pandemic. Analysis the financial situation of Bonjour and compare the same with the companies in the same industry. Suggestions and recommendations will be given to Bonjour on business future development.

2. Background of Bonjour Holdings Limited

Bonjour Holdings Limited is one of the most leading cosmetic and lifestyle products retail stores in Hong Kong. The first store was set up in Jordan Hong Kong in 1991, After 30 years of expansion, currently there are 20 retail stores in Hong Kong and Macau, also 44 stores in China and online shopping platforms overseas including USA, England, France, Australia, Canada, Singapore and etc. Bonjour also launched “Bonjour Life O2O” retail store, applied new technologies such as retail tech and big data to integrate online and offline commerce.

Bonjour imported international brands and build up its own private labels products. The Group offers more than 40,000 products, besides cosmetics, health food, skincare, hair and body care, the company extended its product line to lifestyle products and snacks from Korea, Japan and Taiwan to fulfill the needs of customers. The target of the group is to cope with rapid market changes, diversified the products and build up multi-channel services platform to customers.

In 2003, Bonjour is listed in Hong Kong stock exchange with IPO price 0.9 Hong Kong Dollar. As of 18 August 2021, the share price is 0.168 Hong Kong Dollar, market cap of the company is 590mio Hong Kong Dollar and issued share capital of 3,500,000,000 shares (Yahoo Hong Kong Finance website, 2021).

Bonjour is one of the most leading cosmetic company in Hong Kong and recognized by local people and tourist. The company received lots of awards from Hong Kong government department and public organization, including “Quality Tourism Services

Scheme” by Hong Kong Tourism Board, “No Fakes Pledge Scheme” by Intellectual Property Department, “Hong Kong Top Service Brand Ten Years Achievement Award” by Hong Kong Brand Development Council. Also awards from magazine like “Quality Life Awards” from Guangzhou Daily, “The Excellence of listed Enterprise Awards” by Capital Weekly, “The Premier Brand in Hong Kong” by Yahoo! Hong Kong and etc.

2.1 Industry competition

The specialty cosmetics chains market in Hong Kong is dominated by few brands, like Bonjour and Sasa. Those companies sell international brands with big discount to attract customers. In the past few years, they imported cosmetics from Asian countries like South Korea and Thailand with a diverse mix at a price lower than the international brand. Successfully attract the younger generation who usually have lower income. Sasa has the biggest market share in the industry. As of March 2021, there are 100 stores in Hong Kong while Bonjour has 27 stores in Hong Kong.

Before COVID-19 pandemic, Hong Kong cosmetics industry was benefit from an influx of travelers from China under Individual Visit Scheme. Especially for the specialty cosmetics chain like Bonjour can showcase most of the foreign brands and different products at one store, it is a must go place for most of the travelers. However due to COVID-19, travel ban lead to a huge decrease of travelers coming to Hong Kong. Based on the figures from the Hong Kong Tourism Board, recorded 3.57 million tourist arrivals in Hong Kong in 2020, a decrease of 93.6% compared with 2019. All the specialty cosmetics chains transform their business from Online to Office (O2O). According to Sasa annual report 2020/21, 16.5% of sales revenue from online business, the online business including Sasa website, social commerce platform and 10 third party platforms like Tmall, bigbigshop, Xiaohongshu and etc. However Bonjour invested a lot in technology platform and devoted itself in online business. Bonjour cooperated with Alibaba Cloud to build up customer database and cloud database to improve the Group customer database efficiency. Also invested in a social commerce software start-up company called EVO in Singapore. Helping Bonjour to consolidate online sales channels, expand its business in Asian region and target to generate synergistic effect in social commerce’s development. Bonjour HKMall(香港

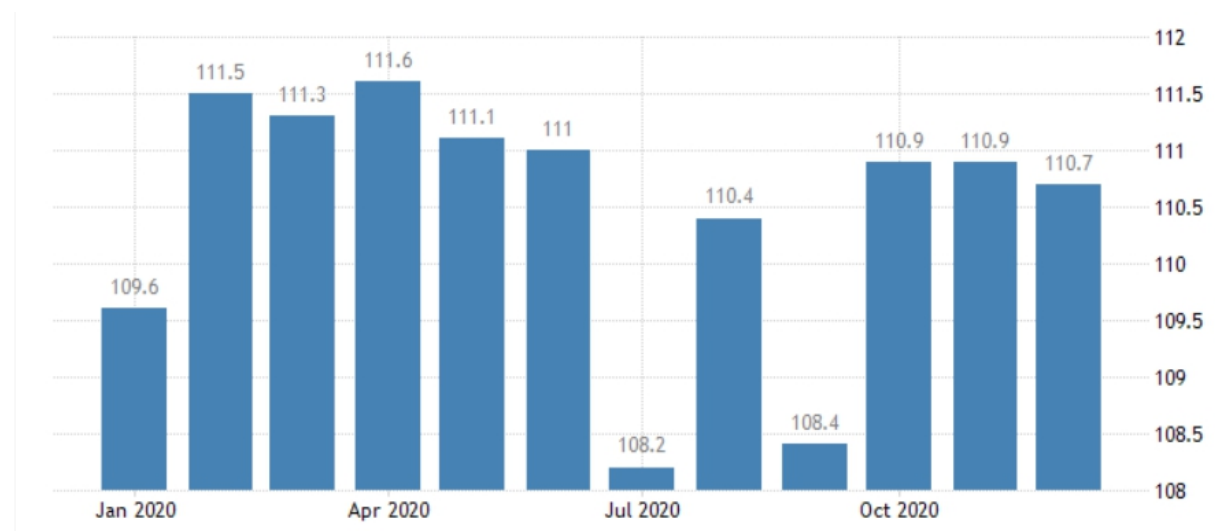
貓) which is similar to Tmall in China, offer live streaming platform to front line salesperson to share the user experience and features of the products. It is a new trend in selling products. The goods are sold to over 30 jurisdictions through 44 channel platform with over 3 billion people coverage. It developed to bring Beauty, Health & Beautiful life to customers in China and Hong Kong.

2.2 Today's Business Environment

Tremendous hit in global economy due to COVID-19 pandemic, retail industry was one of the industries which mostly affected. The retail sales in Hong Kong has declined for over a year. According to Monthly Survey of Retail Sales (MRS) by Census and Statistics Department, the value of total retail sales in December 2020 decreased by 13.2% compared with the same month in 2019.

The Consumer Price Index (CPI) examines the weighted average of prices of a basket of consumer goods and services, such as food, medical care and transportation. It can show the inflation and deflation of the economy. Refer to the below figure, CPI edged down in Jul and Sept 2020 due to the second and third wave of COVID-19 epidemic in Hong Kong. The economic conditions remained weak and there is a price pressures on both external and domestic fronts. Under the weak economic conditions, Bonjour facing challenges to keep the revenue and sustain the business.

Figure 1: Hong Kong Consumer Price Index (CPI) from Jan to Dec 2020



Source: Census and Statistic Department January 2021

2.3 Company Structure

Bonjour disclosed in the annual report the corporate structure besides from the Board and management, there are other divisions including: procurement, ecommerce, design, advertising and promotion, research & development, operation, management and administration, human resources, accounting and finance. As of 31 Dec 2020, the group has approximately 500 full-time and part-time employees in Hong Kong, Macau and mainland China, including 200 are front line employee. The staff cost is one of the biggest expense to the group, around 130.8 million Hong Kong Dollar.

2.4 Research comparison company information

This study is used to have comparison of Bonjour, Sa Sa International Holdings Limited (Sa Sa) (Stock code: 0178) and L'occitane International S.A. (L'occitane) (Stock code: 0973). The 3 companies have similar nature of business, in the same speciality retail industry, target customers and products are close to each other. (Refer to table 1). Due to the similarity of the companies, would be meaningful to compare their financial management and analysis the figures.

