

### Dear Colleagues

Welcome to another issue of *Wats On*. In this edition, we are happy to share with you the latest developments within the Group, both in Asia and Europe, as we continue to strengthen our role as market leaders in retail and manufacturing.

Our latest initiatives include the launch of New Fortress which is setting a higher standard for consumer electronics retailing in Hong Kong. With an investment of over HK\$100 million to create an avant-garde shopping environment for our customers, New Fortress offers an entirely new perspective for Hong Kong shoppers.

Another exciting development is the launch of the third generation Watsons store format in Asia. Especially created to meet the changing needs of today's consumers, the third generation store marks an important milestone for Watsons, shortly to be followed by reaching the 700-store target in the region before the end of 2003. Other news from the region includes Nuance-Watson's latest successful concession bids at the Hong Kong International Airport. On the manufacturing front, Sunkist introduces its new packaging while Watsons Water launches its bullet bottle in mainland China. We must also congratulate Mr. Juicy and Watsons Water for winning the latest brand awards.

We also catch up with the continued growth of our European operations as ICI PARIS XL celebrates the opening of six new stores in the Netherlands and one in Luxembourg – all since our last issue. The subject of this issue's Europe Focus is Superdrug in the United Kingdom and we will be bringing you more Europe-focused stories in the next edition.

To celebrate this strong growth, we will be hosting the first ever A.S. Watson Group Sports and Fun Day in Hong Kong this October to encourage our colleagues to adopt a healthy and happy lifestyle.

Human Resources will be announcing the details in due course.

Last but not least, I am gratified to see that all of our regional operations were active participants in the battle against SARS. The team spirit and mutual support demonstrated by everyone over this difficult period are the very essence of our success, and will lead us to even greater successes in the future.

Jan Water

Ian F. Wade

Group Managing Director

New Fortress,

New Perspective

## Watsons third generation

### Watsons

## store launched in Asia



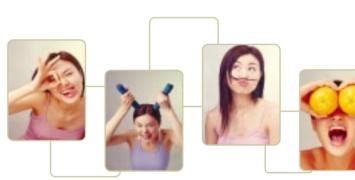
Watsons Your Personal Store, Asia's largest personal care chain, has revealed the future of personal care retail with its third generation store in Pacific Place, Hong Kong. The new store showcases the latest Watsons advancements and is carefully designed to bring a bright, contemporary and spacious feel to lift the spirits and comfort of shoppers to a new level.

"The opening of our third generation store at Pacific Place marks an important milestone for Watsons. We have added many exciting elements into the new Watsons to create a more energetic and enjoyable shopping experience, as well as ensuring that the store presents a customer-focused retail environment, "said Andrew Miles, CEO of Health & Beauty Asia.

Included in the advancements are Asia's first non-brand biased health and beauty consultants, on hand to provide specialised beauty and skincare advice to consumers. The new 4,000 sq ft store kicks off a major Watsons expansion in Asia which will include the refurbishment of other stores in the region.









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### **Cover Story**



Personal electronics lovers have found a new home at the first ever New Fortress at Hankow Road, Hong Kong. With three

exciting new store

formats, Fortress World, Fortress Digital and Fortress Vision, New Fortress has something to appeal to everyone. Offering a new perspective in retail, all 68 Fortress outlets will be changed to New Fortress stores in the coming months.

### 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 16 countries across Asia and Europe. Today, the Group operates over 3,300 retail stores running the gamut from health & beauty chains to its food, electronics, general merchandise 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 55,000 staff and is a member of the world renowned Hong Kong-based conglomerate Hutchison Whampoa Limited, which has major interests in ports, telecommunications, property, energy and retail with businesses in 41 countries.

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A positive look at SARS

## Superdrug conferences

### focus on the future



In April 2003, the Superdrug Management Conferences were held with the theme of "Delivering the Future". The aim of the conferences was for Philip Ingham and Gerard Hazelebach, CEO of Health & Beauty UK and Managing Director of Superdrug respectively, to meet everyone and introduce A.S. Watson, as well as to outline Superdrug's priorities for the future.

The A.S.Watson corporate video was played for the audiences, outlining the Group's key commercial plans and explaining its business priorities. The conferences also included a special presentation from Superdrug's sister company, "3".

Time was taken at the conferences to highlight the successes to date, and several individuals were acknowledged for outstanding achievements in their region. These individuals were also presented with a special Recognition Award from their Area Managers and Gerard

Feedback was provided directly to Philip Ingham and Gerard Hazelebach through a question and answer session held after each conference. In the session, questions from store managers were routed through Area Managers and answered by members of the senior management team.

The conferences have been a great success and the response from the field indicates that the messages were clearly communicated, with Store and Area Managers benefiting from the focused and practical direction and adopting a clear strategy for the way forward.

- Mark Ruffles (middle), Store Manager of the Holborn store, receiving the achievement award from Gerard Hazelebach (right), Managing Director, and Jerry Walkling, East Regional General Manager.
- 2 Jane Vaughan (middle), Store Manager of the Telford store, receiving the achievement award from Gerard, and Graham Bispham, West Regional General Manager.
- 3 Christopher Woodfood (middle), Store Manager of the Friar Square store, receiving the achievement award from Gerard, and Mark Chapman, South Regional General Manager.
- Julie Noble (middle), Store Manager of the Inverness store, receiving the achievement award from Gerard, and Peter Wilson, North Regional General Manager.

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Kate Vevers (right) of the Wetherby store receiving the award from Kevin Caven, Retail Operations Director.



Julie Edge (middle) of the Wrexham store receiving the award from Kevin, and Pete Prendergast, Area Manager.

## Savers recognises high achievers



Paul Jones (middle) of the Newtown store receiving the award from Kevin, and Steve Jerome, Area Manager.

The latest of Savers' bi-annual retail presentations to branch managers took place in May 2003. The presentations were focused on informing branch managers of the latest company news and developments and have proven to be an invaluable means of providing managers with a greater understanding of the business. The presentations have also become an important channel for senior management to gain insight into Savers' customers and colleagues through the input generated by individual managers.

The May presentations featured the A.S. Watson corporate video and also covered

a financial performance review from 2000 to the present, as well as a commercial review of product success, new ranges and planogram contributions. Store maintenance and presentation and new in-store initiatives were also outlined, and key advice regarding stock loss and updating the warehouse management was disseminated to the individual managers.

