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Watson

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**A.S. Watson Group Announces
Acceleration of Global Expansion Plan**

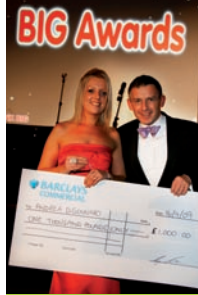
Watsons Turkey: A Rising Star of Beauty
Celebrating the Art of Partnering

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Kruidvat, Laren Nieuweweg (Netherlands)



ICI PARIS XL, Bussum Havenstraat (Netherlands)



Marionnaud, Cnît (France)



Kruidvat, Bussum Nassaulaan (Netherlands)



Trekpleister, Bussum Nassaulaan (Netherlands)



Marionnaud, Le Defense (France)



The Perfume Shop, The Kensington Arcade (UK)



Superdrug, High Street, Kensington (UK)



Savers, Hammersmith (UK)

Stop Press!

A.S. Watson Group Managing Director Dominic Lai visited Europe in the first week of December to look at the Christmas execution in stores. He was pleased to meet with colleagues who showed lively spirit gearing up for the festive season!





A.S. Watson Group announces acceleration of global expansion plan

A.S. Watson Group (ASW) celebrated on 24 November the opening of its 500th **Watsons** store in Mainland China, making an important milestone of the Company's plan to reach 1,000 stores in the Mainland and to exceed 10,000 stores worldwide within the coming two years.

ASW is the world's largest international health & beauty retailer, currently with a portfolio of 8,600 stores across 34 markets in Asia and Europe. Its luxury perfumeries and cosmetics retail division is also the leading operator in Europe.

Speaking at the opening ceremony of the symbolic store located at Mall 818 in Shanghai, Group Managing Director Mr Dominic Lai said, "Despite the global economic recession, we managed to maintain our growth momentum while having tight control on costs. In the first six months of this year, we achieved a like-for-like positive sales growth of 4% in a market context which remains challenging, especially in some parts of Europe. I am pleased to see that in many places, our growth rate exceeds that of the market."



On such a commemorative occasion, ASW extends a special invitation to a group of beauty editors and journalists from France and the UK to share with them this exciting moment. A three-day tour of the Shanghai city is hosted to bring them up close to the vibrancy and dynamic facet of Mainland China's urban environment. It is an unforgettable experience for all as the happy faces captured speaks for itself

"Our global expansion plan is to exceed 10,000 stores by 2011. Next year alone we will accelerate growth by opening 67% more new stores than this year, representing two new stores a day throughout the year," Mr Lai said.

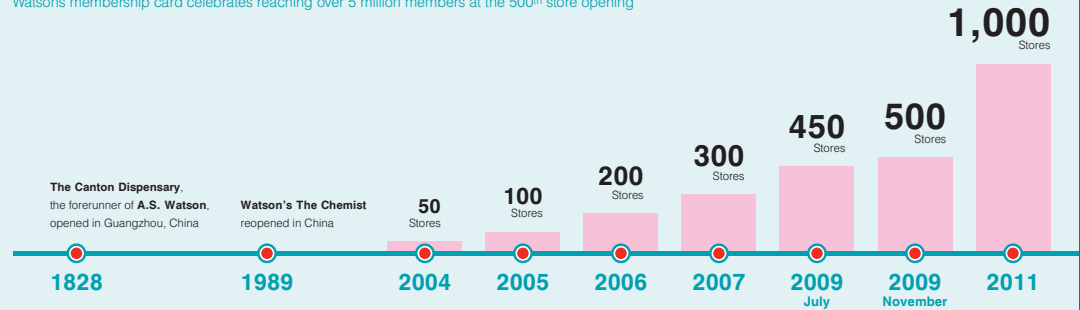
"Store opening aside, our game plan is to deliver sales growth by focusing on building customer loyalty and growing basket size. We are investing significantly in building our customer relationship management platforms and our loyalty programmes in more and more markets. Currently we have 28 million customers in our database. And to drive differentiation, we will increase collaboration with strategic suppliers to improve category management and bring more innovative products to our customers at great value. Increasing our own brand product offers is also high on the agenda."



watsons



Watsons membership card celebrates reaching over 5 million members at the 500th store opening



In July, Watsons China celebrates the opening of its 450th store. The event coincides with Watsons' celebration of its 20th anniversary of entering the China market.



2009 Interim Results

For the half year ending 30 June 2009, **Hutchison Whampoa Limited** reported a total revenue of HK\$141,028 million. Profit attributable to shareholders amounted to HK\$5,760 million.

For full results, see:

www.hutchison-whampoa.com/eng/investor/interim/interim.htm

A.S. Watson Group posted a total revenue of HK\$53,444 million, with underlying sales growth of 4% in local currencies. Earnings before interest expense and taxation (EBIT) grew to HK\$1,873 million, up 67% on the same period last year, driven by cost reduction programmes, reduced inventory levels and enhanced operating efficiencies.



Top spot for Savers

Savers has reclaimed No.1 position for "Price for Personal Care" and is No.2 for "Price for All Retailers" in this year's *Verdict Retail Research Report*. This is a fantastic affirmation of the business going from strength to strength. The report is a customer-based survey and proves that Savers is winning consumers' loyalty through its continued great-value-for-money offer – a sure sign of the things to come for the Savers brand!



Milestone celebration for a Superbrand

In October, **Rossmann** Poland celebrated its 400th store with a simultaneous win of the Superbrand award. This was its first winning of the award, recognising the brand's status among other distinguished retail brands.

ROSSMANN

Best things come in four's

This November, Dutch consumers have once again selected **ICI PARIS XL** as the "Best Perfumery" of the Netherlands for the sixth time in a row, while ICI PARIS XL in Belgium has also received the same award! The selection for both awards were based on the votes of consumers. ICI Paris XL in both countries received much higher ratings than their competitors, especially on assortment, service and quality of staff. All staff were thrilled by this news. This proves that ICI PARIS XL is consumers' first choice when it comes to good quality products and services!

To top it off, **Kruidvat** Belgium was also honoured with the "Best Drugstore" Award in this same competition, voted by 217,000 Belgian customers. In the Netherlands, Kruidvat came No. 2 in the "Indispensable Brand" organised by the European Institute for Brand Management.

