

October 2002

WATSON ON

No.55 A.S. Watson quarterly family magazine

Watson becomes world no.3

Arroyo visits Watsons Philippines

Savers: CHECK it out

PARKnSHOP leads in supermarket revolution

17th ASW group singing contest



A.S. Watson

The retail and manufacturing group of
Hutchison Whampoa Limited





A.S. Watson Group Grows Again

With its recent acquisition of Kruidvat Group, one of Europe's largest health & beauty and perfumeries chains, the A.S. Watson Group has now become the world's third largest health & beauty retail chain.

The acquisition was catalyzed by the strong similarities in business cultures and operating formats between the two Groups, with Kruidvat CEO Dick van Hedel calling the merger "a rarity in today's business world, an acquisition by a partner with significant strategic value".

The new addition will also enhance ASW's strategic penetration of the under subscribed health & beauty market in Europe, while the addition of Kruidvat's 1,900 retail outlets brings the total number of ASW stores to over 3,200 across Europe and Asia. To find out more about the Group's latest global portfolio in health and beauty retailing, please see this issue's Focus story on page 10-15.



(From left) Ian F. Wade, Group Managing Director of A.S. Watson, Victor Li, Deputy Chairman of Hutchison Whampoa, Li Ka-shing, Chairman of Hutchison Whampoa, Canning Fok, Group Managing Director of Hutchison Whampoa and Dick van Hedel, CEO of Kruidvat.

Arroyo visits Watsons Philippines

On 11 July, Philippine President Gloria Macapagal Arroyo paid a special visit to the opening of Watsons latest outlet in Manila, the Mandaluyong City store at the SM Megamall. The President was joined in her visit by advisers Manuel Roxas, Secretary of Trade and Industry, Manuel Dayrit, Secretary of Health, and the Chief of the Philippines Bureau of Food and Drug, Mr Torres. Dennis Casey, Managing Director of Watsons Philippines was on hand to welcome the distinguished visitors.



The move symbolized the President's intent to reduce the price of medicines in the Philippines, a move that Watsons is fully supporting through its Compare & Save concept in store pharmacy counters. Watsons Compare & Save programme is in line with the President's request to keep all drug prices transparent and allow consumers to compare prices across a variety of pharmaceutical brands before they make a purchase.

Customer response has been very strong since the launch of Watsons in the Philippines in April this year. Philippine consumers are attracted by Watsons great value, convenience, strong customer service and wide variety of products. At present, Watsons operates 61 health and beauty and pharmacy stores in the Philippines, with at least ten more planned to open before Christmas this year to serve Filipino consumers nationwide. Watsons plans to expand to a total of 250 outlets throughout the country within five years.

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Wats On is the quarterly family magazine of the A.S. Watson Group. Materials from this publication may only be reprinted with full accreditation to "Wats On".

With a history dating back to 1828, the A.S. Watson Group (ASW) has evolved into an international retail and manufacturing business with operations in 20 countries in Asia and Europe. The Group operates over 3,200 retail stores, owns more than 20 water and juice brands, and employs more than 51,000 staff worldwide. ASW is a member of the world-renowned Hong Kong-based conglomerate Hutchison Whampoa Limited, which has major interests in ports, telecommunications, property, energy and retail with businesses in 41 countries.

It is my great pleasure to announce another milestone in our corporate history, the strategic acquisition of Kruidvat, one of Europe's leading health & beauty and perfumeries chains. Kruidvat has a store portfolio exceeding 1,900 outlets and employs 24,000 people in six European nations. The move firmly reflects our growing international strength and strategy by expanding the Group's presence in Europe.

With the addition of Kruidvat's 1,900 retail stores, the A.S. Watson Group is now one of the world's largest health & beauty retailers. As such, we can all share in the pride and excitement of this latest development. You will find a more detailed story about Kruidvat in this issue of *Wats On*.

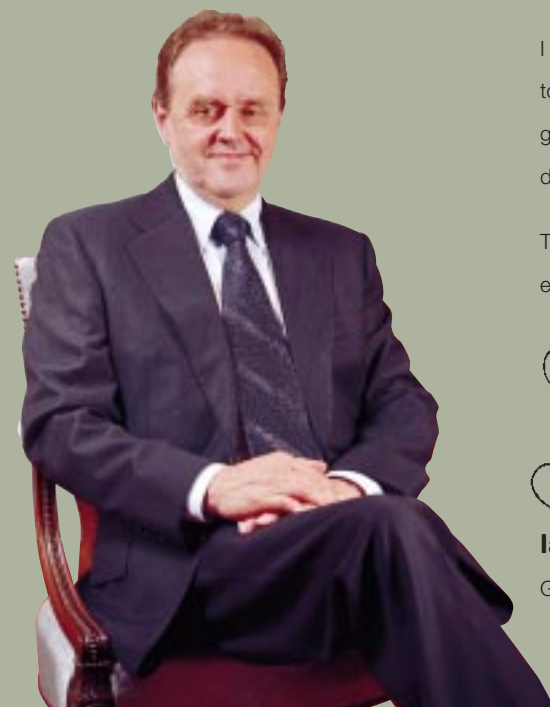
In Hong Kong, Fortress, and PARKnSHOP have both become the top retailer in their respective markets, while PARKnSHOP in Southern China is expected to enjoy a similar status shortly. Allied to this, is the strong growth of Watsons in Asia, which through recent expansion and the regular opening of new outlets, brings the total number of stores in Asia to over 650. This growth has been helpful by the introduction of new concepts and initiatives in retail which continue to enhance our position.

I would like to welcome Kruidvat to the ASW family and take this opportunity to thank all of our colleagues worldwide for their professionalism and effort in growing our businesses. As always, the quality of our products and services depend upon each one of you.

The future of the A.S. Watson Group in Asia and Europe looks stronger than ever... Thank you for making all this possible.

Ian F. Wade

Group Managing Director



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Watson House
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Email : WatsOn@asw.com.hk

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Bringing PARKnSHOP forward in the future

Following his appointment as Chief Executive Officer of ASW's Retail Food Division in May, Iwan Evans is eager to accept the challenge of bringing PARKnSHOP forward in the future, and told *Wats On* how he hopes to accomplish this — with the help of PARKnSHOP's multi-talented and professional staff.

"I am open to trying out new things and I hope to encourage everyone within the Division to follow suit," said Mr Evans. "I always remind myself that the key to success in our business is people, people and people. We emphasize developing from within and making an investment in staff training. Colleagues at all levels can expect to be involved more and more in decision-making. So get ready..."

In order to prepare the team to drive geographical expansion and inter-country

synergies, whilst maximising operational effectiveness within each market, Mr Evans has initiated some organisational changes and created new Trading and Marketing functions.

Mr Evans warmly welcomed the new appointments whilst paying tribute to the work of former PARKnSHOP Marketing Director, David Durnford, who has taken a similar position with the Group's UK operation, Savers Health & Beauty. "I would like to express our sincere gratitude to David, who has ably led the Marketing team to great success in the enhancement of the PARKnSHOP brand."

Mr Evans is hoping the excitement to continue PARKnSHOP growth will be contagious, and hopes all of the staff will fully participate in the process. "Do not be afraid to make mistakes," cautioned Mr Evans, "I run a 'ten-point strategy' which means all new ideas are welcome."



New appointments at PARKnSHOP : (from left)

- **Jan Hes** (previously Buying & Marketing Director — China) becomes **Trading Director — Non Food** for the Division
- **Ian Pye** (previously Retail Director — Hong Kong) becomes **Managing Director, PARKnSHOP Hong Kong**
- **Tim Chalk** (previously Trading Director — Hong Kong) becomes **Trading Director — Food** and also **Marketing Director** for the Division
- **Steve Jobling** (previously a member of senior management at Somerfield's in the UK) becomes **Retail Director, PARKnSHOP Hong Kong**
- **Kenneth Cheuk** (previously Finance Director of the Manufacturing Division — UK) becomes **Finance Director** for the Division



PARKnSHOP Megastores provide fresh retail concept for Asian consumers



The PARKnSHOP Megastore revolution continues in Greater China with the launch of three new outlets, two in China (in Guangzhou and Shenzhen), and Hong Kong's first ever Megastore at Metro City in Tseung Kwan O.

The new stores offer product ranges which are unrivalled in their respective markets with everything from traditional grocery to the general merchandise items in constant demand by today's consumers. Each store features distinct product zones including Body, Sports, Baby Care, Textile, Electrical and Home, and Children's areas; all with the value and high quality which has made PARKnSHOP famous in Hong Kong and China.

Largest amongst the stores, which each offer over 20,000 products, is the Megastore in Haizhu, Guangzhou (see story on page 20-21), which covers over 203,000 sq.ft of retail space and employs 850 staff.