As always, the meetings closed with the Savers High Achievers Awards and an open forum in which colleagues were invited to raise any issues or questions or offer suggestions regarding company operations.

## Kruidvat's classical credits

## continue to climb



Kruidvat Netherlands is continuing its reputation for supporting classical music with its sponsorship of the "Het Zondagochtend Concert Series", a highly popular classical music series in Holland. The concerts are a co-production of AVRO (a Dutch radio and television station) and the world famous Amsterdam Concertgebouw (Concert Hall).



Sponsorship of the "Het Zondagochtend" continues Kruidvat's rich classical music tradition. For many years, Kruidvat has catered to classical music fans by offering high quality CDs at remarkably low prices in its stores. Last year, the Dutch spent over €40 million on classical music, seven million of which was spent at Kruidvat – a market share of almost 20%. Dick Siebrand, CEO of Health & Beauty Continental Europe, commented on the sponsorship, "We are very pleased to be sponsoring the Series. The collaboration will add depth to our role in classical music and strengthens our reputation as a provider of high quality classical recordings at an attractive price. We believe the sponsorship will further define our proposition as a classical music specialist."

Recently, the International Jury of the Cannes Classical Awards named the Kruidvat Shostakovich CD the best classical edition of the year, while Kruidvat's complete editions of the works of Bach and Mozart also drew international attention. In total, more than 15 million CDs from these editions have been sold – an amazing record. With plans to introduce live recordings of the Sunday Concerts on CD, Kruidvat could be orchestrating the sweet sounds of sales from the sponsorship as early as the overture.

## Watsons



(From left) Ivor Morton, Andrew Miles, CEO of Health & Beauty Asia and Khun Suthilask Chirathivat, President of Property and Investment Central Group of Companies.



The Watsons Thailand team

## Watsons Thailand celebrates outstanding sales success

In March, Watsons Thailand celebrated the most successful sales year in its history by hosting the Health and Beauty Awards 2003. The gala evening was attended by representatives from leading suppliers and the Watsons management team.

The Awards ceremony was the highlight of the evening and featured a special tribute this year to the suppliers of products that have best answered the needs of consumers nationwide.

Other awards included the "Best Sellers 2003" highlighting the

top products across each of 87 product categories that have proven most popular with Watsons customers.

The Health & Beauty Awards continue to strengthen the relationship between Watsons Thailand and its leading suppliers, many of whom are now actively competing in the competition, and will continue to be developed in the future.





1 Andrew Miles, CEO of Health & Beauty Asia, presented the Best of the Best Award to the representative of ZA Tiss Deep Off Cleaner.

2 The Thai classical dance performance added to the pleasure of the evening.



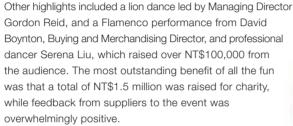
## Watsons Health & Beauty Awards raise NT\$1.5 million for children





The second annual Watsons Taiwan Health & Beauty Awards dinner on 11 April was an entertaining affair that provided the rare opportunity for buyers to meet with their suppliers in a relaxed setting, while at the same time raising money for needy children.

The evening's guest of honour was none other than the Mayor of Taipei City, Mr Ma Ying-jou, who was heavily involved in the gala's activities serving as a celebrity auctioneer and even rendering an inspirational performance on the dinner's theme, "Sing for Love".







- Mr Ma Ying-jou, Mayor of Taipei City met with Gordon Reid, Managing Director of Watsons Taiwan during the event.
- 2 A fantastic Flamenco performance by David Boynton, Buying and Merchandising Director of Watsons Taiwan, and his partner Serena Liu.





# Record sales for **Skin Simple in Taiwan**

In May, Watsons Taiwan successfully launched its third Skin Simple seasonal event promoting hot new products for spring and summer. Aside from providing practical skin care tips and advice via a glossy A5 magazine and a series of informational leaflets, free gifts with every purchase were also offered. Staff and customers alike have responded positively to the campaign, with sales up more than 30% compared with the previous year.



Skin Simple advertorial

## Watsons Water flows into China

## watsons water 100 Years of Purity

Following its success in Hong Kong, Watsons Water launched its new packaging created by renowned designer Freeman Lau in China in June. China is the second largest water cooler market in Asia, with annual water consumption growing 20% in the last five years alone.

Benjamin Hui, Marketing Manager of Watsons Water China commented on the campaign, "Our aim is to create a refreshing and contemporary look for Watsons

Water, one that will express our purity and professionalism, as well as our vitality and energy to the younger generation."





### "Water century it's been"

Continuing its centennial celebrations earlier this year, Watsons Water presented the two latest centennial bottles for May and June. The centennial bottle label for May was designed to bring joy and happiness to Hong Kong people in challenging times, while the label for June represents the determination of Hong Kong people to overcome all difficulties.

## Manager trainees ready for future challenges



From 19 to 24 May, 28 manager trainees of PARKnSHOP China participated in a one-week training course after completing an in-store training period of almost three months. Veteran staff from various departments took part to share their experience with the trainees. These experienced colleagues provided detailed overviews of each department's function and answered any trainee enquiries. The training department also invited store managers to introduce the Megastore Supermarket operational procedures and conducted a visit to the warehouse to teach warehouse management and goods transportation. After the workshop, the trainees said they were better prepared for future challenges and were eager to return to their respective stores to continue their on-the-job training.



## Stars of **PARKnSHOP** shine

Since its inception in 2001, the "Star of PARKnSHOP" staff recognition programme has accredited over 30 office staff and some 300 frontline staff for their professionalism. In April, Hicks Feng, Managing Director of PARKnSHOP China, presented this year's awardees with certificates and prizes, fully recognizing their outstanding performance.



(From left) Li Xin from Information Technology, Ben Liao from Merchandising, Hicks Feng, Managing Director, Henry Ng from Retail and Administration, and Li Ming from Store Design at the "Star of PARKnSHOP" ceremony.

## "008 - Golden I's":



## a new breed of super managers



In order to develop professionals equipped with the skills desired in a Watsons manager, a leadership training programme, "008-Golden I's", has recently been launched.

Targeting all managers, both store and non-store, the Programme originates from the Watsons Leadership Model which outlines the three essential roles of an ideal Watsons leader – "Lead the Vision", "Lead the Action" and "Lead the People".

