



Drogas

A.S. Watson quarterly family magazine

December 2005

WatsON

67

- **Splashing out in the Baltics** • ASW wins International Business Award
- Fresh new Drogas • Rossmann's Beauty Day in Hungary
- World Wine Week



The retail and manufacturing group of Hutchison Whampoa Limited

CONTENTS



02 World News

• Bullish in the land of the bear.....



11 Focus

• Splashing out in the Baltics.....



15 Leadership Series

• The personal touch - Superdrug Retail Academy.....



19 Community

• Boost for future sports stars.....



21 Pastimes

• HWL Sports & Family Day celebrates team spirit.....

Cover story



Reflecting a rapid rise in affluence in the New Europe, the Baltic countries have emerged as one of the main drivers for ASW's growth.

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 34 markets worldwide. Today, the Group owns more than 7,100 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 90,000 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 53 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".

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Bullish in the land of the bear

A.S. Watson (ASW) acquired Russian health & beauty chain Spekr in October, marking the Group's first move into one of the world's largest economies and extending the Group's global reach to 34 markets.

Established in 1990, Spekr Group is the market leader in health and beauty retail in St. Petersburg with 24 stores and more than 500 employees. ASW will further develop and integrate the chain into ASW's global operations of its current 17 retail brands.

Meanwhile, two Watsons Your Personal Stores were opened in Estonia in premium locations, including Tallinn's newest shopping mall, and feature Watsons' latest store concept offering a contemporary, colourful and comfortable shopping environment with a range of more than 10,000 high-quality health & beauty products.

(Also see Focus story on p.11-14)

ASW wins business award

Reflecting the Group's commitment to excellence, A.S. Watson (ASW) has won the International Award of Hong Kong Business Awards 2005, which recognise contributions to maintaining and expanding the economic viability and international stature of Hong Kong.

The awards recognise companies that have excellent standards of corporate management and create an environment that encourages and sustains Hong Kong's entrepreneurial spirit.

In recent years, ASW has expanded its retail business in many new markets such as the UK, the Netherlands, France, the Baltic States and Turkey, thus enhancing Hong Kong's reputation abroad.



Food from Britain Export Awards

2005



A winning retail recipe

A.S. Watson (ASW) has been named "International Retailer of the Year" in the Food from Britain Export Awards 2005.

ASW's supermarket chain PARKNSHOP was acclaimed for combining the Western supermarket concept with a traditional Hong Kong wet-market concept. It offers foods such as live fish, market-style fruit and vegetables alongside an extensive range of international products, appealing to both expatriates and local "middle-classes" in Hong Kong and Mainland China.



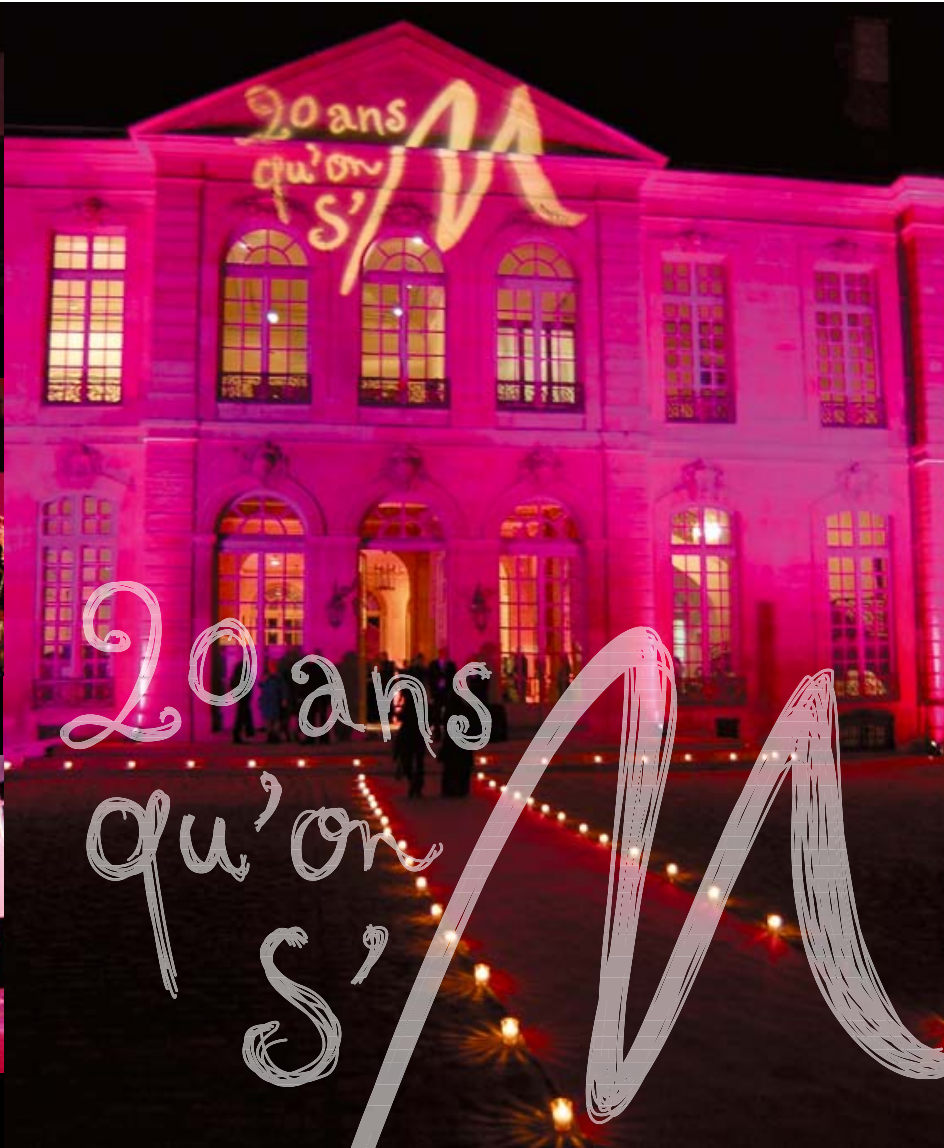
Famous French singers Helena Noguera and Garou enjoy their evening with Marionnaud.



