

180th Anniversary



Watson

A.S. Watson quarterly family magazine

Quarter 1 • 2008

The Essence of A.S. Watson • Watsons China gains momentum • It's Summertime at Superdrug • All in good TASTE • Brainstorming in the Baltics • On your marks...Go!



A Hutchison Whampoa Company



A salute to a year of positive changes & achievements

This is the first issue of Wats On in 2008 and I take this opportunity to wish everyone a successful Year of the Rat.

This year, we also celebrate the 180th anniversary of our first store opening in Canton in 1828. We are proud of our heritage and we can look forward to building on our solid foundations to continue to grow our network.

I am pleased to announce that ASW achieved a record year of profit in 2007, with EBIT of HK\$3.7 billion, representing 36% year-on-year growth.

This achievement would not have been possible without the commitment and determination of each and every one of you in our 36 markets.

During 2007 we as a group became more scientific and more transparent. We also executed at speed and demonstrated great teamwork. Our "One Team One Vision" philosophy embodies the spirit and culture that will take us to new heights in 2008. This year will be a year of growth – both in store numbers and profitability.



I see great opportunities this year with new store concepts being rolled out in several of our major markets to give customers a refreshing shopping experience. Maintaining footfall in the mature markets in our portfolio, driving the top line and managing a healthy stock profile are ongoing challenges.

We continue to see significant growth opportunities in many of our markets, especially Mainland China. Group synergies in buying and own label development will be key factors in the coming years to develop sustainable differentiation.

We have 19 successful retail brands operating in 36 markets. Our vision to be the market leader and employer of choice and our mission to exceed our customers' expectations remains consistent across the globe.

This year the Group formally introduces the Essence of ASW, which embodies our Vision, Mission and Values. This will be further described in this magazine. I encourage every business unit to understand these values and live by them.

Once again, I would like to thank all of you for your hard work and passion in 2007. Let's enjoy working together towards another successful year in 2008.

Dominic Lai
Group Managing Director



The Essence of A.S. Watson

Vision, Mission & Values

Our Vision

To be a leading innovative and fashion-driven retailer, leveraging group synergies and business partnerships, providing an environment where every employee feels rewarded and can give their best, ensuring maximum financial returns to shareholders.

Our Mission

To exceed our customers' expectations in every market in which we operate, through a diverse range of retail concepts and consumer products.

Our Values

Teamwork • Working with others cooperatively, internally and externally, to achieve superior results for the organisation. Valuing team goals and team collaboration alongside individual goals.

Results Orientated • Having the drive and enthusiasm to exceed goals and expectations, putting energy into meaningful challenges that impact the bottom line.

Loyalty and Commitment • Having the company's interests at heart in everything that is said and done. Being personally committed to go the extra mile to deliver the best results.

Respect • Showing consideration for each other's differences and taking value from alternative points of view. Trusting those you work with to afford mutual respect.

Passion • Putting positive energy into delighting customers and engaging oneself in continuous learning and improvement.

Scientific • Applying a logical and pragmatic approach when turning strategy into action thus avoiding complexity.



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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 36 markets worldwide. Today, the Group owns more than 7,900 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; property and hotels; retail; energy, infrastructure, investments and others; and telecommunications in 55 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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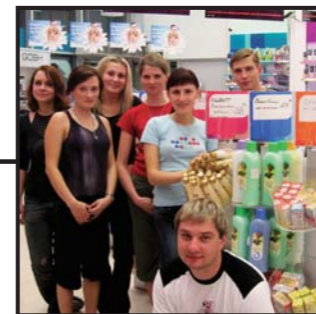
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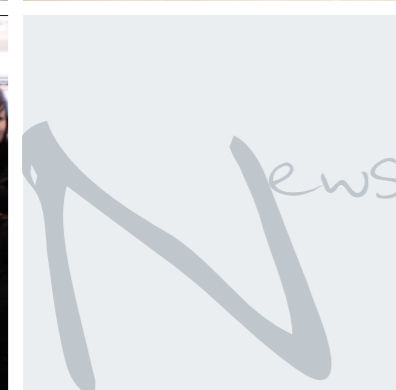
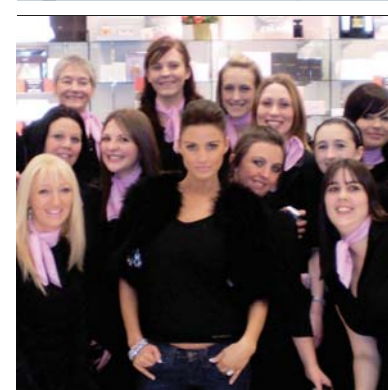
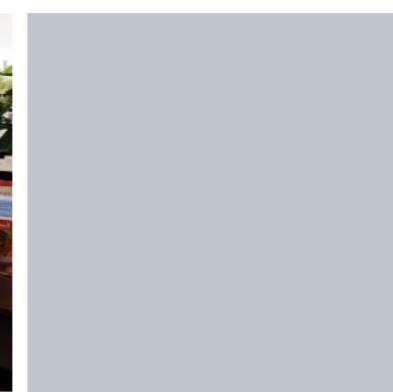
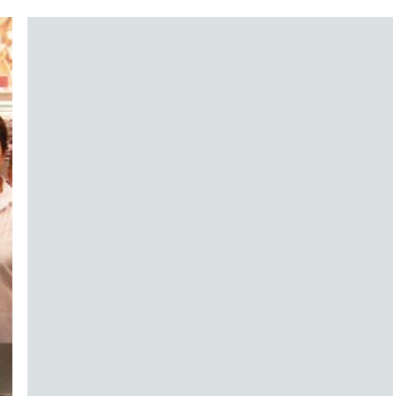
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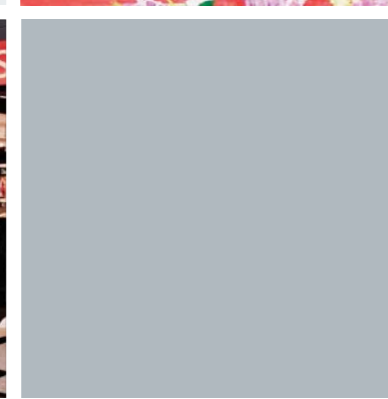
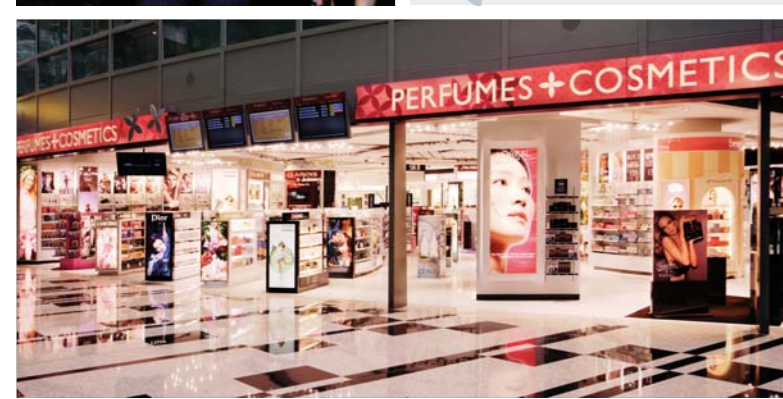
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Marionnaud launches private labels • It's summertime at Superdrug • Introducing exotic 'Alex' • Celebrity tour • Rebecca touches down • All things beautiful at Changi