With special value areas like HK\$8 (US\$1) zones in the Hong Kong Metro City Megastore, free parking, playgrounds for children, daily Price Watches and a wide variety of foodstuffs including fresh market facilities, the new Megastores are primed to increase PARKnSHOP's growing reputation in China, and will further reinforce its position as Hong Kong's favourite brand.

PARKnSHOP named one of top three brands in Asia

According to the July issue of *Media* magazine, Asia's regional publication for media, marketing and advertising, PARKnSHOP is one of the three most successful brands in Asia.

The top 20 regional brands were ranked in the survey, compiled by Asia Market Intelligence, which polled readers in China, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan and Thailand. All of the magazine's top three brands this year are from Hong Kong.

Consumers across the region were asked to rate the major regional brands on the basis of seven attributes. Among the attributes were 'value for money', 'quality', 'popularity', 'vision and innovation', 'long-term presence' and 'growth of the brand'.

Reflecting its strong value proposition, PARKnSHOP led all brands in the category of "value for money".



- 1 The largest PARKnSHOP Megastore at Fujian Garden, Guangzhou.
- 2 Top management and government officials officiated at the Grand Opening of the Megastore at City Owners Plaza, Shenzhen.
- 3 Kindergarten kids enjoyed the opening of the new Megastore.
- 4 Iwan Evans, Chief Executive Officer of ASW's Retail Food Division, officiated at the unveiling ceremony of Hong Kong's first PARKnSHOP Megastore at Metro City, Tseung Kwan O.





Richard Tonks, Managing Director of Savers Health & Beauty, explained the new name and concept, "The word 'check' is common to daily shopping and encountered quite freely: checklists, health checks, price checks and more. We felt that the name would be highly relevant to consumers and as simple and clear as Savers, engaging our customers instantly."

Mr Tonks indicated that the first CHECK outlet will work both ways, with Savers having a chance to test the concept's viability through the outlet. "We will test the customer response

before deciding whether to further expand the concept." If the concept lives up to expectation, more will be launched in the near future. The original 2,300 sq.ft

CHECK store was custom designed by the Hutchison 3G design team in only two months, shaving four months off the traditional store design process.

CHECK it out!

Savers' newest concept store, CHECK, was opened on 6 September in Worthing, Sussex, England, introducing an unique and exciting twist to everyday shopping.

CHECK's innovative and experimental concept allows customers to enjoy Savers traditional deep discount prices in a more modern and exciting shopping environment.



Watson Water makes a splash this summer

Watsons Water in Hong Kong has succeeded in making drinking water fun this summer with a series of promotions in partnership with four major international retail chains, PARKnSHOP, 7-Eleven and Circle K convenience stores, and Wellcome.

Watsons Water teamed up with PARKnSHOP and had romance in stock, as those purchasing over HK\$10 of Watsons Water products had the opportunity for a romantic evening out in Hong Kong including dinner for two at the posh Peninsula Hotel, followed by a helicopter ride over Hong Kong's most renowned landmarks. Second prize was an equally appealing pair of diamond rings for him and her.

The promotion with 7-Eleven offered a once-in-a-lifetime opportunity to experience Hong Kong from a different perspective as anyone purchasing over HK\$10 of Watsons Water products received a lucky draw chance to see Hong Kong's fabulous skyline from the sky in an aircraft.

Circle K and Watsons offered a special scratch card promotion with the purchase of any two Watsons Water products. Top prizes on offer were special training courses in Motocross, guaranteed to get your heart pumping. Also on offer were mountain bikes and Watsons souvenirs.



watsons water
屈臣氏蒸餾水



Intensive staff communication in the Watsons workplace

The 3rd Watsons Staff Forum was held in July with a focus strengthening two-way intra-departmental communication. To achieve the Forum objectives a wide range of staff were invited to join the event including both stores and back-office employees.

The Forum's aim was to provide a new channel for staff to reflect their opinions to the company in a positive and informal atmosphere. The Forum will enable management to respond to the concerns of staff more promptly and effectively and can improve understanding about company policy, helping to avoid speculation and inaccurate information.

The opinions and suggestions expressed at the Forum were constructive and covered a variety of areas including store operation, inter-departmental communication and work flow. Most encouragingly, the positive response to the Forum from all involved has provided a concrete foundation for enhanced internal communications.

- 1 Participants proactively express their opinions in the Staff Forum.
- 2 Human Resources staff teaching participants the "Brain Gym" game, which helps release stress and enhance memory and creative.
- 3 Colleagues from the Human Resources Department analyzing the competition in retail market by playing "Mahjong".



Great Feeling! Great Fun!



Over 160 Hong Kong Store Managers and Executives gathered together at the end of July for the SM Conference, the objective of which, was to review performance for the first half-year and promote the new Watsons culture.



Ray Fung, Operations Director, reviewed the overall results for the first half-year and set targets for the rest of the year. Active discussion then ensued, with all managers agreeing to apply the new store operation concepts to help foster new business.

Gordon Reid, Managing Director of Watsons Hong Kong, encouraged all managers to equip themselves well during this adverse economic period and provide a positive role model for the rest of the staff.

It was also noted that during this difficult time, increasing effort needed to be put towards ensuring that targets could be achieved and that all staff should adopt the "Fish" working attitude, which is to enjoy their job and make the day of both our external and internal customers. If you wish to know more about the 'Fish' working attitude, ask one of your Watsons colleagues.

Watsons & Fortress join ranks



Senior Management of Non-Food Division enjoyed the War Game session.

Members of the Watsons and Fortress senior management teams in Hong Kong recently participated in an extraordinary team-building activity, a "War Game" management training seminar. The day-long experiential-learning programme was initiated to strengthen their ability in becoming more effective and confident leaders.

The day's challenge of achieving results through problem-solving, strategic planning, decisive judgment, teamwork and leadership helped foster closer communication between the two management teams, providing an excellent opportunity for experience sharing.

The mission was success, as the participants bonded, creating new synergy between the management teams. After the battle, several key learnings were identified from the day's activities including risk limitation, personal accountability, effective communication and result-oriented planning, which will help the teams improve and refine protocols in their daily challenges within the workplace.

Watsons participates in 10th Baby & Child Expo

Watsons participated in the 10th Baby & Child Expo, which was attended by over 200,000 visitors. The Expo provided an ideal opportunity to communicate Watsons image as the Baby Expert and the place to go for baby products. Watsons was also the proud sponsor of a ten-baby team in the 14th Hong Kong Crawling Contest. The contest is judged on both speed and costume with the Watsons team dressed up as Watsons angels.

The Watsons booth at the Expo featured special information and a coupon booklet with discounts on Watsons baby products. The Watsons Baby Talk Information Booth included natal care leaflets, applications to join the Watsons Baby Club, and private feeding and changing facilities for mothers. As a souvenir of the event, Watsons even provided a caricaturist to make free sketches of the babies.



Shop for a healthier man at Watsons



(Middle) At the press conference, Gordon Reid, Managing Director of Watsons Hong Kong, encourages women to shop for a healthier man at Watsons.

A recent Watsons survey of 600 Hong Kong women has confirmed the vital role played by women and other family members in influencing men's health. The survey indicates that the support network of partners and family members surrounding males could be better utilized to raise awareness of important health issues facing men.

The survey reported that :

- 83% of women agreed that men should take better care of their health.
- 58% of women said they encouraged the men in their lives to take more action for their health.
- 74% of women said they usually buy healthcare products for men if needed.
- 37% of women thought that men would be unlikely to talk openly about health issues.

Coinciding with this report, Watsons launched an innovative non-profit Men's Health campaign as part of its Pharmacy Self Care programme. The campaign focuses on tapping the under-utilized resource of women in promoting better health amongst Hong Kong people.

Watsons Hong Kong Managing Director Gordon Reid said "Men's Health is not just a man's issue. It also impacts spouses and families. Increasing the involvement of spouses and family members in discussing health, recognizing risk factors and encouraging check-ups could have a valuable impact on men's health in Hong Kong. This is a completely new approach to men's health. It taps into Watsons' ability to communicate to thousands of women everyday through our store network", added Mr Reid.

The Pharmacy Self Care Men's Health campaign offers practical information — including a schedule of health tests that men should consider at different life stages. The materials are free — so women, men and family members can take them home and benefit from the advice within. Free cholesterol and blood pressure tests will also be offered during the campaign.

“Dare to Swear” TVC 4th Wave

Watsons Taiwan has renewed its successful pricing campaign by launching phase 4 of the advertising campaign, which consists of both TVC and print advertisements. This time, internal staff were used as actors in the campaign, which employed a TV wall concept as the key visual, reinforcing Watsons Taiwan's "Dare to Swear" message.

Since January, Watsons Taiwan has established its competitive pricing strategy by kicking off a series of high profile advertising campaigns. This move has continuously attracted market attention and led to a very positive consumer response.



Participants enjoying a day of fun at the Sports Day.