Over 300 guests from the luxury perfumeries and cosmetics industry celebrate the 20th Anniversary of Marionnaud at the Rodin Museum in Paris.



(From left) Ian Wade, Group Managing Director of A.S. Watson, Anggun, famous singer in France, and Hugues Witvoet, CEO of Marionnaud cutting the birthday cake.



Mobile pampering parlour drives Superdrug sales



Superdrug has hit the road with a novel marketing drive. A classic double-decker bus has been refurbished to offer a mobile pampering parlour that is more Bond Street than high street.

Staffed by beauty specialists, make-up artists and manicurists, the bus offered fashion followers a glass of chilled champagne and a make-over on the move during the Everyone's London Festival and London Fashion Week.



Meanwhile, Miss England, Hammassa Kohistani, was the face of Superdrug's one-stop shop, which furnished fashionistas with their London Fashion Week survival supplies. Hammassa was also an ambassador for the launch of Superdrug's True Spirit collection. *Superdrug*

Marionnaud celebrates milestone with charity drive

On 9 November, Marionnaud gathered together 300 guests from the industry, brand houses and business partners to celebrate its 20th Anniversary.

The occasion also marked a new start for the chain following its acquisition by A.S. Watson.

Hugues Witvoet, CEO of Marionnaud, said: "It's a wonderful age – at 20 you can do almost anything – and at 20, with a certain maturity, you can look back on past experiences. It's a good time to capitalise on the good things and at the same time correct mistakes."

To celebrate the anniversary, Marionnaud launched a charity drive that raised €48,000 for UNICEF through the sales of a "Keep Lucky" keychain.

Commenting on the donation, Mr Witvoet said: "What better cause can there be than to help unfortunate children who are sick from AIDS? We live in a world of luxury, beauty and style but this does not stop us from thinking of others who suffer from poverty and live in misery without the basic needs."

Marionnaud

Fresh new Drogas

Drogas has changed its corporate identity to reflect its refreshed in-store concept.

To accompany the new concept stores, which opened in Latvia and Lithuania in September, a more contemporary logo was developed in synergy with Watsons Your Personal Store to communicate the concept of "beauty expert".

New Drogas stores will be furnished according to this concept while step-by-step renovation will be carried out in the existing 95 stores. *Drogas*

Drogas





» Kruidvat «



Sarah Siddall (left) from Chester won the much-coveted title of Store Manager of the Year. On the right is Philip Newton, Chief Executive of The Perfume Shop.

THE PERFUME SHOP

Managers let their hair down

The Perfume Shop held its Annual Managers Conference on 20 September at the Hilton Hotel in Glasgow, Scotland, with 180 store managers, Head Office staff and overseas management in attendance.

Highlights included a surprise guest appearance from X-factor winner Steve Brookstein, a £2,000 instant cash prize team game, a Robbie Williams tribute performance and three gorgeous male models who were raffled off as table prizes!

On 12 October, Kruidvat held its Store Managers Day at the Luxor Theatre in Rotterdam.

The Store Manager winners were announced and 11 staff celebrated their 25th jubilee. It was a surprising, varied, artistic and fun day that included videos, opera, break dance, music shows, "bling bling" make-overs, a boat tour, and a "cash & carry" game show.

A dinner buffet and a night concert by famous Dutch artists concluded the day.



All aboard the Beauty Day_{boat}

To pamper its customers, Rossmann recently organised Beauty Day, the first event of its kind in Hungary.

Over 600 ladies from Budapest boarded a luxury riverboat in the morning to spend a relaxing day on the calm waters of the Donau. The programme included make-overs and perfume presentations, a fashion show and a famous band concert. The make-overs presentations were well-received with the "hair colour simulator" particularly popular as it allows customers to see how they would look with different hair colour.

Kruidvat aims higher

All Kruidvat stores will be more modern and organised next summer.

Under the project "Height Gondolas to 1.90 metre" the existing shelf sizes will increase from 1.3 m to 1.9 m high. The project aims to create more action metres and improve product presentation.

John van Woerkom, Head of Field Merchandising, said, "By heightening the gondolas, the shops will become more accessible and organised without excess merchandise".

Two pilot stores in Utrecht and Veenendaal have already been refurbished and they have received good reviews.





The grand prize of 1 million baht is announced on a local TV programme.

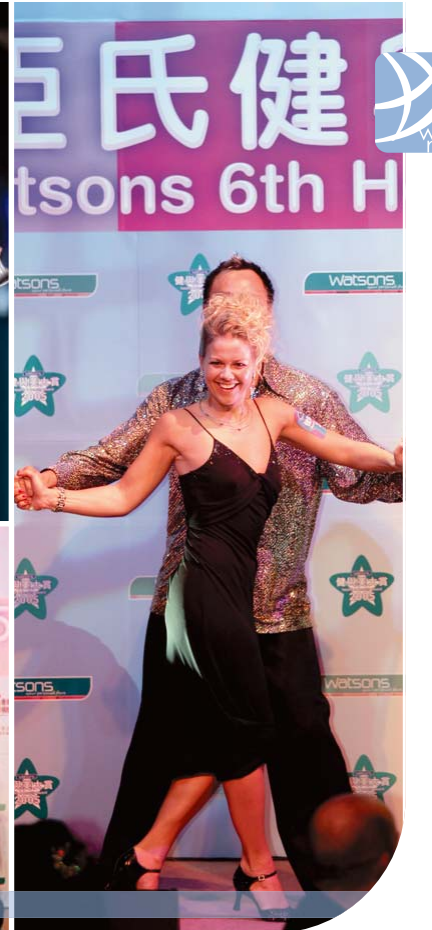


Parade to celebrate

Watsons Thailand celebrated its 9th anniversary at the Watsons Vespa Caravan car carnival on 23 September, which featured a troop of Thai-style cars parading the streets sporting the Watsons logo.

