



A Hutchison Whampoa Company

70

Quarter 3 & 4 • 2006

WATSON
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A.S. Watson quarterly family magazine

Ukraine added to European portfolio

Marionnaud launches in Manila

FORTRESS celebrates 30th

Beauty pros share their knowledge

Dancing and cycling for charity

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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 37 markets worldwide. Today, the Group owns more than 7,600 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 98,000 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 energy, infrastructure, investments and others, in 56 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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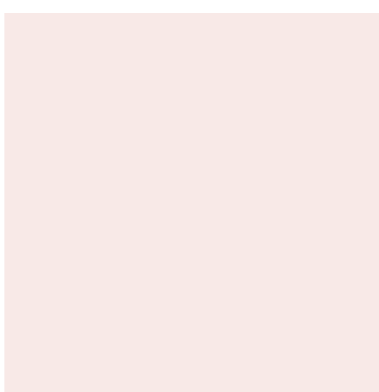
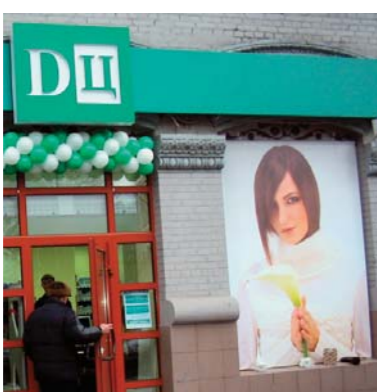
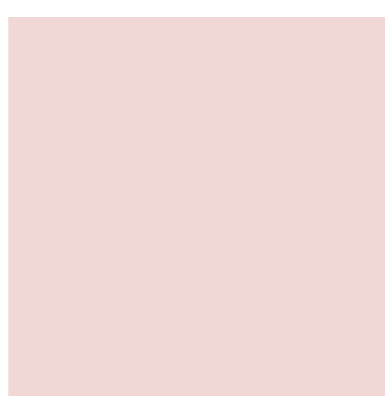
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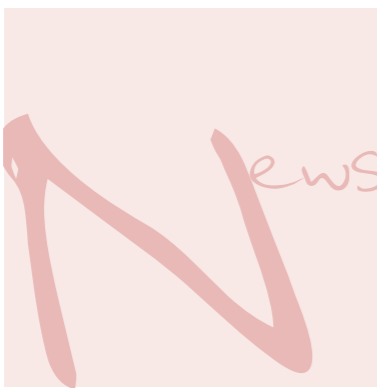
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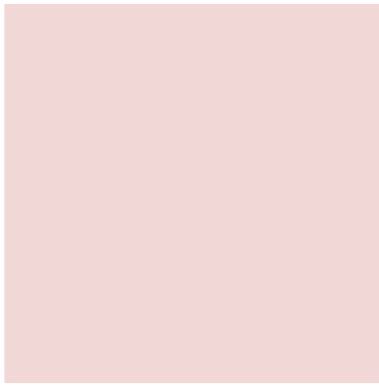
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Around the world



Ukraine added to global retail map • Marionnaud launches in Manila • Still surprising customers • Scent-sational Beckhams • Grand slam in Holland • Marionnaud's bare-foot bash • 1st Watsons VIP card launches in South China • Watsons Thailand turns 10 • FORTRESS celebrates 30th • Rewarded on the red carpet • Fabulous 400 • Musical quencher • Scooping top awards • Haven for wize shoppers





Ukraine added to global retail map

On 19 July, A.S. Watson Group (ASW) announced its move into the Ukraine market by acquiring a 65% stake in the country's No. 1 health & beauty retail chain, DC, and it has formally completed in November.

The acquisition ties in with ASW's continued expansion into Central and Eastern Europe following recent moves into Russia, the Baltics and Slovenia. It also creates a partnership with Asnova Holding, a leading wholesale and logistics player in Ukraine.

Established in 1997, DC is the largest chain in the Ukraine with 113 stores and 2,500 employees. 

(Also see Focus Story on p.17-22)




Infusing vitality into Marionnaud, the ASW management team includes (from left to right) Maria Norrman, Strategic Director - Luxury Asia, Ian Wade, Group Managing Director and Andrew Miles, CEO Health & Beauty Asia, together with Tessie Sy-Cosen, President of SM Group (2nd right)

Marionnaud launches in Manila

A.S. Watson introduced Marionnaud to the Asian Beauty market with the grand opening of its first flagship store in the Mall of Asia in Manila, on 29 September.

Following last year's acquisition of French-based Marionnaud, Europe's largest luxury perfumeries and cosmetics retail chain, ASW sees great potential in growing Asia's luxury perfumeries and cosmetics sector.

The 900-square-metre store offers over 5,700 perfumeries and cosmetic products from 70 beauty brands and 17 exclusive brands, coupled with beauty treatments and nail spa service. 



Still surprising customers

More than 50,000 people attended Kruidvat's three-day "Family Festival" at the Jaarbeurs Utrecht, Holland from 21-24 September, held to surprise and entertain customers.

Customers enjoyed fashion shows, workshops, makeovers, performances by famous Dutch and Belgian artists and activities for children.

The highlight of the fair was the "Wedding Event", where 18 couples married or remarried. The marriages were conducted by Imca Marina, a famous Dutch singer who is also a marriage registrar.

Helping to make memories is what Kruidvat is all about. During the past summer, Kruidvat photo service processed more than five million photos per week.

Kruidvat always strives to be the best in the competitive photo service market. Photo magazine *Chip* recently named it the leader in "Best All-round Service", and leading Dutch newspaper *het Algemeen Dagblad* named it the "Best Producer of Digital Albums Cover".





Chantal Hazelaar, a colleague of Kruidvat, dazzling in the "Wedding Event"





Scent-sational Beckhams

Superdrug was the first UK retailer to stock David Beckham's much-anticipated Intimately Beckham fragrance.

When the new product went on sale, demand was so huge that crowds of shoppers stormed Superdrug's Oxford Street branch in London to get their first whiff of the new scent. The first bottles were delivered by Posh and Becks look-a-likes in Superdrug's pink pick-up truck and the fragrance was rushed to other regions by Beckham Bikers.

During the first morning of sales David trounced Victoria, selling almost three times more. Since then, however, Victoria's Intimately Beckham has been the faster-selling fragrance.

Meanwhile, Superdrug has launched the first-ever mole clinics on the high street, offering skin check-ups to shoppers. The clinics are part of Superdrug's SAFE summer campaign, working with the Institute of Cancer Research to help raise funds and promote "Skin Awareness For Everyone".