Watsons Taiwan Sports Day gears up the staff

Despite sweltering conditions reaching 39°C, the Watsons Taiwan Sports Day was successfully held on 17 August, with 400 staff and family members enthusiastically participating in the day's event.

Sports competitions included 100M sprint, 400M relay and a 5,000M race. There were also fun games such as 3-legged races and sack races enabling every one to have fun.

This year's competition in Taiwan was used to determine its team of representatives who will be sent to the main competition in Hong Kong.



Watsons Taiwan New Store

Watsons Taiwan has recently opened three stores in Southern Taiwan : one in Tainan City and two in Kaohsiung City. With these new outlets, Watsons has further established itself as the top health and beauty retailer in Taiwan with 220 stores.

One of Watsons Taiwan's three new stores is located in the popular tourist spot, the night market Liao Ho Fa in Kaohsiung city.



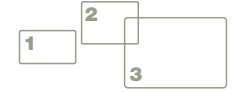
Kruidvat

Kruidvat



Newest addition makes A.S. Watson Group the world's third largest health & beauty retailer

The recent acquisition of Kruidvat Group, one of Europe's leading health and beauty retailers, significantly enhances ASW's presence in Europe. This issue of *Wats On* reveals the Group's new portfolio in health and beauty.



- 1 Kruidvat Belgium
- 2 Trekleister
- 3 ICI Paris XL

The addition of the Kruidvat Group to the A.S. Watson (ASW) family in October 2002 has seen ASW rise to become the world's third-largest health and beauty retailer. The exciting synergies generated by the merger leave the door open to further growth by continuing ASW's progressive expansion in the European market. The merger instantly increases the Group's European portfolio from nine to 12 countries, creating new opportunities for growth amongst ASW operations worldwide.

One of the largest drugstore chains in Europe, Kruidvat Group employs over 24,000 people. When combining its existing 1,900 retail stores in six European markets, with the A.S. Watson Group's 650

stores in Asia, the partnership makes Watsons the largest health & beauty chain outside the United States and the third largest in the world.

ASW Group Managing Director, Ian Wade expressed his enthusiasm over the merger, "A.S. Watson is proud to add the Kruidvat Group to our personal care retail family. Kruidvat has a similar business culture and store format as ASW and we believe this will provide strong new operational synergies."

Synergies bring strategic value

Chief amongst these promising synergies are the fact that the store formats for Kruidvat and ASW are remarkably similar, while the combination of Kruidvat's extensive European buying network and Watsons unparalleled Asian sourcing capabilities demonstrate a strong potential for realising new efficiencies globally.

The merger's advantages transcend the purely operational level, and are most fully realised in the strategic opportunity which they represent. Canning Fok, Group Managing Director of Hutchison Whampoa Limited's (HWL), commented on these opportunities saying "Kruidvat Group was chosen for its exceptional reputation and market leading position. It is an excellent fit for our expanding retail business and provides many opportunities for new global synergies."

The expanded Group is now well-prepared to tackle the European market, said Mr Wade, "Our competitive advantage lies in our greater focus, global backing and having more convenient locations than our competitors; the fact that our stores are more trendy and engaging, offering the spirit of discovery, is an added bonus for retaining loyal customers and attracting new ones."

The strong potential of the new venture was equally realised in Europe, with Dick van Hedel, Chief Executive Officer of Kruidvat Group calling the offer, "a rarity in today's business world, the acquisition of a company by a shareholder with significant strategic value."



Kruidvat Netherlands

Mr van Hedel added that Kruidvat "expects very, very much from the joint venture with A.S. Watson. In studying Hong Kong stores, we found the usage of store space very impressive and have already begun exchanging ideas on a global approach for IT and logistics. We also hope to learn the ins and outs of Far East trading from A.S. Watson, to improve our non-food and promotional assortment in our European stores."



1 Superdrug in the UK.
2 Customers checking out at a Rossmann store.

The merger provides an important geographical balance for the Group's retail business, enhancing its international presence and both increasing and diversifying the Group's earnings in Europe.

Despite the general economic downturn, ASW felt that the high potential of the European market warranted the investment, as it remains relatively unsubscribed in the health and beauty retail sector. According to Mr van Hedel, "Expenditure on cosmetics is growing rapidly in many European countries, most of all in Eastern Europe. We expect further growth in our basic product groups over the coming years and intend to outpace growth in the market by adding new product categories, mainly non-food. ASW can assist us in helping find the best suppliers in Asia and negotiating the best deals."



The newest member of the ASW family, the Kruidvat Group was originally founded as a grocery company in 1928. In the 1950's the company was one of the first to open supermarkets in the Netherlands (these were sold in 2000). In 1975, the first Kruidvat Health and Beauty store was opened starting a very successful expansion in this market.

The name Kruidvat (pronounced "kroyd-fat") came about by combining the two historic meanings of "Kruid" in Dutch: "gunpowder" and "herbs". "Vat" means "barrel", so Kruidvat is a barrel full of gunpowder representing its aggressive trading and of valuable herbs representing the many essential products Kruidvat sells to its customers.

Kruidvat has continuously achieved success in all of its markets by offering a wide variety of non-food products together with an ever changing range of promotional items (Christmas & other holidays, household and children's products etc.) as well as a strong value for money proposition. Conveniently located stores in high streets and shopping centres are accentuated by friendly knowledgeable employees reinforcing the strengths of Kruidvat's no-nonsense business culture.

The new team brings many strong opportunities to the fore, including positive growth prospects in Kruidvat's corporate home market, the Netherlands, and in Belgium. Kruidvat will also help ASW penetrate the Eastern European market, which has substantial growth potential in terms of both GDP and store expansion. "Both A.S. Watson and Kruidvat share a direct approach, because of this similarity in corporate cultures, we know that the new co-operation will be successful and that we can help the A.S. Watson family grow worldwide, and at thrilling speed," added Mr van Hedel.

Eyes on the prize : No.1

His enthusiasm was echoed by Mr Wade who noted that, "ASW will now look at ways to successfully expand our business across Europe, particularly in countries like



France, Spain, Italy and Scandinavia, where we will be helped by Kruidvat's position as a well-established European retailer with strong brand names and an excellent buying network."



How best to tap new ASW markets in Europe is currently under discussion, as each of ASW's new health and beauty fascias, (seven including Kruidvat, Trekpleister, ICI Paris, Superdrug, Rossmann and Savers in Europe, and Watsons in Asia), will be reviewed and assessed for their various opportunities and options. Initial targets have been set however, with the Group aiming at achieving a 50:50 balance between its Asian and European businesses by the end of 2003.

suitable for Asian markets, both existing and future, such as in India, Indonesia, Korea and Vietnam.

indirectly, the operations in Asia will reap the benefits of the Group's expanded geographic footprint and earnings diversification, while A.S. Watson Group's ongoing expansion in existing and new Asian markets will continue. At present, over 300 new Watsons stores are planned for the region over the next five years alone.

Notwithstanding the strong potential for European growth, the A.S. Watson Group remains committed to its home markets in Asia, where it has accumulated over 100 years of trust and consumer goodwill.

is how to become the world number one health and beauty retailer. We aim to increase our total number of health and beauty stores to 4,000 to achieve this target within the next three years." said Mr Wade.

The addition of Kruidvat will have a positive effect on the Group's operations in Asia, with the assessment of whether any of the existing European brands and store formats are

With the Group's corporate philosophy of becoming the leader in every market in which it operates, all that remains is continued dedication and hard work to elevate ASW to the top slot as the world's largest health and beauty retailer. The addition of Kruidvat Group has moved the Group up yet another rung on the ladder. **W**



ASW health & beauty retail stores — Worldwide

With the addition of Kruidvat Group's portfolio, ASW now operates over 2,800 health & beauty retail outlets around the world, making it the world's third largest health & beauty retailer.



Kruidvat

Netherlands, Belgium

Kruidvat NL is the clear market leader in health & beauty in the Netherlands. Located in the very best locations around the country, Kruidvat NL has been able to grow considerably over the last five years through autonomous growth from new store openings and the relocation of existing stores to larger, better placed outlets. Kruidvat B was started in 1992, and has enjoyed a similar success.



Trekpleister

Netherlands

First acquired in 1998, Trekpleister NL has shown strong growth ever since. It is now the fourth largest chain in the country.



ICI PARIS XL

Belgium, Netherlands

ICI Paris XL was founded in Belgium in the late 1970's. After its acquisition by Kruidvat in 1996, ICI Paris XL grew rapidly through the opening of new stores and enlarging, refurbishing and relocating existing outlets to become the leading chain of its kind in Belgium. ICI Paris XL NL was founded only in late 1997, but is growing at amazing speed with the opening of at least one store per month.