To repay customers' loyalty, all customers had a chance to win a Grand Lucky Draw prize of 1 million baht during September and October. There were also daily televised lucky draws.

In conjunction with the anniversary celebrations, the Watsons Pharmacy Scholarship Programme was set up to support the pharmacy education in Thailand.



Hong Kong

Shopping's more fun at Watsons

Watsons Hong Kong has teamed up with Octopus Rewards Ltd to hold an "Octopus Rewards" programme which encourages customers to earn rewards by using their Octopus card. When they shop at Watsons and present their Octopus card to the cashier, rewards points will be stored instantly on the card and can be used to pay for the next purchase or redeem gifts.

Watsons Taiwan and Chinatrust, the largest local bank meanwhile have launched the co-branded "Visa Wave" card.

The first vertical card of its kind in Taiwan, it requires no signature when paying less than NT\$3,000 at Watsons and takes only four seconds to process a transaction while automatically keeping track of bonus points for redeeming products.



Top lines honoured at Watsons Health & Beauty Awards

Watsons Health & Beauty Awards were held in Malaysia in July and Hong Kong in October.

In Malaysia, a total of 236 health & beauty lines were listed as award-winning products and 12 additional special "surprise awards" were announced to honour organisations that contributed to Watsons' success.

The gala night also included performances by renowned violinist Joanne Yeah, jazz ,Bijoux and a celebrity fashion show by Carven Ong Couture.

In Hong Kong, over 100 awards were bestowed with celebrities lending their support.

The Watsons "New Chance for Life" 2005 charity programme, which aims to raise funds for the Hong Kong Marrow Match Foundation and Sheen Hok Charitable Foundation, was kicked off during the evening.





WORLD WINE WEEK



All in good taste

To the delight of connoisseurs, Watson's Wine Cellar held their annual significant wine event - World Wine Week, at the JW Marriott Hotel in Hong Kong from 31 October to 4 November.

The event featured 345 fine wines under 92 producers from 45 vineyards worldwide.

Watson's Wine Cellar added spice to the week's activities with a variety of exciting dinners and tastings, including a "Daily Wine Buffet", "Food and Wine Pairing" and a "Big Shiraz Dinner".



Variety adds spice for Korean consumers

Watsons' Myeong Dong store, the biggest health & beauty store in Korea, has introduced a greater variety of foreign and local branded products. On 14 September, the famous Korean star "Rain" visited the store for the LG Cosmetics launch, attracting dozens fans from as far away as Hong Kong and Japan.

Meanwhile, a third store has been opened in Ewha, Seoul, home to Ewha Women's University and a popular shopping destination.



Arnold is star shopper

California Governor Arnold Schwarzenegger paid a visit to PARKSHOP Superstore at Causeway Bay, Hong Kong on 19 November.

He was delighted to find a wide selection of Californian agricultural products in the fresh food section and encouraged customers to purchase his home state's products by tasting California fruits on the spot.



Tim Liu (third from right in the front), TASTE Customer Service Assistant, won the "Supermarket/Convenience Store Category - Junior Frontline Level"; Kelly Wu (fourth from right in the front), Watsons Assistant Store Manager, won the "Supermarket/Convenience Store Category - Supervisory Level"; and Stella Chan (seventh from right in the rear) from Nuance-Watson (HK) won the "Department Stores Category - Junior Frontline Level" in the 2005 Hong Kong Retail Management Association Service & Courtesy Awards.

Awards reflect commitment to excellence

Several ASW staff members have come out on top in industry awards that recognise their professionalism and customer service excellence.



"Instant Win" boosts sales

Adding fun to the travel experience and boosting sales, Nuance-Watson (HK) introduced an "Instant Win Machine" for customers at its Hong Kong International Airport stores. Prizes included iPod Mini, digital camera, HK\$1,000 cash coupon, discount coupons and a variety of gifts.

Nuance-Watson meanwhile staged its third Ferrari Outpost, featuring three eye-catching kids' model cars, the New Schumacher line and a limited-edition autographed helmet.



Elman Lee (right), Marketing Manager of FORTRESS, won the "Outstanding Young Marketing Professional Awards - HKMA/TVB Awards for Marketing Excellence 2005."



Chris Liu, Joe Chan, Lotus Siu, Ivy Wu, Cherry Lo and Jenny Lee from Nuance-Watson (HK) have won the "Customer Services Excellence Programme", held by the Airport Authority Hong Kong, in the catering and retailing category for their outstanding service and commitment to delivering a memorable and enjoyable experience to travellers at Hong Kong International Airport.

Splashing out in the Baltics



EASTERN PROMISE

Special credits to Sphere, the International Journal of Hutchison Whampoa Group, for providing part of the contents.

Many former Soviet Bloc countries are now members of the European Union and are in a hurry to enjoy the good life. A.S. Watson is helping to make it happen.



Tallinn, the capital city of Estonia



Vilnius Cathedral in Lithuania



Back in 1981, A.S. Watson (ASW) owned just a handful of food and non-food retail outlets. Today, the Group operates some 7,100 stores in 34 markets under 18 retail brands and has set a target of 10,000 stores by 2008.

Part of this expansion has occurred in Western Europe – starting with the acquisition of the Savers health & beauty chain in the UK in 2000. But in the past 18 months, Eastern Europe has emerged as a main focus for ASW's growth, reflecting a rapid rise in affluence in the region.

Since the 1989 collapse of the Soviet Union, many of the former satellite states of Eastern Europe – particularly the Baltic countries – have gone from grey and regimented places to bustling, energetic and ambitious nations filled with fresh, innovative and young-minded people.

They have shrugged off the shackles of socialism, armed themselves with the tools of capitalism and are forging out a prominent economic role in what they refer to as New Europe.

Among the 10 new entrants into the European Union (EU) last year and with a combined population of around seven million, Estonia, Latvia and Lithuania are highly adaptable, located on the Baltic Sea with ports that allow quick and cheap shipment of goods.