The programme is designed to help participants excel across "eight" vital professional skills in becoming Watsons 008 Super Managers with a license to thrill both staff and customers. The management skills are presented in individual training modules including Change Management, Effective Communication, Performance Management and Coaching, Time Management, Leadership and Decision Making, Team Building, Creative Thinking and Problem Solving, Planning and Goal Setting.

This tailor-made programme focuses on skills development and solution finding and employs different training methodologies including war games, outdoor experiential training, case studies, management games and more, to enhance the effectiveness of the learning.

The moulding and development of managerial skills serves as an important catalyst in cultivating a Watsons' culture.







Managers took part in a game during the communication training session.

### **Watsons China**

## "Fittest Mom" contest

To pay tribute to women for their ability to be loving and caring mothers while at the same time maintaining their active lives and slim figures, Watsons China organized the "Fittest Mom 2003" contest on Mother's Day. Twenty-five talented mothers were selected from over 300 participants based on their vitality, intelligence, cooking skills and figures. Singing contests, street dancing and clowns added to the day's entertainment.



Lucilla Tam (3rd from right), Director & General Manager of Watsons China, celebrated the moment with the contest winners.

# A greener Hong Kong is in the bag



PARKnSHOP, Great and Watson's Wine Cellar have announced a joint initiative that will not only help customers save money but also preserve the environment. From 1 May 2003, customers are being offered a cash rebate when they bring their own bags to carry home their shopping.

"This provides the best incentive for shoppers to stop and think about every bag they use, and gives us all a chance to save money and do something practical to help the environment," said lan Pye, Managing Director of PARKnSHOP Hong Kong.

Shoppers who do not bring their own bag but carry their shopping away by hand will also be given a rebate for each bag that the cashier would normally have used.



# Savings to sing about at **PARKnSHOP**

In April and May, PARKnSHOP (PNS) gave Hong Kong shoppers savings to sing about with a promotional campaign using Sam Hui's 1970s hit, "Half a Catty for 8 Taels".

In addition to PNS' traditional yellow label discounts and buyone-get-one free offers, shoppers who sang along with the
campaign theme song were given special gifts. Those who correctly
filled in the missing lyrics on the entry form received a coupon booklet
worth up to \$80 off on PNS products. They could also enter a lucky
draw to be one of 100 lucky shoppers to win \$1,000 in PNS cash coupons. Finally,
customers could join in-store activities like special singing booths or phone-in to a
programme on Metro Radio to sing the campaign theme song.





## **Nuance-Watson**



## flies ever higher

Nuance-Watson is flying high at the Hong Kong International Airport having won the Perfumes & Cosmetics Concession and busily preparing the launch of two new retail developments "The Plaza" and "Sound & Vision".

### The smell of success

The new perfume and cosmetics concession, "Temptation Duty Free", will cater for Asian preferences by offering more regional brands alongside its traditional variety of international products. The stores will also feature innovative new concepts like a salon range of hair care products and a dedicated men's products section.

Nuance-Watson has also won two other Specialty Concept concessions. The Peninsula Boutique offering Peninsulabranded chocolates and souvenirs, and Amazing Grace, which will introduce Asianethnic merchandise to travellers. The latest victories bring Nuance-Watson's total number of concessions at the Airport to 34.

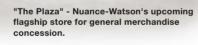
### New developments

In August 2003, Nuance-Watson will launch "The Plaza", which will become its flagship general merchandise store. Occupying approximately 9,000 sqm, "The Plaza" will house a wide range of products from fine jewellery, foods and fashion to souvenirs.

Nuance-Watson will also launch its popular "Sound & Vision" audio-visual stores, first established in 1999, as stand-alone concessions. The "Sound & Vision" concessions have been re-designed to convey a "futuristic" image. Accented with colourful neon lighting, the shops include demonstration units for home video game consoles, CD players, digital and video cameras, laptops and more.

Together the new developments have Nuance-Watson ideally positioned to takeoff with airport retail in Hong Kong.







The face-lift at "Sound & Vision" will convey a futuristic feel.

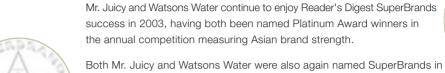


"Temptation Duty Free" will "tempt" customers with an

## Mr. Juicy and

## Watsons Water go platinum

watsons water 100 Years of Purity



2003. For Watsons Water, it was its fifth consecutive SuperBrand award, while Mr. Juicy became the first ever chilled juice brand in Hong Kong to earn SuperBrand

Watsons Waters' continued SuperBrands success earned it a spot in the SuperBrand Hall of Fame, confirming its leading position and reputation in the local market.

The Reader's Digest SuperBrands Awards are voted on directly by readers in Asia. Brands are selected in 40 categories based on their quality, value, image, trustworthiness and understanding of customer needs. Approximately 6,000 readers participated in the survey, with readers asked to rank their favourite brands in terms of quality, value, reliability and other factors.



## New additions to Mr. Juicy and Sunkist families

The reputation of Mr. Juicy and Sunkist for introducing quality and creativity to the local market continues with the launch of the newest flavours and packaging in the Mr. Juicy and OJ families:



Changes at Sunkist OJ include the introduction of 400ml bottle packs and the launch of Sunkist GJ (Grape Juice), another welcome market innovation. The newest TV campaign, themed: "With Sunkist OJ, you can enjoy California sunshine anywhere", further conveys a cheerful and healthy image for Sunkist OJ.

Mr. Juicy's new formula features added vitamins A, D, E and soluble fibres which are good for vision, strong bones and healthy skin. Reflecting its new healthier taste. the mascot has evolved from "Mr. Juicy Fresh" to "Mr. Juicy Fit" and three fun new members have been added: "Mr. Strong", "Ms. Beautiful" and "Skate boy",





taste treat is a natural and soothing particular appeal for the teen market.

# Egg-xcellent selection at Great





As a special celebration last Easter, Great arranged the first ever delivery of 100 limited edition Ostrich eggs, farm-fresh from Australia, to Hong Kong just in time for the holiday.

