



A.S. Watson quarterly family magazine

September 2005

Watson ON

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The retail and manufacturing group of Hutchison Whampoa Limited

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Cover story



The recent acquisition of the UK-listed specialist fragrance retailer The Perfume Shop further strengthens A.S. Watson's position as the world's largest health and beauty retailer.

About A.S. Watson Group

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 33 markets worldwide. Today, the Group owns more than 6,800 retail stores running the gamut from health & beauty chains, luxury perfumeries & cosmetics to food, electronics, fine wine and airport retail arms. An established player in the beverage industry, ASW provides a full range of beverages from bottled water, fruit juices, soft drinks and tea products to the world's finest wine labels via its international wine wholesaler and distributor.

ASW employs over 88,000 staff and is a member of the world renowned Hong Kong-based conglomerate Hutchison Whampoa Limited, which has five core businesses - ports and related services, telecommunications, property and hotels, retail and manufacturing, and energy and infrastructure, in 51 countries.

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".

Editorial committee

- Adviser : **Ian F. Wade**
- Editor : **Malina Ngai**
- Members :
 - Head Office - **Anna Tam, Franda Cheung, Irene Man**
 - Health & Beauty - **Mary Yau, Marie-Jose Schroote, Nuanphan Pat Jayanama, Nicola Boniface, Julia Bolsom**
 - Food, Electronics & GM - **Winnie Chow, Ivy Yeung, Teresa Pang**
 - Manufacturing - **Dora Poon, Lilian Au**


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 Watson House, 1-5 Wo Liu Hang Road, Fotan, Hong Kong
 Email: WatsOn@asw.com.hk
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HWL reports profit growth

Hutchison Whampoa Limited (HWL) reported HK\$11,824 million unaudited profit attributable to shareholders for the six months ending 30 June 2005, an increase of 10% compared to the same period last year. Turnover grew by 33% to HK\$109,184 million.

Turnover for the HWL's retail and manufacturing division totalled HK\$41,867 million, a 22% increase, mainly due to contributions from Rossmann in Germany, which was acquired in August last year, and Marionnaud, which was acquired in April this year, and also to the growth of the health & beauty operations in Continental Europe and Asia. 

ASW keeps moving

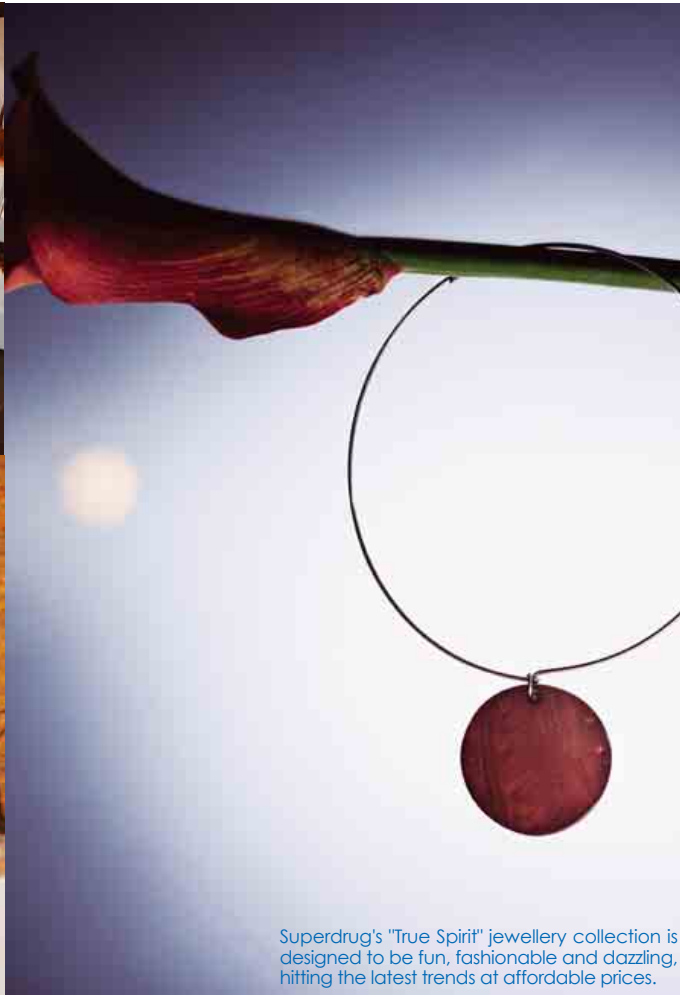
A.S. Watson's ongoing acquisitions mean it is adding quality and value to more lives, further strengthening its position as the world's largest perfumeries & cosmetics retailer.

A.S. Watson Health & Beauty Continental Europe acquired Portegies Drugstore in the Netherlands in June. Portegies was founded in 1865 and has grown into a chain of 38 stores with around 280 employees. All stores are being re-branded under one of the A.S. Watson (ASW) brands from 16 August.

On 12 August, ASW completed the acquisition of the leading UK perfume retailer, Merchant Retail Group PLC, and its principal business, The Perfume Shop, which was founded in 1991 and has developed a highly successful format in the UK fragrances sector. 

(Also see focus story on p.11-16)





Superdrug's "True Spirit" jewellery collection is designed to be fun, fashionable and dazzling, hitting the latest trends at affordable prices.



Look and feel great from the inside out

Superdrug puts its customers at the heart of all its decisions, in order to build the brand as the most customer friendly and most talked about beauty and health retailer in the UK.