Company Name	Bonjour	Sa Sa	L'occitane
Stock code	0653 HK	0178 HK	0973 HK
Business nature	Speciality retail in cosmetic		
Market value (Amount in thousand HK\$'000) ¹	537,423	4,717,000	38,226,000
PE ¹	-1.98	-15.37	22.33
Market area	China, Hong Kong and Macau	China, Hong Kong , Macau, Malaysia	China, Hong Kong, Taiwan, Brazil, United Kingdom, France United states and other countries
Number of Stores ²	64 stores in Hong Kong, Macau and China	230 stores in Hong Kong, Macau, mainland China and Malaysia	Over 2,000 boutiques worldwide

Note 1: Stock market closing date as of 20 August 2021 (Source: Yahoo Finance)

Note 2: Number of Stores as of companies annual report 2020/21

3. Bonjour's financial analysis

This section will look into Bonjour's financial report analysis, financial structure, operating capacity, growth capacity, profitable capacity, market value and share returns. Compared the financial figures of Bonjour, Sa Sa and L'occitane. Based on the findings, will provide risk assessment and recommendation to Bonjour.

3.1 Bankruptcy index Z-Score analysis

Z-score also known as the standard score. It is commonly used to examine and predict the bankruptcy rate because it is easy to calculate to use as a control measure for financial distress status of the company. Many companies using Z-score in the balance sheet to measure the financial health of the company. According the Altman (1968), if Z-score <1.8 means the company is in financial distress and with high probability in going bankrupt. Another way if Z-score >3 means the company is safe and healthy and unlikely in going bankrupt. If the Z-score between 1.8 to 3 means the company is in grey area with a moderate chance in going bankrupt (Altman 1968). Z-score is an indicator for investors to decide whether investing in the company or buy the company stock or not. However there is a limitation on Z-score, the conventional Z-score is not consider possible earnings manipulations which may change the fundamental accounting figures and the implications on investors' decision.

Company Name (Amount in thousand HK\$'000)	Bonjour			Sa Sa	L'occitane
Financial Year	2020	2019	2018	2020/21	2020/21
Net current assets	(116,549)	(253,121)	38,640	731,551	(722,194)
Total assets	1,027,546	1,539,638	1,393,159	2,510,882	22,769,798
Retained earnings	138,040	402,172	565,559	1,019,824	8,395,784
EBIT	(217,302)	(71,449)	(16,213)	(385,032)	2,007,349
Stock value (HKD) ¹	0.15	0.085	0.206	1.78	21.65
Number of stock	3,412,566	3,412,565	3,412,565	3,103,189	1,476,965
Total Liabilities	858,998	1,104,212	793,474	1,180,739	11,107,326
Sales	538,788	1,458,828	1,793,457	3,043,029	14,024,070

Note 1: The adjusted closing price as at year ended date is selected (Appendix D)

Zscore: $Z = 1.2A + 1.4B + 3.3C + 0.6D + 0.999E$

A=Working Capital/Total Assets; B=Retained Earnings/Total Assets; C=EBIT/Total Assets

D=[(Stock value X Total number of stocks)/Total Liabilities; E= Sales/Total Assets

Company Name (Amount in thousand HK\$'000)	Bonjour			Sa Sa	L'occitane
Financial Year	2020	2019	2018	2020/21	2020/21
A	(0.11)	(0.16)	0.03	0.29	(0.03)
B	0.13	0.26	0.41	0.41	0.37
C	(0.21)	(0.05)	(0.01)	(0.15)	0.09
D	0.60	0.26	0.89	4.81	2.88
E	0.52	0.95	1.29	1.21	0.62
Z-Score	0.24	1.12	2.38	4.51	3.11

Bonjour has 0.24 Z-score in 2020, the findings show that the insolvency index is below 1.8 which means high probability for Bonjour in going bankrupt. However Sa Sa and L'occitane's Z-score above 3 which means both companies are in the safe area and demonstrate a healthy financial status.

3.2 Financial structure

Company Name (Amount in thousand HK\$'000)	Bonjour			Sa Sa	L'occitane	Average of Sa Sa and L'occitane
Financial Year	2020	2019	2018	2019 -2021 (3 years average)		
Fixed Asset to long term liability ratio	4.29	2.35	3.07	4.79	0.11	2.45
Current liabilities to net asset ratio	4.58	1.37	0.87	0.54	0.31	0.43
Current liabilities to stock ratio	7.94	3.17	2.22	0.93	2.67	1.80

3.2.1 Fixed Asset to long term liability ratio

Fixed Asset to long term liability ratio can measure the company's solvency. It can reflect the company's ability to cover the debt by its fixed assets. The higher the result, the better solvency of the company. The company has more fixed assets to repay the long term debt. (Baxter and Cragg, 1970). Bonjour has repaid all the long term liability in 2020, so the figures has been increased by 40% from 2018 to 2020. Bonjour has a higher fixed asset to long term liability ratio than the other 2 companies. This shows that Bonjour has strong ability to repay long term debt by fixed asset.

3.2.2 Current Liabilities to net asset ratio

Bonjour's current liabilities to net asset ratio has been increased from 2018 0.87 to 4.58 2020. Bonjour's current liabilities increased in 2020 because of short term bank and other borrowings have been increased by 123%. News showing Bonjour violated

the lease agreement and has not paid rent and management fee since Nonmember 2019, owes a total of approximately 4.03 million Hong Kong dollar (On.cc, 2020). The increase of current liabilities maybe the reason on short term financial problem. Compared with the 2 companies average, the ratio is 0.43 which is better than Bonjour.

3.2.3 Current liabilities to stock ratio

As mentioned above the current liabilities of Bonjour is high but the inventories of the company has been decreased by 48%. The drop of inventories maybe due to the closure of stores. Bonjour closed out 13 stores from 2019 to 2020, 24 stores left at the end of 2020. Compared with the 2 companies, the average is 1.8 which is at an appropriate level.

The overall analysis, Bonjour has a higher current liabilities and the solvency rate is better than other 2 companies.

3.3 Paying debt ability

Company Name (Amount in thousand HK\$'000)	Bonjour			Sa Sa	L'occitane	Average of Sa Sa and L'occitane
Financial Year	2020	2019	2018	2019 -2021 (3 years average)		
Current ratio (%)	85%	57%	107%	236%	142%	189%
Quick ratio (%)	72%	26%	62%	120%	94%	107%
Cash Ratio (%)	3%	17%	45%	59%	139%	99%
Total debt ratio (%)	84%	72%	57%	41%	145%	93%
Debt / Equity ratio	5.10	2.54	1.32	0.74	2.83	1.78
Long term debt ratio	0	0.51	0.21	0	0.88	0.44
Time interest cover ratio	5.20	1.19	0.96	(14.67)	55.24	20.29

3.3.1 Current ratio, quick ratio and cash ratio

Bonjour's current ratio and quick ratio has been increased over 50% from 2019 to 2020. The cashflow of Bonjour is low, only 3% in 2020 while Sa a has 59% and L'occitane has 139%. The cash liquidity is not healthy.

3.3.2 Total debt ratio

It is a ratio of total debt to total assets, the percentage of a company's assets that are financed by debt. Bonjour's total debt ratio is lower than 100% means the company

has more assets than debt, similar to Sa Sa. However L'occitane has more liabilities than total assets, showing the company is aggressive in leveraging.

3.3.3 Debt and equity ratio

The debt to equity ratio can evaluate the financial leverage of the company. Bonjour has the highest debt to equity ratio in 2020 because Bonjour devoted itself into large capital project in eCommerce investment to build up technology platform. Therefore, the ratio tends to be higher than the peers.