Finland, which is just across the water, has acted as a role model for entry into the outside world. The large pool of ethnic Russian speakers in the Baltic States meanwhile allows easy communication and transactions with their hulking neighbour. Needless to say, negotiations these days are conducted across a level business desk.

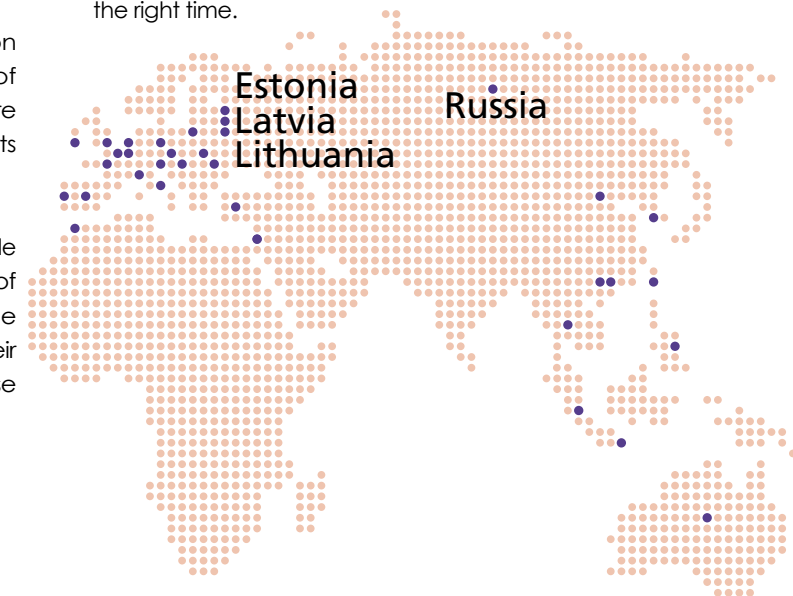
The luxury to choose

Starved for so long of choice – even in essential items such as shampoo and toothpaste – and with new purchasing power to afford luxuries, the region is hungry for consumer goods. The GDP growth rate in Latvia last year was 7.6%, Estonia 6.9% and Lithuania 6.6%, way ahead of the 2.4% for the EU as a whole.

With access to modern banking and finance facilities, good Internet and transport links and democratic forms of government, they are charging full tilt into the 21st century.

Their leaders meanwhile have been knocking on doors around the world in search of strategic investment relationships.

In turn, entrepreneurs from Asia have taken note of the burgeoning opportunities in Eastern Europe and ASW has been among the early movers. The Group has made significant forays into the region, convinced that now is the right time.





Early-mover advantage

The acquisition of Kruidvat Group in 2002 was a major stepping-stone outside of Western Europe and brought to ASW a network of Rossmann stores in Central Europe – Poland, Hungary and the Czech Republic – on a 50/50 joint venture basis.

ASW tapped into the Baltics market in June 2004 when it acquired the Drogas chain, which operates 63 stores in Latvia and 31 in neighbouring Lithuania.

The Group also opened its first stores in Estonia on 20 October this year, under its flagship health & beauty brand "Watsons Your Personal Store". Situated in premium locations in the capital Tallinn, including the city's newest shopping mall, the new stores feature Watsons' latest store concept offering a contemporary, colourful and comfortable shopping environment and a range of more than 10,000 high-quality health & beauty products.

Dennis Casey, CEO of Health & Beauty Eastern Europe, is based in the Latvian capital of Riga on the Baltic Sea and

has been hugely impressed by the elegant architecture of Riga, the long, clean beaches outside the city, its burgeoning nightlife and the ultra-modern airport.

"I think these are new frontiers," he says. "The work ethic here is very, very strong. People want to get out and get on, and they spend a lot of money on fashion and cosmetics."

Women in the Baltics region are known for their fair-skinned beauty and for taking pride in their appearance. Starved of quality goods for so long, they are relishing the chance to shop in the ASW-run stores, which have been springing up like wild flowers.

Estonia, Latvia and Lithuania have all blossomed under the new openness. The younger generation are reaching adulthood and both men and women are demanding the kind of consumer choice their counterparts in the West have long taken for granted – a choice of razor-blade brands, a variety of flavours for toothpaste, scores of lipstick colour options, etc., etc. – all at competitive prices.

New horizons

The bigger potential market of all is Russia.

With a population of more than 144 million, Russia is one of the world's major emerging economies and its retail sector is expected to record double-digit growth in the next few years.

In October, ASW announced its acquisition of Spektr Group, the St. Petersburg-based health & beauty retail chain, marking the entry of the ASW Group's retail network into the sixth largest economy in the world in terms of purchase power parity (PPP).

Spektr was established in 1990 and is the market leader in health & beauty retail in St. Petersburg, with 24 stores and more than 500 employees.

"Russia's retail market has grown rapidly in recent years and the demand for health & beauty products presents strong potential," says Ian Wade, A.S. Watson Group Managing Director. "The acquisition of Spektr Group is in line with our long-term strategy to expand in Eastern Europe."

And it's not just in Eastern Europe that ASW is casting its retail net. As part of its global expansion strategy, ASW will open its first store in the United Arab Emirates (UAE) under the Watsons brand.