ICI PARIS XL Kruidvat

And the award goes again to...

Nuance-Watson (HK) is proud to have received the 2009 Frontier Awards "Airport Retailer of the Year" global accolade for the second time. This latest award topped up the earlier win of two DFNI Global Awards for "Travel Retailer of the Year" and "Airport Retailer of the Year", in addition to the other 50 awards it has received since opening business at Hong Kong International Airport in 1998.

Nuance-Watson (HK)
HONG KONG INTERNATIONAL AIRPORT



Marek Maruszak (left), CEO of Rossmann Poland celebrates 400th store opening with Marcin Grabara, Deputy CEO; both were also at the Superbrand awards presentation



Alessandra Piovesana (3rd from left), Regional Managing Director of Nuance-Watson (HK), and staff receiving the award



Leo van Welijk (4th from right), Regional Managing Director of Benelux sharing the good news with staff

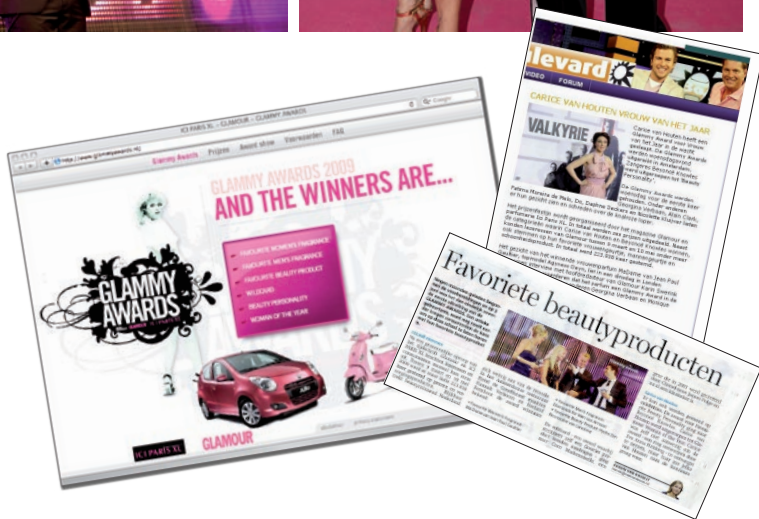


The Glamour of a Grammy

ICI PARIS XL joined hands with *Glamour* magazine to host the first Grammy Awards in the Netherlands in June. It was a pioneering move and the first time in the country where beauty product awards were based on consumers' votes.

Customers who voted online were immediately rewarded with digital discount vouchers at ICI PARIS XL and *Glamour*, a lucky draw to win tickets to the awards presentation ceremony, beauty workshops and products, as well as motor cars. Almost a quarter million votes were recorded while traffic to stores was boosted. At the awards show, celebrity nominees and awardees, suppliers and the press joined together for a glittering night of entertainment.

ICI PARIS XL





Trekpleister turns 30 with a fresh look

Alterations to **Trekpleister** stores under the new shop concept "Vitaal" came exactly in time to commemorate the chain's 30th anniversary with a refreshing image. While retaining the brand's popularity as a friendly neighbourhood chemist, the revamped look was welcomed by customers and staff alike. The "Trekpleister Savings Benefit" was introduced at the same time to enable customers to automatically save points for gifts or discounts.



Lucky 13

Watsons Thailand celebrated its 13th anniversary in July with a golden theme to mark the auspicious occasion. Adding lustre to the celebration, 28 gold necklaces were given away to lucky customers, along with a gold ingot for one lucky draw winner.

During the period, Watsons also participated in a celebrities' auction, helping to raise more than THB100,000 for the Association for the Promotion of the Status of Women.





Celebrating the art of partnering

The Health, Wellness and Beauty Awards (HWB) is **Watsons'** annual salute to partners and suppliers who have shone through as the best and brightest in sales, promotions and overall product performance. **Thailand** already kicked off their HWB earlier in March. Let us see what other Asian markets have staged in the past months!

The theme "Keep Feeling Fascinated" coincided with the 20th Anniversary of Watsons entering the **China** market. Three new awards were added this year, namely "Best Personal Care Product", "Healthiest Product" and "Best Promotion Campaign".

Watsons **Taiwan**'s theme "Be the Best! Be the Top!" incorporated apple badges and stickers to encourage suppliers to enhance their services. Expressing Watsons' meaningful partnerships with suppliers, Trading Director Kerry Lee appeared with celebrity Show Lo for a charity performance, generating NT\$550,000 for the "Child Welfare League Foundation".

In the **Philippines**, "The Art of HWB" set the scene with an art gallery featuring masters such as Van Gogh and Da Vinci. Chief Operating Officer Robert Sun emphasised the art of great partnerships and the importance of commitment and passion in reaching uncompromising standards.

In **Malaysia**, participants hit the jackpot at "Las Vegas" with the slogan "Got to Play Big to Win Big!" while guests received complimentary chips for gaming tables and used their winnings to "purchase" goodie bags. Despite the economic slowdown, many suppliers had increased their joint marketing efforts with Watsons Malaysia.

In **Singapore**, the theme was "Glitz and Glamour". Red carpets were laid and photographers took photos for the guests, making them feel like genuine superstars of the evening. Suppliers all had a great night, as 151 awards were given out to the top selling brands.

The most recently held HWB took place in **Hong Kong** on 8 October. "Sparkling" summed up the night as the event was brightly lit with star celebrity brand endorsers, singers and MCs. More than 100 awards were presented, including the New Product Awards and Favourite Brands Awards, which were newly added to celebrate the event's 10th anniversary.