3.3.4 Time interest cover ratio

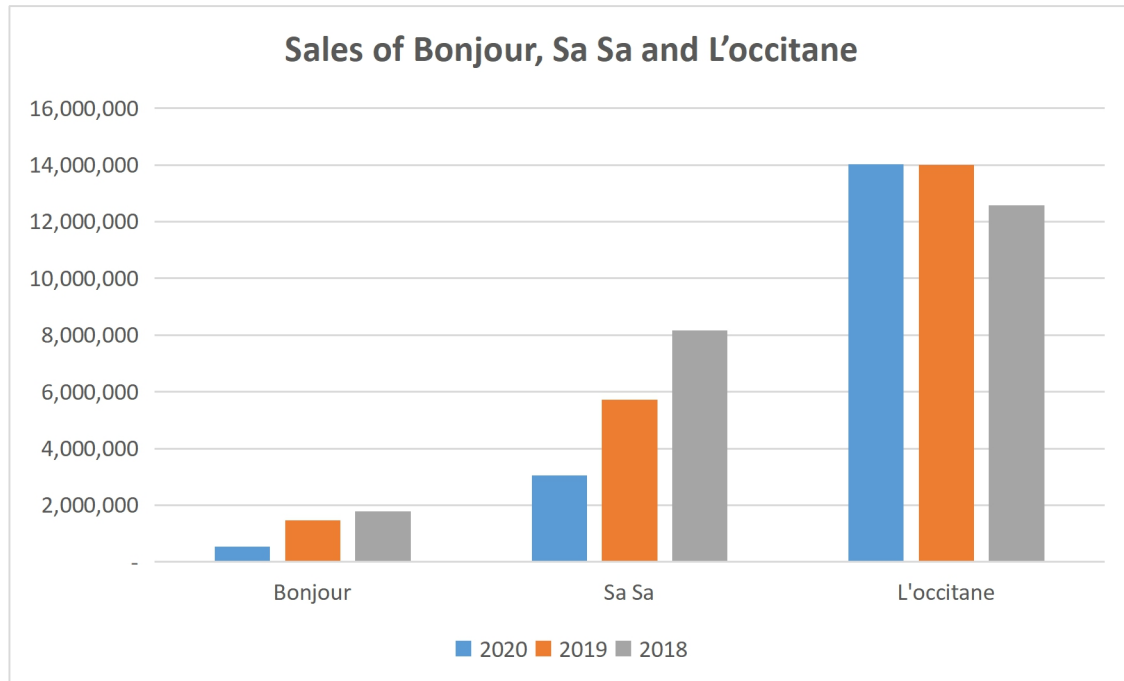
The ratio shows the period of a company can pay interest for outstanding debt. L'occitane has the highest ratio 55.24 because the company is at profit and stronger financial health. However Bonjour and Sa Sa have a lower ratio because both companies are at loss in the recent years.

The overall analysis on paying debt ability, Bonjour has a low cash level and loss in business. The pay debt ability is relatively low, obviously L'occitane has a more healthy financial situation.

4. Sales and Profitability

Bonjour's total sales proceeds plunged a lot in the past 3 years. The sales proceed dropped -63% from 2019 to 2020 and dropped -19% from 2018-2019. Due to COVID-19, the tourists and local domestic consumer demand decreased, the whole retail industry in Hong Kong being affect. Based on figure 2, Sa Sa also has a drop in sales in 2020 but smaller than Bonjour, only 47% drop. However L'occitane can keep the revenue during COVID-19 pandemic, not much different between 2020 and 2019.

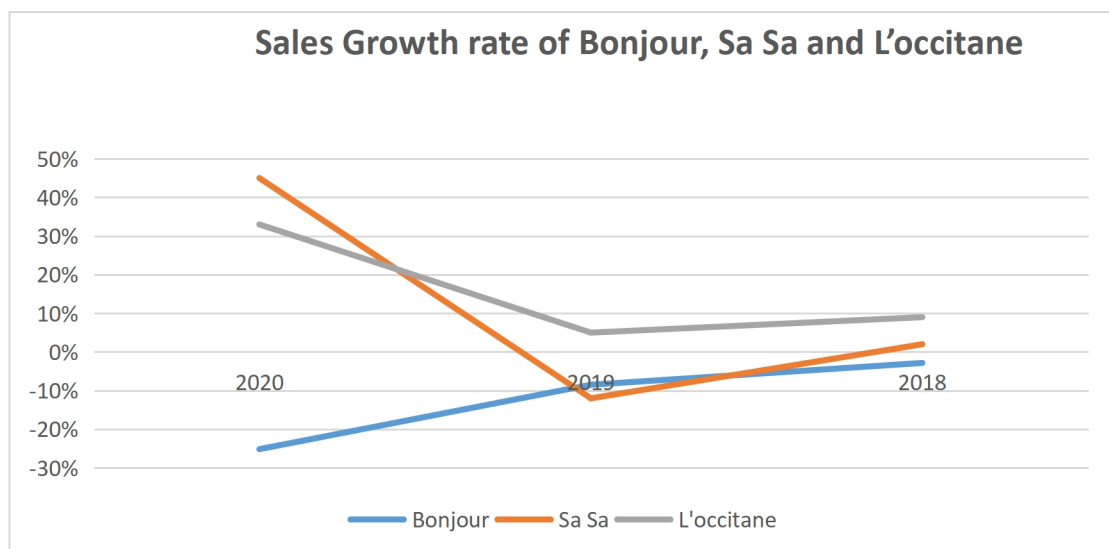
Figure 2: Sales of Bonjour, Sa Sa and L'occitane from 2018 to 2020



Source: Enterprise annual report, 2018 to 2020

Bonjour has the worst performance, it has negative growth in the 3 consecutive years. Surprisingly Sa Sa has a positive growth due to China's cosmetic sales growth. According to Xinhua news, the sales of cosmetic increased 19% from Jan to Aug 2020. Also online sales growth 9.5% year on year.

Figure 3: Sales growth rate of Bonjour, Sa Sa and L'occitane



Source: Enterprise annual report, 2018 to 2020

4.1 Profitability of Bonjour, Sa Sa and L'occitane

Bonjour and Sa Sa both have around 30% gross profit margin. L'occitane has the highest gross profit margin because it acquired few luxury skincare brands like Elemis and Melvita which has higher profit margin. According to the Society of Cosmetic Chemists in United States, luxury cosmetic brands have higher profit margin. For example Estee Lauder, a famous cosmetic brand with average 5 year gross profit margin 80.19%.

Company Name (Amount in thousand HK\$'000)	Bonjour			Sa Sa	L'occitane	Average of Sa Sa and L'occitane
Financial Year	2020	2019	2018	2019 -2021 (3 years average)		
Net profit / loss	(259,112)	(131,588)	(33,073)	(19,135)	1,149,000	564,932
Gross profit Margin	32%	34%	35%	37%	83%	60%
Net profit margin	-48%	-9%	-2%	-5%	8%	2%

The average 3 years total asset turnover of Bonjour is 92% which is lower than the counterpart Sa Sa and L'occitane 123%. Higher total asset turnover ratio tends to reflect intensive use of asset to generate sales.

The creditors' ratio of Bonjour and Sa Sa are similar as both companies have relatively smaller liabilities. However L'occitane has a high creditors' ratio, it takes 205 days of average daily purchase to repay to suppliers. L'occitane's credit risk is higher than Bonjour and Sa Sa. Since both Bonjour and Sa Sa are at loss, the ability on return on equity is low. However L'occitane has 11 % on return on equity, it shows the company is efficient in turning shareholder investments into profits.

Company Name (Amount in thousand HK\$'000)	Bonjour			Sa Sa	L'occitane	Average of Sa Sa and L'occitane
Financial Year	2020	2019	2018	2019 -2021 (3 years average)		
Total Asset Turnover	52%	95%	129%	179%	67%	123%
Creditors' ratio (in days)	24	31	40	37	205	121
Return on Equity (after tax)	-153%	-30%	-7%	-12%	11%	-0.5%

The overall analysis on profitability, Bonjour is at loss in the recent 3 years. The sales is in negative but good that the liabilities is relatively small. Bonjour should extend its revenue income to improve the profitability.