Clinics at the four London Superdrug stores have been fully booked since the campaign launched. The concept is being rolled out to other cities in the UK with a target of testing 1,000 skin samples by the end of the year. *Superdrug*



"The world's best Victoria and Beckham look-alikes deliver their fragrances to Superdrug"



Grand slam in Holland

ICI PARIS XL Netherlands sponsored The Dutch Open Tennis Tournament from 15-23 July in Amersfoort, Holland. The event, which attracted about 50,000 people, is an important part of the international ATP tour.

ICI PARIS XL attracted lots of attention during the week at its eye-catching booth at the promotional village. Thousands of samples, pamphlets, in-house magazines and ICI PARIS XL bags were distributed, and 148 new customers joined the membership incentive programme.

ICI PARIS XL held a special "Ladies Day", with prizes and gifts for women, and also gave a daily prize to the audience member able to catch one of three balls that players hit into the crowd at the end of each match.

Meanwhile, ICI PARIS XL Belgium sponsored a team of women drivers for one year in the VW Beetle Fun Cup. The ICI PARIS XL logo is prominent on the car and the drivers' smart outfits. Over 5,000 bracelet-giveaways together with free fragrance samples were distributed during the event. *ICI PARIS XL*

ICI PARIS XL





Marionnaud's bare-foot bash

In July, Marionnaud Austria staged its traditional summer party at the terrace of Vienna's famous restaurant and bar "Kunsthalle".

Markus Reichensperner, Managing Director of Marionnaud Austria (left in top photo), invited business partners, journalists and celebrities to join a "white with a touch of blue" supperclub-style party. At the entrance, guests had their feet washed in ice-cold water then received a pair of flip-flops to wear – an unusual but perfect refreshment on a hot summer evening. Everyone appreciated the mixture of good conversation, fine cuisine and excellent entertainment. *Marionnaud*

1st Watsons VIP card launches in South China

To offer a more enjoyable and privileged shopping experience to regular customers, the first-ever Watsons VIP card was launched on 7 September at Watsons Your Personal Store in South China.

Cardholders can receive up to 20% off member discounts and product redemption privileges. Additionally, they can enjoy advance participation of marketing activities and extra offers for weekly new product promotions. Watsons plans to introduce the VIP card across Mainland China next year. *Watsons*



Hong Kong artiste Ella Koon was invited to the Launch Ceremony and received the first Watsons VIP card from Ivor Morton (left), Regional Managing Director of Watsons China



Watsons Thailand turns 10

Watsons Thailand celebrated its 10th anniversary on 25 July with a "Watsons Blossom Day" event.

Held at Watsons Central Ladprao in a fascinating giant pastel flower garden, business partners, employees, customers and Thai celebrities joined the celebration.

The Sonnruamnumjal School chorus entertained guests and awards were presented to loyal business partners who grew up with Watsons during the past ten years. Nineteen dedicated long-serving employees received gold necklaces while long-term customers who were able to show receipts of purchase dating back ten years received special prizes. *Watsons*



During the event, Toby Anderson, General Manager of Watsons Thailand (2nd right) presents a cheque of 100,000 Baht to Khun Methinee Pongvetch (2nd left), Director of the Association for the Promotion of the Status of Women, to help Thai women and underprivileged children

FORTRESS celebrates 30th

The first FORTRESS store was established in 1976 to provide the latest electronic products and home appliances backed up by top-quality customer service. Thirty years later, FORTRESS has become the market leader in Hong Kong.

To celebrate its 30th birthday, FORTRESS Hong Kong held its "Big Thirtieth" promotion from 1 September to 26 October. Customers received fabulous offers valued at over HK\$3 million, including selected products sold for up to 30% discount and attractive joint promotions with "KFC", "3 Hong Kong" and "Compass Visa".

FORTRESS also donated 30 notebook computers to the Hans Anderson Club to inspire community concern about poverty. *FORTRESS*



To celebrate its 30th birthday, FORTRESS' Managing Director Christian Nothhaft (centre) and Merchandise Controller Ken Ng (right) together with 30 staff launched the Chinese birthday bun-cutting ceremony in a Mongkok store and distributed the buns to the passers-by




Rewarded on the red carpet

Watsons Health & Beauty Awards were held recently in the Philippines, Mainland China and Hong Kong, to recognise the efforts of our suppliers.

In the Philippines, the awards were themed "One Night Only", with guests arriving in costumes from famous Broadway musicals.

Nineteen major awards and seven grand awards were handed out in numerous categories and 103 special awards were given out during the pre-awards ceremony on 2 to 4 August. During the event, a cheque of one million pesos was presented to the representative of Tahanang Walang Hagdanan, a charitable organisation that aims to uplift the lives of Orthopedically handicapped people.

In Mainland China, 500 Watsons' suppliers and guests walked down a "red carpet" to kick off a grand show in Guangzhou. The venue was decorated in purple and gold, with a big screen showing classic films, creating the feel of an Oscar event. More than 100 awards were given out.

Watsons Hong Kong held its awards at the Grand Hyatt Hotel on 28 September. Besides presenting over 100 awards to suppliers, pop singer Alex Fong sang to raise money for the Watsons Sheen Hok "New Chance for Life" charity campaign. 

health & Beauty



(From left to right) IBM representative Mr Hsu, Wang Kim-peng, President of Legislative Yuan, super model Akemi and Ian Cruddas, Managing Director of Watsons Taiwan, at the opening ceremony of Watsons Taiwan's 400th store

Fabulous 400

Watsons Taiwan has opened a brand new interactive concept store at Ku Tin, Taipei, bringing the number of Watsons stores in the country to 400.

At the opening on 28 August, Wang Kim-peng, President of the Institute of Biotechnology and Medicine Industry, unveiled the "SNQ Quality Counter", which ensures only quality products are offered at Watsons.

The store also introduced an innovative "Play Area" where customers can try out beauty products from famous brands in a pleasant environment featuring handy mirrors, cleansing utilities and professional staff.



"Play Area" in Watsons Taiwan's 400th store



Musical quencher



Watsons Water launched a promotion from July to August for pop idol Justin to cheer consumer's musical life. With every purchase of a bottle of Watsons Water, they had the chance to win tickets to the Watsons Water Justin Concert.

The event took place at the Hong Kong Conference and Exhibition Centre on 13 September, which was packed with an excited and screaming audience. The concert was also broadcast on TV during the weekend, which generated great brand exposure.



Scooping top awards

Congratulations! Several group employees have received 2006 Service & Courtesy Awards from the Hong Kong Retail Management Association.