The fruits of these efforts include the introduction of Superdrug's first fashion jewellery and accessory ranges, under the exclusive brand "True Spirit". The fun and fashionable jewellery range is priced from 50% lower than other high-street retailers and is available in 644 stores. The True Spirit accessories range will be launched in 77 stores in mid September.

Meanwhile on 14 July, Superdrug held its annual Christmas press show to showcase a vast collection of festive gifts, including beauty and health products, fashion accessories, jewellery, home decorative items and even electrical appliances. The event was well attended and covered in various media, including *You Magazine*, *Cosmopolitan*, *That's Life*, *Ideal Home* and *the Daily Express*.

Kruidvat gets personal with loans

Kruidvat Finance has teamed with Royal Bank of Scotland in an innovative new service offering personal loans to consumers.

"Kruidvat Krediet" loans can range from 5,000 euros to 25,000 euros, with customers choosing fixed-rate loan terms from 24 to 72 months.

Also on offer is protection against obligation to pay in case of involuntary unemployment, disability or death. Consumers who already have personal loans can switch for free to the more favourable Kruidvat loans, and more products will be coming soon.

Ook voor 'n

gaat u naar Kruidvat



Fun in the sun with Drogas

The sun is shining! On 9 July, Drogas colleagues from Latvia and Lithuania gathered together for the first time at a beautiful beach to enjoy its "Sun and Fun Day". More than 300 employees from all levels experienced the Drogas family spirit by joining in various recreational activities, including belly dancing, water aerobics, yoga, glass painting and beach volleyball.





An artist's impression of the showroom, to be launched in September.

International Buying drives expansion success

"With aggressive growth strategies including new product development, expansion of global & regional product ranges, global brand building and joint buying/promotion strategies, we are ready to take International Buying to new highs by delivering and surpassing the expectations of the Group's operations," says Hans van Hattem, Head of the International Buying (IB) at A.S. Watson.

Established in 2003, IB centralises and harmonises the buying practices of the Group's global retail operations.

With ASW's rapid expansion, product sourcing has increased from three to 12 categories, including health & beauty, textiles, toys, electrical & consumer electronics, outdoor & sports, licensing items and own label products.

IB is headquartered in Macau with offices in Hong Kong, Shanghai and the Netherlands serving the Group's business units across 33 markets by developing strong partnership with suppliers, improving purchasing terms and streamlining administration.

In September, IB opens a 700-square-metre showroom in Hong Kong. A perfect venue to host themed product shows, the showroom is furnished with innovative display concepts featuring more than 20,000 SKUs.

A.S. Watson International Buying



The "International OfferBase" is an advanced global online procurement management system which helps facilitate better communications with suppliers.

Heteren heralds expansion

A ground-breaking ceremony to mark the extension of the Distribution Centre Heteren took place on 1 September. The extension, which will open in October 2006, will cope with the increasing demand arising from A.S. Watson's expanding business in Europe, in what is one of most modern distribution centres on the continent.

The distribution centre will be expanded to 46,000 square metres, and will use semi-automated methods to send over 300,000 packages per day, with more than 10,000 products processed by 600 employees.



Ian Wade (right), Group Managing Director, and Jurgen Schreiber, CEO of Health & Beauty Continental Europe, officiate at the ground-breaking ceremony.



NEW Watsons in action

Watsons rolled out a brand-wide transformation in Hong Kong and Taiwan in July and August, with NEW Watsons aiming to engage customers in an even more personal way.

In Hong Kong, NEW Watsons features more than 20,000 products, new staff uniforms, more spacious layouts and better signage, as well as a 350-person team of professionals. The launch coincided with the "Win @ Watsons" promotion — every day for 30 days one lucky shopper won a 1/2 carat diamond.

In Taiwan, NEW Watsons highlights building stronger relationships with customers by emphasising "My experience with Watsons" in its launch.



On 5 July, Watsons HK unveils NEW Watsons at its flagship store in Capitol Centre.

Security guards accompany artiste Sandra Ng to deliver the diamonds for the "Win @ Watsons" promotion.



Stuart Mitchell, Managing Director of Watsons Taiwan, inaugurates at the launch of NEW Watsons in Taiwan.

Team spirit

International Buying continues its staff development commitment by organising the 2nd session of a team-building workshop on 25 July.

Through participating in games, watching videos on how to think out of the box and the introduction of the Myers-Briggs Type Indicator (MBTI)'s 16 personality types and SWOT analysis, participants learned the importance of team work and improved their ability to analyse business situations to identify issues and formulate strategies.



Participants are delighted to have new insights in working in International Buying after attending the workshop.



The wonderful performance of Vivien Chen (left), Buying and Merchandising Director of Watsons Taiwan, not only raised a lot of money, but also won much applause.



Watsons China management team cheers at the Vienna theme gala dinner.



Ivon Morton, Managing Director of Watsons China (centre), greets the 12 finalists from the "Cover Girl Competition".

Something to celebrate

Watsons China and Taiwan organised the "Health & Beauty Awards" again in August this year to share outstanding achievements with suppliers and the media.

At Watsons Taiwan's "Health & Beauty Award" gala party, more than 200 outstanding products were recognised while a charity sale raised NT\$1.85 million for needy children.

Watsons China, meanwhile, hosted 550 guests at "A night in Vienna" with 96 awards presented to various famous brands to thank them for their support. The winner of Watsons' first-ever national "Cover Girl Competition" was also announced during the event.



