

**BONJOUR HOLDINGS LTD:
BRAVE NEW WORLD, REVISITED ?**

Following the debacle of [Rainbow International Holdings Ltd](#) (Code: 8079, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd), which nearly went bust, within its first year as a publicly listed company in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), and the absolute collapse of Ms [Deborah Anne Sims](#) and her Causeway Bay, would-be, up-market beauty spa, Body by Deborah International Health and Beauty Spa, one would have thought that other companies in this same line of work would have been more than a little apprehensive before trying to launch another IPO (Initial Public Offering), engaged in this industry.

But for Mr and Mrs Wilson Ip Chun Heng, it appears that they had no qualms about their little company, which is in exactly the same line of business as Rainbow International Holdings: Selling cosmetics and claimed-to-be health products to ladies, and offering them beauty salon treatments in order to try to make them more attractive to their mates, and prospective mates – if that is possible.

Mr and Mrs Ip launched Bonjour Holdings Ltd on June 30, 2003, when the Company sought to Offer a total of 65.64 million, one-cent Shares at a Premium of 89 cents per Share.

Of the total number of Shares on Offer, a tranche of 48,136,000 Shares was a New Share Issue of the Company, which was Placed with the help of agents, 10.94 million Shares were those Shares, formerly belonging to Mr and Mrs Ip, which were, also, Placed by independent agents, and the investing public was Offered 6,564,000 Shares, which were taken up in full.

The Net Proceeds from this flotation, amounting to about \$HK38 million, is to be used, the Prospectus states at Page 62, for the following:

1. \$HK17 million *'for the opening of five additional retail outlets in Hong Kong and one retail outlet in Macau'*;
2. \$HK15 million *'for the establishment of three additional beauty and health salon(s) in Hong Kong'*;
3. \$HK5 million *'for the marketing and promotion of the Group's new retail outlets and salons as well as the Group's private label products'*; and,
4. \$HK1 million to be put into the General Working Capital Account.

(Coincidentally, the usage of the Net Proceeds of this IPO is quite similar to the story that was being promulgated by the 44-year-old Chairperson of Rainbow International Holdings, Ms Aldy Li Ngar Kwan, when that company went public on The GEM in the middle of 2001)

TARGET does not wish to be unkind or unfair to Mr and Mrs Ip, but, in view of the amount of money that has been lost by the investing public, over the past few years, due to the failures of such enterprises, it does appear that this husband-and-wife team were/are taking quite a risk.

This point is hammered home, only too poignantly, when one realises that, for the past 2 Financial Years, the business of this Company, in respect of beauty treatments, administered in the Company's salons, has been a loss-maker.

The following table, which explains the extent of the business of the Company's beauty salons, is taken from Page 47 of the Prospects and is self-explanatory:

TABLE ONE

	Financial Year ended December 31	
	2001	2002
	All Figures are Denominated in \$HK'000	
Total Sales of Beauty Treatment Packages	11,606	33,127
Beauty Treatment Packages Redeemed	(5,120)	(20,499)
Deferred Revenue*	6,486	12,628
Deferred Revenue at the Beginning of the Year*	Nil	6,486
Deferred Revenue at the End of the Year*	6,486	19,114
Turnover Recognised in the Beauty and Health Salon Business	5,120	20,499
Cost of Sales	(622)	(1,651)
Gross Profit	4,498	18,848
Operating Expenses	(6,464)	(25,298)
Net Loss	(1,966)	(6,450)

* In effect, this represents a kind of cash, down-payment/deposit that ladies leave with the beauty salon, which, usually, attracts a small discount to the cost of services, ad lib. Customers are encouraged to buy beauty treatments 'forward' in order to guarantee future beauty treatments to the ladies (it, also, looks good on balance sheets of companies, offering the services, as well as attracting bank interest for the service company). Until used, by the beauty salons, affording the treatments, as promised, these cash, down-payments/deposits are classified, in accounting terms, as Current Liabilities.

When Body by Deborah International Health and Beauty Spa went belly up, hundreds of Ms Deborah Anne Sims' former customers lost tens of millions of dollars due to the fact that they had paid, in advance, for beauty treatments, which, of course, they never received.

And their deposits were never refunded.

That is not to suggest, of course, that Bonjour Holdings would do such a thing, but for many Hongkong tai-tais, they, probably, still remember Ms Deborah Anne Sims and how they got severely burnt.

However, aside from this aspect of this Company's business, the other side of the ... [CLICK TO ORDER FULL ARTICLE](#)

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