These free-range giant eggs were certainly an attention-getter – each weighing up to 1.5kgs with just one having the equivalent volume of 40 hen eggs. Perfect for cooking, the ostrich egg has a delicious and rich flavour. While opening the eggs might prove a challenge for some enthusiasts (the shell is so thick it needs to be cracked with an electric drill – a service provided free by Great), the ostrich eggs proved a huge hit with Great shoppers, particularly children, who were mesmerized by the possibilities for painting and decorating the ostrich eggs for Easter.

# **Taiwan** enjoys record-breaking sales

Since January 2003, Watsons Taiwan has launched four new stores in the competitive local market. Strategically located in different shopping centers in Taiwan (effectively covering the areas of Taipei city, Tao Yuan county and Chia Yi), the new stores have opened to fantastic response.

Store openings always provide an opportunity to create excitement for consumers and generate record sales, but the results in Taiwan have been better than imagined. This includes a record opening day sales figure of more than NT\$3 million at the Min Shiung store in southern Taiwan, representing the highest opening day sales for a Watsons' outlet in any country.

Paul Hillsmith, Operations Controller of Watsons Taiwan, noted the success, saying "It has been an amazing start to the year, with some of the most successful store openings ever. I am very proud of the job my team has done."

Kudos to the Taiwan team for giving all new store openings everywhere a new sales target to aim for!

### Watsons



# Over NT \$3 million

## New store openings

### Watsons

### Chin

Kun Ming Fo Shan Zeng Cheng Zhu Hai





### Savers EALTH HOME BEAUTY

### **United Kingdom**

Fareham Acomb

Epsom Dumferline

Netherlands
Luxembourg

Wellington

### FORT

### Hong Kong

(see story on p.14 – p.16)

Hankow Road –
Fortress Digital / Vision
Festival Walk –
Fortress World (re-fit)

Russell Street – Fortress Digital (re-fit)

China

Hong Kong





### Watsons

## Hong Kong (see story on p.1)

Pacific Place (re-fit)



### ingapore

### ICI PARIS )

### Netherlands

Sittard, Limbrichterstraat Utrecht Vredenburg, Vredenburg Leeuwarden, Wirdumerdijk Bergen op Zoom, Wouwsestraat Cappelle a/d IJssel, Koperwiek Uden, Galerij

## Luxembourg Bertrange, Route de Longwy

### **E** Kruidvat

### Netherland

Ouderkerk a/d Amstel, Dorpstraat Hengelo, Christiaan Langefeldstraat

Trekpleister Voordeeldrogist

Netherland

Eindhoven, Biaritzplein



### Hong Kong

Lok Man Sun Chuen
Canton Road – Superstore
Fu Cheong Estate



### China

Guangzhou Xiao Gang Wan – Superstore Dongguan Zhang Mu Tou – Megastore



### laiwaii

Min Shiung



### Watsons

### Sin

Marina Square
Plaza Singapura
Toa Payoh Central





# Superdrug brings

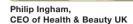
health & beauty to the high street

superdrug



Managing Director of Superdrug

Gerard Hazelebach,



From the simple origins of a single toiletry shop opened in April 1966 on Putney High Street in South London, England, Superdrug has grown to become an important part of the leading global health & beauty retailer, A.S. Watson (ASW).

Superdrug now stands as the second largest health & beauty chain in the UK with over 700 stores nationwide, of which around 240 house pharmacies, 100 feature their own fine fragrance departments and 100 have either a photo mini-lab on site or a developing and processing facility. Many Superdrug stores also serve the British public their lunchtime sandwiches and drinks.

Today, Superdrug has become one of the best known brands in Britain, with many people associating the name with fantastic ranges of quality products and exceptional value for money. With 1000s of own-label products ranging from cosmetics and skincare to baby nappies and toilet roll, Superdrug has evolved to meet the needs of the British public whomever they may be, young or old, single or with families.

Superdrug's growth both geographically and Pick a KOLOR in terms of its product offering has always been customer focused. Over nearly 40 years in British retail, Superdrug's philosophy has been to look at the latest needs of its

customers and try to be the first to market in providing for these needs. Its estate has increased year on year through both acquisition and new sites and has continuously evolved to reflect the changing needs and tastes of the UK high street shopper. Likewise, its product range is constantly being analysed and revised to reflect current trends and provide better ranges and more choice for the customer.

First launched in 2000, Superdrug's ownlabel range of cosmetics - "Kolor" - is successfully taking the latest trends and looks from the catwalk and translating them into affordable fashion. With over 200 different shades customers can mix their look without breaking the bank. The cosmetics market in the UK is worth over £348.3m\*, with much of this growth coming from innovation and new products like lip plumping creams for fuller pouts, long lasting lipsticks and wet lipsticks and foundations that both matte and moisturise, as well as giving overall cover.

The summer collection of Kolor features three distinct looks. Sheer Romance, Summer

> Radiance and Pure Illusion. With over 40 shades across make up for nails, eyes and lips -Kolor offers the perfect solutions to our customers' cosmetic conundrums.





Summer is a key season for Superdrug as it is the second busiest time of the year after Christmas. With British weather often rainy and windy, Britons love the sun and the suntan market accounted for over £228.66m over the last year\*\* with Superdrug's own label range, Solait, the fifth biggest suncare brand in the UK.\*\*

Solait now encompasses over 30 protection and after sun products to help customers safely enjoy the season. The entire range is photostable, water-resistant and dermatologically tested, and all are enriched with Cocoa Butter and Vitamin E to moisturise and help prevent peeling and signs of premature ageing. The Solait range features oils, lotions and creams in sun protection factors ranging from 4-35 to provide every possible level of protection desired.

### Hero deals expand health & beauty offering

Taking a lesson from Kruidvat and Watsons (two other flagship health & beauty brands under ASW), Superdrug has begun a strategy of offering "Hero Deals" or exceptional, great value products available for a limited period of time. Hero Deals are new ranges and products previously unknown to Superdrug, such as DVD players, toasters and water filters, and are fast becoming a successful

and important part of Superdrug's offering. To support these one-off specials and to communicate its fantastic range of products and value, Superdrug now sends a promotional leaflet to 12 million British homes every four weeks.

Through the association with ASW, Superdrug has been able to further consolidate its position in the UK market, introducing new innovative ideas and tapping into the combined sourcing strength of the Group around the world. With the benefits of integration only now starting to be fully seen, Superdrug will have their eye on becoming the largest health and beauty retail chain in the UK in future.