Hong Kong



The Philippines



Taiwan





Kees Buur (1st from right), Buying Director of Health & Beauty Benelux, presents prizes to the winning suppliers



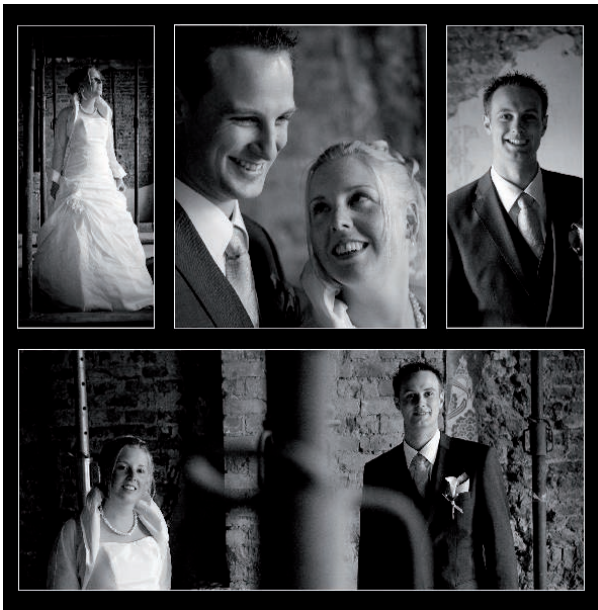
Customers cast their votes

The annual **Kruidvat** Public Award is based on votes cast online. This year 41,000 customers voted on 19 product categories, ranging from hair care to confectionery. The winning products, announced during the annual A.S. Watson Health & Beauty Benelux Suppliers' Day, received premium positioning in stores and were featured in promotions.

Kruidvat also held a Photograph Album Contest from August to September, promoting its popular photo service. Around 5,000 consumers in the Netherlands and Belgium submitted their photo albums, which were assessed by an expert jury led by a famous Dutch photographer and a famous Belgian TV celebrity. Winners received travellers' cheques to pay for their next scenic trips.



Winner's photo album from Belgium with a wedding theme





Bigger and better in Keelung

Watsons Taiwan's 3,500-square-foot Keelung store re-opened on 17 September, becoming the biggest pharmacy and cosmetic shopping centre in Keelung.

Featuring a "Six-Star Beauty Room" and colour testing services for counter products, customers are free to try all kinds of cosmetic products. The "Professional Styling Centre" also allows customers to try out hair-styling products.

Meanwhile, four top men's skin care brands – Biotherm Homme, Lab Series, Shiseido Men and Vichy Homme – have stepped out of department stores for the first time and entered Watsons, providing pleasure for male customers shopping for luxurious brands.





Walking the walk

Besides offering quality health & beauty products at its stores, **Watsons China** promotes a healthy lifestyle by encouraging customers to spend time outdoors through a new platform called "My health companion". Recently, card members who purchased goods up to RMB150 at Watsons stores could enter a lucky draw for the "Cool Walk 2009". On 14 November, a total of over 300 Watsons card members and staff completed the challenging 36km walk!

Watsons



Pleasant surprise for sun worshippers

As part of this summer's promotion "Costa del Spending Power: the Advantage of Staying at Home", **Kruidvat** surprised sun worshippers at the Netherlands' four most popular beaches by handing out Solait mini products. The promotion was accompanied by a light aircraft flying along the Dutch coastline displaying a "Kruidvat Solait Best Buy" banner, reflecting the fact that Solait sun products were rated as a Best Buy by the independent Consumers' Association.

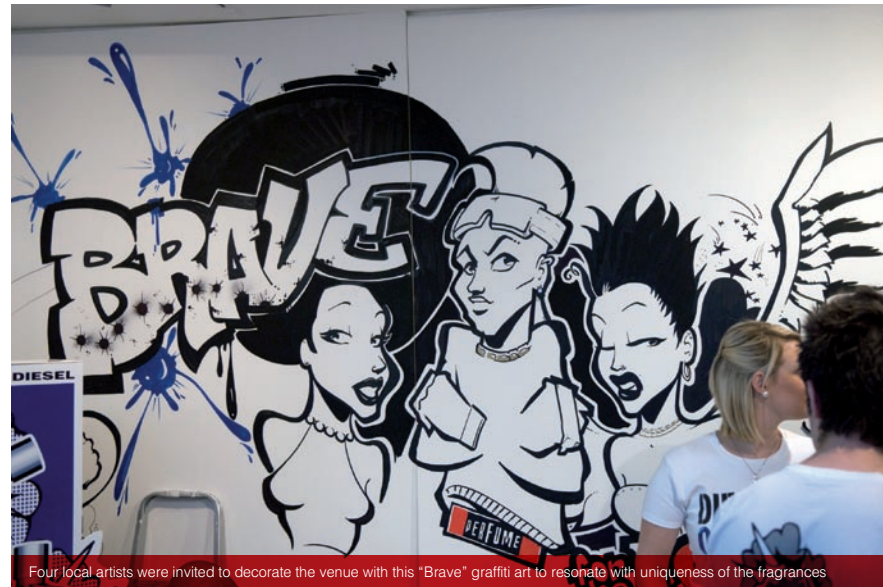
Kruidvat



Fragrant festivities

The Perfume Shop's "Christmas In July" returned this year, attended by over 140 journalists who were given personal guided tours and received fabulous goodies bags sponsored by suppliers. The show featured themed scent displays, makeover areas and three fragrance houses – Coty, P&C and P&G. The "Look Good Feel Better" charity also presented their latest initiatives to support women with cancer.

Simultaneously, an exciting advertising campaign was launched together with P&G to boost sales of the new men's fragrances. To attract sports-loving men into the stores, advertisements were placed in the sports pages of national newspapers offering an exclusive Ashes Cricket T-shirt with each purchase.



Four local artists were invited to decorate the venue with this "Brave" graffiti art to resonate with uniqueness of the fragrances



Cards offer a great deal

Watsons Singapore launched the Watsons Membership Card in July to reward loyal customers, adding a new dimension to their personal care shopping. Customers who use the card to make purchases can accumulate points, enjoy special offers and also redeem attractive products in Watsons stores. Members can even gain five times' bonus points on their birthdays. So far, more than 180,000 cards have been issued.

watsons



More choices at Changi

Bumble and bumble (Bb) made its out-of-USA travel retail debut at Perfumes & Cosmetics by **Nuance-Watson (NWS)** at Singapore's Changi Airport in June. Journalists attending the launch were treated to a one-to-one product demonstration and personal hair styling services. The establishment of an exclusive counter in Changi makes Bb products and styling information accessible to a new group of fashion-savvy shoppers.

Earlier, NWS launched a worldwide travel retail exclusive with SK-II. The promotion generated nearly US\$1 million in sales despite the recessionary climate. Sales far exceeded expectations, achieving a remarkable 88% growth compared to last year. It was the second successful global collaboration between NWS and SK-II.