4.2 Stock Market Prospect Analysis

The earning per share (EPS) showing the company's profitability. Bonjour and Sa Sa have negative earning, so the figures are negative, only L'occitane with positive EPS. For the Price-earning ratio (PE ratio), Bonjour and Sa Sa have negative PE ratio due to negative earnings. L'occitane has a higher PE ratio, investor needs to pay more for each dollar of earnings. For the market-to-book ratio, Bonjour has the similar ratio with the counterparts. This is to evaluate how much the investors are paying on each dollar of book value of the company's balance sheet.

Company Name	Bonjour			Sa Sa	L'occitane	Average of Sa Sa and L'occitane
Financial Year	2020	2019	2018	2019 -2021 (3 years average)		
Earning per share (HKD)	(0.08)	(0.04)	(0.01)	(0.04)	0.78	0.37
Price-earning Ratio (Times)	(1.98)	(2.22)	(17.75)	(2.37)	19.73	8.68
Market-to- book Ratio (Times)	3.04	0.67	1.17	3.17	2.18	2.68

The overall analysis on stock market analysis, Bonjour has a low PE and negative earnings per share because the company has negative revenue.

5. Corporate Governance assessment on Bonjour

In chapter 3 we noted that Bonjour has negative revenue, low cashflow and relatively low liabilities, the financial situation is not healthy compared with the peers. Besides company's balance sheet, corporate governance is important as well because the policy incorporates the risk management, accountability, corporate strategy and business practices (Investopedia. 2021).

5.1 The importance of corporate governance

Corporate governance is important because it can address the long-term and short-term investments are being managed, also the fund raising option of the company. Hong Kong Stock Exchange (HKEx) has a detailed corporate governance

guidelines to the companies and it is transparent to investors as well. The guidelines including corporate governance code and rules, guidance for Boards and Directors, directors duties and etc. The guidelines can help the companies to have better control of the company and it is a way to allow investors to understand the companies.

In the recent years, a growing recognition on the importance of corporate governance to ensure the accurate of financial report and deterring fraud. The impact of different corporate governance factors such as the audit committee and board of directors, it can show the corporate prosperity and responsibility (Cohen, Krishnamoorthy and Wright, 2010). Corporate governance is also described as a system which the companies are controlled and managed. The key management for corporate management to set up strategic goals, supervision of management, informing the shareholders on the company's performance and respond to the stakeholders. ((Kavalir, 2005).

5.2 Corporate governance in Bonjour

Bonjour is a listed company in Hong Kong Stock Exchange, it is complied with the HKEx corporate governance rules (CG rules). For example the role of chairman, Mr. Chen Jianwen should be separated and not allowed to be performed by same individual. Therefore Mr. Ip Chun Heng, William is served as both Chief Executive Officer and Chairman as well. Also Audit Committee is formed to become a bridge between the Board and the Company's auditor to review and discuss the risk management issues, internal control systems and effectiveness of external audit.

Bonjour followed the HKEx guidelines to disclose the business strategies, director's views and company policy detail. However, would be better to have more transparency on operation. Bonjour devoted itself into eCommerce, its subsidiary company Bonjour Technology Services Limited partnered with China Mobile to combine 5G together with retail industry development. Also Bonjour partnered with some companies in China as strategic partner to build up its business such as Guangzhou 3861 Technology, Guangxi 3861 maternal services and etc. However the operational detail and planning on business development are not disclosed in public notice or annual report. A solid business plan and development can give investors and shareholders confidence on the company.

In the past 2 years Bonjour has been engaged in a few lawsuit on violated the lease agreement and has not paid rent and management fee. Also one of the executive director Ms. Chung Pui Wan together with a connected company filed a lawsuit in the High Court to pursue a repayment of loan 44.5 million Hong Kong Dollar sued the since Nonmember 2019, owes a total of approximately 4.03 million Hong Kong dollar and related interest and legal cost from a company under Bonjour Group. All these negative news affect the brand image and people's confidence on the company. Bonjour can disclose the detail in operation and pay attention to the crisis management issues.

5.3 Suggestions for improvement

The corporate governance of Bonjour can be more transparent in operational disclosure. Increase the independent directors monitoring efficiency and strengthening the quality of board of directors and rebuild the confidence of the public and shareholders. The negative events show that Bonjour has a poor crisis management. Insufficient official announcement on the negative news and solution on the operational issues. The company can consider to set up Crisis Management Team to deal with incident management, provide solutions and response to the media. Last but not least, the most important part is to strengthen the transparency of the company. The financial performance of the company is weak, announce the company future plan, development and strategies can make the public understand more about the company and gain back the confidence from the public.

6. Investment Project Appraisal

Bonjour implemented a new retail innovation system in the recent years, combined online and offline channels to promote a concept of “consumption & technology”, expanding e-commerce business. According to the executive director of Bonjour Mr. Lam Chi Wing, the company will invest HKD 50mio in online technology platform development and live-streaming facilities. In the future, the company will extend the business to Greater Bay Area. Therefore a 50mio Hong Kong Dollar investment project to set up online technology platform is proposed, a different financial ratios will be used including Net Present Value (NPV), Payback ratio, Internal Rate of Return (IRR) to assess the business model. (Calandro, 2009)

6.1 Information on project items

Project Cost	Amount in thousand HK\$'000	Remarks
Equipment cost to build up eCommerce	48,500	Investment amount in eCommerce technology platform ¹
Maintenance cost	1,500	3% maintenance cost of technology facilities ²
Total Cost	50,000	
Remaining Basic Information		Remarks
Sales growth rate	10.50%	10.5% expected annual growth rate (CAGR 2021-2025) of the revenue in e-commerce market ³
WACC	3.37%	Appendix A
EBITDA (%)	18%	EBITDA of the leading cosmetics companies worldwide in 2021 ⁴
Operating period (days)	102	(Bonjour 2020) ⁵

Source: Constructed by Author (Appendix B: Project for Bonjour)

Note 1: Source from Hong Kong 01 news

Note 2: Source from ServiceChannel

Note 3: Source from Statista, expected annual growth rate in ecommerce market in Hong Kong

Note 4: Source from Statista, the average EBITDA from the top 9 cosmetic brand

Note 5: Source from Bonjour 2018-2020 Annual reports

6.2 Computing Tax Cost

Items (Amount in thousand HK\$'000)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Sales = Last Year Sales x (1+Growth rate)	35,021.22	38,698.45	42,761.79	47,251.77	52,213.21	57,695.60	63,753.63	70,447.76	77,844.78	86,018.48	95,050.42	105,030.72	116,058.94	128,245.13	141,710.87
EBITA	6,303.82	6,965.72	7,697.12	8,505.32	9,398.38	10,385.21	11,475.65	12,680.60	14,012.06	15,483.33	17,109.08	18,905.53	20,890.61	23,084.12	25,507.96
Total depreciation (Software and equipment depreciation + Maintenance cost)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
EBIT	-3,696.18	-3,034.28	-2,302.88	-1,494.68	-601.62	385.21	1,475.65	2,680.60	4,012.06	5,483.33	7,109.08	8,905.53	10,890.61	13,084.12	15,507.96
Tax Cost (Standard tax rate: 16.5%)						63.56	243.48	442.30	661.99	904.75	1,173.00	1,469.41	1,796.95	2,158.88	2,558.81
Profit	-3,696.18	-3,034.28	-2,302.88	-1,494.68	-601.62	321.65	1,232.17	2,238.30	3,350.07	4,578.58	5,936.08	7,436.12	9,093.66	10,925.24	12,949.14

Source: Constructed by Author (Appendix B: Project for Bonjour)