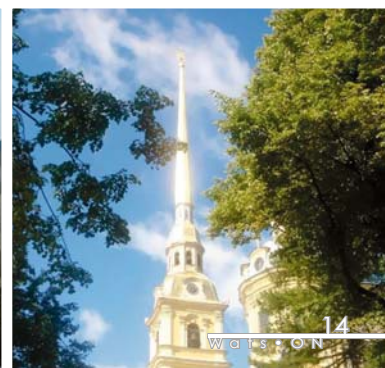
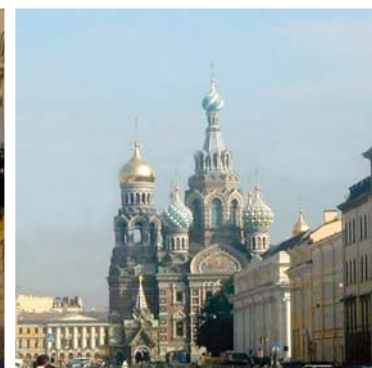
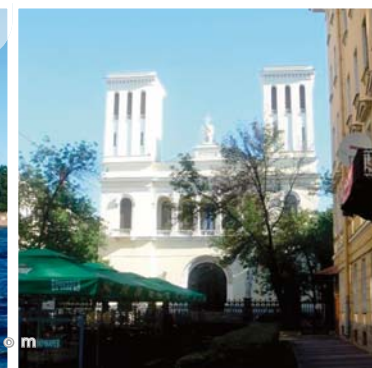
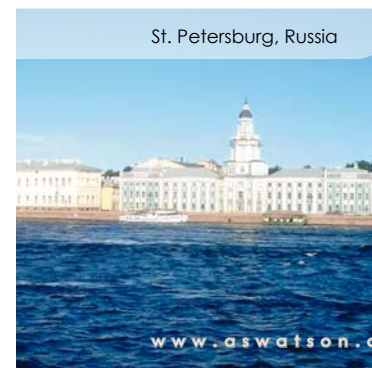
India is also in the Group's sights. "We are looking now quite seriously in India," says Mr Wade, adding that ASW will probably start in the south of the country with a target of around 80 stores in two years.

"We are also eyeing opportunities to enter the US market," Mr Wade confirms.

Already the world's largest health & beauty retailer, ASW shows no sign of slowing down.



Spektr is A.S. Watson's newly acquired health & beauty chain in Russia with 24 stores in St. Petersburg.



Retail Academy

The personal touch

More than just a retail store, Superdrug offers professional individual guidance

As the UK's most innovative and popular retailer in the health & beauty industry, Superdrug is constantly looking for ways to improve the quality of its services and products.

When customers walk into their local Superdrug store, not only are they sure to get the widest variety of health & beauty products at the most affordable prices but, thanks to Superdrug's innovative in-house training initiatives, customers also know that expert advice is at hand.

Superdrug believes that health and beauty are two sides of the same coin, and a key element of the brand's success is ensuring that staff are trained to give expert individual guidance, ranging from the correct way to take prescription medicine to which skin-care product is best for you.

The chain is also involved in proactive health initiatives, such as vaccination programmes, that respond to the community needs in a timely and convenient fashion.

To ensure that staff are able to provide the best possible advice, Superdrug runs two state-of-the-art training programmes – the Superdrug Retail Academy and the Pharmacy Programme.

Beauty

Superdrug Retail Academy

The Retail Academy was established to develop the knowledge and proficiency of all store team members. The curriculum focuses on customer service, product knowledge, sales skills, store standards and operations.

There are three levels within the Retail Academy: Level 1 is a general introductory level for all store team members; Level 2 covers all areas of retail in more depth and Level 3, which launched at the beginning of August, is the "store specialist" role in which members of staff become specialists in a particular field, such as beauty, skin, fragrance and healthcare.

"We are committed to investing in our people to help them to offer our customers the best health & beauty advice and service on the high street," says Clare Forrester, Head of Learning and Development. "This new (Level 3) programme gives our colleagues the skills, confidence and knowledge to give customers a dedicated personal service."

This year, around 710 staff members are going through the rigorous Beauty Specialist training programme.



Beauty experience

The Superdrug Beauty Experience is part of Superdrug Retail Academy level 3. This training programme (accredited by Max Factor) equips Superdrug store staff with fantastic product knowledge, enabling them to offer great service to customers. After completing levels one and two of the Retail Academy, the nominated sales assistants will work through the "Beauty experience". This is a mixture of theory and practical work followed by a practical examination.

After students have completed the course, they will graduate at a special ceremony in March 2006. These specialists will then take on the Superdrug Beauty Challenge where they are assigned sales and promotions targets. As Beauty Specialists they will receive quarterly product and training updates to keep their training alive and will all wear a badge and a uniform highlighting their role in store.

"The Retail Academy allows all staff to be trained to the same level," says Lorraine Hartie, Store/Sponsor Manager of Area 13. "This supports and drives the business forward, with the incentive for staff to further their training and knowledge if required and to following a career path that benefits both the individual and the company. The product-knowledge module will help drive sales and build transactions, which is the key to our success at Superdrug."

Superdrug's Region 5 launched the new Retail Academy in true style by holding both the In-store Trainer and Beauty Specialist Workshops at Bristol Zoo in July and August. Both events were attended by over 110 staff members.



The best medicine



There are 225 in-store pharmacies at Superdrug stores, staffed by Superdrug pharmacists.

Highlighting the high standards achieved by these dedicated professionals, Superdrug was winner of the "Best Pharmacy of the Year Award" in the Top Santé Health & Beauty Awards 2005.

In its latest initiatives, Superdrug plans to double the number of stores offering vaccinations. It will also be sending its "Beauty Inside & Out" bus into the field as a mobile flu clinic to vaccinate those too busy to visit their doctor. Staffed by a pharmacist and a doctor, the bus will offer winter health advice and give vaccinations on request.


Superdrug's success has been driven largely by the calibre of its pharmacists and the training they receive. The company looks for individuals who are committed to the development of the pharmacy profession, have excellent customer-service skills, and the drive and ability to meet or exceed targets to deliver a profitable pharmacy business.



Superdrug pharmacists offer the flu vaccination to its customers.

As community pharmacists are often the sole trained professional in their place of work, Superdrug recognises the need for peer contact and regularly arranges off-site training days – either in small groups or at larger regional meetings. These sessions give pharmacists the opportunity to meet with their colleagues and share ideas on best practice and the topics of the day.

The content of each training session is tailored to satisfy the needs of both the business and the individuals attending the session, covering clinical, professional and business-led topics. Staff are given opportunities to further increase their knowledge and their careers by undergoing supplementary training in the area of prescribing while others have worked with local healthcare professionals in setting up services such as weight-management or substance-abuse in response to the needs of their local community.

Superdrug is always on the lookout for young talent. Pre-registered students are an integral part of the growth and success of Superdrug's pharmaceuticals business and the company actively recruits high-calibre candidates in this area. 