ROSSMANN

Poland, Czech Republic and Hungary

Kruidvat entered a joint venture with Dirk Rossmann GmbH in 1996. To date, Rossmann stores havZe achieved sales growth of greater than 35% year on year in these three markets. The growth can be attributed mainly to autonomous expansion through growth in existing stores and new store openings. Our pride in the Rossmann name has grown even more recently, after the admirable actions of staff in the Czech Republic who quickly responded to the calamitous flooding of the past summer. Thanks to the effort of the staff, most stores were able to reopen in just days after the worst flooding in Czech history, serving its customers at a time of great need.



savers

United Kingdom

The Savers chain in the United Kingdom was founded in 1988 and, after strong initial success, was acquired by ASW in 2000. Its deep discount format, accentuated by simple store design, strong logistics and low operating cost, were in sync with the existing values of ASW providing added incentive for its acquisition. Savers' focus on fast-moving toiletries products has struck a chord within the marketplace, spurring significant growth in store numbers over the past two years.

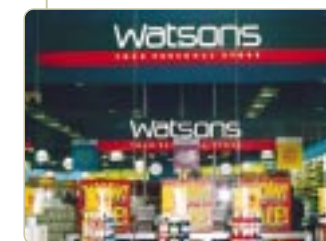


superdrug

United Kingdom

The largest health & beauty chain within the Kruidvat Group, Superdrug was acquired only one year ago. Operating more than 700 stores in England, Wales, Scotland and Northern Ireland, Superdrug enjoys a high growth

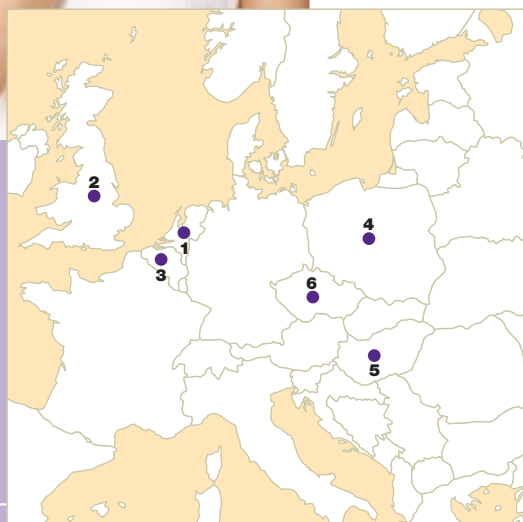
potential which is expected to surge in the coming years. Superdrug in the UK is especially famous for its assortment of bargain Christmas goods.



Watsons

8 countries & regions in Asia

The ASW Group's original retailing chain for personal care products, Watsons Your Personal Store, was established in 1828 in Guangdong province, China, and has grown over the years into the largest chain of its kind in Asia. Building upon its long-standing reputation for quality and innovation and high degree of consumer confidence, Watsons caters to a variety of lifestyles with an unrivalled diversity of products. Watsons has achieved significant market penetration, growing at an average of 70 stores per year. Each store is designed around a "discovery" concept that creates the brand's distinctive shopping experience: "Look Good. Feel Great. Have Fun". Besides the over 25,000 different products Watsons carries, it has been extremely successful in offering a vast range of Watsons private-label products, symbolising the strong trust that Asian consumers have in the Watsons name.

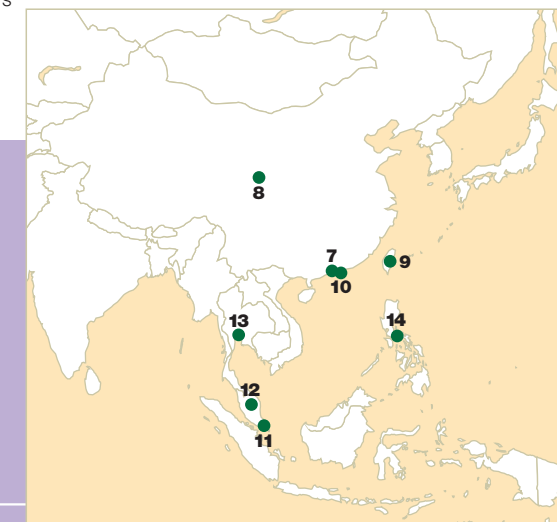


Country	Name of Retail Chain	No. of Stores
1 The Netherlands	Kruidvat (H&B)	520
	Trekpleister (H&B)	211
	ICI Paris XL (Perf)	56
2 United Kingdom	Superdrug (H&B)	706
	Savers (H&B)	280
3 Belgium	Kruidvat (H&B)	107
	ICI Paris XL (Perf)	8
4 Poland	Rossmann* (H&B)	83
5 Hungary	Rossmann* (H&B)	71
6 Czech Republic	Rossmann* (H&B)	55

*50 / 50 JV with Rossmann Germany

Country	Name of Retail Chain	No. of Stores
7 Hong Kong	Watsons (H&B)	134
8 China	Watsons (H&B)	41
9 Taiwan	Watsons (H&B)	221
10 Macau	Watsons (H&B)	4
11 Singapore	Watsons (H&B)	57
12 Malaysia	Watsons (H&B)	58
13 Thailand	Watsons (H&B)	69
14 Philippines	Watsons (H&B)	61

H&B : Health & Beauty stores Perf : Perfumery stores





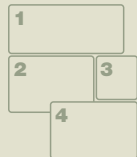
Health and Beauty Awards ceremony held in Hong Kong

The third "Watsons Health & Beauty Awards" presentation ceremony was held on 20 September to recognize outstanding Watsons suppliers. The event was attended by 300 guests, amongst them are well-known TV celebrities representing popular products of suppliers.

The four Best of the Best Awards went to :

- 1 **Long Far Herbal Medicine**
Best of the Best — Health & Fitness;
- 2 **P&G**
Best of the Best — Personal Care;
- 3 **Lin's Medicine and Health Care**
Best of the Best — Most Supportive Supplier;
- 4 **Squina**
Best of the Best — Health & Beauty.

The evening also sparked a caring atmosphere with an auction of eight items contributed by suppliers. A total of HK\$94,216 was raised for the local charity, Care For Your Heart's Cardiac Patients Mutual Support Association.



Biotherm & Coach new arrivals at HKIA

Nuance-Watson (HK) has introduced two new luxury brands to its shop portfolios at the Hong Kong International Airport (HKIA). The first new brand, Biotherm, is a popular French skincare range, while Coach is a New York-based luxury leather goods brand, reinforcing Nuance-Watson's tradition of carrying only fine-quality merchandise.

To promote the new brands, a Biotherm self-standing boutique was opened in June and has already benefited from its prime exposure, as it is located immediately beyond the immigration halls at the airport. The latest range of Coach leather goods and accessories for both men and women are now available in "The Atrium" east store.



New Store Openings

Mainland China

- City Owners Megastore
- Shenzhen Metro City Megastore
- Guangzhou Fujian Garden Megastore



- Watsons Dalian Parkland
- Watsons Guangzhou Citic Plaza
- Watsons Guangzhou GuangBai

Hong Kong

- Po Tat Shopping Centre Superstore
- Kai Tak Garden
- Cyberport Store + 24 hours Convenience Store
- Fu Cheong Estate
- Watsons Java Road



- 1 **Java Road Store Grand Opening**
(Photos shows from left to right): **Samson Lau, Store Project Manager; Gordon Reid, Managing Director (HK); Kimmy Yeung, Store Manager; Ray Fung, Operations Director; Francis Li, Area Manager.**
- 2 **The Guangzhou GuangBai Store opened on 8 August 2002.**



Fortress teamwork in action



Fortress team spirit made the private sale a success.

The "American Express / Fortress Private Sale", a five-day roadshow at Harbor City Bazaar from 18-22 September, fully demonstrated the attributes of Fortress staff — dedication, teamwork and commitment to achieving results. Even in this photo (taken at 3:00am on 23 September, after the team finished taking stock and dismantling the exhibit), spirits were still high with the staff sharing a strong sense of accomplishment.



PARKnSHOP takes the lead in China's supermarket revolution



Walking through Guangzhou's bustling Haizhu District has become more of a challenge than ever before. Today's Haizhu is ultra-modern, industrious and crowded with people and cars. Fittingly, this hive of humanity, (Haizhu is home to over 300,000 people), has become the site of PARKnSHOP's largest ever Megastore, a 203,880 sq.ft retail centre offering everything from air conditioners to zucchini. "We sell everything except cars and houses, and in fact, we are looking into these in the future," said Iwan Evans, Chief Executive Officer of A.S. Watson's Retail Food Division.

Head and shoulders above other retailers in China, the massive Megastore is prominently identified by an equally gigantic 3,300 sq.ft PARKnSHOP sign, with the familiar neon "P" visible to anyone within 400m. It is not easy to erect signage of this size in China and is only possible after intensive liaison with local government to ensure that all safety regulations are met.