Inspired to be fit and slim

Watsons Thailand has joined Extrim, Singapore's best-selling dietary supplement brand, for the inspirational "Fit & Slim Contest 2005".

Contestants will undergo a monthly weight check, under careful supervision of Watsons' pharmacists throughout the three-month programme. Ten finalists will then be chosen to attend a three-day workshop to meet with experts and discuss practical and healthy weight loss, ahead of the final on-stage weigh-in.



GOURMET is divided into nine specialised zones and also has five speciality food counters.



A connoisseur's paradise

Boutique-style food hall GOURMET was unveiled in Hong Kong's trendy Lee Gardens shopping centre on 21 June, offering a refined and fashionable fine food shopping concept.

The 15,000-square-foot store offers a comprehensive selection of the highest quality, hardest to find and most delicious premium foods, with more than 20,000 products across 30 categories. GOURMET emphasises a regional approach towards securing stock, and selects only the best goods at peak-season freshness.

Fun & games

Watsons Water organised the "Move-it" Challenge event on 31 July to promote regular exercising and its new sports drink "Watsons ISO-Tone", designed to replenish fluids and dietary fibre lost through perspiration.

Celebrity Chin Kar-lok and Watsons Athletic Club coach Henry Tang joined the track and field team to demonstrate a series of daily stretch exercises. The public was also invited to compete in casual sports games, including Jumping Ball, Cushioned Roller, Frisbee and Basket Ball.





Alessandra Piovesana, Managing Director of Nuance-Watson HK (centre), receives the Raven Fox Award.

The winners again!!

Nuance-Watson Hong Kong and Singapore have both been recognised once again at the prestigious Raven Fox Awards for Travel Retail Excellence, for their great service and the exciting shopping experience they bring to customers.

Nuance-Watson Hong Kong won the "Best Fashion, Leathergoods & Accessories Travel Retailer in Asia-Pacific" Award for the fifth time, while the Singapore operation was the second-time winner of "Best Fragrance/Cosmetics Travel Retailer in Asia-Pacific" Award.



The Nuance-Watson Singapore team cheers at winning the award.



Superdrug advocates anti-tax drive on condoms

Superdrug is continuing to petition for tax exemption on condoms. On 21 July, Superdrug delivered 9,000 condoms to the United Kingdom Treasury, putting pressure on the Government to remove VAT from condoms and reclassify them as an essential rather than luxury item. Customers can show their support for this campaign by adding their names to the Superdrug Sex Tax Petition which can be found on www.superdrug.com.

The initiative, started by Superdrug buyer Philip Wells, saw the retailer cut the price of its own label condoms to the equivalent excluding VAT price, driving sales and cash profit. This created fantastic customer awareness of a hard hitting PR campaign.

Liquid Lunch

Watson's Wine Cellar has introduced a special "Set Lunch" at its new Quarry Bay store in Hong Kong from noon to 2pm, Mondays to Fridays.

There's no starter, main course and dessert — instead, customers get to taste a wide variety of wines from around the world. Special prices are offered on limited quantities.



Co-operation for betterment

Muhsin Mustafa, Manager of the Superdrug Greenwich Store in the United Kingdom (centre), recently participated in a joint initiative between Superdrug and Watsons Health & Beauty Asia, to provide management assistance to the team at the Watsons Turkey MKM store.



The interesting handy i-tips in TV infomercials come from our daily life.

i-Connection

FORTRESS' unique i-Connection campaign, launched in July, aims to link consumers to new styles of contemporary living.

The New FORTRESS website (www.fortress.com.hk) features enhanced shopping tips, product updates, latest offers, product comparisons, and a membership club offering exclusive games and product coupons. The "i-Connection" is further reinforced by its new TV infomercials, which provide handy i-tips on the benefits of modern technology, and the large-scale "FORTRESS i-Connection Expo", which demonstrated the connectivity of the latest digital products.



The Expo divides into three interesting zones including Internet Zone @ FORTRESS, Apple Corner @ FORTRESS and Home Theatre Corner.



Welcome Juventus!

Italian football side Juventus took a whirlwind shopping trip through Hong Kong International Airport on 7 June. All the team members were attracted by the wide variety of fashionable and high-quality branded merchandise at "The Atrium" and the distinctive collection of ethnic Asian souvenirs at "Amazing Grace". These two stores are operated by Nuance-Watson (HK).

Experience the smell of perfumes



By contributing writer Julia Bolsom, Head of Marketing & PR, The Perfume Shop

The recent purchase of the UK-listed specialist fragrance retailer The Perfume Shop further strengthens A.S. Watson's position as the world's largest group in health and beauty retailing.

"This acquisition represents a strategic opportunity for the growth and development of our perfumeries and cosmetics business. The addition of The Perfume Shop complements the Group's European network following the recently acquired Marionnaud chain, which currently has no presence in the UK. I believe in the strong potential of The Perfume Shop." says A.S. Watson Group Managing Director Ian Wade.



Putting customer first

The first store saw the launch of a new UK retail format, which sought to make fragrance an accessible purchase for consumers and removed the intimidation inherent in traditional department store perfume buying. The concept - putting the customer first - seemed simple enough but it revolutionised fragrance retail and propelled The Perfume Shop to become the largest and most successful specialist fragrance retailer in the UK.

What a difference 14 years makes. Today The Perfume Shop has 118 stores in the UK - including four in the Republic of Ireland, trading under the name Perfume Direct - with plans for a further 11 before Christmas. With unbroken like-for-like sales increases year on year and a steady and impressive profit growth, the business has gone from strength to strength.