In the electronic & electrical appliances/telecommunications category, Lam Shuk-fa (2nd right) from FORTRESS won the junior frontline level award and colleague Sunny Lam (far right) won at supervisory level. Tam Sze-lam (far left) from Nuance-Watson (HK) won at supervisory level in the beauty products/cosmetics category while colleague Chan Yuk-yim (2nd left) won at junior frontline level in the department store category. Candy Lo (middle) from Gourmet won at junior frontline level in the supermarkets/convenience stores category.

Meanwhile, Nuance-Watson (HK) has won the Frontier Awards' "Airport/Land-based Retailer of the Year" title. Managing Director Alessandra Piovesana personally received the award on 25 October in Cannes, France at a function hosted by the Tax Free World Association.

The Frontier Award is among the most coveted by the world's major airport operators. Retailers are judged by an international panel on their business performance, merchandising, marketing and customer service.



Nuance-Watson (HK) management team with Airport Authority Hong Kong Commercial Director Hans Bakker (6th left) and Retail & Advertising General Manager Eva Tsang (5th left) in front of The Atrium, one of Nuance-Watson (HK)'s major operations at HKIA.



Haven for wize shoppers

Nuance-Watson (HK) recently introduced "Intelligent Home", a groundbreaking electronics retail concept, at Hong Kong International Airport (HKIA).

Located at the landside check-in hall, the new store showcases products and appliances that all share the twin qualities of world-class design and innovative functionality. The idea behind is to integrate high-tech sophistication and lifestyle, making "cold" electronic products look and feel warmer.

On Swiss National Day (1 August), Nuance-Watson (HK) joined forces with Lindt to stage a Swiss celebration at HKIA. Customers were warmly welcomed by a hostess dressed in traditional Swiss costume and received exclusive packaged Swiss merchandise.



Watsons

Mainland China

- WangJing, Beijing
- Bai Lian, Herbin
- Dong Shun Department Store, Shenyang
- Hua lian, Zhengzhou
- Gui You, Beijing
- Wang Jiao, Beijing
- Century Tai Hua, Weifang
- Le Song, Herbin
- Qian Bai Hui, Tianjing
- New World, Lanzhou
- He Ping Ying Zuo, Xian
- Chi Feng RD. Station, Shanghai
- Brilliance West Shopping Mall, Shanghai
- Tian Shan Department Store, Shanghai
- Da Yang, Suzhou
- Tai Fu Department Store, Changzhou
- Huang Long, Hangzhou
- Spring Shopping Center, Shaoxing
- Chang Jiang, Hefei
- Timesquare, Shanghai
- Tengfei Plaza, Shanghai
- Tong Luo Wan, Wuhan
- Xing Li, Hangzhou
- Jiang Nan Mall, Jiaxing
- Jing Hua No.1 Department Store, Jinghua
- Le Pu Sheng, Hefei
- Cai Hui Plaza, Foshan
- Grand Ocean Department Store, Fuzhou
- Chang An PARKNSHOP, Dongguan
- FuXing Carrefour, Fuzhou
- Capitaland, Zhangzhou
- Apollo Shopping Center, Changsha
- New World Department Store, Chongqing
- Jiade Shopping Mall, Chengdu

Taiwan

- Wu Miao, Kaohsiung
- Chi Zhing, Kaohsiung
- A Lian, Kaohsiung
- Zhong Hsin, Taipei
- Nan Shi Jiao, Taipei
- Yun Ke, Yunlin
- Mai Lian, Yunlin
- Tien Mu Bei, Taipei
- Jian Mei 2, Taipei
- Guan Qian, Taipei

- Ren Chung, Kaohsiung
- Yung Der, Taipei
- Ku Tin, Taipei
- Chen Dong, Ilan
- Tu Cheng 2, Taipei
- Gong Yi, Taichang

Philippines

- Cosmopolitan Taft, Manila
- Isetann Recto, Manila
- SM Quiapo, Manila
- SM North Edsa Annex 3, Quezon City
- SM Supercenter, Pasig City
- SM Supercenter Pasig Hypermarket, Pasig City
- SM Lipa Mall
- SM Lipa Supermarket
- SM Lipa Department Store



Turkey

- Kayseri Park, Kayseri
- Silivri, Istanbul
- Kurtulus, Istanbul
- Bahariye, Istanbul



Singapore

- Bishan
- Vivo City

Indonesia

- Mal Ciputra, Jakarta
- Supermal Karawaci

Korea

- Mowoo Bldg. 1045-8 Hogye-dong, Dongan-gu, Anyang-si, Gyeonggi-do (법계점)
- 101 Joongsokkiupoutong center 917-6 Mokdong, Yangcheon-gu, Seoul (목동점)
- 1F, 2F 181-10 Jamsil-dong Songpa-gu Seoul (신천점)
- 1F, 2F 223-1 Heukseok-dong Dongjak-gu Seoul (중대점)



Slovenia

- Ulica 10. oktobra 4, 2000 Maribor
- Presernova ulica 10, 4000 Kranj



Fortress

Hong Kong

- Fortress World
- Grandiose, Tseung Kwan O

Mance-Watson
WORLD CLASS DUTY FREE

Hong Kong

- Omega

PARKNSHOP

Hong Kong

- Supermarket
- New Yuen Long Plaza II, Yuen Long
- Grandiose, Tseung Kwan O
- Shek Wai Kwok, Tsuen Wan
- Yin Hing Street, San Po Kong



Mainland China

- Supermarket
- Ji Xin Commercial Building, Bao An District, Shenzhen
- Di Meng Yuan, Fu Tian District, Shenzhen
- Megastore
- Ying Feng Square, Hou Jie, Dongguan



ROSSMANN

Czech Republic

- Zvonařka, 470/2b, 602 00, Brno, South Moravian
- Mělník, nám. Karla IV 143, 276 01, Mělník, Central Bohemia
- Bohumín, 9. května 254, 735 81, Bohumín, Moravian-Silesian
- Prahachatice, Vodňanská 48, 383 01, Prachatic, South Bohemia

Poland

- Al.Jerozolimskie 54 Dworzec Centralny, Warszawa
- Plac Kilińskiego 6, Rzeszów
- Polska 24, Szczytno
- Wojska Polskiego 28-29, Słupsk
- 3 Maja 12, Dworzec PKS, Gdańsk
- Wałbrzyska 11, "Land", Warszawa
- 11 Listopada 6, Ostrowiec św.
- Orkana 6 Galeria Orkana, Lublin
- Nowopijarska 9, Łuków
- Racławicka 2-4, Wrocław
- Jana Pawła II 10, Tychy