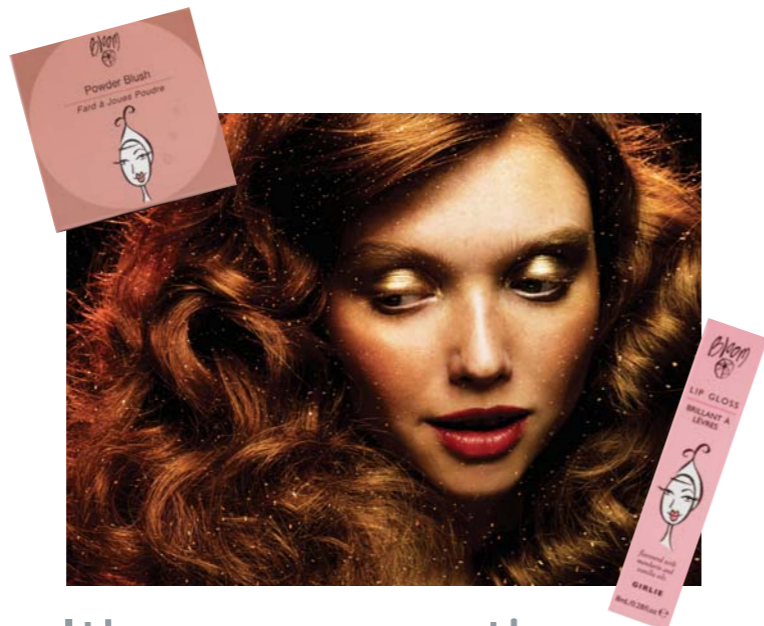
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Marionnaud launches private labels

Marionnaud recently launched its first range of A.S. Watson private label products in Switzerland, Austria, Spain and Italy. To appeal to younger customers, Marionnaud selected a range of bath, shampoo and body-care toiletries from Watsons' popular Olive, Papaya & Mango, Green Tea and Aloe Vera lines. The product launches were enhanced by in-store promotions, publicity campaigns, CRM and media advertising, and succeeded in attracting many new customers to the stores.

Marionnaud



It's summertime at Superdrug

Superdrug introduced its Spring Summer ranges to the media in January with a focus on STAR brands Optimum, Solait and GOSH plus FAMOUS by Sue Moxley, Bloom, Boudoir, Thai Spa and new GOSH grooming.

At the poolside setting of a central London hotel, representatives from Superdrug and key brands briefed the media on Superdrug's special position on the British high street. Experts also advised journalists on various treatments ranging from food intolerance and allergy testing to skin testing and mole clinics.

Apart from experiencing the new products, journalists at the launch also met the new Superdrug Beauty Board: Sharon Dowsett, Glenis Baptiste, Sue Moxley and Richard Ward. These experts will offer consultation on trends and products, independent specialist advice on the beauty trends and must-have tools for the seasons ahead.

The latest Look Book was also released, which is now famous within the beauty world for its on trend beauty grooming and stunning photography.



Introducing exotic 'Alex'

In late October, the UK's favourite celebrity title OK! Magazine launched its first fragrance exclusively at The Perfume Shop. Personally chosen by Alex Curran, wife of England footballer Steven Gerrard, 'Alex' is an exotic blend of florals and musks.

Alex worked closely with OK! Magazine to develop a fragrance that represents her life in a bottle while appealing to the many legions of OK! Magazine fans out there.



Celebrity tour

Katie Price toured five The Perfume Shop (TPS) stores in November to promote her best-selling fragrance 'Stunning' in the run-up to Christmas. As one of TPS's best selling celebrity fragrances since its launch in August 2007, 'Stunning' has received numerous PR mentions in the media. During the tour, Katie visited Belfast, Dublin, Cardiff, Bristol and Sheffield to meet her fans and sign bottles of her fragrance. More than 850 units were sold across the five stores during the two hours that Katie was in the stores!

Around the world



'Rebecca' touches down

On 25 January, Rebecca Morrice Williams, founder of Australian cosmetics brand and celebrities' favourite, BECCA, visited the Perfumes & Cosmetics Megastore at Singapore Changi Airport's Terminal 3 to celebrate the brand's exclusive debut into the Asia-Pacific region.






All things beautiful at Changi

Nuance-Watson Singapore (NWS) opened six new Perfumes & Cosmetics outlets at Singapore's Changi Airport Terminal 3 on 22 February, bringing the total to 24 Perfumes & Cosmetics outlets at Changi.