Nuance-Watson

Sizzling summer promotions

Watsons Taiwan launched a summer sale promotion event early in the season. At the press conference, comedians performed a short drama on customers' buying strategies at Watsons. Customers were also invited to participate in an arm wrestling competition, with winners taking away Watsons gift vouchers worth NT\$1,000.

Another promotion, held together with eight well-known retailers, was launched in July. The "Lucky 8! Just for You!" campaign offered 46 different discounts, adding up to more than NT\$10,000. It was also the first time Watsons Taiwan joined with other businesses in a promotion. The collaboration is a win-win for both customers and the businesses. Customers can benefit at various retailers while retailers can expand their customer networks.





Designer labels for Games fans

To support the East Asian Games (EAG) which takes place in Hong Kong this December, **Watsons Water** invited a famous local designer to design a special limited collection of "EAG Cheering Partners" – big cheering bong bong palms and memorabilia T-shirts.

The collection features nine different designs representing the nine different countries and districts competing, enabling supporters to wear special edition T-shirts and bong bong palms to cheer for their favourite athletes and teams.

watsons water

Festival serves up flavours of Korea

PARKnSHOP Hong Kong (PNS) hosts food festivals throughout the year, bringing in delicacies from all over the world. From 31 July to 13 August, the Korean Food Festival featured culinary treats with a “health” theme, and the famous Korean health snack Dr. You of Orion was available exclusively at PNS. Customers who spent over HK\$100 stood a chance of winning two tickets to fly to “Kimchi” country to enjoy more delicious Korean cuisine.



Captivating the senses

Watson's Wine Cellar teamed up with celebrated French fine chocolate merchant Jean-Paul Hevin in August to introduce a sensational fusion of chocolate and wine. Customers were offered suggestions on matching different vintage premium wine with delectable chocolates to create an unforgettable gastronomic occasion.

This and previous promotions – which combined fine wine with fresh oysters and various traditional delicacies – have taken wine lovers to a new dimension in enjoyment.





Watsons
your personal store

Turkey

A Rising Star of Beauty

Wide open entrances provide visibility of the category of products on offer. Customers can browse in a comfortable environment



Located at the crossroads of Europe and Asia, Turkey has a rich and diverse cultural history. Visitors seeking retail therapy can be forgiven for heading to the markets and bazaars where they can hone their bargaining skills shopping for exotic products like spices, woven rugs, Ottoman jewellery, ceramics, alabaster, engravings and art.

While the colourful bazaars are woven into the fabric of daily life, Turkey's more than 72 million citizens these days are more likely to shop in a modern mall than in a traditional bazaar. And for their health and beauty requirements, they prefer to shop at **Watsons Your Personal Store** to indulging in the relaxing pleasure of a Turkish bath.

Twenty-eight-year-old banking professional Seda Sahin, for instance, likes nothing better than to check out the latest beauty offerings at her local mall. After work, Seda and her shopping companion, 32-year-old mother Leyla Yilmaz, head straight for Watsons to discover the new product arrivals. Seda's first stop is the cosmetics ranges while Leyla's is the baby department. Both women appreciate the quality and variety of products on offer at Watsons, from specialist beauty items to daily necessities.



Targeted strategic positioning setting the path to success

Notwithstanding its ancient history, Turkey has a young population with a dynamic and global outlook. More than 70% live in urban areas, with more than 12 million residents in Istanbul alone. Turkey is a candidate country to join the European Union, and many young professionals follow the trends and styles of Western Europe.

No surprise then that A.S. Watson Group (ASW) identified Turkey as a market with huge growth potential in health & beauty retail, making its first move in 2004 with the acquisition of six Cosmo stores. The stores were re-branded the following year under the Watsons brand. Today, there are already 26 stores employing more than 280 staff.

As a new retailer in Turkey, Watsons was confronted with the challenge of introducing the health & beauty retail category into a market dominated by supermarkets on one end and luxury perfumeries on the other. It was critical to select a format that would make the brand stand out amongst the competitors while assuring a productive business model.

Leveraging on its international brand equity, Watsons identified "Beauty" as the most important point of differentiation for Watsons Turkey. This strategy also gained the support of suppliers in core categories of cosmetics and skin care as they were in need of a specialised channel to reach out to a customer base with significant potential demand.





Watsons also identified a number of key desires among Turkish consumers: firstly, while help and advice is appreciated, consumers want to make up their own minds and appreciate having a variety of brands and products to choose from. Secondly, customers like to pay by instalments, a common and important element in Turkish retail. Watsons enables customers to pay by instalments through programmes with banks.

Consumer research has also indicated that customers preferred shopping malls as their primary destination for beauty shopping. The shopping mall concept has grown very fast in Turkey, with the number of malls jumping from only 10 in 1990 to an expected 300 by 2010. Accordingly, Watsons' strategy has been to open new stores in premium shopping malls, positioning as a beauty-specific brand and offering an antidote to big supermarkets as the place to stock up on personal care items.

Customers appreciate Watsons' wide range of products at attractive prices. More importantly, they receive informed, friendly and unbiased advice from 20 qualified in-store beauty advisors (on top of a team of 110 supplier advisors) and are able to "experience" the products freely with provided samples, so that they have gradually developed a strong affinity towards the Watsons brand.



Unique offerings for everyone in the family

As a beauty specific brand, Watsons offers the biggest range of cosmetics and skin care lines in the country, and Watsons' Own Brand products have become must-have items among a growing number of Turkish consumers. There are currently 1,200 SKUs' products available. Best sellers include Watsons Cream Shower Gels, Watsons Magic Lip, Watsons New Cotton range and the Watsons Baby range.

Additionally, RIMMEL has become Watsons' first exclusive make-up brand, adding value to the beauty offer. Watsons has also enjoyed good publicity, with exclusive product ranges being featured in premium lifestyle magazines such as *Cosmopolitan*, *In Style* and *Elle*.

Character co-branded products such as Pink Panther and Snoopy available only at Watsons have also attracted many adult, teenage and children devotees, while monthly promotional programmes add excitement and interest to the shopping experience.