In 1999, John Major was still Prime Minister, Bryan Adams had the best selling single of the year with *Everything I Do (I Do It For You)*, and Arnold Schwarzenegger was blazing his way back into cinemas with *Terminator 2: Judgement Day*.

It was also the year that Philip Newton and Jeremy Seigal opened their first The Perfume Shop store in Guildford, Surrey, an unassuming middle-class town in the heart of London's commuter belt.



Chief Executive Philip Newton (left) and Managing Director Jeremy Seigal expanded The Perfume Shop beyond the British Isles into Australia this year. By the end of 2005, there will be six outlets in Sydney.



The best way forward

So with The Perfume Shop business so healthy and room for further expansion, why did Newton approach A.S. Watson in the January of 2005 to seek a purchaser for the business he and Jeremy had spent 14 years nurturing?

"Over the last few years, it had become increasingly obvious to Jeremy and me that the fragrance industry was about to enter a period of significant change - although the majority of the industry is still not fully aware of this," says Newton.

"With manufacturers losing interest in developing classic brands in favour of the new launch 'quick fix' and the parallel market being flooded with brands, plus supermarkets piling stock high and selling it cheap, we could see a number of scenarios developing before us - none of which would actually be of benefit to the consumer in the long term."

"In an increasingly competitive market in the UK and a challenging retail spending environment, it quickly became clear to us that the best way forward was to align our business to a larger organisation that had international influence."

"In business, as in life, there are marriages of all sorts. There are arranged marriages, some businesses have forced marriages, but we were looking for a marriage of partnership and harmony."



It does not stop there. The Perfume Shop Chief Executive Philip Newton sees potential to more than double the number of stores in the UK - to 250.

"Our stores are as far north as Inverness and as far south as Poole in the UK and we are looking to fill in the gaps. Realistically, I can see the size of The Perfume Shop portfolio doubling over the next three to five years."

But he is keen to point out that this growth must be steady to maintain the high operating profit and quality of the existing portfolio.

"I would like to see us continuing to open between 12 and 20 stores a year, making sure that we are still getting the best sites in the best locations. That is where we have to be patient as the best sites are not always available simply by the nature of their potential."



Chief Executive Philip Newton (left) met with A.S. Watson Group Managing Director Ian Wade at the head office in Hong Kong.

“ For us the deal with A.S. Watson was the chance to be involved in the development of a global premium brand retail business. We knew that A.S. Watson already owned ICI PARIS XL and Marionnaud so were fast becoming the international market leader in fragrance retail – it seemed to us a fantastic fit. ”

Philip and Jeremy hope that the deal with A.S. Watson will give them the additional resources to grow, and give The Perfume Shop the leading edge as the industry is forced to move on and embrace a new phase in its existence.

It has been an extraordinary 14 years. The next 12 months and beyond and likely to be no less spectacular.



Successful formula -

The right people

The Perfume Shop boasts some impressive "people stories". Loyalty to the business is strong with an incredibly low, almost non-existent, staff turnover rate in Head Office employees. There are numerous stories of people entering the business in one capacity and rising through the ranks quickly to hold very senior positions.

Jo Walker started work as Store Manager of one of the Company's first stores at Pallasades, Birmingham in 1991. Today she is Retail Director of the Company and is responsible for the operational side of the business as well as all stores.

Melanie Wadeley began as Personnel Manager in 1996 and, after being promoted to Personnel Director in 1997, has now become Managing Director of the new Australian arm of the business. It is a role which has seen her developing the business over there from scratch.

Training forms an integral part of all employees' career paths. In order to offer the best possible customer service from the moment they begin working at The Perfume Shop, store staff undergo extensive training programmes to ensure they are aware of all customers' needs and how to meet them.

Additionally, innovative training courses have been developed to ensure that product knowledge is paramount. Each store is equipped with a "fragrance encyclopaedia" outlining the genealogy of nearly every scent there has ever been, enabling staff to give specialist advice on a particular fragrance in terms of suitability and price.

The right product and the right price

As part of the Company's "putting the customer first" policy, price and product are critical. The Perfume Shop prides itself on being an unbiased retailer, something which it promotes to its customers through The Perfume Shop Promise – a customer-facing "statement of intent", which is clearly displayed in all of its stores.

A Leading Authority

We know the products that we sell and will help you choose the right purchase for any occasion at the right price.

Impartial Advice

Our staff are not paid commission so they are free to choose the right product for you, not the product that makes them the most money.

Value for Money

We always strive to offer customers the best possible value with our competitive pricing.

The Genuine Article

Our extensive range of products is sourced world-wide and all are 100% genuine.

Customer Commitment

You are important to us. You are the reason our business exists, we know that and appreciate you for it.

Beware of Limitations

Not everyone shares the same values and respect as we do for our customers, brands and people.



Prescription for success



Watsons Your Personal Store's history in pharmacy dates back to 1828, when the Canton Dispensary was founded to provide free medical aid to the poor and improve the quality of people's lives. The long tradition remains today and has expanded to other Asian countries.

Watsons Your Personal Store has invested enormously in health initiatives, today it operates 730 pharmacy counters in Asia. The role of Watsons pharmacists is evolving quickly to cope with changing needs.

The perfect partner for a healthy life

In Hong Kong, Watsons operates over 50 in-store pharmacies staffed by over 100 professional pharmacists. Previously, Watsons pharmacists primarily dispensed prescription drugs, mainly to educated Westerners. Gradually, all sectors of the population began to seek advice about pharmaceuticals as well as health and supplements products, particularly in the wake of SARS. Today, Watsons pharmacists play a key role not only in dispensing drugs but also in educating the public.