The stores are designed in a whiter, fresher look with splashes of Perfumes & Cosmetics signature pink, which are complemented by geometric petal-like patterns that help soften generic fixtures and create a more upscale feel.


Several new services have also been introduced, including a sensory internet fragrance kiosk, a mini La Prairie treatment room to pamper the tired, plus beauty concierges who attend to personal shopping, pre-order or gift-wrapping needs. Additionally, exclusive brands such as Victoria's Secret Beauty and Benefit Cosmetics have been introduced, brands which are not available at any other airport retail outlets in Asia-Pacific. 



Celebration time

Nuance-Watson (HK) has won the "DFNI Product Awards Best New Watches Store" for its new operation at the Venetian Macao-Resort-Hotel in Macau.

Nuance-Watson (HK) was also commended for "Best New Store" Confectionery & Fine Foods for its newly revamped food hall in the Plaza Store at Hong Kong International Airport. The Kipling outpost, a joint launch, received the "Best Marketing Campaign/Strategy" Award.

Meanwhile, Nuance-Watson Singapore has been nominated as "Airport Travel Retailer of the Year" and "Best New Shop Opening for Terminal 3" for the DFNI Global Awards. 



All in good TASTE

The cosmopolitan shopping experience that has become a TASTE sensation across Hong Kong has become even more exciting with the recent opening of the 55,000 sq-ft flagship store at East Point City in Kowloon East.


TASTE caters for young professionals and middle-income families living in Tseung Kwan O who are looking for international flavours. The store offers foods of the finest quality, with a focus on healthy and organic produce, exclusive Japanese cuisine, and homeware that fits with international lifestyles.

The store offers more than 30,000 different items, including a whole array of fresh meat, seafood and rare fruits which are jetted in daily from around the world. The organic selection is one of the biggest ranges available in Hong Kong while a wide variety of products from Japan's Hanamasa stores are also exclusively available. Specials include Gateau Roule, a Japanese-style cake baked in the only oven of its kind in Hong Kong – a process that customers can see for themselves.



Introducing "Elements" New look FORTRESS

On 1 October 2007, FORTRESS opened a new 4,000 sq-ft concept store in Elements, the trendy new upmarket shopping mall at Hong Kong's Kowloon MTR Station, which connects to Hong Kong International Airport.

With a wide range of consumer electronic products, the new store brings a brand new shopping experience to customers. It features a spacious and curvaceous new design and incorporates an elegant new white and pastel-orange palette that replaces FORTRESS' well-known black and orange decor. 



PARKNSHOP China celebrates Olympic spirit

To celebrate the Olympic Year, PARKNSHOP China has been rewarding customers with lucky draws for tickets to the Beijing Olympics.

Three rounds of draws were successfully held in the Shenzhen and Dongguan stores in January 2008 and in the Guangzhou Jiangnan store in February respectively. Altogether, 24 lucky winners were drawn and each of them will get one full set of Olympic tickets.

During the draws, customers participated in a mini Olympics quiz for small prizes and their enthusiasm shows they are geared up to give their whole-hearted support to the games! [PARKNSHOP](#)



Local artist Faizal Msia, winner of the "One in a Million" singing competition, was one of the celebrities at the concert.

Watsons Malaysia celebrates 14th

To celebrate its 14th anniversary, Watsons Malaysia staged a mini concert and lucky draw at its store in Sg Wang Plaza in Kuala Lumpur.

During the event, Watsons launched its "14 Years, 14 Fantastic Prizes" competition, which ran from 17 January to 2 March 2008. For every RM20 spent, customers received one entry form, with prizes including 14 Sony Digital Cameras, 14 Samsung MP3 Players and 14 x 10 movie passes to Golden Screen Cinemas. [Watsons](#)

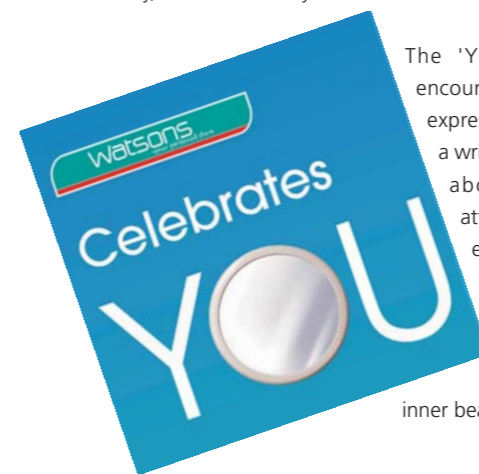


With members from four countries – Malaysia, Singapore, Philippines and Brunei – boy band group Boyz Frenz entertained the crowd.



Unleashing the inner beauty in YOU

Watsons, Thailand's No. 1 health & beauty retailer, has launched the 'YOU Awards' programme, designed to reward customers who celebrate their best physical attributes in six attractive categories: face (male and female), lips, eyes, hair and body. This is the first such interactive programme in Asia and will be sponsored by six leading health, wellness and beauty business partners including Nivea for Men, ZA, Maybelline, Olay, Dove and Elancyl.