6.3 Cashflow calculation

Items (Amount in thousand HK\$'000)	Initial cost	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
EBITDA		6,303.82	6,965.72	7,697.12	8,505.32	9,398.38	10,385.21	11,475.65	12,680.60	14,012.06	15,483.33	17,109.08	18,905.53	20,890.61	23,084.12	25,507.96
Expenditure 1 *1	Cash period	-95.95	-106.02	-117.16	-129.46	-143.05	-158.07	-174.67	-193.01	-213.27	-235.67	-260.41	-287.76	-317.97	-351.36	-388.25
Expenditure 2 *2	Maintenance cost	-300	-300	-300	-300	-300	-300	-300	-300	-300	-300.00	-300.00	-300.00	-300.00	-300.00	-300.00
Tax expenses							-63.56	-243.48	-442.30	-661.99	-904.75	-1,173.00	-1,469.41	-1,796.95	-2,158.88	-2,558.81
Cashflow *3	-50,000	5,907.87	6,559.70	7,279.97	8,075.86	8,955.33	9,863.58	10,757.50	11,745.29	12,836.80	14,042.91	15,375.67	16,848.36	18,475.69	20,273.89	22,260.89

Source: Constructed by Author (Appendix B: Project for Bonjour)

Note 1: Year 1 working capital calculation: Sales/365 days =35mio/365= 95,950

Year 2-10 working capital calculation: the previous year working capital x (1+ Sales growth rate 10.5%)

Note 2: Assumed the expenditure to pay for annual maintenance cost 1.5mio/5 years= 300,000 per year

Note 3:Cashflow rate after 5 years, using the assumed ultimate growth rate (Figure 2)

6.4 ARR and NPV calculation

ARR	(Amount in thousand HK\$'000)
Total income for 15 years	46,931.37
Average profit	3,128.80
Initial cost (B)	50,000.00
ARR	6.3%

Source: Constructed by Author (Appendix C: Calculation on ARR, NPV, Payback period and IRR)

Year	Cashflow	PV
Initial cost	-50,000	
1	5,907.87	5,715.16
2	6,559.70	6,138.72
3	7,279.97	6,590.53
4	8,075.86	7,072.57
5	8,955.33	7,586.94
6	9,863.58	8,083.83
7	10,757.50	8,528.86
8	11,745.29	9,008.25
9	12,836.80	9,524.24
10	14,042.91	10,079.24
11	15,375.67	10,675.83
12	16,848.36	11,316.77
13	18,475.69	12,005.01
14	20,273.89	12,743.72
15	22,260.89	13,536.26

NPV= all cashflow for 15 years - initial cost: 88,605.95

Source: Constructed by Author (Appendix C: Calculation on ARR, NPV, Payback period and IRR)

6.5 Payback period and IRR

Payback period	(Amount in thousand HK\$'000)
Year 1 to 15 Profit	46,931.37
Initial cost	50,000
Payback period	76 months / 6 Years and 4 months
IRR	17.60%

Source: Constructed by Author (Appendix C: Calculation on ARR, NPV, Payback period and IRR)

6.6 Investment appraisal

Based on the above project analysis result, the investment project on online technology platform for the payback period is 6 years and 4 months and net present value is positive value. To conclude, the project investment appraisal is at positive return and it is a great tool to expand the online market. Ecommerce sales and online technology platform is very popular in the recent years. According to Statista 2020, in Hong Kong *'the revenue is expected to show an annual growth rate (CAGR 2021-2025) of 10.5%, resulting in a market volume of US\$11,308 million by 2025.'* It shows a prosperous future for ecommerce business.

6.7 New project appraisal methods for analysis

- i. Investment return: According to Statista (2020), the revenue in ecommerce market in Hong Kong is high and will have an average stable return of 10.5% and due to COVID-19 pandemic the annual growth rate would be even higher. Therefore, 10.5% investment return applied in the whole project.
- ii. 15 years project: The project's timeline was set in 15 years because ecommerce platform updates regularly. It is a medium term investment and after 15 years will review the value of the projects and reset the target.
- iii. ARR: 6.3%, of the total accounting return for a project which is higher than the Weighted Average Cost of Capital (WACC) 3.37% of the company. This shows that the project is worth pursuing. However the limitation on ARR is assumed the projected cost and revenues are realistic and take no account of the time value of money.

iv. NPV: The NPV is positive 88 million Hong Kong Dollar which means it is a money making project. It shows the intrinsic value, investment security, capital project and etc which involves cash flow (Corporate Finance Institute, 2021).

v. IRR: Higher IRR means the greater the amount exceeds the cost of capital and higher net cash flow. The project has 17.6% which exceeds the cost of capital. However some limitation on IRR such as it ignored the economies of scale, different terms of project is not considered, impractical implicit assumption when calculating the IRR (Finance Management, 2012).

6.8 Work plan schedule

Gantt chart is introduced to have a systematic plan on the project. It is invented by Henry Gantt (1861-1919), a clear picture to show the dependency relationships between current schedule status and activities. On the left hand side of the chart list out the activities. Top of the chart showing suitable time scale while right hand side of the chart showing the responsible departments.

Bonjour investment Project Overview						
	Week 1-2	Week 3-4	Week 5-6	Week 7-8	Week 9-10	
New Product ideas						Business /Marketing
Strategy Generation						Marketing / Development
Concept Implementation						Marketing
Business Analysis						Business /Marketing
Product Development						Business /Marketing
Market evaluation						Marketing
Advertising and promotion						Marketing / Business

6.9 Suggestion for cashflow of the project

To launch a new ecommerce project, liquidity and cash flow are necessary. Based on Bonjour's annual report 2020, the company with reserves of HKD 138mio. The reserves can be used for cash flow or funding for the project.

6.10 Financing methods

Financing methods for the projects:

i. Issuance of new bonds 50 million Hong Kong Dollar which announced on 2 Aug 2021. The tenor of the bond is 2 years with 9% coupon annually, coupon distribution semi-annually. The purpose of bond issuance is for general corporate purposes. Bond issuance is a good way to strengthen the financial situation of the company.

ii. Use the reserve of HKD 138mio for the project investment. This method is subject to whether the company has designated use on the reserves as the purpose of the reserve was not mentioned in the annual report 2020.

iii. Bank loan financing for refinance the project. However the company with negative news and consecutive loss in the past 3 years. Bank will impose high loan rate for the loan.

iv. Sales of assets, Bonjour sold the shops in Tsuen Wan in June 2021 with sale proceeds HKD 110mio. The sales proceed were used for repay bank loans, operational expenses and development. A frequent sales of assets may give public and investors a bad impression of the company.

To conclude, the issuance of 2 years bond would be the most appropriate financing methods.

7. Recommendations and audit program

i. **Promote online business globally:** Bonjour focus on China and Hong Kong market on its ecommerce business, it can consider to promote the ecommerce business to Europe and United States. Online technology platform has no boundary. Bonjour focus to partner with China companies such as China mobile and Guangzhou 3861, it can extend the partnership with companies in other countries like United States and Europe to attract more customers.

ii. **Minimize operation cost:** Cash flow is important for Bonjour. Rental is the most expensive operational expenses in Hong Kong. Bonjour can review the revenue of each stores to close down those non profitable stores to minimize the cost.

iii. Ecommerce digital coupon marketing strategies: Coupons and discounts are always the attractive ways in marketing to boost the sales amount and the loyalty of the customers. Besides, by using digital coupon in ecommerce platform, the company can obtain data from customers such as email address, personal detail and shopping habit. These data is very valuable.

iv. Operational governance: Bonjour has a negative image due to the lawsuit and poor crisis management. A more transparent in operational disclosure is an immediate action in the audit program. Also the set up of Crisis Management Team is necessary to deal with incident management. Suggested to launch these 2 measures in Q1. For Q3-Q4, the company can develop the ecommerce platform and set up business strategies.

8. Conclusion

Bonjour is a Hong Kong local brand with origin and long history in Hong Kong, the company with lots of support from Hong Kong people and it is well known cosmetic company among tourists. Due to COVID-19 pandemic makes the company with a big drop on revenue in the past few years. With the comparison with the peers Sa Sa and L'occitane, found that Bonjour is behind the industry standard. The amount of revenue, cash flow and liquidity are the worst among the peers. Bonjour is working hard to transform the business to online technology platform. With strategic partnership with technology companies, would be easier for the company to gain the data from technology world and build up the platform. Besides, with the implementation of vaccine passports, a verifiable proof of vaccination record, hope the travel ban can be removed and the tourists can travel around. With more tourists visit, the retail sales in Hong Kong would be going up and the retail stores would be benefit.