### Meet the management team

The latest addition to the ASW Health & Beauty stable. Superdrug is in the ideal position of being able to learn from the successes of both Kruidvat and ASW management.

Arriving from ASW's head office in Hong Kong, Philip Ingham became CEO of Health & Beauty UK in January 2003. With over 25 years experience in retailing, Philip joined new Superdrug Managing Director Gerard Hazelebach as part of the new UK management board. Previously Managing Director of ICI PARIS XL in Belgium, Gerard brings 20 years worth of beauty retailing experience to Superdrug.

Joining Philip and Gerard on the UK management board are two international representatives Ian Weblev, Human Resources Director of Health & Beauty International and Gert Vos, IT & Logistics Director of Health & Beauty International. Ian joins the UK management team from Hong Kong and Gert comes from Kruidvat's team in Holland.

Also under Philip's management are Neil Page, Superdrug's Finance Director, Mike Kendall Smith, who serves as ASW's UK Planning Director, Peter McNab, Commercial Director of Savers and Kevin Caven, Retail Operations Director of

A new member of the UK board and of Superdrug is Retail Director Graham Naylor, who has just joined Superdrug from UK grocery chain, J. Sainsburys. Debbie Ansell is the Head of Commercial at Superdrug and also reports to Gerard Hazelebach.

With the new UK management board in place, along with plans for an ever-growing product range and more store openings, Superdrug is set for an exciting future.







## 新豐澤,現已展現眼前 New Fortress is open for you to play





## New Fortress, New Perspective

As the established industry leader, Fortress has dedicated itself to continuous innovation and bringing exciting new shopping experiences to its customers. To this end. a brand-wide transformation to New Fortress was rolled out this year, which involves re-classifying and

designing each of its 68 outlets, upgrading its product offering to feature the widest range of leading brands and latest models, and introducing new firsts in customer service.

### The roadmap to success

To better understand consumer needs in the fast changing personal electronics and home appliances market, strategic and extensive market research involving six months with customers both in Hong Kong and abroad was conducted, from which a roadmap for future growth emerged – the

New Fortress concept. Central to the roadmap are the reformatting and categorization of existing stores into three main formats:

### Fortress World

The pioneer in multi-zone retail, Fortress World provides Hong Kong's widest variety of personal electronics and home appliances.

### Fortress Digital

Fortress Digital carries a vast range of the latest in-demand digital items including mobile phones, digital cameras, digital

camcorders, PDAs, MP3 players, laptops and other small digital devices.

### Fortress Vision

A first-to-market initiative offering the widest selection of premier Plasma TVs, LCDs and home entertainment systems in Hong Kong. Fortress Vision sets a new standard for home entertainment retail, providing the most

professional service and convenient shopping solution for savvy consumers.

With an investment of over HK\$100 million in the brand transformation campaign, New Fortress reinforces its commitment to Outstanding Customer Services, Exceptional Value and a Superior Shopping Environment. "We have accepted a tremendous challenge in New Fortress, outdoing ourselves and the industry to create a totally new personal electronics experience. Our new brand image reflects our desire and intention to become younger, fresher and more in touch



with our customers," said Peter Dove, Managing Director of Fortress Hong Kong.

### Cultivating a growing market

The changes have been made to better cater to New Fortress' multi-faceted target market which includes personal electronics lovers, traditional home managers and both locals and tourists. The demographic is rapidly expanding with the influx of visitors from mainland China, many of whom flock to Fortress outlets.

New Fortress effectively targets each individual market as well as new customers and personal electronics enthusiasts from around the world, who will be attracted to the brand's younger look. "New Fortress will prove to be the most innovative and forward looking electronics retailer in Asia," added Mr Dove.

### A new experience in retail

New Fortress means just what it says: everything is new, from store formats, store design, product offers and customer service standards, to the brand logo, staff uniforms, and promotions – even the shopping bags are new!

Customers visiting the New Fortress stores will find themselves swept away by the trendy experience awaiting them. They will be amazed at the extent of the transformation and will enjoy the fresh

changes including bright new color schemes, improved layouts and in-store navigation, and more customer-friendly product displays than ever before.

### New services set new standards

New Fortress is committed to offering more than just quality products but also to setting new standards in excellence for customer service.

In addition to its reputable extended warranty programme and Low Price Guarantee, New Fortress is the first to introduce a 24-month Interest Free Instalment Programme and New Fortress Home Entertainment Purchase-to-Play Service.

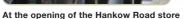
This Purchase-to-Play service provides onestop professional advice and assistance for Plasma / LCD TVs buyers before and after they buy. Before purchase, New Fortress will help with everything from measurements of the entertainment area to connecting and arranging the entertainment system. After purchase, New Fortress will still be there for customers with a personal Home Entertainment Specialist to answer consumer questions and take care of their home entertainment needs.











1





In this issue, we open the Wats On Brand Book to quench our readers' thirst for more news about Hong Kong's most popular wine seller, Watson's Wine Cellar.



### History of the brand

In June 1998, Watson's Wine Cellar opened its first store in Central, Hong Kong. Proving a viable niche in the market, today Watson's Wine Cellar has opened a total of eight wellplaced locations becoming the largest specialist wine store chain in the region.

### **Achievements**

Besides the achievement of being the largest and most successful chain of its kind in Asia, Watson's Wine Cellar has been honoured by Hong Kong's oenophiles, who voted it The Best Wine Store of the Year in 2001 and 2002 and The Wine Store of the Decade in the popular local publication HK customer. Magazine ratings.

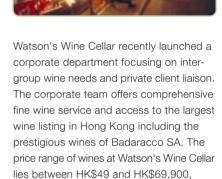


### **Brand values**

Watson's Wine Cellar is committed to one thing, providing the best quality wine at the best price. Watson's Wine Cellar offers the city's growing wine market a larger range than any other retail wine store. A distinctive feature of each Cellar is the Fine Wine Room containing over 300 different vintages ranging from the top Chateaux from Bordeaux to emerging New World Classics. All wines are temperature controlled 24 hours per day, both in the Watson's Wine Cellar stores and at its state-of-the-art wine warehouse, ensuring that all vintages are perfectly maintained until they reach the

### Recent developments

Autumn 2000 saw the launch of Watson's Wine Wholesale providing sales of exclusive wines and beers to the large On-Premise network of Hong Kong restaurants, clubs and hotels. This exciting development adds new range and variety to Hong Kong's food and beverage sector and uncorks another strong revenue stream for Watson's Wine



### What you don't know about Watson's

enabling customers to pick their choice at

every budget.