The 'YOU Awards' programme encourages Watsons customers to express themselves by submitting a written account of how they feel about their best physical attributes. Watsons believes that everybody has unique physical qualities to be proud of, and through the programme hopes to help people discover and unleash their inner beauty. [Watsons](#)



Princess says 'thank you'

HRH Princess Soamsawali recently presented a certificate to Mr Toby Anderson, General Manager of Watsons Thailand, in recognition of the company's 25 years of support to the Association for the Promotion of the Status of Women under the Royal Patronage of HRH Princess Soamsawali. [Watsons](#)



Store Openings (November 2007 to February 2008)

PARKSHOP

Hong Kong

- Supermarket
- Wang Fai Centre, Lok Fu

Watsons

Mainland China

- New World Living Mall, Changchun
- Huarui store, Shenyang
- Pelagic Mall store, Tangshan
- Mapies Center store, Beijing
- New World Department store, Anshan
- Xin Bai Plaza store, Shijiazhuang
- Bailian Shopping Mall store, Shenyang
- Eastar store, Xi'an
- Hantang Bookstore store, Xi'an
- Sawan store, Chengdu
- Jinyang store, Chengdu
- Holiday Department store, Wuhan
- Yangpu Oriental Department store, Shanghai
- Minhang Zhuanqiao Tesco store, Shanghai
- Jinhua Intime Department store, Jinhua
- Pudong Chuansha Morden store, Shanghai
- Hongkou Lianghong centurymart store, Shanghai
- Putuo NGS118 store, Shanghai
- Fengxian Nanqiao store, Shanghai
- Changshu FENGXIAN Sports Centre store, Suzhou

- International New World store, Zhaoqing
- Guanya Mall store, Fuzhou
- Joindoor Department store, Changsha
- Huang Jiang store, Dongguan
- Champagne Plaza store, Shenzhen
- Airport store, Shenzhen
- Airport store, Zhuhai



Singapore

- Changi Airport Terminal 3, Departure Hall Transit
- Changi Airport Terminal 3, Basement
- Raffles City



Korea

- SD Market
- Yeokgok

Indonesia

- Jusco Bukit Tinggi, Klang, Selangor
- Tesco Kota Bharu, Kota Bharu



TASTE
MORE THAN FOOD

Hong Kong

- East Point City, Tseung Kwan O



FORTRESS

Hong Kong

- East Point City, Tseung Kwan O (relocation)
- Kingswood Ginza, Tin Shui Wai (relocation)

Watson's Wine Cellar

Hong Kong

- Ocean Centre, Tsim Sha Tsui
- Hutchison House, Central
- IFC Mall 2, Central

Luance-Watson
WORLD CLASS DUTY FREE

Hong Kong

- Giorgio Armani Cosmetics Boutique



- M.A.C Beauty Boutique



THE PERFUME SHOP

United Kingdom

- Meadowhall – Sheffield

Ireland

- Athlone
- Coleraire

Scotland

- Dunfermline



Kruidvat

Netherlands

- Boreelplein 9, Deventer
- Burg. Eijckelhofstraat 2a, Millingen a/d Rijn
- Goudsbloemlaan 111 – 113, Den Haag
- Dorpstraat 7, Geffen
- Bur. Mooijstraat 25, Castricum
- Kerklaan 17-19, Moordrecht
- Genderenplein 12, Hoofddorp
- Streksingel 69a, Rotterdam

Belgium

- Hundelgemsesteenweg 656, MERELBEKE
- Gilles-Waas

ROSSMANN

Poland

- Kopernika 5, Opoczno
- Puławska 17, "Europlex", Warszawa, Europlex
- Różyckiego 6, Jelenia Góra
- Grzeczynarowskiego 17, Radom
- Chrobrego 17, Radom, Chrobrego
- Paderewskiego 10, "Stokrotka", Białystok
- Karskiego 5, Manufaktura, Łódź, Manufaktura
- Wysockiego 67, "Galeria Podlaska", Białystok, Galeria Podlaska
- Czarnieckiego 1c, Ostróda
- Warszawska 34, Koźnice
- Kamienna 12, Zgierz
- Grota - Roweckiego 3, Bielawa
- Zana 35, Lublin
- Celna 14a, Nysa
- Dąbrowskiego 13, Środa Wlkp.

Openings (November 2007 to February 2008)

Store



Watsons China

gains
momentum

In the trendy Watsons store at Raffles Plaza in downtown Shanghai, well-heeled customers choose from a luxurious selection of brand-name beauty products, ranging from face creams and make-up to health foods and vitamin supplements.



They are the face of China's fast-growing middle class, with enough disposable income to splash out on the finer things in life.

"At Watsons, it is not just about shopping," says one celebrity shopper, "each visit is a new and exclusive experience. There are so many fresh and interesting things, not just products but also the atmosphere that makes it my personal store of choice."

Adds an office worker from Shanghai, "The exceptional products and services along with the contemporary, colorful and comfortable shopping environment is greatly appreciated."

Like millions of their contemporaries, these customers have developed sophisticated tastes, seeking the best products the world has to offer.

Since embarking on a major economic reform programme in 1978, China has emerged as the world's fastest-growing economy. With average real growth of more than 9% a year, per capita income has quadrupled in the past 15 years, with some analysts predicting that China will overtake the United States within 20 years to become the world's richest nation.

Watsons China, a pioneer in China's health and beauty retail market, has been growing even faster than the national economy.

Watsons can trace its roots back to 1828 with the opening of the Canton Dispensary, but the first Watsons store in post-reform

China opened in Beijing in 1989. Today there are 337 Watsons stores in 52 cities across the country.

For Watsons, the growth has only just begun: "We have a target of at least 800 stores by 2010," says Christian Nothhaft, Managing Director of Watsons China.

The company is clearly succeeding in a market that offers tremendous opportunities and presents several unique challenges.

"China is a virgin market. There is no established health and beauty retailer other than Watsons, we are pioneering the market," says Nothhaft.

"Unlike in Hong Kong, where Watsons is seen as the store for daily necessities, Watsons China's personal care and health products are positioned at the mid to high end of the luxury market. Another difference is that there are fewer pharmacies as government legislation restricts the number to about 60 pharmacies within Watsons stores across China."

Watsons' strategy is striking a chord among Chinese consumers. So far, more than two million members have registered for the customer loyalty card programme.

Says one Beijing-based health and beauty journalist, "Watson's position is clear; its network is strong and unique and its offers always attract attention. Brand influence is highest among other market players. That's why it wins millions of customers in China."

Promoting Talents

At the heart of Watsons China's success lies the company's ability to bring out the very best in its people.