Ongoing quest for excellence



The Watsons recruitment process begins with screening 30 pharmacy Year 3 undergraduates from the Chinese University of Hong Kong and choosing 16-20 interns to take part in Watsons internships, which last for three months. Then there is a nine-month internship in hospitals assigned by the Hospital Authority in order to get the pharmacist licence after an examination.

To become a member of Watsons pharmacists' team, apart from being academically outstanding, pharmacists should be caring and want to help people. They should also have good communication skills and be willing to continually learn about new products.

Ten to 20 licensed pharmacists are selected and undergo a one-week induction on day-to-day operations at pharmacy counters and stores. They also learn the finer points of communication skills. One District Pharmacist and one Deputy District Pharmacist oversee six recruits.

After the induction, pharmacists become responsible for operating a pharmacy while weekly coaching continues.

In 2005, Watsons introduced the customised "Continuous Education Programme", a self-motivated programme taught by doctors and professionals to keep pharmacists abreast of disease trends and new medical treatments.

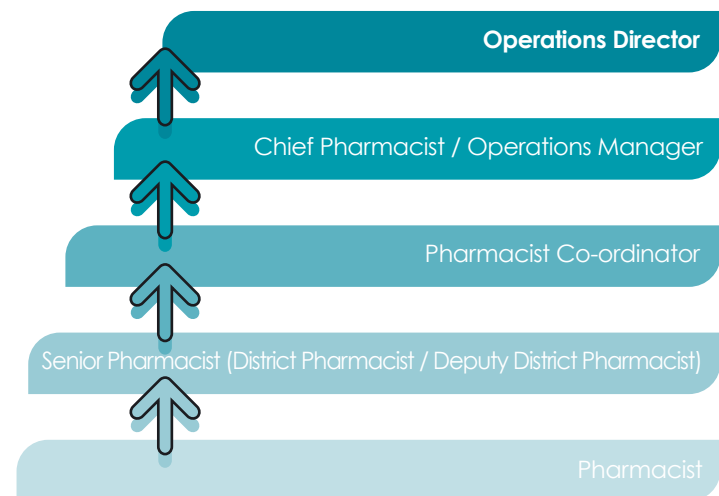
Best of the best

It takes a special kind of person to be a successful pharmacist at Watsons.

While doctors are experts in the field of pathology, diagnosing and prescribing, pharmacists dispense the medicines and have a greater understanding of pharmaceuticals. They can give prompt medical advice and counsel patients on how to take their medicine.

"Being a community pharmacist is a bit like being an artist performing on stage," says Margaret Lau, Chief Pharmacist & Operations Manager of Watsons Hong Kong. "You have the most direct contact with the customers who give you an instant response that shows how successfully you are helping them. The challenge is to give speedy, accurate information."

Career path for a Watsons pharmacist



“When a pharmacist is promoted, the length of working experience is not the first priority,” says Margaret. “I am concerned with their initiative and their willingness to develop themselves. Our Senior Pharmacists, Venus and Michael, are good examples. They are dedicated to their work and have contributed a lot throughout their careers at Watsons.”

Margaret Lau

Chief Pharmacist & Operations Manager
Watsons Hong Kong



Meet the professionals



Venus Ng

Senior Pharmacist

Venus graduated in the UK then worked there as a community pharmacist. She joined Watsons in 1996. In 2000, she was promoted to Senior Pharmacist.

Stationed at the Watsons pharmacy counter in Kwai Fong, Venus also trains interns and new recruits as well as being a member of the editorial board of the internal newsletter – “The PharmaWATSONal Journal of Hong Kong”.

“Watsons training is very practical and focused,” says Venus. “I have gained more on-the-shelf product knowledge than when I studied at university.”

Venus enjoys establishing friendships with customers. She points out the rise in popularity of health and fitness products.

“It is challenging for us to get detailed information on those products before the customers come to ask us,” she says.

Michael Yim

Senior Pharmacist (Drug Information)

After graduating, Michael worked as a hospital pharmacist, then at an independent drug store. He joined Watsons in 2003 and was assigned to run Hong Kong's first free health information hotline. He was promoted to Senior Pharmacist in 2005.

Michael handles an increasing number of customer inquiries on a wide variety of topics, ranging from disease prevention and how to use pregnancy kits to the chemicals used in shampoos. He also drafts educational leaflets for the “Watsons Pharmacy Self Care” Programme and assists with activities that promote public health awareness.

“Watsons' training has widened my perspective in pharmaceuticals and honed my skills in organising public activities and health training,” says Michael. “I need to compete with time while ensuring no mistake is made, as the information directly impacts the quality of people's lives.”



Your partner for life

Watsons also invests in the Health & Fitness Advisor Programme, which has been complementing the role of its pharmacists since 1999. The Advisors give medical guidance and friendly reminders on health aspects such as coughs and colds, first aid, vitamins, health products, family planning and fitness equipment – areas where pharmacists cannot pay much attention. Advisors are also very important in Watsons stores where there are no pharmacies.

Through the ongoing efforts of its dedicated professionals to serve public health needs, Watsons will continue to play a leading role in improving the quality of life for millions of customers every day.

Watsons pharmacists have been active in the community by conducting health talks, dramas and playing games with primary students.