And it is not just women who choose Watsons as their stores of choice. Turkish men are increasingly becoming regulars at Watsons, attracted by great product selections in a convenient and customer-friendly environment.





Blueprint for further growth

In a relatively short period, Watsons Turkey has established a proven track record, transforming from a small business to a top quality retailer. ASW's Retail Operational Standards provided the guidelines for the systems that have enabled the company to quickly enlarge its store network without jeopardising the integrity of the business.

In line with this approach, Watsons completed a modern 2,500-square-metre distribution centre in January 2009, which will accommodate growth for the coming years.

The business is also improving merchandising with the introduction of planograms that provide blueprints for product placement. As of November 2009, merchandise is supplied to stores by means of an auto-replenishment system that assures both availability and better control on stock levels.

Equipped with these indispensable tools, Watsons Turkey plans to expand the store network to more than 40 stores by 2010.



Watsons Turkey has been awarded the Human Respect Awards since 2006 for our services delivered to www.kariyer.net since 2005



"Take pride; Work hard; Trust in the future" is a rough translation of the famous quote from Mustafa Kemal Atatürk, founder and first President of the Republic of Turkey. It is inscribed on many monuments all around the country and communicates the idea that by working hard, one should carry the pride in accomplishments of the past into a safe and secure future. "As the head of the team for Watsons Turkey, this is exactly how I feel," said Ahmet Yanikoglu, General Manager.

"We have come a long way in establishing not only the Watsons brand, but a unique and attractive retail format in a promising market. As a committed team, we are working hard and smart to make what we have built up so far, that is being the number one choice for our customers, suppliers and our own people. With an ambitious growth plan for 2010 and beyond, we are now geared to expand the business – first to a network of 100 stores in less than three years, and then to 300 in six years from now."

For millions of Turkish consumers like Seda and Leyla, this is very good news indeed.



Watsons Turkey has a cheerful and friendly family of staff, who enjoy sharing leisure time together on top of time serving at our stores



Optimum range restores radiance

Optimum is a premium yet affordable anti-ageing skin care range that has been created using the latest technology and ingredients to combat the signs of ageing and keep skin looking radiant and youthful by **Superdrug**. As skin changes over time, Optimum's age-specific ranges address the concerns of ladies at different stages in life, matching the skin's exact requirements so that users' skin will be protected, radiant and restored. This range has been developed in over 10 years' time, and is dermatologically tested with clinically proven formulas.

Selected Optimum products are now available in **Watsons** Hong Kong, Malaysia, Singapore and Thailand.

Superdrug

watsons



Watsons Malaysia gets personal

To increase the awareness of its Own Brand products, **Watsons Malaysia** has recently re-launched its entire range under the new Watsons Personal Products Brand. A media preview, held in a spa-themed restaurant, treated members of the media with a choice of pampering massages and dishes made with ingredients echoing that of the Own Brand products' such as grape seed, aloe vera, green tea and melon. A special photo corner was also available for the media's convenience.

watsons

Beautiful hair starts here

Watsons Thailand revealed its latest hair product range in October – Watsons B5 Vitamin Shampoo and Conditioner. The products are enriched with nourishing Pro-Vitamin B5 ingredients imported from Japan, which deeply moisturises hair, protects against pollution, nourishes and combats brittleness and dehydration.

The event featured a hair fashion show by four celebrities while a leading stylist gave a talk on easy-to-do hair protection tips and daily styling to match different face shapes.



Our Products
Own Brand

Liquid vibrations

In June and July, popular soft drinks **Sarsae** reached out to music lovers with the theme “My Taste, My Song”. Concerts staged in Hong Kong, Macau, Guangzhou and beyond featuring famous pop singers, hip-hop groups, A cappella bands and singer-songwriters, all showcasing Sarsae’s young and passionate character.

The music continued in August with four “Hot Music Mix Parties” to promote **Watson's Soda Water**. Echoing the product’s “mix and match” nature, bands of different music styles were invited to jam, offering participants a unique live music experience.





Colourful palettes for ladies

Two make-up exclusives were proudly presented by **Watsons Taiwan** this summer, offering more branded experience to its customers.

Korea's top make-up brand VOV was introduced through arranging exclusive interviews with Taiwan's top media. At the press conference, famous singers and models tried out the products applied by VOV's chief make-up artist. Later in August, VOV arranged events on Elle.com and at Watsons' key Taipei stores to interact with consumers. Free make-up suggestions and image design were offered to young ladies, with TV interviews being arranged to capture their responses.

NYX, the LA professional colour brand, was another exclusive brought in by Watsons Taiwan. Three promotional events were organised to launch the brand: a media gathering to deliver detailed information to key reporters; a press conference to announce the brand's endorser and introducing autumn/winter looks using NYX products; and a party attended by over 200 celebrities and the party-going press to bring the promotion to a climax.

Watsons

Loving the Luffa range

Watsons Taiwan held a big party in August to celebrate the launch of the divinia Luffa range. In addition to having celebrities sharing skin care tips using the products, a Chinese medical doctor further introduced the benefits of Luffa essence, while a professional beauty editor shared her tips on product usage for different skin conditions. After the event, sales of the Luffa range tripled, and profits increased by almost five times.



Top brand chooses Watsons

DHC, Japan's No.1 direct-mail skin care brand, has appointed **Watsons** as its exclusive distributor and retailer in Singapore, further reinforcing Watsons' commitment to bringing customers an exciting and unique shopping experience. The brand has a wide variety of ranges which are already available at all Watsons stores in Singapore. More exciting DHC skin care products will be rolled out in the coming months.