The sign not only prominently identifies the new PARKnSHOP Megastore in Guangzhou but serves as a symbol of the trusted position PARKnSHOP has assumed for mainland shoppers, and glowingly reflects the company's close partnership with government officials. "Working closely with local government authorities is vital. We understand very well that country would not change for us, we have to change for the country," added Mr Evans.

The Haizhu District Megastore is PARKnSHOP's fourth Megastore in southern China, continuing a historic process which

dates back to 1984, when PARKnSHOP became the first foreign retailer in the China market with its supermarkets in Shekou. As the stores have grown in size, so too has the company's reputation in China, reflecting what Mr Evans calls "The extreme importance of Guangzhou and southern China to PARKnSHOP, where our goal is nothing less than becoming the number one food retailer."

With the success of the new Megastore, PARKnSHOP is well on the way to achieving this lofty position, as on Saturday, 14 September, thousands of people gathered outside the Haizhu Megastore from as early as 7:00am, all hoping to be the first inside the new PARKnSHOP. For thousands of queuing customers, it was worth the wait, with the Haizhu Megastore heralding, quite literally, a fresh experience for Chinese consumers.

Over the years, PARKnSHOP's outlook in China has changed. In 1999, the company shifted its focus to southern China and began conducting extensive market research on consumer behaviour and preferences. The results ushered in a completely new store format when, in 2000, PARKnSHOP opened its first Superstore at the CTS Centre in Guangzhou. The store was quickly followed by a 120,000 sq.ft. Megastore in Tian He District in 2001 and continues with the record-breaking launch of the largest Megastore in Haizhu.

Mr Evans attributes the Group's success in China to a simple formula, "PARKnSHOP's past success has come from listening, and quickly responding, to the needs of our customers. We have become the industry leader in Hong Kong and hope to leverage this expertise to further establish the brand in China."



The new PARKnSHOP Megastores are in line with an increasing consumer trend in China towards hypermarkets, the creation of ever-larger stores in the battle for a share of China's rising consumer spending. Hypermarkets enable entire families to spend several hours at a time shopping for everything from fresh produce to TV sets and are quickly gaining popularity among China's growing consumer class for their product range and convenience.

According to Mr Evans, "The Chinese consumer has leapt from supermarkets to hypermarkets." PARKnSHOP Megastore's extensive product offerings are a necessity to compete in China, a more competitive market than Hong Kong with many of the world's major retailers trying to establish their presence. "Today, PARKnSHOP in China represents a one-stop-shop environment for products at unbeatable value. We differentiate ourselves through our fresh food, better choice, exciting store designs, everyday low price guarantee, higher quality products and world-class customer service," added Mr Evans. This simple formula has seen PARKnSHOP rise to become the brand that customers in Hong Kong most trust, a status which the company hopes to one day share in the China market.



PARKnSHOP's competitive advantage is further enhanced by its Hong Kong history. "We are a Chinese company so we understand the culture and preferences of the Chinese customer," enthused Mr Evans, adding that "We are the best fresh food provider and are even cheaper than the wet markets."

This reputation meant that on the day of the Haizhu Megastore's Grand Opening, the doors opened to customers rushing for the escalators, eagerly searching for their favourite items, whether rice cookers at only 59 Yuan (about US\$7) or cooking oil at 36.8 Yuan (US\$4.4). When the aisles are full in a 4-storey supermarket with over 200,000 sq.ft of shopping space, you know it is crowded.

The reasons for the excitement were confirmed by shoppers like Huang Lin. Ten years ago, Huang used bars of unscented Chinese soap to wash her hair. With the new Haizhu Megastore, she is spoiled for choice, able to choose from tens of brands as PARKnSHOP introduces amazing new products and value to Chinese consumers.

The PARKnSHOP Megastore doubles as a discounted department store where customers can enjoy an exciting new self-service shopping environment with quality products at unbeatable price, providing one of the keys to PARKnSHOP's continued success, its differentiation. "I came to shop here today because it's the biggest supermarket around with the most goods," said Huang, clutching a bag of groceries bought at the new Megastore.



To date, PARKnSHOP's Megastores in China have produced amazing results, averaging nearly 30,000 transactions per store per day, with an average transaction amount of 70 Yuan. The impressive transaction figures are encouraged by the convenient service hours of the Megastores which are open from Monday through Thursday from 8:00am through 11:00pm and from 7:30am through 11:30pm on the weekends.

The continued success of PARKnSHOP in China bodes well for the company's promising future, which was most recently confirmed when it was named one of the top three brands in Asia by *Media* magazine (see story on page 2). PARKnSHOP's continued growth in China could see the company rise to the top of next year's list. **W**





17th ASW Group Singing Contest



A.S. Watson Group on song in 2002

The finals of the A.S. Watson Group Singing Contest were held at the Shatin Town Hall in Hong Kong on 2 August. The competition featured 18 employees, all talented singers and performers, from around Asia including Hong Kong, Shanghai, Thailand and Taiwan.

The standard of all contestants was equally outstanding. To assist the judges in their difficult decision, the contest was divided into two parts: individual and group performances. The individual routines saw the performers sing pre-selected pieces; while in the group competition, the performers were grouped into teams of three and asked to quickly choreograph a group performance for filming a music video.

Six participants were chosen from the 18 individuals for the final round. Each was then asked to choose and sing a song with piano accompaniment. Vincent Chang won the contest, BoBo Zhang was named First runner-up and Ringle Tong, Second runner-up.

Both the audience and participants enjoyed themselves thoroughly during the three-hour contest. Canto-pop star Denise Ho attended as a special guest and also performed at the contest.

(See page 18 for more detailed stories of what the winners said "After the Grand Final")



- Vincent Chang, contest champion of the contest receiving his trophy from Iwan Evans, CEO of Retail Food Division.**
- Ricky Cheung, Regional Managing Director – Juice & Soft Drinks (Asia), presents a souvenir to Wing Yip who represented the panel of judges.**
- John Willimott, Managing Director of Fortress, presents souvenirs to participants.**
- Gordon Reid, Managing Director of Watsons HK, presents the Best Stage Performance Award to Bess Fung.**
- All participants were required to stage a group performance.**
- Winners of the Best Team Performance Award.**
- A salute to the ASW Group Singing Contest organizing committee during the Group Performance Competition.**
- On Song : All the contestants gathered on-stage for a group finale.**
- Show Time : Bess Fung put on the best stage performance to win the award.**

After the Grand Final ...

CHAMPION

Vincent Chang

Watsons Taiwan —
Store Operations Dept.



"Hello, am I speaking to Vincent? This is Susan from Human Resources. Congratulations! You are among the finalists!" For more than a year, I had been waiting for this phone call. In fact, ever since I joined Watsons, I was determined to try my luck with its singing contest. I wanted to be part of the glamorous final held every year in Hong Kong. You could imagine how absolutely thrilled I was when I knew I would represent Watsons Taiwan.

Every moment I experienced in Hong Kong — the arrangement, the rundown, the preparation — was unforgettable. And I was grateful to the Sha Tin Town Hall for providing me with such a charming stage. I must thank the Group Human Resources colleagues in Hong Kong, as well as my fellow contestants and the crewmembers. I also want to thank Huang Hui-ling, Ling (my teacher), store manager Ann and my family, who flew all the way to Hong Kong to support me. And my partner Kelly — I want to say we are the best vocal partners. Remember we made a pledge that we would hit the Hong Kong music scene when



I was discharged from army? And my carer Susan, without her I would never be able to take the award home. I will never forget her wonderful care and attention during my stay in Hong Kong. Susan, Kelly and I owe so much to you. Finally, I want to tell everyone who has helped me: this award is also yours!



First runner-up

BoBo Zhang

Watsons China (Shanghai) — Store Operations Dept.

On 2 August, I had the honour to join the Watson's Singing Contest for the second time. I was as happy as I was nervous. I really wanted to be among the best three, but I knew it wasn't easy. Thanks to the support and encouragement by my Human Resources colleagues in Hong Kong as well as all the other contestants, I managed to become more relaxed. They cared so much for me. Like Anita, she was so attentive that she even bought me an umbrella. And Mandy, she stayed with us all the time, taking care of everything. I really admired their dedication. On the day of contest, I was suddenly attacked by fits of coughing. Luckily enough, my Taiwan colleagues gave me some medicine, advising me to drink more hot water and relax. I was very grateful to them.



On stage I tried to do my very best. When the results were announced, I wasn't the fifth, the fourth or the third runner-up. I lost faith. Not for one second did I expect that I would be the first runner-up. I simply burst into tears. I was so emotional, utterly speechless, although there was so much I wanted to say at that very moment. I did it. My performance won. I would like to thank Watson for giving me this opportunity. I would like to thank all my colleagues in Hong Kong and Shanghai. I would like to let you know that you gave me this opportunity and I didn't let you down.

I will always remember the second of August 2002. I love Hong Kong, I love you all!

