

# Colour Cosmetics





Chairman & CEO, **Simon Kwok**  
主席及行政總裁郭少明

The retail industry is a very challenging one. Its strength or otherwise is an almost immediate indicator of the performance of the wider economy. The fiscal year 2004 was highly eventful for Hong Kong's retailers, particularly for the Sa Sa Group. Against a background of negative and positive factors, we turned in a robust business performance and ended the year with a significant roll call of industry and consumer awards. In addition to the interim dividend paid of 2.0 HK cents and a special dividend of 1.0 HK cent per share, the Board of Directors ("The Board") proposes to offer a final dividend of 5.0 HK cents and a special dividend of 4.0 HK cents per share, making a total of 12.0 HK cents per share for the fiscal year. We remain confident that our strategic business plan, our high level of motivation and our emphasis on rapid responsiveness will result in further improved profitability and greater returns for our stakeholders in the coming years.

The SARS outbreak caused a slump in activity that Asia's retail industry has perhaps never before experienced. Due to its ingrained adaptability, the Group managed to reduce the impact of SARS to the bare minimum by adopting various measures such as adjustments in the merchandise mix and prudent cost reductions. The marked increase of PRC tourists that followed on the more relaxed travel policy helped the local economy and retail market to recover very quickly, providing substantial business opportunities for various sectors, including cosmetic retailing. In order to capture the growth potential inherent in the growing PRC tourist market and the improvement in overall consumer spending in Asia, the Group added seven new stores across the region from July 2003

零售業向來充滿挑戰，其興旺與否幾乎是反映整體經濟表現的寒暑表。二零零四財政年度對香港零售業可謂帶來非常特別的體驗，莎莎集團尤其如是。面對不同負面及正面因素，年內集團業務仍表現理想，更榮膺多項行業及顧客服務獎項。除已派發中期息每股二港仙及特別股息每股一港仙外，董事會建議派發末期息每股五港仙及特別股息每股四港仙，全年合共派發股息每股十二港仙。集團深信，憑藉週詳的策略性業務計劃、高度的積極性和迅速的應變能力，未來的盈利能力定可進一步提升，為股東締造更優厚的回報。

非典型肺炎肆虐一度令亞洲零售業陷入前所未有的低潮。有賴超卓的應變能力，集團迅速推行調整貨品組合和審慎削減成本等多項措施，將非典型肺炎的衝擊減至最低。內地放寬旅遊政策後，訪港內地旅客顯著增加，有助本港經濟及零售市道迅速回升，為各行各業帶來不少商機，化粧品零售業亦不例外。為了把握日益壯大的內地旅客市場的增長潛力以及亞洲區整體消費回升的機會，集團已由二零零三年七月起在區內增設七間新店舖。香港及星馬營



# Chairman's Statement

## 主席獻辭



onwards. Turnover in Hong Kong, Singapore and Malaysia increased by 18.7% and 23.8%, and therefore our market share in Hong Kong, Singapore and Malaysia improved. The broad economic rebound and various measures stimulated by the new market situation, such as adjustment in purchasing and product development strategies and upgrading operational systems, enabled the Group to achieve healthy turnover growth as well as satisfactory same store growth in Hong Kong, Singapore and Malaysia.

We look to the future confident that we can realize our vision to be the dominant cosmetic retailing and beauty services group in Asia. During the year, in order to provide an even stronger base and momentum for long-term growth, strenuous efforts were made to build up the Group's resources, to further extend our robust network in the region and to enhance our capabilities for successful pursuit of our strategic direction.

Looking forward, the Group has a number of dynamic growth strategies in place.

Firstly, we are positioning ourselves as a Beauty Specialist and reinforcing our core retail business with the profile of Sa Sa as a cosmetics specialty store. We believe such clear positioning will increase our competitiveness and that by becoming an all-round beauty partner of our customers we will encourage customer loyalty. We have launched a fresh new store image, and we have supported this with the provision of more comprehensive beauty products and services to our customers. Both men and women are becoming increasingly conscious about their health and appearance. We believe we can develop our existing customer base and expand it further by providing extra value-added beauty

業額年內分別上升百分之十八點七及百分之二十三點八，並增加莎莎在兩地的市場佔有率。區內整體經濟回升及新市場形勢所促成的多項措施，例如調整採購及產品開發策略以及提升營運系統等等，都令集團的營業額達致穩健增長，而香港及星馬市場的相同店舖營業額亦錄得滿意升幅。

集團對未來發展充滿信心，銳意成為亞洲地區首要化粧品零售及美容服務集團。年內集團努力凝聚資源，進一步拓展區內的龐大網絡及提升集團的實力，以朝著策略所訂方向發展，為長遠增長提供更雄厚基礎和動力。