Cathy Yeap (middle), Managing Director of Watsons Singapore, celebrates a successful partnership with Emi Haruhara (right), Manager of International Business Development of DHC



33. Think big • School day for suppliers 34. Conference focuses on 2010 strategies • Colleagues share views on luxury 35. Watsons hosts Pharmacists' Convention • DNA Workshop sets high standards 36. Runners go to Valmiera! • On your marks... 37. Everyone's a winner! • Who's the best? 38. Club adds cheer to lifestyles



Our Home



Jo Walker, Managing Director of TPS urges all staff to prepare well for Christmas



Jeremy Seigal, CEO of A.S. Watson (Health & Beauty UK), presents Store Manager of the Year Award to Andrea Digennero, Solihul Store Manager

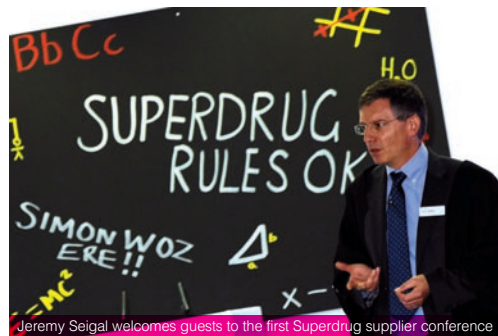
Think big

The Perfume Shop (TPS) held its Annual Managers Conference on 16 September under the theme "Think Big". Long Service and Store Manager of the Year awards were presented to staff, while TPS also acknowledged its graduates of the Fragrance Association's Certified Fragrance Sales Specialist programme.

Southern Irish stores staff meanwhile each received a Calvin Klein watch as a token of thanks by the company for their continued contribution and a charity raffle raised funds for the "Look Good Feel Better" campaign.



Joanne Mackie (left), Director of HR for Superdrug, happily discusses training opportunities with Carolyn Ryan, Marketing Director of 2True Cosmetics



Jeremy Seigal welcomes guests to the first Superdrug supplier conference

School day for suppliers

Superdrug held its supplier conference in Dunstable in September, welcoming key suppliers who heard business plans for 2010. The theme for the day was "Back to School", and the overall objective was to raise the profile of Superdrug among its top 50 suppliers. Superdrug also took the opportunity to get feedback, which was overwhelmingly positive, and a number of suppliers are currently in discussions to support the staff-training programme for next year.

Superdrug ☆

Conference focuses on 2010 strategies

Sunny Kuala Lumpur was the host city for the 2009 Health & Beauty Asia Marketing Conference held in July. Managers and Heads of Marketing departments from **Watsons'** business units in China, Taiwan, Korea, Malaysia, the Philippines, Thailand, Indonesia and, for the first time, Turkey attended the conference.

The conference focused on developing strategies and support activities for 2010, covering topics such as Promotions & Events, Own & Private Brand activities, Research, Customer Relation Management and Online initiatives.



Colleagues share views on luxury

As Europe's largest perfumeries & cosmetics retailer, the **A.S. Watson** Luxury division leverages on its international footprint through arranging staff-exchange opportunities. In September, over 40 Marketing, PR and Trading colleagues from 14 European countries gathered to share their experiences on a variety of topics ranging from e-commerce developments to Christmas programmes. The Hong Kong-based International Buying team also gave a presentation on gift items available to stores for the coming seasons.





Watsons hosts Pharmacists' Convention

Watsons Philippines held its 1st Pharmacists' Convention on 17 September with 245 pharmacists attending under the theme "We C.A.R.E.", highlighting the four CARE concepts of Watsons Pharmacies – "Convene, Advance, Re-invent, Empower". The gathering also celebrated the graduation of the first batch of Health and Wellness Counsellors.

Watsons



DNA Workshop sets high standards

Always striving to be the best of the best, **Watsons China** held a "Watsons Staff DNA Workshop" in July to improve the quality of service and thereby further enhance Watsons' image. The workshop, which was attended by almost 90% of staff in China, improved mutual understanding of the Watsons brand among colleagues who learned how to apply the DNA theory (Watsons' culture of excellence) to handling daily issues, especially with customers.

Watsons

Runners go to Valmiera!

Sporty lifestyle and opportunity to meet colleagues from all over the country were reasons why **Drogas** employees gathered together in Valmiera in late September – one of the biggest Latvia's cities – for the Valmiera Marathon 2009.

This was the first time when Drogas offered to participate in a marathon for both employees and their children. Drogas employees could spend holiday with family and colleagues, and little runners enjoyed the marathon with their parents!

The marathon was organised by the Centre of Charity and part of the marathon participants' fee was devoted to the charity Food for Children, providing free food for children from poor families.

Drogas



On your marks...

A torch relay was held in August to mark the 100 days' countdown to the East Asian Games in Hong Kong this December. Tang Hon Sing from **Watsons Athletic Club**, holder of the Hong Kong record for the 110m and 400m hurdles, represented **Watsons Water** as a torch bearer. Tang was animated after the run, "I strongly felt the spirit, unity, friendship and peace embodied in the relay!" he said.



Tang Hon Sing (left) passes the torch to So Wah Wai (Hong Kong Paralympian)





**We make the Best in Class
Marketing and PR campaigns!**

Everyone's a winner!

As the world's largest health & beauty retailer, **A.S. Watson Group** is a key player in 34 markets, deploying effective and exciting campaigns to drive the Group to new heights and success. The ASW Marketing & PR Awards is an appreciation of the teamwork of the dedicated staff who make these campaigns a commercial success.

Launching for the first time this year, 41 outstanding submissions were received from 24 business units, making it tough for judges to choose the winners.



Who's the best?

Watsons Taiwan introduced the "Best Store of the Year" Award in appreciation of employees' efforts and to enhance the overall quality of stores. The award is based on four categories: sales achievement rate, out-of-stock rate, stock management and customer services. Da-Ya store had outstanding performance in all aspects in 2008, beating 397 other stores to become a first-time winner.



Club adds cheer to lifestyles

Mid-Autumn Festival is an annual highlight for Chinese families. They gather for a big meal and brighten the occasion with colourful lanterns, which is especially fun for kids. On 25 September, the **Lifestyle Club** shared festive warmth with staff by delivering boxes of moon cake and healthy pears for everyone in their offices.

Taking advantage of the autumn weather in October, the Club also organised a day trip to Lantau Island and Tai O, visiting the famous Giant Buddha and the Po Lin Monastery.

The Club also provided a series of D-I-Y Off-Gel nail courses where staff had fun flexing their “creativity muscles”.