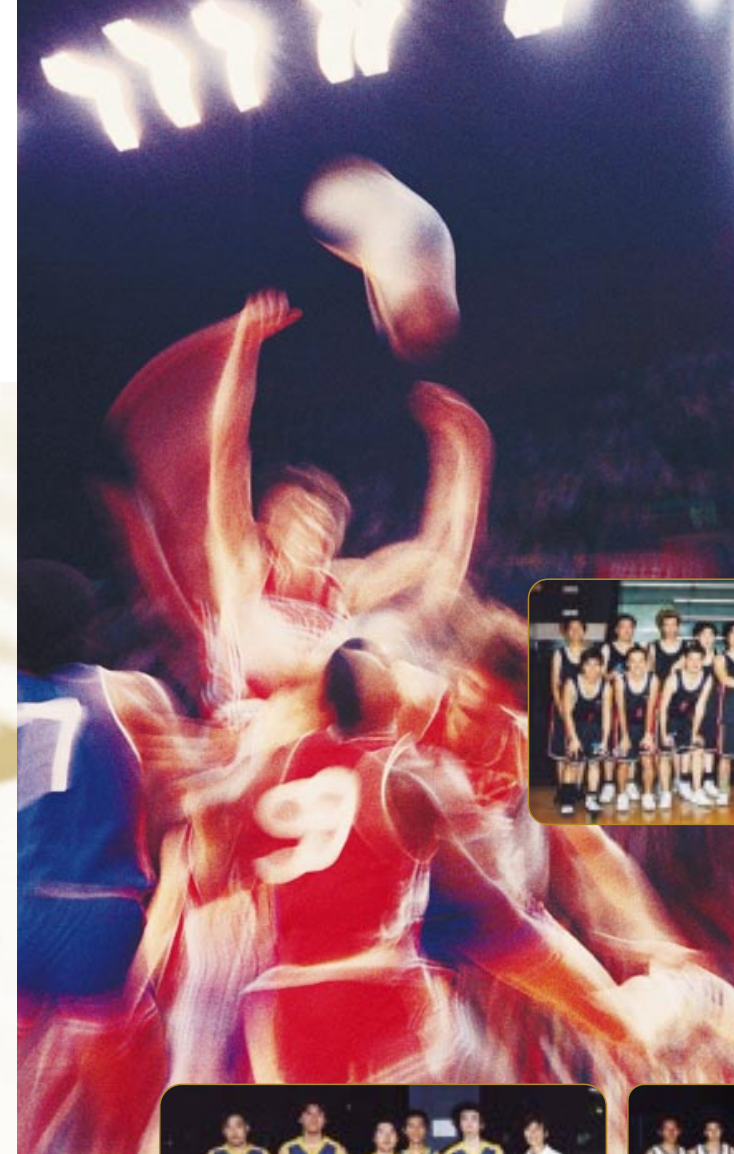
Second runner-up

Ringle Tong

Hong Kong Water Bottlin — Sales Dept.



This was the third time I joined the final, also the happiest. Not only because I became the second runner-up, but also because of the honour of standing on the same stage with so many outstanding singers, who came to Hong Kong to compete with me. Their passion and dedication was exemplary. Among the numerous people I would like to thank, I am particularly grateful to the choreographer Leo, for his patient coaching, and the image director Herman, for my stage outfit. Thank you all.



A.S. Watson Group Basketball Team

Following their victory in the 2000 Hutchison Whampoa Limited (HWL) Basketball Competition, the ASW Basketball Team again progressed to the finals in 2002, narrowly losing to Hutchison Telecommunications (Hong Kong). Despite falling at the final hurdle, the ASW team is even more dedicated to slam dunking the competition next year.



1 The ASW Hoopsters receiving their runners-up trophy at the 2002 HWL Basketball Competition.
2 ASW in action.

Five-A-Side Fun

The ASW Five-A-Side Mixed Basketball Competition 2002 was successfully held at the Hong Kong Sports Institute in Shatin over three weekends in June and July.

Enjoying repeat success, the Competition was again won by last year's defending champions the ASW Retail Food Division. Malina Ngai, General Manager of Group Public Relations presented the trophy to the champions.

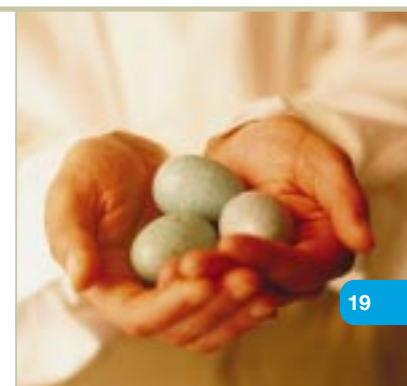


1 Champions — Retail Food Division
2 1st Runners-up — Retail Non-Food Division
3 2nd Runners-up — Manufacturing Division

A.S. Watson Gives till it hurts



The annual ASW blood donation day was held at Watson House in Hong Kong on 7 August 2002. More than 50 concerned staff members donated blood throughout the day.





The cheese family

great
pacific place

Cheese comes from one basic food stuff — milk! Milk goes through five stages of curding, draining, moulding, salting and maturation before it becomes cheese. It is variations at each of these five stages that produce different types of cheeses. The type of milk used can also alter the taste, smell and look of cheese. The type of grass fed to the milk-producing animal can also affect the outcome of the cheese produced. There are about 1,000 varieties of cheese in the world, with the majority of these coming from Europe.



Washed rind cheeses

- Very popular with gourmets
- Surface is washed with brine, brandy, the local brew or other liquid
- The surface is somewhat hard and has its own peculiar scent
- Paste is soft and gummy inside
- Rich, distinct flavour which gets stronger as it matures
- Match well with a robust red wine or cognac

Fresh cheeses



- These are cheeses not ripened at all or only for a few days
- A fresh food that may be equated with tofu

- May be eaten with jam, honey, sugar, herbs or spices
- Should be eaten while fresh
- Includes Feta, Mozzarella, Mascarpone, Ricotta and Cottage Cheese

Processed cheeses

- Result of melding one or more pressed, cooked or uncooked cheeses
- Milk, cream, butter and sometimes flavouring agents are added
- Perfect on their own as a healthy snack or spread on sandwiches, then toast lightly for a delicious breakfast
- This cheese can be kept for a long time



Goat cheeses

- Come small and round, pyramid-shaped, or wrapped in walnut leaves
- Made from goat's milk
- Young goat's cheese is mild and creamy, but becomes very sharp as it matures
- Acquired taste
- Eaten in desserts, thinly sliced into salads or briefly baked in the oven
- Matches well with a dry white wine
- Includes Sainte-Maure, Chevre, Crottin de Chavignol and Valencay



Blue mould cheeses

- Made of cow's or sheep's milk
- Matured with blue mould which creates a marbled pattern on the cheese
- Often cylindrical in shape and range from 2.5 kg to 6 kg
- The centre, where the blue-veins converge, is considered the tastiest
- Sharp flavour and piquant aroma with salty undertones
- Accompany with bread and butter for a milder taste or drizzle lightly with honey to heighten the flavour
- Match well with a full-bodied red wine, beer or whiskey
- Includes Roquefort, Danablu, Gorgonzola, Blue Stilton and German blue

White mould cheeses

- Soft with outer surfaces covered in a white mould
- Relatively short maturing period
- Mild salty flavour
- A pale yellow paste which is extremely soft and creamy when ripe
- Taste becomes more robust when it matures
- Accompany with a light red wine
- Includes Camembert and Brie



Hard cheeses

- More compressed and denser than semi-hard cheeses
- Differs from the semi-hard varieties in that the curds have been 'cooked' prior to being pressed
- Improves in taste the longer it is stored
- Deep, full-bodied flavour
- The raw material for processed cheese
- Eaten as is, used in cooking, grated and added to dishes or used as a seasoning
- Best matched with a light red or rose wine
- Includes Beaufort, Bergkase, Cheddar, Manchego and Parmigiano Reggiano

Semi-hard cheeses

- Softer than hard cheeses, but smooth and moist
- Small holes, or 'eyes', form in the paste during the fermentation process
- Eaten as is, added to sandwiches, grated, or cut into small pieces to be baked in dishes
- Includes Edam, Gouda, Maasdam, Mimolette, Havarti and Emmental



The joys of wine tasting...

Wine tasting is truly an experience of the senses, involving sight, smell and taste in a manner which unfolds the wonderful mysteries inside every glass.



Sight

Before tasting the wine, examine it carefully against a light background to judge its clarity and brightness. To determine the alcohol content, swirl the wine inside the glass and examine it as it falls away from the rim. The viscosity of the wine will leave patterns inside the rim, the slower the patterns develop the higher the alcohol content.

Smell

Smell is a primary wine tasting technique, which is reflected in the term 'the nose' of a wine, or its aroma and bouquet. Aroma identifies the wine's primary characters, or those flavours associated with the type of grape used, which are often described as fruity, vegetal, spicy or herbaceous.