Honours list

ASW was honoured to receive recognition from the Community Chest at the charity organisation's Corporate and Employee Contribution Programme 2004/2005 Cheque and Award Presentation Ceremony. The Group received a "Corporate and Employee Contribution Programme - Diamond Award" and was also recognised in the "Employee Contribution Programme."



Anna Tam from the Group Managing Director Office presents the donation cheque to the Community Chest.

PARKNSHOP serves the community

Contributing to the community

A.S. Watson Group (ASW) has always played an active role in supporting the community through a range of health, education and sporting performances. As the Group continues to grow internationally, Corporate Social Responsibility (CSR) becomes an even stronger commitment.

In Hong Kong where ASW has a workforce of 14,000, the ASW Volunteer Team was established in July as an extension of parent company HWL's Volunteer Programme. Through corporate volunteering, it is hoped that staff can help improve the quality of life of those in need, build a warmer and more caring community, and enjoy an enriching experience.

In August, the ASW Volunteer Team visited the elderly to teach them how to avoid falling. Also, as part of the Social Welfare Department's Community Caring programme, the Team participated as hosts for underprivileged visitors to Hong Kong Disneyland before its official opening.

Meanwhile, Watsons Athletic Club (WAC) initiated a Mini-Olympics on Father's Day to promote health and exercise. A survey conducted with about 1,760 primary school kids reflected that children enjoy parents' company when exercising.

ASW also sponsored the Hong Kong Sports Association for the Mentally Handicapped to organise a Golf Fun Day on 7 June, which aimed to develop the potential of mentally handicapped people in sports and cultivate positive attitudes towards sportsmanship. On 3 July, 100 WAC junior members participated in the Shatin District Summer Youth Programme 2005 kick-off ceremony by running from Hong Kong Sports Institute Sports Ground to Shatin New Town Plaza.



Young artiste Bernice Liu (centre) is invited to make mooncakes with the children from Hong Kong Sheng Kung Hui St Christopher's Home New Arrival Centre.

PARKNSHOP Hong Kong has shown its ongoing commitment to the community. On 19 July, PARKNSHOP donated 10 tonnes of "Imperial Banquet Rice" to charity organisation Helping Hand.

PARKNSHOP volunteers helped distribute the rice to the elderly and joined celebrity Nancy Sit to cook rice with them in the Helping Hand "Nutritive Eating Habit - Elder Cooking Competition".

During Mid-Autumn Festival, PARKNSHOP brought warmth and joy to the underprivileged by donating HK\$1 to Hong Kong Sheng Kung Hui St Christopher's Home New Arrivals Centre for each box of mooncakes or Disney lanterns sold, with an estimated total donation of HK\$100,000.



Celebrity Nancy Sit (second right), Teresa Pang (second left), PR Manager of PARKNSHOP and the elderly cooking the "love rice".

Sensational songbirds



The audience was entertained by the reputable singer Teresa Caprio, also the judge and training consultant for contestants, along with talented child performer, Mok Hoi-him.

Guests-of-honour for the evening and all finalists celebrated another milestone of the Group with its store number reaching 6,800. (From left in the centre) Andrew Miles, CEO Health & Beauty Asia; Iwan Evans, CEO Food Electronics & General Merchandise; Ian Wade, Group Managing Director, and Ricky Cheung, Managing Director of Manufacturing.

Overheard.....



"A massive "thanks" to the organising team who made my stay so fantastic. I had a fabulous time, and to have made second place was a complete surprise and a great bonus. I will treasure the memories."

Dave Trow – Superdrug



"It was an honour to be one of the "Best Five Finalists". However, it would have been better if we had bagged the Grand Prize! Being a finalist took hard work and a strong desire to win. But the experience and the memories were already a prize."

Anselmo Z Esteban III - Watsons Philippines



"It has been my honour to participate in such a great company event and have the chance to enter the final competition. I have learnt a lot from the professional training and also made friends with different colleagues."

Liang Hong-long - Manufacturing Shanghai



"I love singing very much and really appreciate that our company organised a Singing Contest. It provided an opportunity for all colleagues who enjoy singing to gather together and establish precious friendships. I hope I can participate again next year."

Webber Pun – Watsons Taiwan

"I will never forget 11 August 2005. It was an honour to participate as a contestant and I had a wonderful experience throughout the whole process. Thanks to the organising team, I am proud to be a member of ASW!"

Kenrick Lee – PARKNSHOP Hong Kong



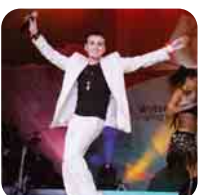
"It was a terrific experience with all the professional training and rehearsals. Colleagues from different divisions come to support the contestants demonstrating the best of our ASW energy and spirit."

Daniel Hui – Watsons Hong Kong



"It was a big challenge for me as I don't speak English. However, when it comes to music it doesn't matter what language we speak. The audience's positive energy gave me the encouragement that I needed."

Cemal Canakci – Watsons Turkey



"The most exciting part of the contest was to meet Teresa Caprio, a famous singer. We also went to Aaron Kwok's studio, and to a stylist. I felt like a star even though I didn't get to the finals."

Rea Marilyn A - Great



Presented by A.S. Watson Lifestyle Club, the 2005 A.S. Watson Group Singing Contest was an exciting and entertaining event.

Staged at the Shatin Town Hall in Hong Kong on 11 August, 16 talented singers from Hong Kong, Mainland China, Taiwan, Philippines, the UK and our new family member Turkey reached the final stage of the competition by triumphing over 110 participants in earlier rounds.