**41. Typhoon ignites “One Team” spirit 42. Pink power •
Drogas fills school bags 43. Nail art inspires the ladies •
Building healthy relationships 44. Sharing the joy of
Ramadan 45. Saying it with flowers 46. Volunteers
making a difference**



Our Community



Brenda Kou (left), Director of Marketing and Communication of Watsons Taiwan, receives an appreciation certificate from Abby Chen, Deputy Director of Office Resource Development of the Child Welfare League Foundation

屈臣氏捐助 莫拉克災區重建計劃

NT\$ 1,000,000



兒童福利聯盟、Watsons 台灣屈臣氏

Typhoon ignites "One Team" spirit

When Typhoon Morakot hit Taiwan in August it drastically impacted the eastern and southern regions, including some of our Watsons' colleagues and their families who suffered serious damage to their homes. True to the "**A.S. Watson** family" spirit, the Group's Head Office organised a fund-raising drive, gathering over HK\$353,000 within a few days, including more than HK\$326,000 from staff donations and over HK\$27,500 from **International Buying** Staff Sales. All proceeds went to the relevant Taiwan colleagues to provide the necessary emergency support.

Meanwhile, **Watsons Taiwan** reached out to victims by providing NT\$3 million worth of materials. An additional NT\$1 million was donated to the Reconstruction Programme of the "Child Welfare League Foundation". More than 1,000 children had benefited from the programme in the immediate month after the typhoon attack.



Pink power

Marionnaud France joined hands with Estée Lauder, Clinique and *Marie Claire* magazine this year to support the "Pink October" project. To promote the limited edition product sets, Marionnaud showcased eye-catching pink window displays featuring giant pink banners. Dedicated "Pink October" advertisements also appeared in famous French women's magazines. From now until next September the operation is targeted to meet donation total of €80,000.

Since 2006, the programme has already raised over €65,000, with all proceeds going to the association "Le Cancer du Sein, parlons-en", promoting early cancer diagnosis and supporting medical research.

/Marionnaud



Drogas fills school bags

Drogas took part in the "School bag" charity project in August to help support the children of poor families in the Valmieras region. Staff from Drogas sourced a variety of useful materials for the children, such as books, toys and stationery. They also hosted a charity bazaar called "Fill the School bag", trading gift bags for donations. The event was well supported by participants and visitors who welcomed the opportunity to help the community.

Drogas





Nail art inspires the ladies

Watsons Thailand held a nail painting training course in August for members of the Association for the Promotion of the Status of Women. Participants learned some basic knowledge in nail art and it is hoped that the course could inspire some members to develop an interest that could lead to a career, thus helping to improve the quality of their lives.

Watsons



Building healthy relationships

Watsons Philippines participated in a joint project with the Nattural Quality Corporation, Umagang Kay Ganda and Habitat for Humanity in building houses in Pasig. Two houses will be dedicated under the Watsons name, and employees were encouraged to donate household items for the houses. Watsons also provided free medical services in July for housewives of the community. Watsons' pharmacists provided health screenings and our health trainer conducted a healthy lifestyle session.

Watsons



Sharing the joy of Ramadan

In September, **Watsons Malaysia** launched the "Sinaran Hari Raya Bersama Watsons". "Sinaran" means "letting the light shine through", and this was achieved by sharing Watsons' Own Brand products with orphans from a charity home in Kuala Lumpur. Staged at a local café, the children enjoyed a good meal together, with festive gift packets given out to share the joy of Ramadan. The event succeeded in raising the community's awareness towards orphans.





Saying it with flowers

From July to September, **Watsons Water** joined hands with the Hong Chi Association to participate in the "Nurture-a-bloom" project. Customers purchasing Watsons Water during the period received a free flower seedling nurtured by the students of the association. Customers could choose from six species of organically farmed seedlings, all being featured in a uniquely designed bottle to match the different flowers.

The Hong Chi Association dedicates its services to those with intellectual disabilities, providing education and training to empower those with special needs to face life-long challenges. The project enabled Watsons Water not only to successfully engage its customers in supporting the less fortunate but also to contribute towards a greener environment.

watsons water



Volunteers making a difference

The **ASW Volunteer Team** takes no breaks during the hot summer!

In August the team joined hands with S.K.H. St. Christopher's Home and organised an orienteering fun day for new immigrant children.

In late September, the team collaborated with HKYWCA Ellen Li District Elderly Community Centre and ASW pharmacists to offer free health consultations for 100 elderly people.

From October the team and the Hong Kong Young Women's Christian Association hosted emotional-health training workshops and an adventure camp for Shatin school students.

In November, the team and the Hong Kong Elite Athletes Association took part in "Elderly Day", with volunteers delivering daily necessities to the elderly in 10 districts across Hong Kong.



Super Quiz

Answers

to Issue 78 1) No.1 2) Three million 3) Shanghai

Questions:

- 1) What is the target number of stores for A.S. Watson Group by 2011?
- 2) When was Watsons brand first introduced in Turkey?
- 3) How many designs are featured in the Watsons Water "East Asian Games Cheering Partners" collection?

Super Prize (2)

Trendy Headphones



Sponsored by



A.S. Watson Group

Gold Prize (10)

Monopoly game set



Sponsored by



Silver Prize (10)

Plush dog and bracelet



Sponsored by



International Buying
Shared Buying Services

Super Prize (MP3 Player)

Name

1. Kammy Mak
2. Joan B. Celaje

Company & Department

ASW - FSSC
Watsons Philippines - Business Intelligence

Gold Prize (Grape Bella skin care set)

Name

1. Esther Li
2. Chui Chi-yan
3. Wong So-fong
4. Yu Man-man
5. Cheung Sau-man
6. Cheng Ka-ling
7. Cathy Cheng
8. Nazreen Begum
Binti Abdul Rashid
9. Daniel Ng
10. Daisy Mapanao
11. Betty Yu
12. Hunter Hsu
13. Wonkyu Kim
14. Robert Gearing
15. Jeanette Philippo

Company & Department

ASW - FSSC
ASWI HK - Finance
ASWI HK - Finance
ASWW HK - BID
H&B Asia - Regional Marketing
PARKnSHOP HK - Operations
PARKnSHOP HK - Trading
Watsons Malaysia - HR
Watsons Malaysia - Marketing
Watsons Philippines - Finance
Watsons Shanghai - HR
Watsons Taiwan - HR
Health & Beauty UK
- Strategic planning & Development
Savers UK
Trekpleister

Silver Prize (Travel buddy gift set)