- Sourcing wines from over 20 countries, Watson's Wine Cellar lists over 1,500 different wines in total, more than 400 of which are "exclusive" and cannot be found elsewhere in Hong Kong.
- Home delivery to the customer's doorstep is free on any 12-bottle purchase or on any purchase over HK\$999.



asia focus



## A positive look at SARS

The outbreak of SARS or severe acute respiratory syndrome turned people's lives upside down in Asia and around the world, but one of the most positive features to come out of the crisis are the many inspiring stories of people taking the initiative to lend their support to those in need. As passionate and caring people who make up a strong, active and committed corporate citizen, members of the A.S. Watson family actively contributed to the fight against SARS in Hong Kong. The result was a proud Group-wide response to the SARS battle.



Ian Wade and the entire Group were active participants in the battle against SARS in the region.

### Mr Wade visits Queen Elizabeth Hospital

The tone was set by none other than lan Wade, Group Managing Director, who along with Raymond Or, General Manager of HSBC and TV artiste Priscilla Ku, visited the Queen Elizabeth Hospital as part of the Community Chest's Project Unite. The purpose of the visit was to show support for medical workers at the basic level whose efforts in supporting the doctors and nurses in the battle against SARS are often overlooked.

Personal hygiene packs containing bath gel, shampoo, alcohol hand wipes and a HK\$100 Watsons coupon were handed out to health care assistants and other hospital staff. The 5,000 hygiene packs were partly sponsored and packaged free-of-charge by Watsons Your Personal Store.



### Watsons

Watsons Your Personal Store worked closely with the Department of Health to produce educational leaflets for free distribution to the public on the proper use of face masks and how to maintain good health. Watsons also launched a Boost Your Immunity Programme, through which Watsons pharmacists offered individual counseling and health tests to help the public identify immune deficiencies and offer recommendations on boosting immunity and preventing disease. Finally, Watsons partnered with the Drug Education Resources Centre of the Society of Hospital Pharmacists of Hong Kong to launch a "General Drugs & SARS hotline". The hotline was manned by professional pharmacists answering calls and providing free professional advice from Monday to Saturday.



## waltsons walter

Watsons Water demonstrated its support for Hong Kong in the fight against SARS through a series of sponsorships, the first of which was a donation of 1,000 bottles of Watsons Water for residents of three temporary SARS guarantine camps in Hong Kong. Watsons also provided water for the performers and volunteers at the "1:99" concert for SARS victims and supported the anti-SARS campaign co-organized by The Oriental Daily and The Sun newspaper groups by providing water for the volunteers who distributed anti-SARS packs to single parent families, elderly living alone and patients with underlying illnesses in Hong Kong.



PARKnSHOP (PNS) led a community-wide fundraising effort in stores for the We Care Education Fund to assist local children who have lost one or both parents to SARS. PNS customers were encouraged to put their loose change into collection

boxes and PNS also donated 1% of all sales from the first and last day of the campaign. Combined with staff donations, a total of HK\$2,108,288 was raised in only two weeks. With a similar mechanism, PNS also raised over HK\$200,000 for Project Blossom to provide immediate financial support to SARS affected families.







As Hong Kong continues to put the scourge of SARS behind it, while

at the same time taking on the important lessons learned for the

future, the A.S. Watson Group will continue to serve a vital role in

ensuring that the customers it serves and the communities in which

it operates are well-prepared for any eventuality.



Fortress lent its unique support for Hong Kong's heroic medical workers during the outbreak by teaming up with the Red Cross to place 20,000 Best Wishes Cards across its 68 outlets. Customers were encouraged to purchase a card and write a message for local medical workers, the cards were then collected and sent to local hospitals fighting the war against SARS. Fortress also sold 15,000 Fortress Lucky Bag packs to raise funds for the We Care Education Fund. Each lucky bag is packed with surprise products worth from HK\$100 to HK\$500.

24 June 2003

Dear Mr Wade

I would like to thank you and your staff for the tremendous job done during the SARS outbreak. It was a difficult time for everyone in Hong Kong, particularly in the early days when infection rates rose sharply and little was known about the methods of transmission. Throughout this very nerve-wracking time, I was very grateful for the professionalism of your front-line staff and management in keeping everything running smoothly at Watsons, GREAT and PARKnSHOP. This was an impressive effort and it came just when we needed it most.



## Be Active Be Watson





On 19 October 2003, the A.S. Watson Group (ASW) will celebrate its first ever internal sports and fun day for Group staff from Hong Kong and overseas. The move reflects the increasing interest and participation in sport from ASW employees and also provides an excellent opportunity for group staff from our global operations to gather in a fun and relaxed environment.

A 10-week rollout campaign for the inaugural ASW Sports and Fun Day 2003, with the theme "Be Active. Be Watson", will be kicked off in August. Campaign activities and promotions will include health-related guizzes with lots of fun prizes given away, sports and exercise courses such as tai chi and indoor-rowing for staff and events like health checks, sports shoe roadshows as well as regular health tip bulletins to help ASW Group staff reach their physical peak for sports and fun day.

On the 18th of October, special competitions have been tentatively planned for basketball matches, but the 19th is when the fun really begins. At the Sports and Fun day, staff and families are invited to participate in track and field events, tele games, and other sports fun like mini-squash, indoor rowing, rope skitting, mountaineering and tug-of-war. There will also be table tennis and badminton competitions as well as kids races.

Outside of the fun there will still be serious competition reflecting the serious commitment of many ASW staff towards their chosen sports. A scoring system will be put in place to participation and competitiveness between the Group and within the three Divisions themselves.

So gear up for your Divisions at the first annual A.S. Watson Group Sports and Fun Day! Details and invitations to overseas teams will be issued soon.





track & field, basketball, badminton, table tennis fun games!





Wear your creativity on

We need your creativity to help us design the Tshirt that every

participant will wear at the A.S. Watson Group Sports & Fun Day. The requirements are simple, you can send in either sketches, (black and white or in colour), or computer-generated graphics on A4-sized paper. All creative ideas are to be based around the themes of "Being Active" and "Team Spirit".