Kenrick Lee from PARKNSHOP Hong Kong won the contest and "My Favourite Singer" with Dave Trow from Superdrug and Pun Chih-hsiang from Watsons Taiwan named First and Second Runner-up respectively. Dave Trow also earned the "Best Stage Performance" Award together with Cemal Canakci from Watsons Turkey.



SUPER QUIZ

ANSWERS to Issue no. 65: 1) Istanbul, Turkey
2) "Don't Drown the Earth" Programme
3) Lifestyle Club

The Superdrug guinea pig

Matt Twigg is the Superdrug buyer specialising in sourcing seasonal skincare products such as suntan lotions and home hair-removal kits, and he is dedicated to trying out the products himself before stocking them in the stores.

Matt tests shaving products and hair-removal creams on his legs to guarantee product quality. After quite a few trials, Matt is pleased to share his tips: follow the instructions, do a skin patch test, exfoliate before waxing to remove dead skin, and wax at least 40 hours before going out in the sun.

According to Matt, men are paying more and more attention to skincare with up to 40% of waxing kits either bought by men themselves or bought by women for their men. Men are also using more self-tan kits.

"To do my job, you have to be open-minded and have a sense of humour," says Matt, "especially when suppliers demonstrate unusual products."



Close shaves are all in a day's work for Matt Twigg!

“ You have to be open-minded and have a sense of humour ”

Matt Twigg
Superdrug Buyer



Super Prize (Elegant necklace)

Name	Company & Department
1. Sally Wong	ASW - International Buying
2. Chu Sai-fung	PARKNSHOP HK - Trading
3. Brenda Wu	Watsons HK - Site Development
4. Lam Pui-ming	Watsons HK - Accounts
5. Hui Yuk-sze	PARKNSHOP HK - Accounts
6. Cheung Yun-mui	ASWW - Customer Care
7. Lo Hoi-yan	ASWW - Sales
8. Tang Kit-yin	ASWI - Finance
9. Fion Zheng	PARKNSHOP China
10. Herry Ma	PARKNSHOP Macau - Operations
11. Lilian Chen	ASWI Guangzhou - Finance
12. Fong Siew-li	Watsons Malaysia
13. Nuandee Sricharoen	Watsons Thailand - Buying
14. Zheng Jie-ming	Watsons Guangzhou - Accounts
15. Dean Garner	Savers
16. Bep Heeregrave	Trekpleister
17. Sau Chen Kan	Kruidvat
18. Vera Judina	Drogas
19. Anna Kalajeva	Drogas
20. James Specketer	Superdrug

11. Claire Chen	Watsons Taiwan - Buying
12. Cindy Chen	Watsons Guangzhou - Accounts
13. Vilma S. Endozo	Watsons Philippines - Accounts
14. Reneé V. Hoogg	ICI PARIS XL
15. Elaine Gardiner	Savers
16. Jeanette Philippo	Trekpleister
17. Carla Westein	Kruidvat
18. Viktorija Zonova	Drogas
19. Marguerite Beezhold	Superdrug
20. Lieuwe Kampen	ASW Health & Beauty Continental Europe

Silver Prize (PARKNSHOP environmental shopping bag)

Name	Company & Department
1. Kwok Chun-tung	ASW - Finance
2. Hui Wing-suet	ASW - Finance
3. Eva Chow	FORTRESS - Human Resources
4. To Cheung-hang	FORTRESS - Accounts
5. Catherine Wong	Watsons HK - Accounts
6. Lee Wai-lee	PARKNSHOP HK - Accounts
7. Tsang Wai-keung	PARKNSHOP HK - Merchandising
8. Chui Chi-yan	ASWI - Finance
9. Lee Lung-piu	ASWI - Finance
10. G.R. Yang	PARKNSHOP China - Store Design
11. Wong Xue-lian	Watsons Guangzhou - Accounts
12. Ni Lim-min	ASWI Guangzhou - Finance
13. Zhou Xin	ASWW Beijing - Finance
14. Rita Chanviriyavuth	Watsons Thailand - Group Office
15. Felisa C. Jiz De Ortega	Watsons Philippines - Merchandising
16. Jelena Kraineva	Drogas
17. Violeta Mataitiene	Drogas
18. Loreta Zieziene	Drogas
19. Sandra Verhoeven	Kruidvat
20. Ailsa O'Neiull	Savers

Gold Prize (FORTRESS' smart collectables)

Name	Company & Department
1. Elizabeth To	ASW - OSD
2. Tammy Ching	ASW - Finance
3. Tammy Wong	PARKNSHOP HK - Accounts
4. Chan Yuk-lan	PARKNSHOP HK - Accounts
5. Wong Pui-sze	Watsons HK - Accounts
6. Carol Fung	ASWI - Finance
7. Smile Tong	ASWI Guangzhou - Finance
8. Rebecca Li	ASWI Guangzhou - Finance
9. Wing Chan	PARKNSHOP China - Administration
10. Fanny Xu	PARKNSHOP China - Store Design

Super Prize (20)



Gold Prize (20)



Silver Prize (20)



- Q:**
- 1) Name the latest perfumery retail chain that ASW acquired in August.
 - 2) When was the ASW Volunteer Team established?
 - 3) What was the store number milestone we celebrated at the Singing Contest 2005?