- Plac Wolności 6, Zabrze
- Pawia 5 Galeria Krakowska, Kraków ECE
- Droga Męcenników Majdanka 28, Lublin
- Płocka 23b, Sierpc
- Chrobrego 30, Gniezno
- Kościuszki 16, Braniewo
- Piłsudskiego 2-4, Gorlice
- Grunwaldzka 7-11, Jawor
- Górecka 30, Centrum Handlowe "Panorama", Poznań Korfantego, Radlin



ICI PARIS XL

The Netherlands

- Stationstraat 21a, Almere
- De Reling 21, Dronten
- Herenstraat 40a, Groningen
- Lange Bisschopstraat 76, Deventer
- Bastiaanplein 2, Delft
- Noorderbuurt 19, Drachten
- Zeestraat 8d, Volendam
- Voorstraat 52, Woerden



Trekpleister

The Netherlands

- 5 Mei Plein 176-178, Leiden
- 't Forum 7, Assen
- Maaspoortweg 305-309, Den Bosch
- J. van Weezelhof 32, Amsterdam

Kruidvat

The Netherlands

- Kerkstraat 11a, Vorden
- Leeuwerikstraat 72, Zwaagwesteinde
- Kerkstraat 15, Buitenpost
- Wendsteinweg 68, Marum
- Rozengaardseweg 8a, Doetinchem
- Schiedamseweg 54-56, Rotterdam
- Steenstraat 42, Arnhem
- Laan van Bolés 7-9, Schiedam
- Groenendaal 34, Woerden
- Hoofdstraat 48, Gorsse
- Stationsstraat 21b, Almere

Belgium

- Kioskplaats 21, Hoboken
- Groenestraat 13-15, Zedelgem
- Dorpstraat 176, Overpelt
- Kloosterbempden 245, Maaseik (Relocation)
- Dorpstraat 30, Lommel (Relocation)

DIU

Ukraine

- pr-s Kirova , No 78, Crimea region, Simferopol
- Maydan Nezalezhnosti, 22, Hust
- Kozickogo str, 55, Vinnitsa

Marionnaud

Philippines

- Mall of Asia, Manila

Ukraine added to European portfolio

Extending its global portfolio as the world's pre-eminent health & beauty retailer, A.S. Watson Group (ASW) in July entered the Ukraine market through the acquisition of a 65% stake in **ДЦ** (DC), the country's leading health & beauty chain.

Bordering the Black Sea, between Poland, Romania, and Moldova in the west and Russia in the east, Ukraine is a powerful economic force in the heart of Central and Eastern Europe. With a population of over 47 million, the former Soviet-bloc country is revamping its infrastructure in order to participate in the globalisation of emerging businesses. Ukraine is also experiencing a significant upturn in its domestic markets, including in the health & beauty sector.

ASW's move into Ukraine is in line with

the Group's continued expansion into Central and Eastern Europe. The acquisition brings ASW's global expertise and purchasing power to the DC brand and simultaneously creates a partnership between ASW and Asnova Holding, a leading wholesale and logistics player in Ukraine.

“We foresee very healthy economic growth in Ukraine in the coming years,” says Nigel Healey, CEO, Health & Beauty Eastern Europe.

“Through this acquisition we expect to capture a considerable share of the annual growth of health & beauty retail in the country.”

Ukraine ranked fourth in the A.T Kearney Global Retail Development Index 2006, before China and after India, Russia, Vietnam.



Regional roll-out

Already well established in Asia, the UK and Western Europe, ASW in recent years has made significant moves into Central and Eastern Europe. Having acquired the Kruidvat Group and Rossmann brands in 2002 – thus entering the Netherlands, Belgium, Germany, Poland, the Czech Republic and Hungary – the Group entered the Baltics in June 2004 through the acquisition of the Drogas chain, which operated over 100 health & beauty stores in Latvia and Lithuania.

The Drogas acquisition signalled ASW's intentions to become a significant player throughout the region. At that time, Ian Wade, Group Managing Director, outlined the Group's strategy: "Latvia and Lithuania

is our springboard to the Baltics, the Confederation of Independent States and Nordic markets," he said. "The region's recent accession to the EU gives it a new powerful impulse for the creation of a free, secure and prosperous economy. We see great potential in these markets."

In October 2005, ASW acquired Spektr, a chain of 33 health & beauty stores in Russia. Other retail chains operated by ASW Health & Beauty in Europe include Superdrug (UK), Savers (UK), Trekpleister (Netherlands).

ASW reached another significant milestone in February 2006 with the opening of the first Watsons Your Personal Store in Zalec,

Slovenia. The following month, a new store opened in Pivka. At present, five stores have been opened and there are plans to open at least ten more. A powerful and popular brand in Asia, the Watsons Your Personal Store concept is already proving to be a winning formula with consumers in Slovenia. The stores offer over 7,500 products including cosmetics, skin care, hair products, health food, baby care, baby food, general merchandise, confectionaries and photographic services.

Currently, A.S. Watson Group operates more than 7,600 stores in 37 markets worldwide.



Milestones in Europe



Significant expansion to become the world's 3rd largest health & beauty retailer – acquired Kruidvat Group of companies (including Kruidvat, ICI PARIS XL, Superdrug, Trekpleister and Rossmann*) adding 1,900 stores to the portfolio

*50% in Poland, Hungary and Czech Republic



Became the world's largest health & beauty retailer – expanded significantly into the luxury perfumeries & cosmetics category; acquired Marionnaud, adding 1,200 stores to the portfolio

Acquired UK's fastest-growing high-street perfumery chain The Perfume Shop

Acquired Spektr in Russia

Opened Watsons in Turkey and Estonia

2000



First entry into retail in Europe – acquired Savers in the UK

2002

2004



Entry into Eastern Europe – acquired Drogas in Latvia & Lithuania



Acquired 40% of Rossmann Germany

2005

2006



Opened Watsons in Indonesia & Slovenia



Acquired DC chain in Ukraine



Perfect partnership

DC is an ideal fit for the ASW health & beauty portfolio, operating as a convenience drugstore offering a comprehensive mix of personal care and toiletry products. DC is the largest health & beauty chain in the Ukraine in terms of store number and it is the only nationwide chain. The brand was established in 1997 and has grown quickly, recently reaching the 100-store milestone in August. Today, there are 113 stores, including eight pharmacies and approximately 2,500 employees.

DC started its first retail outlet operation in 1993 in downtown Kiev, a bustling city rich in art and architecture and home to three million people. Since then, DC has emerged as a trusted household brand throughout the country.