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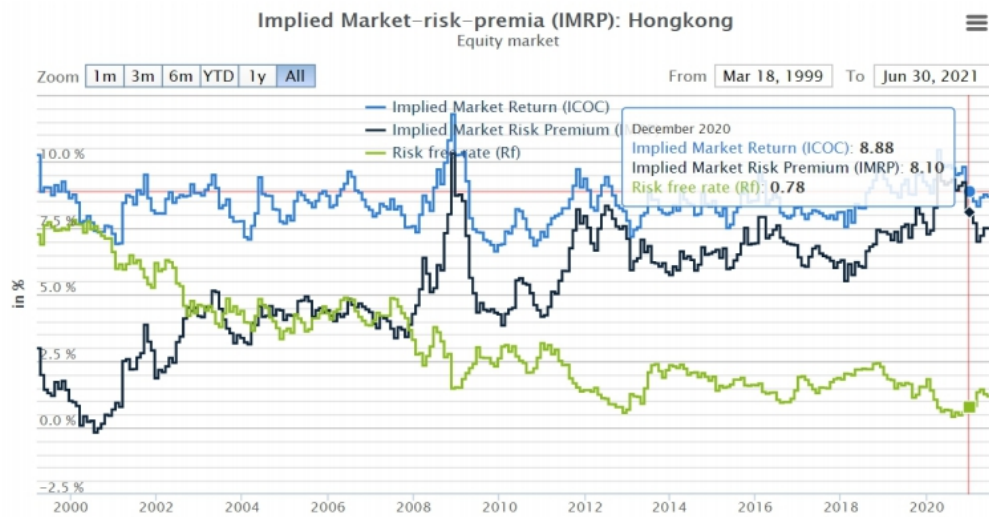
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Appendix A:WACC calculation for Bonjour

WACC calculation for Bonjour

For Bonjour

$r_{\text{equity}} =$	r_{free}	$+ B (r_{\text{prem}})$		where $r_{\text{prem}} = r_m - r_f$	
	0.78	0.32	8.1	2.592	3.37
	$\frac{D}{D+E}$	$(1-\text{Tax}) r_{\text{debt}}$	$+$	$\frac{E}{D+E}$	r_{equity}
WACC =	$\frac{D}{D+E}$			$\frac{E}{D+E}$	



Appendix B: Project for Bonjour

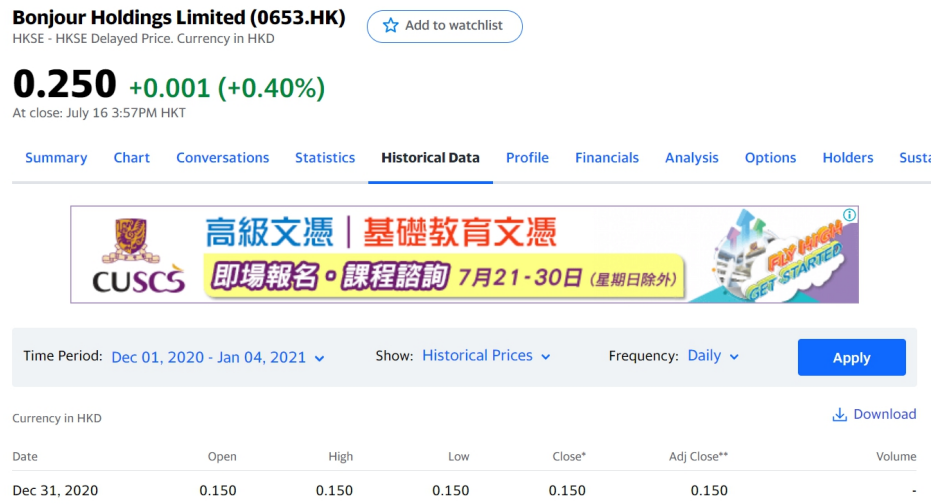
Equipment cost to build up eCommerce		(48,500.0)														
Maintenance cost		(1,500.0)														
Initial cost		(50,000)	Current sales													
Total Sales		35,021.22	538,788	6.50% with website supporting showing online cosmetic around 6.5%												
WACC		3.37%														
Sales		35,021.22														
		-														
		-														
Total		35,021.22														
Growth		10.5%														
Yr		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Sales		35,021.22	38,698.4	42,761.8	47,251.8	52,213.2	57,695.6	63,753.6	70,447.8	77,844.8	86,018.5	95,050.4	105,030.7	116,058.9	128,245.1	141,710.9
EBITDA (with supporting)	18%	6,303.82	6,965.72	7,697.12	8,505.32	9,398.38	10,385.21	11,475.65	12,680.60	14,012.06	15,483.33	17,109.08	18,905.53	20,890.61	23,084.12	25,507.96
Depr	straight line depr mthd		20%													
Software and equipment depreciation period (years)	5	9700	9700	9700	9700	9700	9700	9700	9700	9700	9700	9700	9700	9700	9700	9700
Maintenance cost	5	300.0	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Total Depr		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
EBIT		(3,696.18)	(3,034.28)	(2,302.88)	(1,494.68)	(601.62)	385.21	1,475.65	2,680.60	4,012.06	5,483.33	7,109.08	8,905.53	10,890.61	13,084.12	15,507.96
Tax	16.5%						63.6	243.5	442.3	662.0	904.7	1173.0	1469.4	1797.0	2158.9	2558.8
Profit		(3,696.18)	(3,034.28)	(2,302.88)	(1,494.68)	(601.62)	321.65	1,232.17	2,238.30	3,350.07	4,578.58	5,936.08	7,436.12	9,093.66	10,925.24	12,949.14
EBITDA (with supporting)		6303.82	6965.72	7697.12	8505.32	9398.38	10385.21	11475.65	12680.60	14012.06	15483.33	17109.08	18905.53	20890.61	23084.12	25507.96
Expenditure 1	cash period (Cost in eCommerce)	-95.95	-106.02	-117.16	-129.46	-143.05	-158.07	-174.67	-193.01	-213.27	-235.67	-260.41	-287.76	-317.97	-351.36	-388.25
Expenditure 2	Maintenance cost	-300.00	-300.00	-300.00	-300.00	-300.00	-300.00	-300.00	-300.00	-300.00	-300.00	-300.00	-300.00	-300.00	-300.00	-300.00
Tax		0.00	0.00	0.00	0.00	0.00	-63.56	-243.48	-442.30	-661.99	-904.75	-1173.00	-1469.41	-1796.95	-2158.88	-2558.81
Cashflow		5,907.87	6,559.70	7,279.97	8,075.86	8,955.33	9,863.58	10,757.50	11,745.29	12,836.80	14,042.91	15,375.67	16,848.36	18,475.69	20,273.89	22,260.89

Appendix C: Calculation on ARR, NPV, Payback period and IRR

Yr	Cashflow in/(out)	PV of cashflow	CUM Cashflow	Profit		WACC	3.37%
0	(50,000.0)	(50,000)	(50,000)				
1	5,907.9	5,715	(44,092)	(3,696.18)		Growth rate	10.50%
2	6,559.7	6,139	(37,532)	(3,034.28)			
3	7,280.0	6,591	(30,252)	(2,302.88)			
4	8,075.9	7,073	(22,177)	(1,494.68)			
5	8,955.3	7,587	(13,221)	(601.62)			
6	9,863.6	8,084	(3,358)	321.65			
7	10,757.5	8,529	7,400	1,232.17			
8	11,745.3	9,008	19,145	2,238.30			
9	12,836.8	9,524	31,982	3,350.07			
10	14,042.9	10,079	46,025	4,578.58			
11	15,375.7	10,676	61,400	5,936.08			
12	16,848.4	11,317	78,249	7,436.12			
13	18,475.7	12,005	96,725	9,093.66			
14	20,273.9	12,744	116,998	10,925.24			
15	22,260.9	13,536	139,259	12,949.14			
16							
Method 1 NPV	\$88,605.95	88,605.95		46,931.4			
Method 2 PBP	6 YEARS		4 Month				
Method 3 IRR	17.6%						
Method 4 PI	2.77						
Method 5 ARR	6.3%						
Total profit	46,931.37						
Average profit	3,128.8						