"Watsons China has a learning culture," Nothhaft explains. "Our management team is deeply committed and we are fully aligned to 'get the goal!' Our people are good, and they're getting better every day. We are continually refining the process, even when it comes to small details like body language. We are receptive to cultural and regional differences. Our customers, too, are still learning to be savvy consumers by exploring new products and identifying quality."

With so many new store openings, recruiting, training and retaining staff is vitally important.

"One challenge is that we need 150 new store managers per year, often in remote cities," says Nothhaft. We are growing at over 1,000 people per year.

"We are very focused on establishing a culture of excellence, where staff embrace our history, take pride in our achievements and feel they are part of our ongoing success.

"While staff must expect to start at the bottom, people know they can climb the ladder at Watsons in China steadily. You have to find natural talent; it doesn't always show up on a CV and therefore we have begun to promote more and more from within and across departments. With so much economic growth, qualified staff have many options, so retention of staff is an important issue."

The company's mantra, the 'Watsons Way', encapsulates its corporate culture. Training is provided through a dedicated National Retail Academy Team, and it also has a Store Manager Fast-Track



programme to establish management skills among staff who want to make a career in retail from the bottom up.

"We are also focused on good communications among staff and we avoid being too hierarchical," says Nothhaft. "For example, we have a 'Tea Break' programme, where each manager must sit down with staff to talk about the work environment and improvements that can be made. At this level we can address even the smallest problems that may affect performance and team satisfaction. If the staff toilet doesn't work properly, this is put in the minutes of the meeting and the problem is sorted out quickly. If managers do not stay in touch, they don't get to hear about these little problems."



Every couple of months, Watsons China holds what it calls 'Town Hall Meetings', bringing together regional managers and functional heads. "At these meetings we give a rundown on what our strategy is and where we are in terms of executing it," says Nothhaft. "We inform on the company's direction, trends in the market and highlights in sales and team achievements."

This, in turn, filters down to staff on the floor. People feel they are part of the mission.

Watsons China also publishes a staff newsletter – My Home – that reports on activities within the company and features things like elements of good service, staff heroes and beauty tips.

Marketplace of Ideas

As a member of a multinational company, Watsons China benefits from the global exchange of ideas, as well as human resources.

"For example, we presently have some excellent staff development in our logistics department, originally the weakest link in our value chain. That's where we saw an urgent need," says Nothhaft. "Meanwhile, our own people have developed ground-breaking product-tracking software for the supply chain that can be deployed by our sister companies."

"Our expertise in the supply chain and logistics has turned out to be one of our greatest advantages," he adds. "Even during the recent shut-down caused by snow over the Chinese New Year holiday, our warehouse down-time was only one day – a great example of service attitude."

With the focus on providing customers with what they need, when they need it, Watsons China has been refining the product selection on its shelves, reducing the number of items to 5,000 from 9,000. It has also launched a test model of 3,500 items, which will be the company's future model.

"Our key doctrine is to have in store what the customers want or aspire to," says Nothhaft. "China is the size of Europe and we are in 52 cities, so we need to be very much in tune with regional differences. We have both sub-tropical and continental climates – hot and cold. There is a day in northern China when the temperature drops by five degrees; and suddenly everyone needs skincare and moisturisers. The more you understand the micro-mechanics, the better you get at delivering what your customer wants."

FineTuned

With the trading team constantly monitoring range performance and finding new ways to forecast what and when consumers buy, Nothhaft says the business today has less stock than two years ago but with around 150 more stores.

"We insist that our suppliers must perform and we penalize them for non-delivery. This increases the element of certainty," he says.

Centralised buying is carried out in Guangzhou for the whole of China, based on feedback from regional managers to ensure the group responds to local tastes. For example, Watsons China ensures that customers in northern China have access to certain regionally popular products such as Korean brands of toothpaste.

Besides brand-name goods, Watsons "private label" products are very successful in China, with around 300 stock keeping units (SKUs) on offer, including skin care and hand-cream ranges that occupy the high-end niche in customer perceptions. Given the strong response, Watsons is currently looking into creating more generic brands and has started a product development department, based in Shanghai.

With its almost 350 stores nationwide, Watsons China is the country's leading health and beauty retailer by far – the next biggest comparable competitor only has about 30 stores. Foreign companies therefore see Watsons as the ideal partner to market their products in China – exclusively.

"International businesses are learning that entering China is not so easy," says Nothhaft. "As a result, we are negotiating with various European brands to become their distribution arm."



Dominic Lai, Group Managing Director, addressed to Watsons China team at the 'Town Hall Meeting'

HotProperty

With an average of two new store openings per week, finding the right properties in the right locations is an ongoing exercise.

"The shortage of good 'ready-to-go' properties and shopping malls is one of the main factors restricting our speed of growth," says Nothhaft. "Access to top locations is sometimes expensive, even in secondary cities. Property is hot and has been a key driver of inflation in China."

Watsons has a dedicated property team that researches and sources suitable retail properties.

"We work on property like any major multinational franchise, such as Kentucky Fried Chicken, would do," explains Nothhaft. "Our team has investigated 230 cities and ranked them according

to potential. It then maps Chinese cities and dissects them into different trade zones to ascertain how many stores are planned. We then go and chase sites in those areas. We update our trade-zone plan monthly."

Each region also has a team that specializes in opening new stores. It works with local contractors on shop fitting and also hires and trains 12 to 18 new people for each store.

In the year in which Beijing hosts the Olympic games, Watsons China's track record is already of Olympian proportions, and the company is on an ambitious expansion drive that will see the number of stores more than double in the next couple of years. If Watsons China were an athlete, it would surely have won a gold medal!

Watsons China Timeline

1989	1992	1994	2005	2006	2007	2008
Opened store in Beijing	Opened store in Shanghai	Opened store in Guangzhou	In January, 100 th store opened in Grand View Plaza, Guangzhou	By June, store numbers had doubled to 200	Opened 300 th store	400 th store due to open



Family values

Drogas is a family friendly company with values that are based on great traditions. Apart from Drogas being like a big family, there are literally parents and children, brothers and sisters, aunts and cousins who work for Drogas in different stores or together in the same store.