Customers appreciate the convenience of easy access to health & beauty products as well as other product lines ranging from washing agents and toiletries to cosmetics and fragrances – all at competitive prices.

Women in Ukraine are known for their beauty and sense of style and fashion. Accordingly, the majority of DC's


customers are women in the 18-45 age group. However, everyone who is health and beauty conscious is always welcomed and a growing number of men, too, are regular customers.

DC strives to not only satisfy the needs of the whole family but to exceed expectations. The philosophy behind the brand is to always consider the customer's point of view, to offer top-quality products and service at competitive prices, and to add value to customers' lives. DC also places a high value on social responsibility, and each year makes donations to orphanages and schools.

To build and retain brand loyalty, the chain offers a 5% discount on its products to DC Club members, who currently account for 70% of purchases. The most popular product categories are home care, hair care, skin care and cosmetics.

ASW's entry as a majority shareholder and strategic partner has provided a major boost to DC's plans to strengthen its position as the leading health & beauty chain in Ukraine. DC will benefit significantly from ASW's international retail

expertise and buying power. As a member of the ASW portfolio, DC stores will have access to an advanced global procurement management system that will widen the range of top-quality merchandise and thus help further develop the chain into a world-class health & beauty retail brand.

For the millions of satisfied customers who have come to rely on DC for all their health, beauty and home needs, things have just got even better. 



Fact Sheet

What does the name ДЦ (DC) mean?

The company was established as a wholesale business and DC stands for "Distribution Centre". As the company's stores gained in popularity, the DC brand came to be associated with top-quality retail operations.

Is there any significance to the colours of the DC logo?

The DC brand name is on a green background. Green embodies life, prosperity, nature and freedom of choice. All these characteristics of colour can be unified in an idea: "Let the people make their choices".

How many DC stores are there?

113, including 8 pharmacies.

How many employees?

2,500.

What is the average store size?

180 square metres.

What are the main product categories?

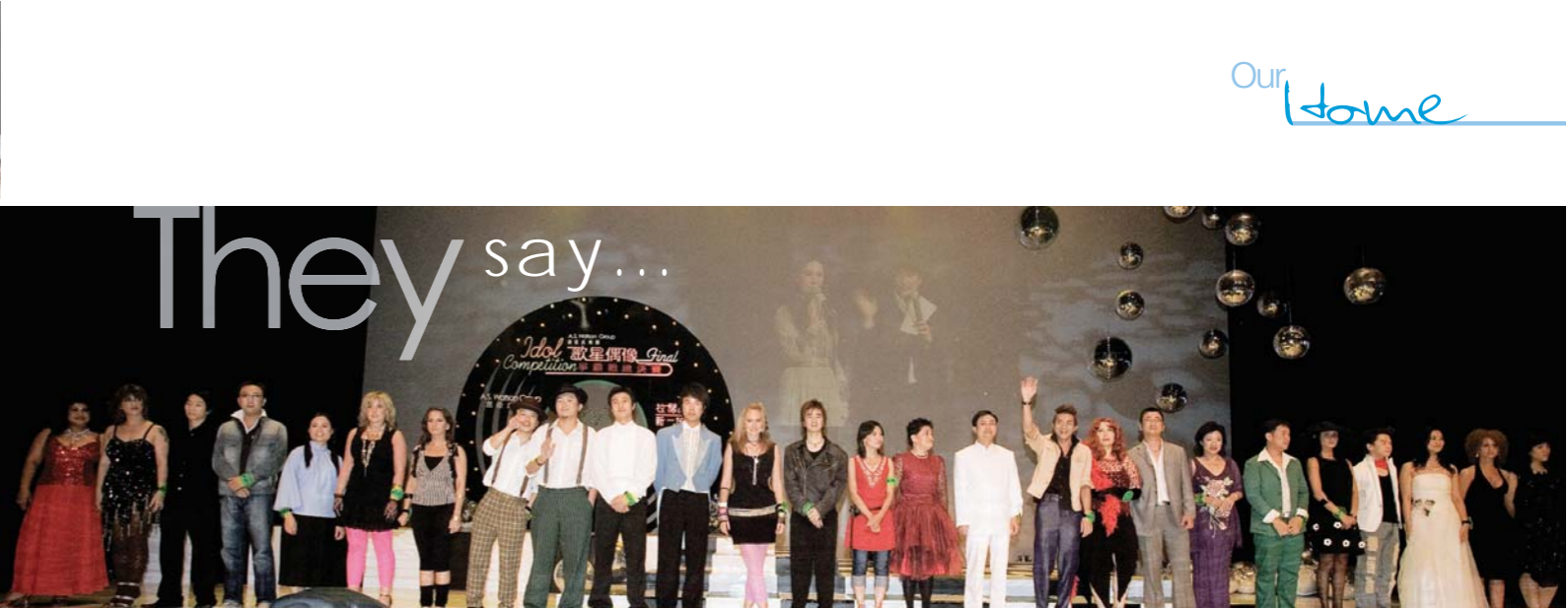
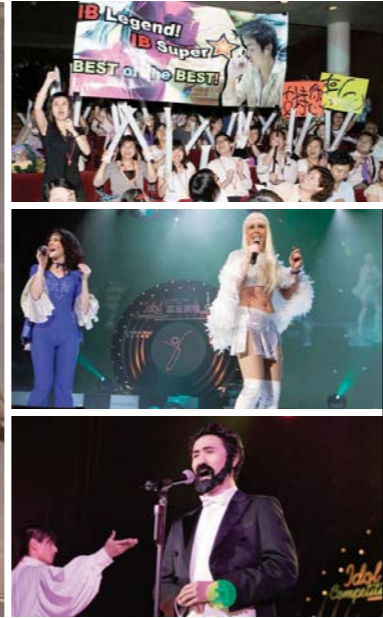
There are 16 main categories and 65 sub-categories:

Home care; skin care; decorative cosmetics; perfumery; oral care; diapers and swaddling clothes; baby care; ladies' sanitary protection; men's aftershave and accessories; men's perfumery and personal care; bath and shower; fancy goods; supplements (plastic ware, umbrellas, toys); general merchandise; pharmacy.

Where are stores located?

Kiev (Capital of Ukraine) – 35 stores, 8 pharmacies
 Kiev's provinces (Brovary, Vasylkiv) – 6 stores
 Western Ukraine – 25 stores
 Northern Ukraine – 7 stores
 Central Ukraine – 15 stores
 Eastern Ukraine – 7 stores
 Southern Ukraine – 10 stores





They say...