Name of Staff Member: _____ (ENG) _____ (CHI)

Company & Department: _____ (Country)

Employee No: _____ Contact Tel No: _____ Signature: _____

A1: _____ A2: _____ A3: _____

Send your completed entry form to:

Group Public Relations
A.S. Watson Group
11/F Watson House
1-5 Wo Liu Hang Road
Fo Tan, Shatin, Hong Kong

or Email to WatsOn@asw.com.hk

Deadline: 15 November 2005



- Hong Kong**
- Fortress World
 - Metropole, North Point
 - Metrocity, Tseung Kwan O
 - Wai Fung Plaza, Mongkok (refit)
- Macau**
- Fortress World
 - Flower City, Taipa



- Hong Kong**
- Kai Tak Garden
 - Bonham Road
 - Fuk Tsun Street
 - Sai Yee Street
- Taiwan**
- Chia Yi 2, Chiayi city
 - Xi Zhi 2, Taipei
 - Kun Shan, Tainan
 - Nan Men, Taoyuan
 - Chin Yun, Taoyuan
 - Der Min, Kaoshiung
- Korea**
- Myeong Dong



On 30 June, the GS-Watsons management team inaugurated the opening ceremony of the second Watsons store, the biggest health & beauty store in Korea, in Myeong Dong, which is the most popular shopping area.

- Singapore**
- Towner Rd
 - City Plaza
 - Century Square
 - Serangoon Garden
 - Caltex House
 - Clementi West
 - Bedok South
 - Far East Plaza
 - Jurong East Central
 - Serangoon North
 - Serangoon Central
 - Jurong West

- Philippines**
- 34 Shaw Boulevard, Kalentong Mandaluyong City
 - SM San Lazaro Mall
 - SM San Lazaro Department Store
 - SM San Lazaro Supermarket
 - Berma Center, Redemptorist Road, Baclaran, Paranaque City

- Thailand**
- Central Town Rattanaibet



- Turkey**
- Carousel Shopping Centre, Istanbul (refit from Cosmo Shop)



- Watson's 酒窖 Wine Cellar**
- Taikoo Place, Quarry Bay



- United Kingdom**
- Edinburgh Fort
 - Leeds/ Bradford Airport
 - Paddington
 - Chesham
 - Kings Lynn
 - Didcot



- Lithuania**
- Muldavas street 3a, Dobele
 - Riga street 11a, Jelgava
 - Kalku street 5, Riga (refit)



- The Netherlands**
- Beek
 - Haarlem
 - Amsterdam



- The Netherlands**
- Naaldwijk
 - Maassluis



- United Kingdom**
- Hammersmith
 - Arnold
 - Troon
 - Croydon
 - Easterhouse
 - Lochee
 - Walsall

- Warrenpoint
- Camden
- Gravesend
- Moreton
- Dereham
- Kingswinford
- Deal



- The Netherlands**
- Zwanenburg
 - Zwolle
 - Groningen
 - Berschenhoek
 - Rijswijk
 - Eindhoven
 - Hoogkerk
 - Medemblik
 - Rotterdam
 - Rockanje
 - Landsmeer
 - Ter Apel
 - Schiedam
 - Haaren
 - Roosendaal
 - Waalwijk
 - Den Bosch
 - Dordrecht
 - Nijmegen
 - Rhoo
 - Deventer
- Belgium**
- Diksmuide
 - Bredene
 - Morlanwelz
 - Ronse
 - Nekkerspoel



- Hungary**
- Heves
 - Kisújszállás
 - Békéscsaba II
 - Sopron
 - Nyíregyháza II
- Poland**
- Lubań
 - Kraków
 - Tarnobrzeg
 - Luboń
 - Wodzisław Śląski
 - Mikołow
- Czech Republic**
- Ostrava - Poruba
 - Jičín
 - Praha 7

HWL launches "Knowledge Quest" programme



Students of Saviour Lutheran School and The Parents' Association of Pre-school Mentally Handicapped Children learn how the electricity distribution network operates at the Lamma power plant of Hongkong Electric Company.



Students of Hong Chi Morninghill School, Tuen Mun, and Kwong Ming School learn how to make dessert at Harbour Plaza Hotel Hong Kong.



Artist Nikki Chow leads the students visiting Fortress store and plays games with trendy digital products.

In keeping with its corporate culture of community giving and in support of the Education and Manpower Bureau (EMB)'s initiative to widen the perspective of our students and promote the implementation of Liberal Studies in schools, Hutchison Whampoa Limited (HWL) has launched a "Knowledge Quest" programme to invite secondary school students to visit its diverse operations and help enhance their general knowledge. These include container terminals, hotels, retail stores, and a power plant.

Through working with the EMB, HWL arranges students to see for themselves the day-to-day operations of various business activities such as container handling, housekeeping chores at hotels, state-of-the-art purifying systems and biological filters featured in the fresh fish centre, centralised fresh food distribution logistics, the power generation process, etc. on guided tours.

"Liberal education is an integral part of knowledge acquisition and learning for young people. As a corporate citizen, HWL feels that it can play a role in helping students develop a better understanding of the world around them," says Mrs Susan Chow, HWL's Deputy Group Managing Director.

During the summer holidays, the programme was extended to include students with different abilities and special needs through the help of TREATS, a social welfare organisation that promotes integration of people with different backgrounds.

The student visit programme is intended to be an ongoing activity on the corporate social responsibility calendar of the Group and its subsidiaries.

In tandem with the launch of the Knowledge Quest programme, HWL has also taken part in EMB's School-Business Partnership Programme, which aims at providing opportunities for senior high school students to understand different career requirements and recruitment expectations from the commercial sector.