展望未來，集團已制訂多項策略以達致蓬勃增長。

首先，集團以「化粧品及美容專家」作為定位，加強核心零售業務，突出莎莎作為「化粧品專門店」的形象。我們深信，定位清晰可提升集團的競爭力，而作為能夠完全照顧顧客全面美容需要的夥伴，可令集團更受顧客擁戴。集團已為店舖換上新形象，並為集團顧客提供更周全的美容產品及服務，以收相輔相成之效。現時不論男女均對健康及儀容日益重視，集團深信透過提供額外增值的美容服務，定可加強及進一步擴大現有客戶基礎。朝著這項策



services. Reflecting this approach and our optimism about the future growth of cosmetic retailing, we opened a second Sa Sa Beauty+ facial and slimming beauty salon during the year and we are preparing to open a new flagship store in Causeway Bay, the prime shopping area in Hong Kong. This will be the largest cosmetic specialty store in Hong Kong and will undoubtedly support the Group's image as a Beauty Specialist.

Secondly, we are strengthening our brand management business. The launch of a new store image is enhancing our relationships with our suppliers and increasing our competitiveness in securing more exclusive brands. Dynamic marketing initiatives are already leading to a significant increase of house brand products and we continue to showcase our capabilities in brand management. These have included building stronger brand awareness for Elizabeth Arden and achieving a substantial improvement in the brand's sales performance. We will further hone our brand management skills to bring our exclusive brands to new market heights while considering forming partnership with other brands to strengthen our brand portfolio.

Thirdly, we are increasing market share in our developed markets and expanding into new markets. In tandem with the recovery of the Hong Kong economy, further growth in our core retail business in Hong Kong is promised with new tourist attractions in both Hong Kong and Macau and an ongoing relaxation of the travel policy for PRC tourists to visit Hong Kong. The Group is confident that it can gain further market share in Hong Kong and Macau by expansion of local retail network, further adjustment in product mix, strengthening of marketing efforts and enhancing the service quality.

略式方針，集團於年內開設第二間Sa Sa Beauty+美容及纖體中心，並準備於香港黃金購物地帶銅鑼灣區開設新旗艦店，該店將為香港最具規模的化粧品專門店，體現集團對化粧品零售的未來增長充滿信心，進一步突顯集團作為「化粧品及美容專家」的形象。

第二，集團正加強發展旗下的品牌管理業務。店舖採用新形象不單可加強與供應商的關係，更可提高爭取更多獨家經銷品牌的競爭力。集團積極的市場推廣活動使專有及獨家品牌產品的銷量大大增加，反映集團品牌管理能力超卓。其中包括使伊利莎伯雅頓的品牌知名度提高及令其銷量大為提升。集團將進一步加強品牌管理，令專有及獨家代理品牌在市場上迭創佳績，並考慮與其他品牌結盟以加強產品組合。

第三，集團正積極提高在現有市場上的佔有率，並同時拓展新市場。隨著香港經濟復甦，港澳地區將有更多招徠旅客的因素，加上中國當局持續放寬內地旅客來港政策，香港核心零售業務勢將錄得進一步增長。通過擴展港澳的零售網絡、進一步調整貨品組合、加強市場推廣及提升服務質素等，莎莎深信可繼續拓展本地的市場佔有率。