Appendix D: Bonjour, Sa Sa and L'occitane adjusted closing price as of year ended date

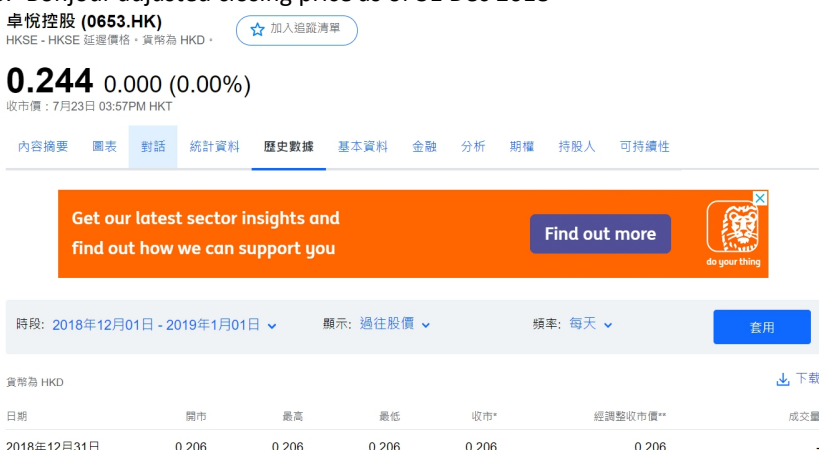
1. Bonjour adjusted closing price as of 31 Dec 2020



2. Bonjour Adjusted closing price as of 31 Dec 2019



3. Bonjour adjusted closing price as of 31 Dec 2018



4. Sa Sa adjusted closing price as of 31 Mar 2021

莎莎國際 (0178.HK)

HKSE - HKSE 延遲價格，貨幣為 HKD。

[☆ 加入追蹤清單](#)**1,520** -0.090 (-5.59%)

收市價：8月20日 04:08PM HKT

[內容摘要](#) [圖表](#) [對話](#) [統計資料](#) [歷史數據](#) [基本資料](#) [金融](#) [分析](#) [期權](#) [持股人](#) [可持續性](#)

時段: 2021年3月30日 - 2021年4月01日

顯示: 過往股價

頻率: 每天

[套用](#)

貨幣為 HKD

[下載](#)

日期	開市	最高	最低	收市*	經調整收市價**	成交量
2021年3月31日	1.830	1.850	1.780	1.780	1.780	10,840,079

5. L'occitane adjusted closing price as of 31 Mar 2021**L'OCCITANE (0973.HK)**

HKSE - HKSE 延遲價格，貨幣為 HKD。

[☆ 加入追蹤清單](#)**26.050** -1.800 (-6.46%)

收市價：8月20日 04:08PM HKT

[內容摘要](#) [圖表](#) [對話](#) [統計資料](#) [歷史數據](#) [基本資料](#) [金融](#) [分析](#) [期權](#) [持股人](#) [可持續性](#)

時段: 2021年3月30日 - 2021年4月01日

顯示: 過往股價

頻率: 每天

[套用](#)

貨幣為 HKD

[下載](#)

日期	開市	最高	最低	收市*	經調整收市價**	成交量
2021年3月31日	22.000	22.050	21.150	21.650	21.650	304,000

Appendix E: Bonjour consolidated statement from 2018 to 2020



綜合損益表

截至二零二零年十二月三十一日止年度

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020

		附註 Note	二零二零年 2020 千港元 HK\$'000	二零一九年 2019 千港元 HK\$'000
營業額	Turnover	8	538,788	1,458,828
已售貨品成本	Cost of goods sold		(365,693)	(968,385)
毛利	Gross profit		173,095	490,443
其他收入	Other income	9	100,207	22,380
分銷成本	Distribution costs		(27,563)	(44,657)
行政開支	Administrative expenses		(398,625)	(537,513)
其他經營開支	Other operating expenses		(18,865)	(2,102)
物業、廠房及設備的 減值虧損	Impairment loss on property, plant and equipment	17	(26,556)	-
使用權資產的減值虧損	Impairment loss on right-of-use assets	18	(13,475)	-
商譽的減值虧損	Impairment loss on goodwill	19	(5,520)	-
經營業務虧損	Loss from operations		(217,302)	(71,449)
融資成本	Finance costs	11	(41,810)	(60,139)
除稅前虧損	Loss before tax		(259,112)	(131,588)
所得稅抵免	Income tax credit	12	689	967
年度虧損	Loss for the year	13	(258,423)	(130,621)
以下各方應佔年度虧損：	Loss for the year attributed to:			
本公司擁有人	Owners of the Company		(255,734)	(129,648)
非控股權益	Non-controlling interests		(2,689)	(973)
			(258,423)	(130,621)
每股虧損	Loss per share		(7.5) 港仙	(3.8) 港仙
基本及攤薄	Basic and diluted	16	HK(7.5)cents	HK (3.8) cents

綜合損益及其他全面收益表

截至二零二零年十二月三十一日止年度

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

		二零二零年 2020 千港元 HK\$'000	二零一九年 2019 千港元 HK\$'000
	附註 Note		
年度虧損	Loss for the year	(258,423)	(130,621)
其他全面收益：	Other comprehensive income:		
不會重新分類至損益之項目：	Items that will not be reclassified to profit or loss:		
長期服務金負債重新計量(虧損)/收益	Remeasurement (losses)/gains on long service payment liabilities	(584)	369
以公平值計入其他全面收益之權益工具之公平值變動	Fair value changes of equity instruments at fair value through other comprehensive income ("FVTOCI")	(5,193)	(5,374)
	21	(5,777)	(5,005)
可能重新分類至損益之項目：	Items that may be reclassified to profit or loss:		
解散附屬公司之匯兌差額重新分類至損益	Exchange differences reclassified to profit or loss on dissolution of subsidiaries	(2,751)	—
換算海外業務之匯兌差額	Exchange differences on translating foreign operations	73	1,071
		(2,678)	1,071
年度除稅後其他全面收益	Other comprehensive income for the year, net of tax	(8,455)	(3,934)
年度全面收益總額	Total comprehensive income for the year	(266,878)	(134,555)
以下各方應佔年度全面收益總額：	Total comprehensive income for the year attributed to:		
本公司擁有人	Owners of the Company	(264,132)	(133,582)
非控股權益	Non-controlling interests	(2,746)	(973)
		(266,878)	(134,555)

綜合財務狀況表
於二零二零年十二月三十一日

Consolidated Statement of Financial Position
At 31 December 2020

			二零二零年 2020 千港元 HK\$'000	二零一九年 2019 千港元 HK\$'000
	附註 Note			
非流動資產		Non-current assets		
物業、廠房及設備	17	Property, plant and equipment	133,707	671,019
使用權資產	18	Right-of-use assets	151,746	406,260
商譽	19	Goodwill	–	5,520
其他無形資產	20	Other Intangible assets	2,313	1,236
租金及水電按金		Rental and utility deposits	9,273	34,482
以公平值計入其他全面收益之金融資產	21	Financial assets at FVTOCI	74,736	77,838
於聯營公司之投資	22	Investment in an associate	–	–
遞延稅項資產	33	Deferred tax assets	–	1,289
			371,775	1,197,644
流動資產		Current assets		
存貨	23	Inventories	97,318	187,968
應收貿易賬款	24	Trade receivables	7,465	16,318
租金及水電按金		Rental and utility deposits	34,448	24,692
預付款項、訂金及其他應收賬款	25	Prepayments, deposits and other receivables	14,105	14,103
應收關聯公司款項	26	Amounts due from related companies	2,885	58
銀行及現金結餘	27	Bank and cash balances	20,288	98,855
			176,509	341,994
分類為持作出售之資產	28	Assets classified as held for sale	479,262	–
			655,771	341,994
流動負債		Current liabilities		
應付貿易賬款	29	Trade payables	23,734	83,131
其他應付賬款、已收訂金及應計費用	30	Other payables, deposits received and accrued charges	152,525	88,622
租賃負債	32	Lease liabilities	107,503	167,912
應付關聯公司款項	26	Amounts due to related companies	33,733	23,553
銀行及其他借款	31	Bank and other borrowings	411,920	184,174
貿易融資貸款	31	Trade finance loans	38,772	39,838
即期稅項負債		Current tax liabilities	4,133	7,885
			772,320	595,115
流動負債淨值		Net current liabilities	(116,549)	(253,121)
總資產減流動負債		Total assets less current liabilities	255,226	944,523