Submit your creative and sporty designs and everyone may be wearing your design:

Recreation & Welfare Section A.S. Watson & Co. Ltd. 8/F Watson House 1-5 Wo Liu Hang Road Fo Tan, Shatin, Hong Kong or Email to WatsOn@asw.com.hk

Deadline: 11 August 2003







## **WAC Wrap**



Founded in 1989, the Watsons Athletic Club (WAC) is designed to eleva local athletic standards to international levels and to encourage local youths to participate in sport. The Club has around 400 members, many of whom are A.S. Watson Group employees, and has successfully nurtured a pool of outstanding local athletes.

Over the years, WAC members have broken nearly 200 Hong Kong records. To ensure continued success, a Junior Programme was inaugurated in 2001. WAC also launched its Athletic Demonstration Programme at more than 200 local schools, sending elite WAC athletes to various school sports events.

From now on, Wats On will cover and report all the latest news from the Watsons Athletic Club in the WAC Wrap.

### Latest news





### PARKnSHOP to sponsor WAC's Junior Elite Training Programme

In its first ever sports sponsorship. PARKnSHOP has announced that it will support the WAC Junior Elite Training Programme. The PARKnSHOP Junior Elite Training Programme targets youths aged 8-11. Training will commence on 30 July and will continue through to a final competition at the end of August.

### Watsons Pharmacy Self Care sponsors **Cross-Country Championships**

With the goal of the Watsons Pharmacy Self Care programme to increase public health

> awareness, the opportunity to sponsor the Cross Country Championships in September 2003 was too good to pass up.



### WAC athletes do it again

team categories.

In June, WAC athlete Tang Hon-sing achieved a brilliant result at the Watson's Athletic King Championships, setting a new Hong Kong Record of 14.43 in the 110-metre hurdles. A delighted Tang commented on his victory saying, "I wasn't surprised, as I had twice experienced besting it previously but the results were adjusted for winds. When I knew that I had successfully established a new record the feeling was great. It has given me a lot of confidence to continue improving my performance."



# **Facial masks** are food for the skin. Any questions?

Source



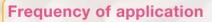
The human skin is capable of amazing self-renewal and self-healing. Skin cells require a lot of nourishment and water for growth, but as the nutrients from our food do not all go to the skin, it requires masks to provide additional nutrients. When using a mask you are, in fact, allowing a high concentration of active ingredients to be absorbed by the skin over a short period of time, usually 15 to 30 minutes.



- The most nourishing and moisturizing masks are rinse-off masks, they are soft and
  contain much-needed lipids and nutrients to soften and hydrate skin. When the mask
  is washed off, it removes dead skin cells deposited on the skin's surface, ensuring
  that nutrients penetrate the skin more effectively.
- Many deep-cleansing masks are peel-off masks. After applying to the skin, the mask
  will harden and dry. When peeled off, it removes dirt from the skin's surface and
  unclogs pores. Since the mask has a tightening effect when it dries, it stimulates
  circulation, improving elasticity and preparing the skin for better nutrient absorption
  afterwards.
- Popular paper or cotton masks are mostly for whitening or moisturizing and usually contain essence and hydration ingredients. These easy-to-use masks can be placed directly onto the face and can be removed after 15 to 20 minutes.



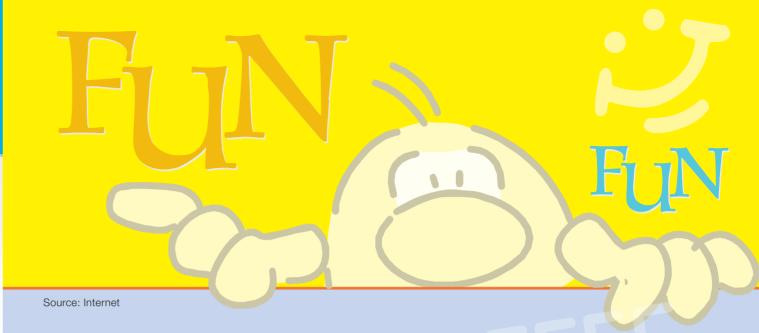




- Cleansing masks cannot be used daily because they speed up the shedding of dead skin and the skin metabolism. Excessive removal of the stratum corneum exposes undeveloped keratinous cells to external damage.
- Moisturizing masks can generally be used once or twice a week, or every 3-5 days.
- Special repair masks that advise continuous use over several days aim at maximizing their effects by synchronizing with the skin's weekly or monthly regeneration cycle.
   This does not mean that all masks can be used on a daily basis.

### New mask technology

- High-tech masks incorporating far-infrared, nanotechnology, laser or emulsifying technologies are meant to enhance the delivery of nutrients to the skin's deeper layers.
- Some high-tech masks are self-heating to induce sweating to eliminate dirt and toxins
  from the pores. This heating of the skin can help reduce facial swelling as sweat is
  excreted, but it is not sufficient to invoke fat burning, so it cannot bring about facial
  slimming.



Wishes

A junior manager, a senior manager and their boss are on their way to a meeting. On their way through a park, they come across a magic lantern. They rub the lantern and a ghost appears. The ghost says, "Normally, one is granted three wishes but as there are three of you, I will allow one wish each."

So the eager senior manager shouted, "I want the first wish. I want to be in the Bahamas, on a fast boat and have no worries". Pfufffff, and he was gone. Now the junior manager could not keep quiet and shouted, "I want to be in Florida with beautiful girls, plenty of food and cocktails". Pfufffff, and he was also gone.

The boss calmly said, "I want these two idiots back in the office after lunch."

Moral of the story is: "Always allow the boss to speak first".



### Looking for laughs

Heard a funny joke? Send it in to *Wats On*. If you can make us laugh, you'll be smiling. If your joke is printed in the magazine, you will win a HK\$100 gift certificate or a gift of an equal value.

(Email: WatsOn@asw.com.hk or Fax: 852-2608 8409)

Overheard at mealtime during a flight on a small airline.

"Would you like dinner?" the flight attendant asked the man seated in front of me.

"What are my choices?" he asked.

"Yes or no," she replied.





22

## Do you remember?

In this issue, we stroll down a very memorable lane, or more properly a very memorable aisle, as we check-out some of the amazing changes that have occurred in PARKnSHOP (PNS) stores over the years...