# Chairman's Statement

## 主席獻辭

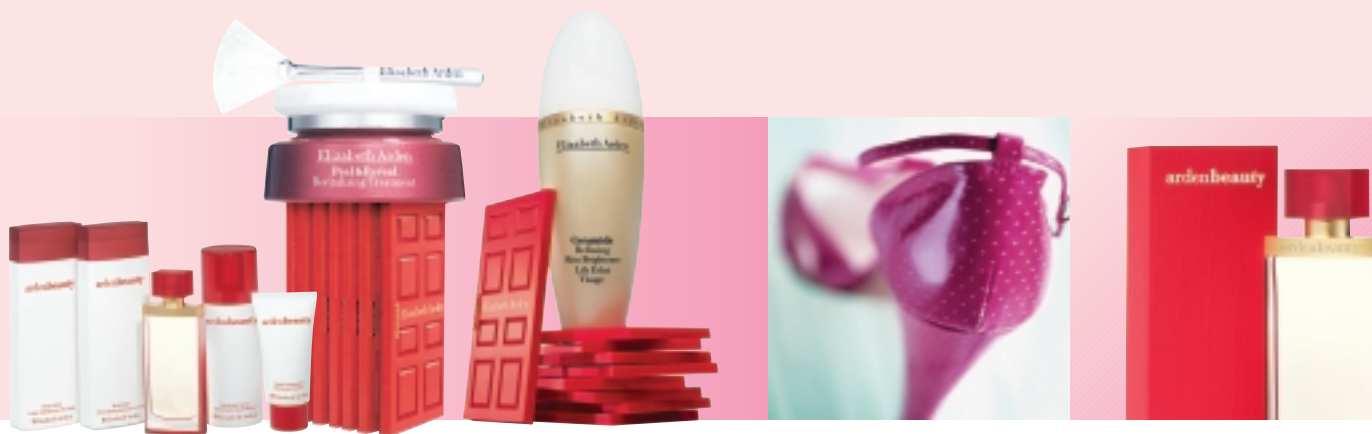
natural

The Group has also rolled out an aggressive plan to increase market share in overseas markets where so far we are only a minor player. We see significant opportunities to build a stronger presence in Singapore, Malaysia and Taiwan. Once the groundwork has been completed and adjustments made, we believe that Sa Sa will be in a position to capitalize on the first encouraging results in these markets. A similar drive underpins our improvements to Sasa.com. We are determined to leverage our e-commerce platform as a cost-effective and dynamic way to expand our business and diversify our customer base to new markets, including countries beyond Asia. At the same time, we continue to make preparations for entry into the enormously promising PRC cosmetics market, where Sa Sa is already a strong brand name.

To achieve this growth and to deliver good value to our shareholders, Sa Sa is more than ever committed to improving customer services, promoting effective and efficient operations, and developing productive relationships with our suppliers. By enhancing our store capacity and upgrading our IT and Point of Sales systems we are already providing better service to our customers and we have laid the groundwork for the implementation of more sophisticated management systems to enhance data analysis and management efficiency. In terms of management resources, we have further strengthened our highly experienced retail management with the appointment of a new Chief Operating Officer and a new head of Taiwan operations.

集團已制訂積極進取的計劃，以提高莎莎在海外市場的佔有率，迄今莎莎在海外市場上規模尚小。集團將積極把握機會，務求拓展星馬及台灣市場的業務規模。一俟完成基礎工作及所需的調節，相信莎莎即能夠在此等市場的初步成績基礎上繼續發展。集團亦不斷開拓Sasa.com網上購物業務，借助該電子商貿平台以具備成本效益及動力的方式拓展業務，將客戶基礎拓展至包括亞洲以外地區在內的新市場。與此同時，集團繼續為進軍潛力龐大的中國內地化粧品市場而進行籌備工作，而莎莎品牌在內地更早已家喻戶曉。

為了達致上述增長，並為股東締造優厚回報，莎莎更銳意提升顧客服務，提高營運效益及效率，與供應商建立緊密關係。透過加強店舖銷售能力和提升資訊科技及銷售點系統，集團已為顧客提供更完善服務，並為採用更先進管理系統作好準備，加強數據分析及管理效率。在管理資源方面，集團已新增委任首席營運總監，並就台灣業務委任新主管，進一步加強集團經驗豐富的零售業務管理層。



With this highly motivated team in place, we have established a firm foundation for the future growth of the Group. Given that the Group is in a very healthy cash position together with strong and positive operating cash flow, the board anticipates that, subject to the cash requirement for further development of the Group, the Company can maintain 100% pay out of its after tax earnings so long as the present mode of operation continues as it is. This policy may from time to time be subject to the board's review when any new relevant factors will be taken into account.

I would like to thank all our employees for their years of support and commitment to realizing Sa Sa's goal to become the dominant cosmetic retailing and beauty services group in Asia. I would also like to thank our shareholders for their continued confidence in the Group and for participating in our vision of the future. I know I speak for everyone in the Sa Sa Group when I say that we are determined to see that confidence rewarded with increased shareholder value in the years to come.



Simon Kwok  
郭少明

Chairman and Chief Executive Officer  
主席及行政總裁  
Hong Kong, 28th June 2004  
香港，二零零四年六月二十八日

有賴高度積極的員工，集團已為日後增長建立穩固基礎。由於本集團擁有充裕的現金以及穩健的營運現金盈餘，董事會預算按現行的營運模式，在不影響集團對未來發展的資金需求下，本公司將可保持派發百分之百之稅後盈利作為股息，但董事會將不時考慮新的相關因素而對有關政策作出檢討。

本人謹此感謝各位員工多年來努力不懈，致力實踐莎莎成為亞洲首要的化粧品零售及美容服務集團的目標，並感謝各位股東對集團的信賴及支持集團未來發展的目標。本人及集團上下定必繼續全力以赴，提升股東回報，以答謝股東對集團的信任，並為莎莎開創更光輝未來。