Down memory lane

A.S. Watson's most talented songsters performed their favourite songs from the 70s and 80s at Shatin Town Hall, Hong Kong, on 2 August, in a bid to win the top prize in the A.S. Watson Group Idol Competition.

Reflecting ASW's global reach, the charismatic finalists came from 12 regions - Austria, France, Guangzhou, Hong Kong, Malaysia, Shanghai, Shenzhen, Singapore, Spain, Taiwan, Thailand and the UK.

Special guests included local pop duo "Soler" and well-known international Abba imitators "Abbacadabra", who also arbitrated the tuneful extravaganza.

Rea A. Marilyn, who works at Hong Kong's favourite gourmet store Great, was pronounced champion and winner of the "Best Stage Performance Award". Jacky Lung from FORTRESS Hong Kong was named "First Runner-up" and "My Favourite Singer (Overall)" as well as "My Favourite Singer (Hong Kong)". Li Zue-shan from the Manufacturing Division, Beijing, was named "Second Runner-up".



I would like to thank Marionnaud Austria and the A.S. Watson Group for giving us those beautiful and exciting experiences I enjoyed in such a short time, like performing on a professional stage and feeling the vibrant energy of Hong Kong City.

Emelina Kraisnik - Marionnaud, Austria



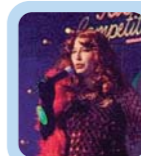
This year's competition was better than last year as we had plenty of support - from costumes to dancers and rehearsals - and a wonderful lunch hosted by Mr Ian Wade, our Group Managing Director. I also liked having a theme for contestants to focus on. I will re-enter next year, given the chance.

Jacky Lung - FORTRESS, Hong Kong



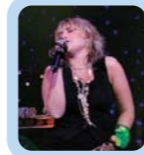
Finally, I am the champion and also the "Best Stage Performance" winner. These two grand prizes really make me feel GREAT. Working is crucial but it is always a joy to get rewards from the company. I will never forget that night and, of course, I will not forget this company.

Rea A. Marilyn - Great, Hong Kong



We were very pleased to represent Marionnaud at the Idol Competition and have happy memories of the warm welcome given by Group Public Relations, meeting the other candidates, discovering Hong Kong and especially the multi-cultural evening. I was especially proud of our blog www.4girlsinhongkong.com, my companion in this adventure.

Isabelle de France - Marionnaud, France



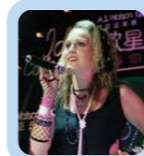
Going to Hong Kong and representing Superdrug was the most fantastic experience of my life. I was treated like a star; it was overwhelming. The competition was well organised and professional. There was no rivalry between contestants; it was a family atmosphere, which is what A.S. Watson is all about.

Faye Wilson - Superdrug, UK



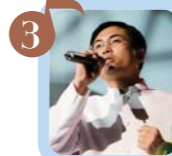
I was inspired by having the opportunity to perform on stage, but also by meeting colleagues from different countries and learning about diverse dancing styles and singing skills. It was such a successful event.

Kevin Chung - Watsons, Hong Kong



When I found out that I was going, I had to peel myself off the floor! Hong Kong was amazing! I was so nervous [but] I was one of six chosen to go to the final! Though I lost, I had a wonderful experience and cannot wait to go back to Hong Kong.

Hayley Patricia Davis - The Perfume Shop, UK



I feel so lucky to be able to share with my family and colleagues the happiness I gained from winning the 2nd runner-up position. I also realised that we can have a wonderful life through working.

Li Zue-shan - Manufacturing, Guangzhou



I was delighted to enter the final competition. I think that all the finalists delivered great performances pretending to be their idols. I gave full marks to all of their efforts!

Miranda Au-yeung - Manufacturing, Hong Kong



Sincere hospitality, a professional production and the great support we received from the audience gave me a strong sense of belonging and allowed me to share the enthusiasm of my colleagues.

Zhu Guang - Manufacturing, Shanghai



The team from Europe had a wonderful experience visiting a beautiful country, staying with their Asian counterparts and passing on their knowledge. They are: Kris Bogaerts, Store Manager, Gerant Waasland Shopping Centre (right, 1st row); Daniel Duval, Make-up Artist, Nieuwstraat, Rue Neuve Brussels Concept Store (left, 1st row); Ray Ann Yeppe, Shop Manager, Osdorpplein, Amsterdam (far left, 3rd row); and Muriel van Hille, Trainer of ICI PARIS XL Belgium (middle, 2nd row)

Beauty pros share their knowledge

From 1 to 9 August, an experienced team from ICI PARIS XL visited Manila to pass on their knowledge to staff at Marionnaud Manila, the Group's first luxury perfumeries & cosmetics store in Asia which opened on 29 September, 2006.

Held before the new store opening, the intensive eight-day training programme covered store operations, greeting customers and listening to their needs, choosing the right brands for individual customers and make-up application techniques. The programme also included role-playing exercises to illustrate the functions of managers, product advisors, beauty specialists and make-up artists.



Savouring Australia

From 20 to 26 August, Watson's Wine Cellar arranged an educational trip to vineyards and wine makers in Australia for nine staff, including Jennifer Tse, Australia and New Zealand Wine Buyer, Geery Go, Operations Manager and seven store managers including Pikki Yeung, Gary Yeung, Terence Wong, Homer Ho, Stanley Wong, Andrew Holden and Henry Lee.

With the support of Australia representative Ralph Fletcher, the trip covered the Margaret River region. Store Managers each chose a producer that inspired them and took detailed notes about their wines and the region. Afterwards, they presented a training session to staff in Hong Kong.



Thanking the Kruidvat Managers

Kruidvat held its annual Store Managers Day on 21 September at the Beatrixtheater and Jaarbeurs Utrecht as an appreciation for its 1,100 store managers.

Winners of the Store Manager Awards were announced, and 12 store managers were congratulated on achieving their jubilees. The fun-filled day included street theatre, concerts, street dance and a lightshow, with a concert by the famous Dutch band "Rowwen Heze" concluding the event.



Celebrating their success

The Perfume Shop held its Annual Managers Conference in Dublin, Ireland on 19 September, with more than 200 store managers, head-office staff and special guests treated like VIPs.

Two days of presentations and activities culminated in a black-tie dinner at which Glynn Miles, Manager of London's flagship Oxford Street store, won the coveted "Manager of the Year" title.

This year's evening entertainment was a showstopper with Gerry and the Pacemakers getting the crowd going, followed by a French band and a disco into the wee hours!





Time out for Drogas team

On 8 July, Drogas gathered 350 colleagues from Latvia, Lithuania and, for the first time, new A.S. Watson family member Estonia to enjoy a "Sun and Fun Day".