Claire McCowen from Banbury store is the "Pre-registration Pharmacy Graduate of the Year".





Boost for future sports stars

In a first for Hong Kong, A.S. Watson Group (ASW) on 15 October announced the launch of the A.S. Watson Group Hong Kong Student Sports Awards (SSA), targeting all local primary and secondary students.

Awards will be granted to over 1,200 high-performing or potentially high-performing students in a variety of sports. With the aim of recognising the potential and achievements of students in sport and stimulating greater interest in sport in schools, the initiative marks the beginning of a corporate effort to help develop an active sporting culture in welcoming the forthcoming 2008 Beijing Olympics.



屈臣氏集團
香港學生運動員獎
A.S. Watson Group HK Student Sports Awards

Kruidvat to sponsor obesity research

Kruidvat will donate €2,250,000 to the Groningen Expert Centre for Kids with Obesity (GEC-KO).

GEC-KO was launched by Professor Pieter Sauer to research metabolic processes in relation to biological, social and environmental risk factors that can lead to obesity in children.

A very important part of the research is the study of about 5,500 babies to be born between 1 April 2006 and 1 April 2007 in the province of Drenthe. Interestingly, the parents will also be part of this research. Three months before the baby is expected, parents will be interviewed to establish the circumstances in which the child will be born.

Kruidvat will address this growing health issue by helping to increase public awareness.



(From left) Professor Pieter Sauer, the initiator of the GEC-KO project; Jürgen Scheiber, CEO of Health & Beauty Continental Europe; Mr J.G.M. Alders, the Groningen Commissioner to the Queen; Professor Sybrand Poppema, Dean of the Medical faculty; Mr Dick van Hedel, former CEO of Kruidvat and initiator of the sponsoring project, sign the agreement.



Mrs Susan Chow, Deputy Group Managing Director of Hutchison Whampoa (sixth from right in the rear) leads representatives of 14 group companies to attend the launching ceremony of "Let's Beat the Flu", demonstrating the Group's concerns about employees' health.

Group-wide effort to fight the flu

The Cheung Kong and Hutchison Whampoa Group has mobilised a total of 14 group companies including ASW's Watsons Your Personal Store, Watsons Water, PARKNSHOP and Fortress to join the "Let's Beat the Flu" campaign, organised by the Hospital Authority in Hong Kong.

The campaign is part of the "Better Health for Better Hong Kong" project, a five-year project organised jointly by the Hospital Authority and the Li Ka Shing Foundation. The Foundation has donated HK\$10 million to sponsor the project, which aims at instilling a healthy lifestyle concept into the general public through free basic health tests, health promotion programmes and exhibitions.

PARKNSHOP initiatives lend support to the needy

PARKNSHOP Hong Kong is lending its support to the "Vision Possible" eye care campaign.

Comic books featuring 36 eye-care tips are available for sale at 90 selected PARKNSHOP stores, with all revenues going towards eye-care education.

Additionally, spectacle collection boxes have been placed in designated PARKNSHOP and Watsons stores with the aim of collecting 100,000 pairs of used spectacles for the needy in Mainland China.

Senior citizens have meanwhile chosen PARKNSHOP to be certified an "Elderly Friendly Company". In its latest initiative, the supermarket chain offered a 10% discount for seniors on selected foodstuffs in support of Senior Citizen Day 2005.



PARKNSHOP on top form for fundraiser

A.S. Watson (ASW) has given active support to the Community Chest in Hong Kong over the years. Recently, ASW, Watsons Your Personal Store, PARKNSHOP and Watsons Water dispatched their staff to represent the Group in "The Community Chest Ocean Park Corporate Challenge" fundraising event.

With 28 corporate teams competing, PARKNSHOP's winning team — George Poon, Kenneth Kwok, Jack Leung, Justin Chan, Jasmine Hui, Garrick Chan, Frankie Ma and Pauline Yang, demonstrated excellent team spirit and talent to win the championship.



HWL Sports & Family Day

celebrates team spirit



Mr Li Ka-shing, HWL Group Chairman, officiates at the opening ceremony of the HWL Group Sports & Family Day 2005.

A.S. Watson (ASW) joined Hutchison Whampoa's subsidiaries to get together at the annual Hutchison Whampoa Group Sports & Family Day on 13 November at the Hong Kong Sports Institute.

Staff went along with their family members to participate in a fun-filled day that included lots of good food and a variety of sports events. Staff members demonstrated their athletic prowess by participating in track-and-field competitions while game booths set up by Group member companies added to the festive atmosphere with a wide variety of fabulous prizes to be won.

Staff members demonstrated their athletic prowess by participating in track-and-field competitions while game booths set up by Group member companies added to the festive atmosphere with a wide variety of fabulous prizes to be won.

A.S. Watson (Europe)
About 12,000 staff attended, including many from overseas countries such as the UK, Italy, Austria, Israel, Canada, Australia, India, Latvia, the Netherlands and France.



Mr Li Ka-shing, HWL Group Chairman (second from left) and Mr Ian Wade, ASW Group Managing Director (far left) visit the ASW booth and chat with the colleagues from Europe.



ANSWERS to Issue no. 66: 1) The Perfume Shop, Merchant Retail Group PLC
2) July 2005
3) 6,800



Superdrug's Buyer - General Merchandise **Martigne Gloster**

“Professional



shopper” is dream job for Martigne

Martigne Gloster who joined Superdrug's Buying Department about five years ago, has been seconded to the Group's International Buying Office in Hong Kong in 2005. Working in the General Merchandise category, she is responsible for developing buying strategies and sourcing everything from cushions to DVD players! *Wats On* caught up with her for a chat.

1. What is the best part of your job?

I buy products across a broad range so there is always something new. I have been all around Mainland China as well as to Tokyo and Korea.

2. Why were you seconded to International Buying?

As most of the product is manufactured in China, I can work with suppliers more closely to ensure the product meets all our requirements. Working in the same office has helped build closer relationships between the two organisations.