To release the aromas, swirl the glass to oxygenate the wine and let it breathe. Then dip your nose into the glass without touching the wine and inhale the concentrated aromas.

Next try to define the wine's bouquet, or the secondary characters which form because of maturation and the wine making techniques used; common bouquets are vanilla, caramel, smoky, charred wood, toast, honey and nutty scents.

Palate

Finally, taste the wine to allow the palate to discern its flavour and tactile sensation. To get the full impact, draw in some air through a mouthful of wine and give it a good swirl around the mouth.

The flavours relate to the aroma, bouquet, and a variety of other elements including sweetness, a brief sensation at the tip of the tongue; bitterness, identified at the back of the tongue as a lingering sensation; acidity from the wine's natural acids felt at the sides of the mouth and under the tongue; tannin from the grape; and finally a wine's heat, the burning sensation in the back of the mouth due to alcohol content, the longer this sensation remains the more alcoholic the wine.

The key to a fine wine lies in its balance; if all of these elements are in balance then you have tasted a perfect wine. The good thing is that there are thousands of such wines in the world, providing plenty of opportunity to practice and develop your own wine tasting abilities.



Watsons considers people being the most important asset of the company's business, contributing vitally to its overall success and continued development. This year, Watsons Hong Kong initiated a Hero Programme to recognize outstanding behaviour and efforts of staff members who have gone beyond their normal roles and responsibilities. Let's meet the first group of Bronze Award Winners.

Angel Leung
Store Manager — Times Square
Nominator : Peter Louie, Area Manager

When the decision was made to temporarily close the Watsons store at Capitol Centre, a substantial part of the supporting work fell on Angel's shoulders, being Store Manager of the closest store. Not only did she have to allocate manpower (such as arranging helpers), but she also has to oversee the merchandise flow (such as calling suppliers for returns). She even took the initiative to extend the business hours of the dispensary at Times Square and increase the number of "facial rooms". Her hard work and great efforts paid off by generating an over 30% jump in the store's sales in March. Angel's attention to detail also ensured the quality of store standard.

Simon Cheung
Project Leader — IT Department
Nominator : Jack Wu, Regional Systems Development Manager

It was near closing time on a Saturday and Simon was requested by one department to retrieve substantial historical data. Simon was given until the following Monday to prepare the required information. Unfazed, he arranged for a few colleagues to work overtime with him over that weekend and got all the required data from various departments, meeting the deadline on time. Thank you to Simon and the team.

Kwok Ngan Kiu, Kitty
Health & Fitness Assistant — Belair Monte
Written commendation from a customer

On one occasion when a customer requested cold medicine, Kitty, at the time a not yet qualified HFA, made detailed inquiries about the customer's symptoms and subsequently recommended a suitable medication, while at the same time explaining to the customer the strength and active components of the drug. The customer was impressed by Kitty's patience and professionalism and wrote a letter of compliment appreciating Kitty's efforts.

Alison Chai
Marketing Executive
Nominator : Andrew Brent, Regional Marketing Director

On many occasions, Alison has worked through the night to ensure the neat and timely placement of the company's advertisements. Her capacity for work and willingness to make personal sacrifices for the good of the company are nothing short of heroic.

Daniel Leung
Project Leader — IT Department
Nominator : C M L Mounger, Regional Merchandising Director

Daniel's positive work attitude is commended by many of his colleagues, especially those from the Merchandising Department. Upon the Merchandising Department's request, he and his colleagues managed to collate and prepare, within a day, the annual gross sales figures, sales volumes and inventory figures for our directly imported merchandise and exclusive brands for each month. To make it easier for our subsequent clearance sale, they also calculated the rate of sales based on the total purchase and sales figures and stock levels. The results of Daniel's work and efficiency impressed even non-IT Department colleagues, including those in Merchandising.

Chow Wai Fong
Senior Sales Assistant — TKO 491
Written commendation from a customer

A customer was shopping in our store and had taken many items down from the shelves. On her own initiative, Wai Fong provided assistance to that customer by placing the chosen items on the cashier's counter and taking down other goods from the higher shelves. She also patiently answered all of the customer's inquiries. The customer was deeply touched by Wai Fong's winning smile and great service.



Name: **Stefano Romoli**
Position: **Milan Depot Manager**
Company: **Powwow Italy**
Location: **Milan**

One of the longest-serving employees in Powwow Italy, the career of Stefano Romoli is testimony to both the growth of the company and the growth of the Group's water businesses in Europe. His efforts with Powwow Italy have been rewarded, as Stefano has risen through the company ranks from his original position as delivery driver to his present status as Milan Depot Manager.



1. How long have you been with the company?

I have been working with Powwow Italy since September 1997, when I came across an advertisement in the newspaper for a delivery driver.

2. Briefly describe your current job.

As Depot Manager, I organize the work schedule for distribution and manage the company's water and water cooler supply in the depot.

3. What is the best part of your job?

I think the best part for me is the organization of the delivery staff, because that is the time I feel most involved in managing other people. It is my closest interaction with our workforce. You know, when I started in this job I myself made deliveries, so I think I know the function of the delivery drivers very well.

4. What is your least favourite part of your job?

The job that I like the least is cooler repair. I think I don't like it because I have never had enough time to learn it properly.

5. What do you consider to be your greatest achievement in the workplace?

I think my greatest achievement was when I was given my present responsibility as

Depot Manager. But another significant achievement of mine professionally was when our office moved from Milan to Assago five months ago. I believe the smooth transition was a success both for the company and for me.

6. Do you have a mentor? How did this person help you?

Yes I do have a mentor, his name is Vincent Murphy, and he has influenced me very much in how he approaches his work.

7. Can you recall any special or funny incidents at work?

I can remember one incident several years ago when I had an accident with a delivery vehicle and a tram. Fortunately, no one was hurt, but my vehicle was badly damaged. I had to make my rounds despite the damage and was able to complete all the scheduled deliveries for the day AND make it back!

8. Any hobbies?

I like to play football and used to play as often as three times a week. As a youth, I played in the Inter Milan system, but my father died when I was 16 and I had to find a job to contribute to the support of my family, which interrupted my career as a famous footballer. But I still love the game and am a fanatical supporter of AC Milan. I go to all of their games.

9. If you had to introduce Italy to an overseas visitor, where is the first place you would bring them?

I would bring them right here to Milan, because it is the most cosmopolitan city in Italy and is quite similar to other European cities. The people in Milan have a lot more opportunities and choices for entertainment.

10. Where would you want to be based other than in Italy?

I would like to live in London. I have already visited London and found that I liked the people there and the style of living very much.

11. Any tips for someone looking to start in your line of work?

I would advise that person to work hard and not to give up in difficult times. My job is very interesting and can provide excellent opportunities for professional growth. I also like the opportunities this job gives me to interact with many different types of people.

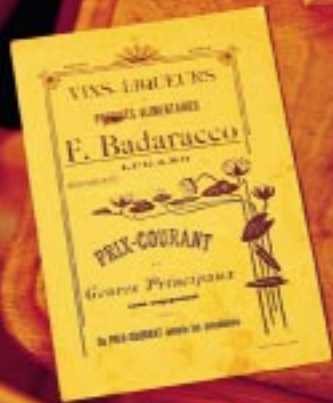
12. Anything else you would like to share with us?

Since our business sector is quite new in Italy, I think it is very important to believe in the success of this business, as it will help us reach our highest goals.



Name: **Silvana Riviello**
 Position: **Accounting and Administration Manager**
 Company: **Badaracco**
 Location: **Melano, Switzerland**

Silvana started with Badaracco as a trainee when she was only 16. She is patient and detail-minded, and has been enjoying her accounting and administration roles for 28 years. Her advice when you are in the Badaracco office is don't shower!



1. How long have you been with the company?

Quite a long time now; I started as a trainee at Badaracco in Lugano when I was only 16 after leaving school. This year is my 28th year in the enterprise.

2. Briefly describe your current job.

I am responsible for all the accounting and general administration work including personnel.

3. What is the best part of your job?

It is never boring. We are a small company and I have a lot of different jobs which is interesting, but my favourite is the bookkeeping.

4. What is your least favourite part?

I don't like all of the correspondence the job entails.

5. What do you consider to be your greatest achievement in the workplace?

When the accounts are done quickly, correctly and without any problem.

6. Do you have a mentor? How did this person help you?

No one special really, I just follow my instincts.

7. Can you recall any special or funny incidents at work?

When the new Badaracco building was finished, a fire alarm system was installed, with a smoke detector in every room. Somebody took a shower and the fire alarm went off. We were not used to it and the fire brigade came so quickly, we

did not have the time to let them know it was a false alarm. Since this experience, no one wants to take a shower in the building as it is obviously too risky.

8. Any hobbies?

My daughter is eleven years old, so I spend all of my free time with her.