Casting aside the pressure of their demanding workloads, colleagues gathered at a beautiful riverside to indulge in the marvellous scenery and various relaxing activities, such as massages, gypsy dancing and aroma therapy. Educational activities included a rope course and photography lessons.

Drogas

Rising SOCCER stars

Now one year old, the A.S. Watson Soccer Team has demonstrated great talent, recently dethroning Harbour Plaza Hotel Management Limited (HPHML) to win the HWL Soccer Tournament at the Hong Kong Sports Institute.

They won 1:0, with team members including Hansen Chan, Wong Siu-lan, Billy Yung, Chan Ho-yin, To Hin-ming, Ray Fu, Chick Chun-pong, Paul Lai, Koo Wai-kin, Cheung Wai-kit, Arthur Lau, Matthew Lee, Koo Chi-wai, Jeff Lo, Lee Chi-fai, Henry Tang, Lobert Chan, Alan Leung, Ken Choi and Mark Gatenby. 🏆



Dancing and cycling for charity

To raise funds for charity, Superdrug hosted a star-studded "Dance Fever" ball on London's Park Lane in July.

The fun-filled extravaganza commenced with a performance by top British comedian Julian Clary. Stars from the BBC's Strictly Come Dancing Show subsequently teamed up with brave guests in a "dance off" competition in which Gerry Murphy, Marketing Director of Superdrug waltzed off with first prize.

Also on the agenda, a high-rolling casino and auction helped raise over £300,000 for the SAFE campaign and the Prince's Trust.

Guests were also pampered with manicures, beauty make-overs and hair styling.

In the Netherlands, meanwhile, 28 members of staff from ICI PARIS XL Netherlands took part in a 65-kilometre cycle tour on 27 September along with 7,000 other participants, to raise funds for the Pink Ribbon foundation, which aims to promote breast cancer awareness.

They were joined by Pink Ribbon ambassador Leontien van Moorsel, who is the former Dutch Olympic champion and previously a World Champion cyclist. Van Moorsel organises the tour in support of the breast cancer foundation. Superdrug ICI PARIS XL

Marionnaud sings patrons' praises

On 25 September, Marionnaud France partnered with Chérie FM to celebrate "Les Etoiles Chérie FM" with some of French top singers at the mythic French concert hall l'Olympia.

Prizes were awarded to singers in accordance with the radio station's core values: emotion, seduction, generosity, sensibility, and live emotion.

Marionnaud sponsored the Etoile de la Générosité prize with Laurence Paganini, Managing Director of Marionnaud France, presenting a €15,000 cheque to French singer Patrick Fiori for his work with Les Restos du Coeur, an association that helps feed and shelter poor people.

During October and November, a pink "Keep Lucky" bracelet was on sale for €6 in all Marionnaud stores in France with €3 per bracelet donated to the NRB association, which fights breast cancer and encourages self testing. Promotional pink ribbon stickers were displayed on all the Marionnaud store windows and ads were inserted in magazines such as *Marie Claire*. This operation is done in partnership with Clinique and Estée Lauder.

Marionnaud



PARKnSHOP teams go extra mile

Two teams from PARKnSHOP Hong Kong participated in the gruelling 100km MacLehose Trail on 11 and 12 November in support of Oxfam Hong Kong's poverty alleviation and emergency relief projects around the world.

The back-office team, (PARKnSHOP Managing Director Philippe Giard, Branco Ng, Garrick Chan and Pauline Yang) finished in under 27 hours while the store team (Robert Chan, Ko Hok-man, Wong Oi-lim and Cheung Ka-wah) finished in 28 hours 7 mins. [PARKnSHOP](#)



HK Sports Association for the Mentally Handicapped Golf Day



Visit to The Parents Association of Pre-School Handicapped Children



Visit to Tung Wah Group of Hospital Wilson T.S. Wong District Elderly Community Centre




Volunteer team branches out

Established for over a year, the ASW volunteer team has become stronger and stronger, and the areas in which it makes a contribution keep expanding: underprivileged children, the aged, handicapped sportsmen, new immigrants from Mainland China and more. Recently, A.S. Watson Group sponsored the

HK Sports Association for the Mentally Handicapped to participate in the 1st Special Olympics East Asia Regional Golf Tournament as well as 2006 Special Olympics Shanghai Invitational Games, and our volunteer team also gave a helping hand in the training courses, which resulting in the HK team winning two gold, two silver and one copper medals in the Tournament and one gold, one copper medals in the Invitational Games. [Lifestyle Club](#)



Greetings from Watsons Singapore

Hello! We are store managers from Watsons Singapore and we are committed to welcoming our customers with friendly service and professional beauty advice. 



As we enter the dry and cold season, dehydration becomes the mortal enemy of our skins. Whatever your skin type, re-hydrating and moisturising your skin are equally important. Instead of just shopping for facial masks, why not dig around at home or raid your refrigerator for ingredients to make your own masks? These DIY beauty treatments are simple to make, easy to use and suitable for all skin types.

There's a pharmacy in your fridge

<Source: Watsons China>



Radish Radiance

- Ingredients :** Radish, honey
- Method :** Juice the radish then add honey. Apply evenly with light and massaging motions. Wash after ten minutes.
- Effects :** Moisturising. Good for rough skins and dull complexions.

Banana Milkshake Bonanza

- Ingredients :** 1 banana, milk and flour
- Method :** Mash the banana, add milk and flour. Stir until smooth. Apply evenly. Wash after 20 minutes.
- Effects :** Besides nourishing and moisturising the skin, adding tomato or carrot juice can help exfoliate and reduce oil secretion.

Tofu Fairness

- Ingredients :** Tofu, honey, flour
- Method :** Mash the tofu, add honey and a small amount of flour. Stir until smooth. Apply evenly. Wash off after ten minutes.
- Effects :** Moisturising and whitening. Reduces large pores.

Watermelon Wonder

- Ingredients :** Watermelon, egg-white, flour
- Method :** Mash the watermelon, add egg-white and stir. Add a small amount of flour and stir until smooth. Apply evenly. Wash off after ten minutes.
- Effects :** Keeps skin hydrated. For dry skin, use egg-yolks.