Store manager Ramona Kaupere's son Ronalds worked for Drogas during his summer and winter holidays, and then stayed on. Mother and son have now worked for Drogas for seven and two years respectively and wish to continue the family tradition of working in the same company for years.



Brainstorming in the Baltics

In September, for the first time Drogas employees from all three Baltic States (Estonia, Latvia and Lithuania) worked side by side to transform the Viru 4 store in Tallinn, Estonia.

The seven-member team created a total new look: less store clutter to provide more shopping comfort, and modified categories accenting beauty care with exclusive products. The result was a unique concept of the Drogas store, resulting in increased sales right after reopening.



The Perfume Shop Family day

Early November saw The Perfume Shop host its first ever Family Day for all of the Head Office team and their families.

The organisers went to town and provided fairground rides for little kids, and for bigger kids there were dodgems, archery, digital clay-pigeon shooting, trampolines and a climbing wall. There was also free food and drinks all day.

It was the weekend before Bonfire night, and as the night became darker, the sky was filled with fireworks. A disco lasted into the night and, with buses on hand all day to ferry staff to and from High Wycombe, no one had to worry about transport. Everyone, both young and old, had a great time.



Managers' wintrip to Hong Kong

In January 2008, 22 store managers from Kruidvat (Rotterdam) and Trekpleister (Den Helder) were rewarded for their efforts in the annual store contest with a five-day trip to Hong Kong.

Besides visiting all the scenic spots in town, they also met with Group Managing Director, Dominic Lai at the Hutchison Whampoa Head Office on 21 January. Mr Lai thanked the team for their great efforts to boost store sales and encouraged them to keep up the good work.





Goldclass

The annual "PARKiSHOP, TASTE, GREAT and GOURMET Golden Celebration Dinner" was held at the InterContinental Hong Kong on 17 January to thank suppliers.

Six awards were presented: "Best New Product", "Best Service Level", "Best Marketing", "Best Promotion", "Best Hot Item" and "Best Brand".

In the lucky draw, guests received HK\$12,000 worth of coupons for PARKiSHOP and TASTE.



2nd General assembly

Watsons Philippines recently held its 2nd General Assembly under the theme: Celebration of SUCCESS.

People Initiatives and Sales Achievements were announced, 18 employees were honoured for long service and The Philippines Listening Post, which invites open communications between staff and management through email, was re-launched following the appointment of Robert U. Sun as Chief Operating Officer.



Back to school at Watsons Philippines

Placing a high value of ongoing education, Watsons Philippines' Learning & Development Department has launched various training programmes for its employees, ranging from self-development and people management to product awareness enhancement.

In the most recent development, the Commercial Management Programme was launched in the Philippines, a regional initiative. The Senior Management Team of Watsons Philippines and other Managers joined the three-day programme from 1 – 6 October at the Legend Villas in Manila. Among the topics discussed were Commercial Leadership, Personal Effectiveness and Performance Management and Coaching.



Management conference

PARKiSHOP, TASTE, GOURMET and GREAT held their 2008 Annual Management Conference at the Hong Kong Convention and Exhibition Centre with around 400 managers participating.

The conference theme was "Faster, Stronger, Higher", derived from the Olympic motto and encouraging staff to embrace the spirit of success to maintain the Number One position in the market.





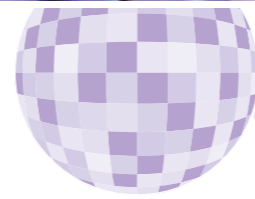
Watsons Philippines hosts 80s party

Watsons Philippines celebrated the successes of 2007 with a "Back to the 80s" Christmas party held at the SMX Convention Center in Manila on 26 November. In addition to an evening of fine food and good company, Watsons Excom, led by Philippines' Chief Operating Officer Mr Robert U. Sun, were the stars of the show with their special 80's dance number!



FORTRESS sparkles on party night

To welcome the New Year and celebrate a good sales performance in 2007, Fortress held a Sparkling Party Night at the funky café Muse at Hong Kong Cultural Centre on 2 January. Around 120 staff showed off their song and dance skills during the "talent show", General Manager Gary Ng wowed the crowd with his tic-tac dance moves and almost everyone won trendy prizes in the lucky draw.



ICI Paris XL party circuit

Staff at ICI Paris XL had every reason to party as they achieved a record year of profit in 2007 and exceeded targets in sales, EBIT and customer satisfaction.

This encouraging performance is the result of the close collaboration between ICI Paris XL and brands. A 70s Disco party sponsored by P&G (Gucci, Boss, Dolce & Gabbana and Lacoste) was held in the Netherlands on 21 January at the Hilversum TV-studios with more than 1,000 colleagues and guests dressed up in their favourite 70s gear.

The "Blues brothers" – Managing Director Miek Vercooteren and Leo van Welij, General Manager of Benelux – got the party started with glamorous flamingo dancers.

In Belgium, meanwhile, the "Apr's-Ski - White Chic" party, sponsored by L'Oreal Produits De Luxe (Lancôme, Armani, Biotherm, Victor & Rolf) held on 28 January at Gallery Louise Brussels attracted 750 colleagues and guests who dressed up in stylish ski suits and partied till dawn.





On your marks...

Go!

Cool weather on the morning of 17 February represented a good start for participants in the Hong Kong Marathon. And with so many sports enthusiasts at ASW it was no surprise that a significant number of staff took part in the most prestigious race in town.

In the spirit of teamwork, two men's and one women's corporate challenge teams, each consisting of four members, ran the 10km Challenge. They were never alone, as 95 Watsons Athletic Club runners also took part in this popular event. Cheng Hin (MFG – CGI) finished the 10km race in a swift 36:49, achieving the second runner-up position in the Men's Masters 2 category.