9. Favourite movie and why?

I like any crime novel or thriller, just for the suspense.

10. Favourite book or CD?

I like the Italian singer Eros Ramazzotti, when you call our company you can hear him while waiting to be connected to the various departments — you can try it some time.

11. What about websites?

No thank you, that is not my favourite thing to do.

12. If you had to introduce Switzerland to an overseas visitor, where is the first place that you would bring them?

I would bring them to Ticino, because we have a lot of very nice valleys there.

13. Where would you want to be based other than in Switzerland?

Maybe France — because we trade mainly with French wines.

14. How often do you travel?

Only during my holidays.

Watsons 161



Watsons Your Personal Store, the Group's original retail chain for personal care products, has risen to become the leading chain of its kind in Asia which now operates 650 stores. Yet, few people know the brand's long history in Asia, which dates back to the early nineteenth century.

In 1828, the Canton Dispensary, the forerunner of Watsons, opened in Canton in Guangzhou, China. A decade later, the

brand was firmly established in Hong Kong as the Hong Kong Dispensary in 1841, before being renamed A.S. Watson, after one of the company's original trading partners, in 1871. The quick success of the company hastened its expansion into Manila in 1883.

For over a century, the company's reputation grew steadily throughout the region. The attractiveness of both brand and organization was confirmed in 1981, when it became a wholly owned subsidiary of Hutchison Whampoa Ltd (HWL).

With the global backing of HWL, a renewed era of expansion was begun with the launch of Watson's The Chemist stores in Taiwan and Macau in 1987, followed in quick succession by stores in Singapore and China in 1988 and 1989. In 1994, the brand was introduced in Malaysia and was further extended to Thailand in 1996. In 2000, a new retailing concept was launched which saw the renaming of the brand in all markets as Watsons Your Personal Store to present a unified corporate image.

Nearly 175 years later, Watsons' historic growth continues unabated, most recently celebrated by the launch of Watsons Your Personal Stores in the Philippines in 2002, a symbolic return which reflects both the Group's historic presence in Asia and its promising future.





Savers donates to British Heart Foundation

In June, Savers donated £1,800 to the British Heart Foundation (BHF) towards research into the causes, prevention, diagnosis and treatment of heart diseases.

Doug Wilson, a fund raising volunteer at BHF, and an executive of Savers' perfume supplier Rainbow, said "As a charity we rely heavily on the kindness of others and we appreciate the generosity that Savers has shown."

Meanwhile, Savers has also donated £1,500 to Blackeston School in Stockton towards their fund to enable a parent of one of the students to travel to America for medical treatment.



(From left) Pamela Flowers from Savers, Douglas Wilson Sales Executive from Rainbow Cosmetics, and Rachael Anderson from Savers.

SUPERQUIZ (ISSUE No.55)

Test your knowledge and try your luck, you could be one of the winners of the following fabulous prizes (sponsored by POWWOW™).

Super Prize

10 "Lomography" Cameras — Take four full-colour panoramic shots at once with the Lomography Supersampler camera — then scan your photo to create an instant animated movie.



Golden Prize

20 "Powwow Goodie Bags" — Powwow's cooler thinking leads to a cool style for 20 winners of Powwow Goodie Bags including Powwow Polos, Caps, drinking bottle and a silver squeeze ball.

Do you know the answers to these questions?

- How many retail stores in total does ASW have following the latest acquisition of Kruidvat in Europe?
- What is the name of Savers' new concept store?
- Where is the largest PARKnSHOP's Megastore?

Send your completed entry form to :

Recreation & Welfare Section
A.S. Watson & Co. Ltd.
7/F Watson House,
1-5 Wo Liu Hang Road
Fo Tan, Shatin, Hong Kong

or Email to WatsOn@asw.com.hk

Deadline : 12 December 2002

Answers to Issue No. 54

- Italy and Denmark
- "Peggy" (Head of Ideas) & "Bill" (Head of Savings)
- A unique easy-to-open cap cover / Moulded grip for better handling

Super Prize :

Name	Company & Department
1. Lee Wai Lee	PNS — Accounts Dept.
2. Lee Chun Hung	PNS — Supply Chain Dept.
3. Siu Wai Ching	PNS — Accounts Dept.
4. Leung Pui Fun	PNS — Accounts Dept.
5. Yau Ching Wah	PNS — Human Resources Dept.
6. Lau Yuk Fong, Elaine	ASWI — Finance Dept.
7. Lee Lung Piu	ASWI — Finance Dept.
8. Wong Ka Yan	ASWI — Finance Dept.
9. Kenneth Leung	ASW — Group Human Resources Dept.
10. Ann So	WTC HK — Merchandising Dept.

Golden Prize :

Name	Company & Department
1. Micheal Siau	WTC (Singapore) — Chinatown Point Store
2. Ng Ping Ha	PNS — Human Resources Dept.
3. Lilian Lee	ASW — General Office
4. Wong Wai Kuen	ASW — Office Services Dept.
5. Wong Mei Shan	PNS — Accounts Dept.
6. Lee Pui Shan	PNS — Accounts Dept.
7. Leung Lai Ling	PNS — Accounts Dept.
8. Ho Yuk Ying	PNS — Accounts Dept.
9. Tsang Yiu Hung	PNS — Operation Dept.
10. Lau Kwan Ying	WTC HK — Shipping Dept.
11. Dung Chun Man	WTC HK — Shipping Dept.
12. Fung Suk Yee	ASWI — Finance Dept.
13. Wong Wai Yung	ASWI — Finance Dept.
14. Liu Hoi Shan	ASWI — Finance Dept.
15. Cheung Chi Yan	ASWW — Production Dept.
16. Leung Pui Ki	PNS — Accounts Dept.
17. Mak Chui Ling	PNS — Human Resources Dept.
18. Wong Kin Pong	ASWW — Sales Admin. Dept.
19. Ho Yuet Yee	WTC HK — Accounts Dept.
20. Liu Wing Yin	Nuance-Watson — Temptation Store

Drawn By : Jon Rigg Regional Managing Director — Water (HK/China)

Name of Staff:	(Eng)	(Chin)
Company & Department:	Country:	
Employee No.:	Contact Tel No.:	Signature:
A1:	A2:	A3:

PARKnSHOP creates new initiative for elderly in Hong Kong



- The first group of senior citizens enjoy 10% off on their grocery bill for purchases up to \$200 on presenting their senior citizens card at PARKnSHOP.
- Senior citizens are delighted to know PARKnSHOP Senior Citizen's Card Discount campaign helps them save \$150 million in 16 weeks.

In an effort to alleviate the pressures placed upon the elderly by the economic downturn, PARKnSHOP has unveiled a market-leading initiative to help senior citizens. Through the end of the year, Hong Kong elderly can receive a discount of 10% off their grocery bill for one transaction of up to HK\$200 per customer, per day. With 750,000 senior citizens in Hong Kong, the programme is expected to provide a savings of HK\$150 million for the elderly.

The seniors discount is applicable all day on weekdays. To qualify for the discount, elderly shoppers need only show their senior citizen card to the cashier at the checkout.

Iwan Evans, CEO of ASW's Retail Food Division commented on the programme saying "As a caring corporate citizen of Hong Kong, PARKnSHOP is again taking the lead by giving something back to the community that has supported us through good times and bad. Unfortunately, we cannot change the economy, but we hope the discount campaign can help ease the strain and provide a helping hand for some of our most deserving citizens, helping them maintain their quality of life in these difficult times."

The Senior Citizens Discount programme continues PARKnSHOP's history of charitable community-based initiatives across the spectrum of social need from youth education to price reduction support for Hong Kong families and the elderly.



PARKnSHOP assists elderly at festival time

One of the highlights of Hong Kong's cultural heritage is the traditional Hungry Ghost Festival each autumn, which remembers the ancestors of the people of Hong Kong.

As a demonstration China's tradition of heritage and filial piety, bags of rice are traditionally distributed by various community organizations for free to members of Hong Kong's elderly population. In the past, the demand has been so great that many elderly citizens have been forced to queue for hours

to receive the rice, which has become an arduous physical task.

In conjunction with charity group Chi Tak Sha, PARKnSHOP has pioneered a new method of lucky rice distribution during festival time. PARKnSHOP has created special rice coupon vouchers for elderly citizens, eliminating the need to queue up at a special location, instead the vouchers are redeemable at one of ten PARKnSHOP stores around Hong Kong, offering convenience and ease for our senior citizens. The rice vouchers were specially delivered to the elderly, before this year's

festival. Volunteers were also registered to deliver the rice to their homes.

In line with the charitable cause, PARKnSHOP has absorbed the cost of 500kg of rice and the printing of the vouchers. The hope of both PARKnSHOP and Chi Tak Sha is that the voucher system will be well received by the elderly and adopted by other charities to relieve the pressure placed by the traditional lucky rice distribution systems on the elderly.