Answers to Issue no. 69: 1) Paris 2) 200th store 3) €51,612

Super Prize (Bluetooth clip handset)

- | Name | Company & Department |
|-------------------------|---|
| 1. Julianna Lau | ASW – Finance |
| 2. Cher Yeung | PARKNSHOP HK – Construction & Engineering |
| 3. Rebecca Tam | FORTRESS HK – Accounts |
| 4. Fanny Au | Watsons HK – Operations |
| 5. Tang Wai-ying | Nuance-Watson (HK) – Finance |
| 6. Yeung Yui-hung | ASWI HK – Finance |
| 7. Poon Ngar-hung | ASWI HK – Finance |
| 8. Ng Chi-fung | ASWI HK – Engineering |
| 9. Rachel Wong | ASWI Guangzhou – Finance |
| 10. Janadel C. Funcobit | Watsons Philippines – Marketing |
| 11. Marsha P. Joyno | Watsons Philippines – Merchandising |
| 12. Juaydi Gunawan Tese | Watsons Singapore |
| 13. Jeslin Toh | Watsons Singapore |
| 14. Jayne Yeong | Watsons Malaysia – Accounts |
| 15. Louise Reid | The Perfume Shop |
| 16. Freek Balkema | Health & Beauty Continental Europe |
| 17. Trudie Malyon | Superdrug |
| 18. Aigars Armanovs | Drogas Latvia |
| 19. Egle Balsiene | Drogas Lithuania |
| 20. Marielle Snijders | Kruidvat |

Gold Prize (70s product shots magnet set)

- | Name | Company & Department |
|-------------------------|-------------------------------------|
| 1. Kwan Ka-shun | ASW – IT |
| 2. Iris Leung | FORTRESS HK – HR |
| 3. Louis Cheung | H&B Asia – Design & Development |
| 4. Carol Chan | Watsons HK – Finance |
| 5. Liu Siu-heung | ASWI HK – Finance |
| 6. Alice Leung | ASWI HK – HR |
| 7. Yau Kin-ip | ASWI HK – Engineering |
| 8. Kevin Jiang | ASWI Guangzhou – Security |
| 9. Josie Mamangun | Watsons Philippines – Merchandising |
| 10. Azlina Binti Aziz | Watsons Malaysia – Supply Chain |
| 11. Dawn Phua | Watsons Singapore – Merchandising |
| 12. Louise Stables | Superdrug |
| 13. Ricoul Pierre | Marionnaud France |
| 14. Julia Beljakova | The Perfume Shop |
| 15. Aukse Lukaseviciute | Drogas Lithuania |

- | | |
|-------------------------|------------------|
| 16. Laimonas Sarkus | Drogas Lithuania |
| 17. Nerijus Laurinaitis | Drogas Lithuania |
| 18. Saskia Rombaut | Kruidvat |
| 19. Bertina Pardo Vos | Kruidvat |
| 20. Mirjan Den Teuling | Kruidvat |

Silver Prize (Twin pouch set)

- | Name | Company & Department |
|-------------------------------|---|
| 1. Karmen Tsong | ASW – Finance |
| 2. Yu Hoi-chun | ASW – Security |
| 3. Leung Kai-cheung | PARKNSHOP HK – Construction & Engineering |
| 4. Wilson Ho | PARKNSHOP HK – Replenishment |
| 5. Ng Kam-ho | PARKNSHOP HK – Finance |
| 6. Jacky Chau | FORTRESS HK – Customer Care |
| 7. Louise Tong | FORTRESS HK – Sales Admin |
| 8. Ho Yuet-ye | FORTRESS HK – Accounts |
| 9. Anthea Li | Watsons HK – Supply Chain |
| 10. Cheung Sau-man | H&B Asia – Design & Development |
| 11. Chan Ka-lok | H&B Asia – Design & Development |
| 12. Lam Ka-sau | ASWI HK – Customer Care |
| 13. Hung Pui-shan | ASWI HK – Credit Control |
| 14. Iris Li | ASWI HK – Marketing |
| 15. Elaine Lau | ASWI HK – Finance |
| 16. Yiu Yee-man | ASWI HK – Finance |
| 17. Li Min-ni | ASWI Guangzhou – Finance |
| 18. Shao Ming-zhang | ASWI Guangzhou – Finance |
| 19. Tracy Lo | Watsons China – Sales |
| 20. Joy Yuen | Watsons China – Sales |
| 21. Lim Sing-joo | Watsons Malaysia – Buying |
| 22. Eric Wong | Watsons Malaysia – Marketing |
| 23. Rita Chanviriyavuth | Watsons Thailand – Executive Office |
| 24. Ana Maureen M. Martinez | Watsons Philippines – HR |
| 25. Leilani M. Magcayang | Watsons Philippines – Finance |
| 26. Teburcio C. Obligado, Jr. | Watsons Philippines – Finance |
| 27. Chris Hallsworth | Superdrug |
| 28. Svetlana Pavlova | Drogas Latvia |
| 29. Hanneke Van Helvoirt | Kruidvat |
| 30. Karin Van De Heijden | Kruidvat |

Super Prize (2)



MP3 Player

Sponsored by 

Gold Prize (20)



Watson Own-label gift set

Sponsored by 

Silver Prize (20)



2006 A.S. Watson Group Sports & Fun Day towel

Sponsored by 

Questions:

- 1) Name the health & beauty retail chain A.S. Watson Group acquired in July.
- 2) Which brand extends its business from Europe to Manila?
- 3) Which division is the overall champion (by medals and by scores) in the 2006 A.S. Watson Group Sports & Fun Day?

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

Company & Department: _____

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: 19 January 2007



Li Ka-shing wins first Forbes award

Mr Li Ka-shing, Chairman of Cheung Kong Holdings and Hutchison Whampoa Limited, has been awarded the first Malcolm S. Forbes Lifetime Achievement Award. The award was presented by Steve Forbes, President and CEO of Forbes Inc, and Editor-in-Chief of Forbes Magazine, at the Forbes Global CEO Conference in Singapore on 5 September.

Named for Forbes' legendary chairman, the award honours a lifetime of achievement as a hero of entrepreneurial capitalism. It is the highest form of recognition of global business success bestowed by Forbes Inc. on a single individual.

Presenting the award, Forbes said: "Few entrepreneurs in Asia, indeed in the world, have achieved so much from such humble

beginnings, building a business empire which spans 56 countries and multiple industries.

"Li Ka-shing is often referred to as "Superman" in Hong Kong. In fact, business leaders around the world also see him as a man of steel with incredible strength and resolve to turn vision and ideas into success. He and his companies have contributed immensely to the economic well-being of society."

Mr Li said: "I am honored by Forbes Magazine and the Forbes family for this recognition, particularly as we share a belief in the spirit of enterprise, philanthropy and service." (The Chairman's speech made at the award presentation is available at www.lksf.org) 