3. What is your impression of Hong Kong and the difference between working in HK and the UK?

There is a great mix of shops and places to go out, as well as beautiful scenery. I think it is a very clean and safe place, and the people are welcoming.

Both Hong Kong and the UK are hard-working, dynamic and challenging places, yet you can still be relaxed and have fun with colleagues. The big difference here is working Saturdays!

4. What kind of experience has secondment brought to you?

My secondment to the International Buying office is my first

move away from Superdrug UK office. I have learned a lot about how Chinese factories and suppliers operate, discovered many exciting and innovative products and managed to deliver projects to tight deadlines. It has been a very rewarding and enjoyable experience.

5. What are the current challenges in your job?

The UK market is very tough. To drive sales, profits and customer loyalty, I have to constantly ensure our products are on trend, innovative and different.

6. Who is the business person you most admire?

I admire entrepreneurial Chinese women who have set up their own factories and proactively looked for opportunities abroad to become successful in what is still a very male-dominated area.

7. What if you weren't in buying?

I previously worked in Marketing, IT and stores but am passionate about Buying!

8. How do you spend your leisure time?

I love travelling and shopping. The best experiences are usually unexpected and spontaneous.

Super Prize (Superdrug skincare kit)

Name	Company & Department
1. Clarence Yeung	ASW – Finance
2. Leung Kam-fai	ASW – Finance
3. Cheng Yuk-ling	Watsons HK – Accounts
4. Ho Mei-yee, May	Watsons HK – Merchandising
5. Leung Wai-lee, Ray	PARKNSHOP HK – Construction & Engineering
6. Haw Tsui-fan	PARKNSHOP HK – Property
7. Chan Kwok-kuen	ASWW – Sales
8. Le Siu-mun	ASWI – HR
9. Grace Li	ASWI Guangzhou – Finance
10. Philip Lin	ASWI Guangzhou – Finance
11. Sandy Kuang	ASWI Guangzhou – HR
12. Shelly Zhang	PARKNSHOP China – HR
13. Jonsone Hu	PARKNSHOP China – HR
14. Tinna Xu	PARKNSHOP China – Admin & PR
15. Sinem Gorgoz	Watsons Turkey – Marketing
16. Vaiva Beisiene	Drogas Lithuania
17. Jolanda Bouman	Kruidvat
18. Mariell Snyders	Kruidvat
19. Karla Gittins	The Perfume Shop
20. Mark Adkins	The Perfume Shop

11. Jerry Cao	ASWI Guangzhou – Finance
12. Lily Zhao	ASWI Beijing – HR
13. Lin Li	PARKNSHOP China – Store Design
14. Emily Wen	PARKNSHOP China – Trading
15. Tan Chun-wai	Watsons Malaysia – MIS
16. Victoria Metcalfe	Savers – Payroll
17. Eric Vande Kreeke	Kruidvat
18. John Matthews	Superdrug
19. Donna Thompson	The Perfume Shop
20. Natalina Zenna	The Perfume Shop

Silver Prize (A.S Watson Group environmental shopping bag)

Name	Company & Department
1. Alison Chan	ASW – Finance
2. Leung Pui-fun	PARKNSHOP HK – Accounts
3. Cherry Szeto	FORTRESS – Sales Admin
4. Wu Yuk-ling	FORTRESS – IT
5. Grace Lam	PARKNSHOP HK – Construction & Engineering
6. Jason Tung	Watson's Wine Cellar
7. Esther Li	Watsons HK – Accounts
8. Wendy Lee	Watsons Guangzhou – HR
9. Wayne Liang	ASWI Guangzhou
10. Maria Socorro A. Diaz	Watsons Philippines – HR
11. Carol Lyn A Albarillo	Watsons Philippines – Merchandising
12. Dhalia V. Bernardo	Watsons Philippines – Finance
13. Macey Sau	Watsons Malaysia – HR
14. Issara Lamduan	Watsons Thailand
15. Alina Zuravlova	Drogas Latvia
16. Vladimir Ivanov	Drogas Latvia
17. Debbie Vaughan	Savers
18. Gallizzi Laure	Marionnaud
19. Karin Heyblom-yd Heyden	Kruidvat
20. Berthina Oversteeg van	Health & Beauty Continental Europe

Gold Prize (Tea Forte ginger with lemon teabags)

Name	Company & Department
1. To Jring-yee, Elizabeth	ASW – OSD
2. Shirley Hui	ASW – Finance
3. Linda Lee	ASW – Finance
4. Yip Lai-sheung	Watsons HK – Accounts
5. Catherine Wong	Watsons HK – Accounts
6. Yung Kam-fai, Billy	FORTRESS – HR
7. Leung Pui-ki	PARKNSHOP HK – Accounts
8. Fung Suk-yee	ASWI – Finance
9. Liu Siu-heung	ASWI – Finance
10. Lo Hoi-yan	ASWW – Sales

1. What is the best part of your job?
I buy products across a broad range so there is always something new. I have been all around Mainland China as well as to Tokyo and Korea.

2. Why were you seconded to International Buying?
As most of the product is manufactured in China, I can work with suppliers more closely to ensure the product meets all our requirements. Working in the same office has helped build closer relationships between the two organisations.

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8. How do you spend your leisure time?
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Super Prize (3)



Watsons Iso-tone windbreaker

Sponsored by Watsons Iso-tone

Gold Prize (30)



Great cooler bag

Sponsored by Great

Silver Prize (20)



A.S. Watson Group Sports & Fun Day 2005 souvenir kit

Sponsored by Lifestyle Club

Bronze Prize (10)



Health & beauty gift set

Sponsored by Health & Beauty Continental Europe



- 1) Which new market did A.S. Watson enter in October?
- 2) What customer activity did Rossmann organise in Hungary?
- 3) Name the award A.S. Watson has recently launched to promote an active sporting culture among students?