From some of our favourite PNS commercial





To how we look in real life.





And how we deliver both goods and services with style and smiles





Although PNS has gone

through several new looks

features like the instantly

recognizable PriceWatch

items may have changed

over the years, the great values and benefits of

shopping at PNS will

always continue.

and popular in-store

### Superquiz (Issue No.58)

Test your knowledge and try your luck, you could win one of the following fabulous prizes.



Mrs Wong (1994)

### Super Prize (30)

A Superdrug goodie bag containing Superdrug's own brand tea tree facial wash, Vitamin E gentle facial wash and all over body cream and skin & hair rescue masks, as well as one of Superdurg's own Kolor lip glosses and All Over Kolor.

JJ and Wow Wow

(sponsored by superdrug)

### Golden Prize (10)

A cute-looking sticker maker.

- 1 What is the name of Superdrug's own label range of
- 2 Name a beverage product with newly launched packaging.
- 3 When will the ASW Sports and Fun Day take place?

### Answers to Issue No. 57

- 1 Dordrecht, Netherlands
- 2 Consumers Most Favourite Brand Shopping Centre
- 3 Belgium

### **Premium Prize**

- Lam Lai Yi Wona Yee Huna Siu Wai China
- Lun Ka Bo
- Kwok Chun Tung
- Lina Lim Michelle Poon
- Wong Wai Yung
- Liu Hoi Shan Teresa Wong
- Bervl Chan 12. Pong Sau Chi
- Wong Wing Sze 14. Cheng Fung Yan
- 15. Sally Wong Piush Patel
- 17. Eric Van De Kreeke 18. Corev 19. Ann Huna
- 20. Yvonne Lee

- PNS Accounts PNS - Accounts
- Company & Department PNS - SDC Administration
  - PNS Shatin Distribution Centre
  - ASW Group Accounts ASWI - Quality Assurance ASWI - Finance
  - ASWI Finance ASWI - Finance ASWI - Finance
  - ASWI General Office ASWI - Purchasing Watsons HK - Merchandising
  - Watsons HK Human Resources Watsons HK - Information Technology
  - Superdrua Kruidvat
  - Watsons Beiiing Watsons Taiwan - Buving Watsons Taiwan

### **Golden Prize**

- Na Wina Sze Wona Ki Ni Cheung Chi Man
- Kwan Chau On Margaret Lau
- Chow Chung Yin, Eva Wong Wai Sim Li Kwai Mina
- Yoyo Cheng Lo Shuk Ching Cheung Pui Fan 12. Le Siu Mun
- Wong Siu Ling 14 Lee Yuen Hing Ton 15. Chau Fung Ping
- 16. Polly Lau Marguerite Beezhold 18. Simon Glass
- Kriek Guillaume Queenie Lin

- Company & Departmen
- PNS Information Technology PNS - Store Development
- PNS Human Resources ASW - Office Services
- ASW Group Human Resources Fortress - Human Resources Fortress - Accounts
- Nuance-Watson Human Resources
- Watsons HK Merchandising Watsons HK - Merchandising ASWI - Human Resources
- ASWI Finance ASWI - Information Technology
- ASWI Purchasing Fountain Food - Customer Care Superdrua
- Superdrua
- Health & Beauty Continental Europe Watsons Taiwan - Buving

Send your completed entry form to

Recreation & Welfare Section A.S. Watson Group 8/F Watson House, 1-5 Wo Liu Hang Road Fo Tan, Shatin, Hong Kong

or Email to WatsOn@asw.com.hk

Deadline: 31 August 2003

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

## e first!







Marketed under the new brand 3, Hutchison has remained steadfastly upbeat about the 3G business proposition and has moved quickly to establish itself as a serious global contender. It has acquired licences in nine markets (Australia, Austria, Denmark, Hong Kong, Ireland, Israel, Italy, Sweden and the UK), shopping more wisely than competitors and paying far less on average for spectrum. In terms of investment, the Group is well within its budget, deploying part of the proceeds from sales of 2G

assets, and forming strategic partnerships with global players like NEC and DoCoMo securing adequate bank financing in an extremely difficult market.

To refine its sense of what consumers want from 3G, an extensive survey was carried out with nearly 130,000 interviews in eight countries. The study helped 3 define specific target segments, how much these consumers would be prepared to pay, and the sort of devices they would prefer. It also identified particular products and

infrastructure suppliers, the services have begun to be rolled-out in Italy, the UK,

services that resonate among consumers. Among these, video-calling, messaging, the convenience of an all-in-one-device, and the ability to "cherry-pick" content all emerged as highly desirable



Australia, Austria and Sweden. Reflecting the revolutionary nature of the product, quirky, exciting and alternative ad campaigns have also been initiated across the markets to launch 3 services

Initially, the Group is offering a choice of three handsets, manufactured for 3 by NEC and Motorola. Not only does a 3G handset combine the functions of a PC and mobile phone it incorporates many other useful "devices", such as a digital video camera, music player, web browser, e-mail, game console, global positioning device and more.

Hutchison's Group Managing Director Canning Fok concurs, "These are not telephones. They are powerful multimedia handsets that focus on the eye as well as the ear. There's nothing like 3 in the market at the moment. With 3, life will never be the same." The benefits of 3G are already becoming a reality for thousands of European consumers and will soon be available in Hong Kong too.



Fun and functionality. This is the essence of 3, delivering useful and enjoyable information, communication and entertainment to people on the move.

With an internet connection speed as high as 384 kbps, information, entertainment and communication on the move is at hand whenever, wherever.

Access high-quality, media-rich sites, watch video clips, or send and receive multimedia content and information faster than ever.

### Comparing 3G to 2.5G

### 3G - always connected with the world

High-speed data communication to keep you connected at all times

### **UMTS vs GPRS**

The connection speed of UMTS (network system for 3G) is as high as 384 kbps, while GPRS (network system for 2.5G) offers only 128kbps (currently the GPRS data rate reaches only 53.6kbps).





### 3G - a multimedia communication world

Much more than just voice and text, 3G is capable of full-motion video transmission.

### Video call vs voice call:

Now you can see your loved ones as well as hear their voices.

### Video messaging vs SMS:

Share the joy of those unforgettable moments with 3G video messaging.

### Football video clip vs goal SMS:

See the shot hit the back of the net -