The men's teams also excelled in the 10km Team Challenge, with Team 1 (Chan Ka Chun Eric, Cheng Hin, Chow Hok Ming, So Yirk Yu Martin) winning the championship and Team 2 (Chan Wai Keung, Li Hon Leung, Mak Lin Nang, So Ching Tim) the second runners-up. 🏆



Supporting Red Cross

From 23 November to 27 December 2007, PARKNSHOP, TASTE, Gourmet, Watsons Wine Cellar, FORTRESS and Watsons Hong Kong participated in the Hong Kong Red Cross Pass-it-On fund-raising programme.

The in-store selling of the Red Cross Loving Bear raised a total of more than HK\$113,000 from generous customers!

Now in its 5th consecutive year, the campaign encourages people to care not just for their immediate families and friends, but also for those who are less fortunate.



Collaborated care for our society Making a difference

A.S. Watson Group (ASW) has this year again been named "Caring Company" by the Hong Kong Council of Social Service for its contributions to the community in Hong Kong.


Also named are ASW's parent company Hutchison Whampoa Limited, Cheung Kong (Holdings) Limited, and more than 70 subsidiary companies including Watsons Your Personal Store, FORTRESS, Watsons Water, PARKNSHOP, TASTE, GOURMET, GREAT, Watson's Wine Cellar and Nuance-Watson(HK).

The "Caring Company" title recognises companies that are good corporate citizens in volunteering, giving, partnering, mentoring, employing the vulnerable, and being family friendly and environmentally friendly. 🏆



Watsons Mini Marathon

Watsons Thailand hosted the "Watsons Mini Marathon" on 24 November 2007 at Lumpini Park. It was the final charity event under the "Watsons Good Heart Smart Health" community project, which encourages Thai people to stay healthy and practise giving.


The competition winners received a trophy from HRH Princess Soamsawali as well as bonus prizes from Watsons. Funds raised from Watsons Good Heart Smart Health events have been donated to the Association for the Promotion of the Status of Women under the Royal Patronage of HRH Princess Soamsawali. 



Want respect? Use a condom

Superdrug has been working with the British Government on its continuing campaign, "Want Respect", to encourage the use of condoms with the aim to encourage young Britons to take control of their sexual health and family planning.

To coincide with Valentine's Day, Superdrug launched the exclusive Desire "rescue pack" of two condoms, with boudoir inspired pink and black packaging designed to appeal to female shoppers.

Superdrug is actively involved in encouraging condom use, and in 2006 successfully campaigned for a reduction in VAT payable. 



Guess Who's the Santa - Peter Johnston, General Manager, Quality, Food Safety & Regulatory Affairs of Retail Hong Kong

Santa adds a touch of magic

Every year some children are unfortunate enough to have to spend Christmas in hospital.

This year, PARKNSHOP donated a number of Christmas gifts that were given out by Santa during a tour of the children's wards, bringing smiles to the faces of children, doctors and nurses alike.

Some children were interested to know how Santa could deliver presents to all the children around the world on the same night. Santa explained that luckily he and Rudolf the red-nosed reindeer had "magical powers". Ho Ho Ho!!






Awardees on track to



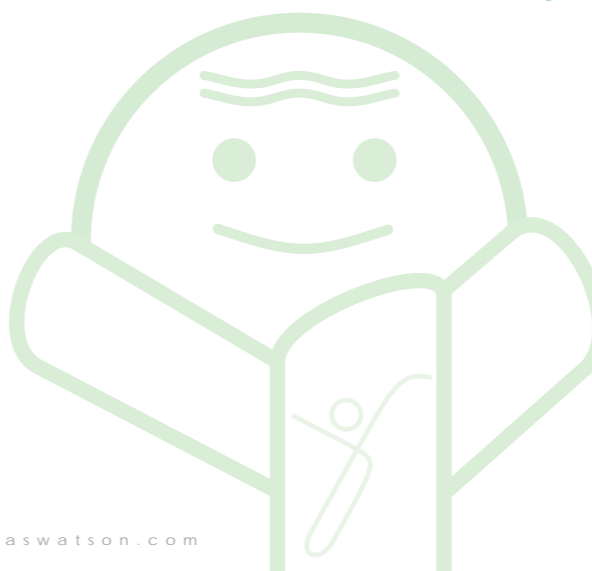
success

Operating in its third year, the A.S. Watson Group (ASW) Hong Kong Student Sports Awards has proved to be a great success among secondary, primary and special schools across the territory. This academic year, 800 students have been nominated by their schools. Nearly 70% of all schools in Hong Kong participate in the programme, with 12% taking part for the first time.

On 11 and 12 February, ASW organized a leadership-training workshop for all student awardees, which aimed to bring out student's leadership potential and offer a learning experience about good teamwork.


An award presentation ceremony was held at the Academic Community Hall of the Hong Kong Baptist University on 24 February to recognize student's outstanding sporting achievements. Thirty outstanding awardees will be selected to participate in a sports exchange tour to Beijing in June, just before the Beijing Olympic Games in August. They will learn about elite sports preparation and training systems in mainland China and perhaps be inspired to pursue a career in sport. 

Care and warmth for the elderly



The A.S. Watson Group Volunteer Team in Hong Kong has extended the family feeling within the Group to brighten up the lives of elderly people within the community.

For the second year in a row, staff used their spare time during the cool November days to knit more than 150 woolen scarves. These were packed with other daily necessities, such as cooking oil, rice, medicine oil and New Year calendars in fortune bags that were sponsored by PARKINSHOP Hong Kong and Watsons Hong Kong respectively, and presented to the elderly in Fanling and Shatin on 15 December and 5 January.

The ASW volunteers were met with friendly smiles during the home visits, shared happy moments and learned more about the needs of senior citizens. In total, more than 200 elderly people benefited from the fortune bag delivery. 