Name

1. Fanny Tsui
2. Pang Yuen-mei
3. Ho Kin-chung
4. Teresa Wong
5. Yang Oi-yee
6. Cheung Man-wah
7. Rita Leung
8. Ma Chu-leong
9. Yip Tung-hoi
10. Steven Liang
11. Xia Xiao
12. Sue Su
13. Milk Li
14. Tracy Chung
15. Roselyn G. Palomar
16. Rebecca B. Almario
17. Lee Choy-hong
18. Ong Guat-eng
19. Nattanicha Suwannasaksin
20. Berenger Adriem

Company & Department

ASW - FSSC
ASW - FSSC
ASW - GIT
ASWI HK - Finance
ASWI HK - Finance
H&B Asia - Regional Marketing
Nuance-Watson(HK) - Finance
PARKnSHOP HK - SSDC
PARKnSHOP HK - SSDC
ASWI GZ - Finance
ASWI GZ - Warehouse
Watsons Chengdu - Finance
Watsons Taiwan - Store
Watsons Malaysia - Buying
Watsons Philippines - Business Intelligence
Watsons Philippines - Store Operation
Watsons Singapore - Finance
Watsons Singapore - Finance
Watsons Thailand - Finance
Marionnaud Service Expansion

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

Company and Department: _____

Address: _____

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

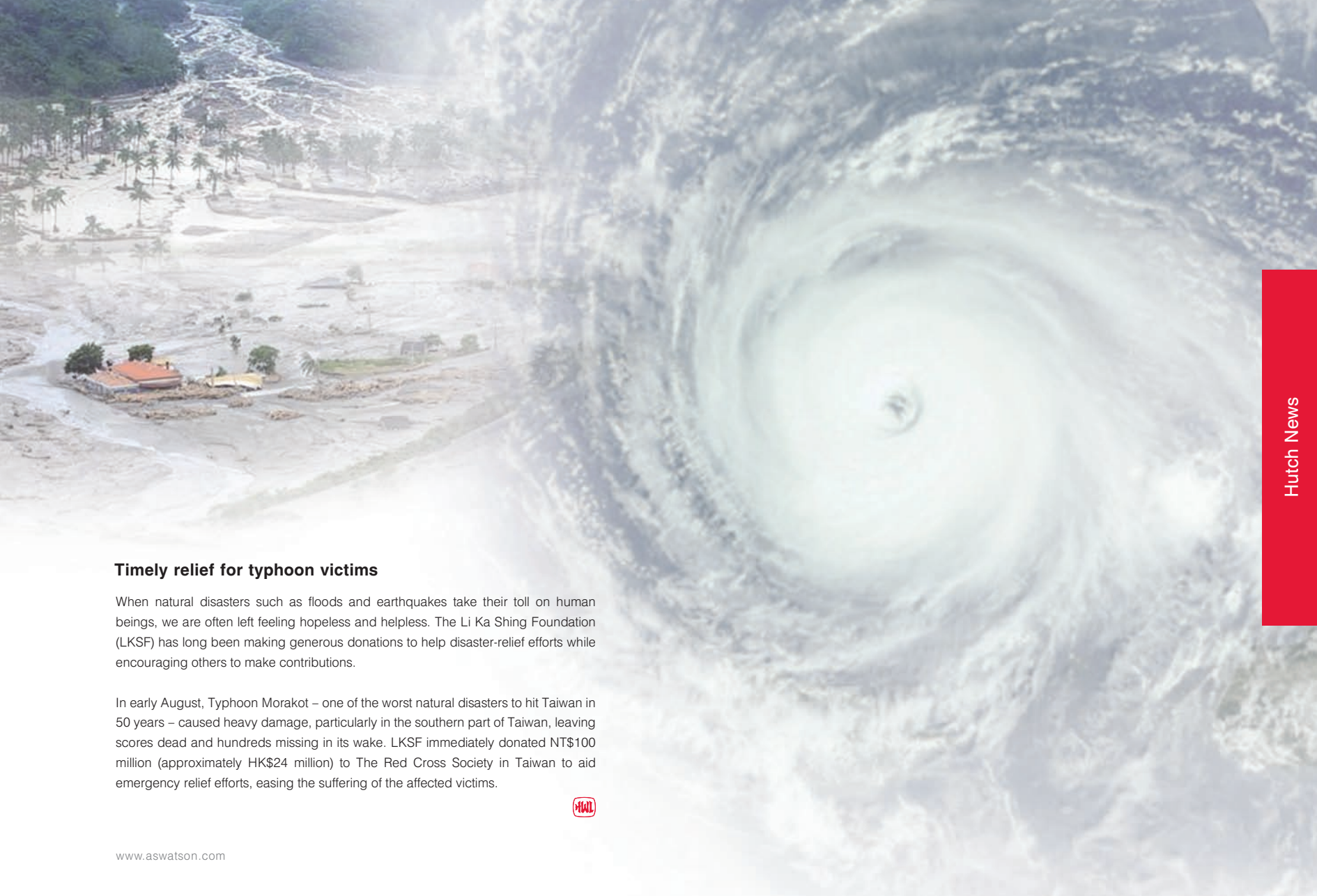
A1: _____ A2: _____ A3: _____

Send your **completed** entry form to:

Deadline: 31 January 2010

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

or email to: WatsON@asw.com.hk



Timely relief for typhoon victims

When natural disasters such as floods and earthquakes take their toll on human beings, we are often left feeling hopeless and helpless. The Li Ka Shing Foundation (LKSF) has long been making generous donations to help disaster-relief efforts while encouraging others to make contributions.

In early August, Typhoon Morakot – one of the worst natural disasters to hit Taiwan in 50 years – caused heavy damage, particularly in the southern part of Taiwan, leaving scores dead and hundreds missing in its wake. LKSF immediately donated NT\$100 million (approximately HK\$24 million) to The Red Cross Society in Taiwan to aid emergency relief efforts, easing the suffering of the affected victims.



About A.S. Watson Group

With a history dating back to 1828, the A.S. Watson Group (ASW) has evolved into an international retail and manufacturing business with operations in 34 markets worldwide.

Today, the Group operates over 8,600 retail stores running the gamut from health & beauty, luxury perfumeries & cosmetics to food, electronics, fine wine and airport retail arms. Also 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 87,000 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 54 countries.

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