			二零二零年 2020 千港元 HK\$'000	二零一九年 2019 千港元 HK\$'000
	附註 Note			
非流動負債		Non-current liabilities		
已收按金		Deposits received	210	321
租賃負債	30	Lease liabilities	81,129	273,273
來自一間關聯公司之貸款	32	Loan from a related company	-	5,000
銀行借款	26	Bank borrowings	-	223,833
遞延稅項負債	31	Deferred tax liabilities	3,802	4,131
長期服務金負債	33	Long service payment liabilities	1,537	2,539
	34		86,678	509,097
資產淨值		NET ASSETS	168,548	435,426
資本及儲備		Capital and reserves		
股本		Share capital	34,126	34,126
儲備	35	Reserves	138,040	402,172
本公司擁有人應佔權益		Equity attributable to owners of the Company	172,166	436,298
非控股權益		Non-controlling interests	(3,618)	(872)
總權益		TOTAL EQUITY	168,548	435,426

於二零二一年三月二十六日獲董事會
批准及由下列人士代其簽署：

Approved by the Board of Directors on 26 March 2021 and are
signed on its behalf by:

Chen Jianwen
陳健文
Director
董事

Ip Chun Heng, Wilson
葉俊亨
Director
董事

		附註 Note	二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
營業額	Turnover	8	1,458,828	1,793,457
已售貨品成本	Cost of goods sold		(968,385)	(1,157,692)
毛利	Gross profit		490,443	635,765
其他收入	Other income	9	22,380	20,639
分銷成本	Distribution costs		(44,657)	(57,414)
行政開支	Administrative expenses		(537,513)	(612,158)
其他經營開支	Other operating expenses		(2,102)	(3,045)
經營業務虧損	Loss from operations		(71,449)	(16,213)
融資成本	Finance costs	11	(60,139)	(16,860)
除稅前虧損	Loss before tax		(131,588)	(33,073)
所得稅減免／(開支)	Income tax credit/(expense)	12	967	(6,540)
年內虧損	Loss for the year	13	(130,621)	(39,613)
以下各方應佔年度虧損：	Loss for the year attributed to:			
本公司擁有人	Owners of the Company		(129,648)	(39,613)
非控股權益	Non-controlling interests		(973)	—
			(130,621)	(39,613)
每股虧損	Loss per share	16		
基本	Basic		HK(3.8) cents 港仙	HK(1.2) cents 港仙
攤薄	Diluted		HK(3.8) cents 港仙	HK(1.2) cents 港仙

綜合損益及其他全面收益表
截至二零一九年十二月三十一日止年度

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019

		二零一九年 2019	二零一八年 2018
	附註 Note	千港元 HK\$'000	千港元 HK\$'000
年度虧損	Loss for the year	(130,621)	(39,613)
其他全面收益：	Other comprehensive income:		
不會重新分類至損益之 項目：	Item that will not be reclassified to profit or loss:		
長期服務金負債重新計量收益	Remeasurement gains on long service payment liabilities	369	199
以公平值計入其他全面收益 (「以公平值計入其他全面收益」) 之權益工具之公平值變動	Fair value changes of equity instruments at fair value through other comprehensive income ("FVTOCI") 21	(5,374)	(4,448)
		(5,005)	(4,249)
可能重新分類至損益之 項目：	Items that may be reclassified to profit or loss:		
換算海外業務之匯兌差額	Exchange differences on translating foreign operations	1,071	2,333
		1,071	2,333
年度除稅後其他全面收益	Other comprehensive income for the year, net of tax	(3,934)	(1,916)
年度全面收益總額	Total comprehensive income for the year	(134,555)	(41,529)
以下各方應佔年度全面 收益總額：	Total comprehensive income in the year attributed to:		
本公司擁有人	Owners of the Company	(133,582)	(41,529)
非控股權益	Non-controlling interests	(973)	—
		(134,555)	(41,529)

			二零一九年 2019	二零一八年 2018
	附註 Note		千港元 HK\$'000	千港元 HK\$'000
非流動資產		Non-current assets		
物業、廠房及設備	17	Property, plant and equipment	671,019	708,071
使用權資產	1A	Right-of-use assets	406,260	—
商譽	19	Goodwill	5,520	—
其他無形資產	20	Other intangible assets	1,236	—
租金及水電按金		Rental and utility deposits	34,482	40,899
以公平值計入其他全面收益之 金融資產	21	Financial assets at FVTOCI	77,838	83,212
遞延稅項資產	31	Deferred tax assets	1,289	1,289
			1,197,644	831,471
流動資產		Current assets		
存貨	22	Inventories	187,968	235,697
應收貿易賬款	23	Trade receivables	16,318	27,723
租金及水電按金		Rental and utility deposits	24,602	35,772
預付款項、訂金及其他 應收賬款	24	Prepayments, deposits and other receivables	14,103	21,950
應收關聯公司款項	25	Amounts due from related companies	58	42
即期稅項資產		Current tax assets	—	2,972
銀行及現金結餘	26	Bank and cash balances	96,855	237,532
			341,994	561,688
流動負債		Current liabilities		
應付貿易賬款	27	Trade payables	83,131	125,812
其他應付賬款、已收訂金及 應計費用	28	Other payables, deposits received and accrued charges	88,622	88,298
租賃負債	30	Lease liabilities	167,912	—
應付關聯公司款項	25	Amounts due to related companies	23,553	3,346
銀行借款	29	Bank borrowings	184,174	265,012
貿易融資貸款	29	Trade finance loans	39,838	26,239
融資租賃款項	30	Finance lease payables	—	885
即期稅項負債		Current tax liabilities	7,885	13,458
			595,115	523,048
流動(負債)/資產淨值		Net current (liabilities)/assets	(253,121)	38,640
總資產減流動負債		Total assets less current liabilities	944,523	870,111

綜合財務狀況表(續)
於二零一九年十二月三十一日

Consolidated Statement of Financial Position (continued)
At 31 December 2019

			二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
附註 Note				
非流動負債	Non-current liabilities			
其他應付賬款及已收訂金	Other payables and deposits received	28	321	9,724
租賃負債	Lease liabilities	30	273,273	—
來自一間關聯公司之貸款	Loan from a related company	25	5,000	125,000
銀行借貸	Bank borrowings	29	223,833	128,748
遞延稅項負債	Deferred tax liabilities	31	4,131	4,245
長期服務金負債	Long service payment liabilities	32	2,539	2,709
			509,097	270,426
資產淨值	NET ASSETS		435,426	599,685
資本及儲備	Capital and reserves			
股本	Share capital	33	34,126	34,126
儲備	Reserves	35	402,172	565,559
本公司擁有人應佔權益	Equity attributable to owners of the Company		436,298	599,685
非控股權益	Non-controlling interests		(872)	—
總權益	TOTAL EQUITY		435,426	599,685

於二零二零年三月三十一日獲董事會批准
及由下列人士代其簽署：

Approved by the Board of Directors on 31 March 2020 and are signed
on its behalf by:

Ip Chun Heng, Wilson

葉俊亨
Director
董事

Chung Pui Wan

鍾佩雲
Director
董事