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

Company & Department: _____ (Country)

Address: _____

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: 10 February 2006

PARKnSHOP

Hong Kong

- Supermarket
- Sau Mau Ping
- Superstore
- Kowloon City Plaza

Macau

- Supermarket
- Sun Star Plaza

Watsons

Hong Kong

- Ka Tak Garden
- Bonham Road
- Fuk Tsun Street
- Park Central
- Queen's Place



Taiwan

- Shi Dong, Taipei
- Pu Hsin, Taoyuan
- Chang Pin, Taichung
- Chung Yi, Tainan
- Chin Hai, Taichung
- Gong Guan, Miaoli
- Hou Lon, Miaoli
- Tian Xiang, Kaoshiung
- Fu Zhong, Taichung
- Shan Hua, Tainan
- Xi Zhi 2, Taipei
- Han Kou, Taichung
- Pin Shih, Pingtung
- Chong Gao, Kaoshiung
- Nan Chin, Tainan
- Nei Pu, Pingtung
- Heng Chun, Pingtung
- Ding Shan, Kaoshiung
- Nan Tou 2, Nan Tou
- Mei Chi, Hualien
- Hsin Tai 5, Taipei
- An Yi, Keelung
- Tan Zhi, Taichung
- Yung Zhong, Changhwa



Malaysia

- Shah Alam City Centre
- Kota Tinggi
- Jusco, Seremban 2
- Sg. Wang

Thailand

- Surin Plaza
- Taveekij Burirum
- Fairyland Nakornsawan
- SF Petchagasem
- Tesco Nakornsrihammarat
- Nakornchai Navanakorn
- Thaveekit Maeklong
- Big C Petchaburi

Estonia

- Tallinn

Drogas

Latvia

- Kalkus 5 (refit)
- Barona 4 (refit)
- Jelgava
- Dobele

Lithuania

- Vilnius
- Kauna (refit)

Kruidvat

The Netherlands

- Mr. Andreasestraat 14d, Kollum
- Bijlmermeerdreef 1142, Amsterdam
- Puccinipassage 4-10, Capelle a/d IJssel
- Korssakowweg 7, Almere
- Belgiëplein 102, Amsterdam
- Kroonplein 22, Lemelerveld
- Marktplein 29, IJmuiden
- Bergen
- Andriessenplein 20, Deventer
- Dorpstraat 46-48, Nieuwegein
- Westvoorststraat 52, Dinteloord
- Hoorn
- Rotterdam
- Goes
- Noordwolde
- Arnhem



On November 2, Kruidvat reached a milestone with the opening of the 700th store. The team in the Hoorn store proudly wore their specially made shirts. Ignace van Poecke, Managing Director of Kruidvat the Netherlands, officially opened the shop with store manager Annemiek Lakeman.

savers

The Netherlands

- Zaanweg 121, Wormerveer
- Bottelaarspassage 7, Almere
- Kroonpassage 14, Lelystad
- Velsershof 77, IJmuiden
- Wijkerbaan 25, Beverwijk
- Leeuwerikstraat 72, Zwaagwesteinde
- Louwersplein 17-19, Hendrik Ido Ambach

- J. van Weezelhof 32, Amsterdam
- Westerkade 8, Groningen
- Oorhavenkwartier 29, Sassenheim

ICI PARIS XL

The Netherlands

- Donkerstraat 60, Harderwijk
- Grotestraat 10, Venray
- Frederik Hendriklaan 108, Den Haag
- Grotestraat 35-37, Ede
- St. Jorisplein 73, Ridderkerk

Belgium

- Louvain-la-Neuve

ROSSMANN

Czech Republic

- Karla IV. 12, České
- Budějovice
- Kovářská 16, Kroměříž
- Palackého 21, Brno
- Adámkova tř. 279, Hlinsko
- Husovo nám. 165, Rakovník
- Dr. Martíňka 1295, Ostrava Hrabůvka

Hungary

- Bocskai u. 13, Bicske
- Kossuth u. 222, Sajószentpéter
- Széhenyi u. 8, Marcali
- Rákóczi u. 23, Kőszeg
- Rákóczi u. 118, Szerencs
- Aradi u. 2, Nagyatád
- Pesti u. 100, Üllő
- Várkörút 81, Sopron II.

Poland

- Aleja Wojska Polskiego 3, Konstancin
- Jeziorna
- Conrada 13, Warszawa
- Glogowska 132/140, Poznan
- Pulawska 27, Piaseczno
- Plac Pokoju 3, Lebork
- Krakowska 11, Tarnowskie Gory

THE PERFUME SHOP

United Kingdom

- Hull
- Nuneaton
- Norwich
- Enfield
- Leamington Spa
- Milton Keynes
- Sunderland
- Cwmbran
- Waterloo
- Walthamstow
- Drogheda
- Bluewater



The Perfume Shop's first ever Superstore in Milton Keynes, England opened on 15 October.



Sister company "3" leads the way in ringing the changes

A.S. Watson is not the only company in the Hutchison Whampoa Limited (HWL) family that is growing bigger and better.

Reflecting the 3 Group's continuing ability to achieve above market expectations, its 3G global customer base surpassed the 10-million mark on 7 October after only 18 months of operation with full handset availability.

The Group's 3G business has established significant market shares in its largest markets and in all these markets its share of market revenues is even higher than the share measured by customer numbers. This, among other things, is supported by strong and growing customer take-up of the Group's mobile broadband Internet and data services, and its mobile media products.

"We are continuing to introduce new and innovative products and

services in all of these areas and I am confident that we will maintain our leadership position in this industry as we move into the important Christmas market season ahead," said Mr Canning Fok, HWL's Group Managing Director.

As a global brand, 3 has achieved several major milestones since its launch: It was the first operator in the world to launch dual mode WCDMA networks and multi-media video mobile services; 3 achieved the fastest global network rollout in history and its network buildout for all markets continues to progress according to business plan; nine markets have commenced services to date (Australia, Austria, Denmark, Hong Kong, Ireland, Israel, Italy, Sweden and the UK); 3 has already marketed more than 30 models of 3G handsets; and, more than 30 million full-version music clips have been downloaded over 3's networks.