Answers to Issue no. 73:

- 1) Pink
- 2) Most Popular TV Commercial Awards (Food & Beverage) or The Most Adorable Kid
- 3) Annual charity sale of Christmas bears

Issue no. **74**

Super Prize (MP3 Player)

Name	Company & Department
1. Wong Ka-yan	ASWI HK – Finance

Gold Prize (USB gift set)

Name	Company & Department
1. Michelle Cheung	ASW – IB
2. Yu Siu-ching	Watsons HK – Operations
3. Lau Yeung-chiu	PARKNSHOP HK – Distribution Center
4. Louis Cheung	H&B Asia – Marketing
5. Alex Chan	H&B Asia – Marketing
6. Ng Kam-ha	ASWI HK – Finance
7. Steven Dong	PARKNSHOP China – Buying
8. Zhang Ye	ASWW Shanghai – IT
9. X.Y. Xu	Watsons Guangzhou – Finance
10. Oxygen Zhou	Watsons Guangzhou – Trading
11. Vivi Lam	Watsons Taiwan – Store
12. Saifullizan Hussain	Watsons Malaysia – MIS
13. Tan Siow Kheng	Watsons Singapore – Store
14. Joanna Rein Dying	Watsons Philippines
15. Eduard Verlinden	Marionnaud France
16. Loreta Zieziene	Drogas Lithuania
17. Jekaterina Zolotova	Drogas Estonia
18. Dahdouh Gadija	ICI Paris XL Belgium

19. Marianne Goumans	Kruidvat Netherlands
20. Danielle Houldsworth	The Perfume Shop

Silver Prize (Watsons Own-label gift set)

Name	Company & Department
1. Chan Ka-yan	ASW – FSSC
2. Jade Cheung	ASW – FSSC
3. Kwong Chung-yan	PARKNSHOP HK – Finance
4. Chan Pak-chuen	PARKNSHOP HK – Warehouse
5. Kwok Yuet-wah	PARKNSHOP HK – Warehouse
6. Michelle Leung	FORTRESS – Customer Service
7. Chan Kwan-koon	ASWI HK – Finance
8. Anthony Hui	ASWI Guangzhou – Finance
9. Peggy Liang	ASWI Guangzhou – Production
10. Rebecca Gao	Watsons Guangzhou – Merchandising
11. Ruya Wang	Watsons Shanghai – Finance
12. Erin Huang	Watsons Taiwan – IT
13. Shureen Lim	Watsons Malaysia – Marketing
14. Jasmine Loke	Watsons Singapore – Finance
15. Eileen Tan	Watsons Singapore – Finance
16. Grace A. Dimaano	Watsons Philippines – Merchandising
17. Raimonda Samoskaite	Drogas Lithuania
18. Caestecker Isabelle	ICI Paris XL Belgium
19. Van Hille Muriel	ICI Paris XL Belgium
20. Kan Sau Chen	Kruidvat Netherlands




The Chairman's gift enhances palliative care

On 29 January 2008, Mr Li Ka-shing officiated at the extension of the Li Ka Shing Foundation's (LKSF) nationwide "Heart of Gold" Hospice Programme to public hospitals in Hong Kong. The programme now incorporates Mainland China and Hong Kong and provides terminal-stage cancer patients with palliative care services. In addition to LKSF's HK\$42 million, Hospital Authority will provide an additional HK\$23 million.

The programme includes the establishment of eight hospice day-care centres across seven hospital clusters. These centres seek to combine a comfortable atmosphere with convenient access to professional care, equipment, expertise and social and psychiatric support resources in one hub. The programme aims to relieve suffering when recovery is beyond hope and

encompasses a wide range of comfort and care services along with supporting elements.

Mr Anthony Wu, Chairman of the Hospital Authority, expressed heartfelt gratitude to the Foundation for its support.

Mr Li regards hospice care as being about extraordinary people taking the time to improve the lives of others. He believes dignity in death is priceless and care and respect for those with terminal illness are key indicators of our social values. Mr Li praised all front-line hospice staff involved in the programme and acknowledged their work as being imbued with sadness but admirable, bringing peace, comfort and dignity. 



Questions:

- 1) What does A.S. Watson stand for?
- 2) When did A.S. Watson become subsidiary of Hutchison Whampoa?
- 3) When did A.S. Watson first expand its retail operation into Europe?

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: 05 May 2008

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

Company & Department: _____

Address: _____

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

A1: _____ A2: _____ A3: _____



Celebrating
180th
 Anniversary
 A.S. Watson Group
MILESTONES



1828 The Canton Dispensary, the forerunner of A.S. Watson, opens in Guangzhou, China.

1841 Alexander Skirving Watson joins the Hong Kong Dispensary as Manager.

1858 The Hong Kong Dispensary was formally registered as A.S. Watson & Co., Limited.

1869 Operations extended to Hong Kong with the founding of the Hong Kong Dispensary.

1871 The Hong Kong Dispensary becomes the appointed chemist to the Governor and the Duke of Edinburgh.

2000 Entered European retail market through acquisition of the Savers health and beauty chain in the UK.

2002 Acquired Dutch-based Kruidvat Group in Europe, adding 1,900 stores to A.S. Watson's portfolio.

2005 Acquired French listed company Marionnaud perfumaries chain with over 1,200 stores in France and 13 other countries in Europe, making A.S. Watson the world's largest health and beauty retailers by store number. Also acquired The Perfume Shop in the UK, Spektr in Russia, DC in Ukraine (2006).

2008 A.S. Watson celebrates **180th anniversary** with 8,000 stores in 36 markets

1883 Expanded overseas to the Philippines and China. Established a pharmacy and a soft drink factory (1884) in Manila.

1903 Established Watson's Water to provide the purest and healthiest water to consumers in Hong Kong and Mainland China.

1981 Became a wholly owned subsidiary of Hutchison Whampoa Limited with 75 retail food and non-food outlets.

1983 Watson House in Fo Tan, Hong Kong opened to serve as headquarters of the A.S. Watson Group.

1987 Watson's The Chemist expanded to Taiwan, Macau and Singapore (1988), Malaysia (1994), Thailand (1996), Philippines (2002) and reopened in China (1989).

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