

Colour Cosmetics



Chairman's Statement

主席獻辭



Chairman & CEO
SIMON KWOK
主席兼行政總裁
郭少明

A seemingly uninterrupted series of negative factors influenced the global economy during the fiscal year 2002/2003, culminating in the SARS outbreak in Asia. Businesses in every sector were adversely affected, particularly in retail and tourism. However, thanks to the improved strength of our core retail business, our robust financial background and our prudent strategies of consolidation and gradual growth, we ended the year with some achievements. In addition to the interim dividend paid of two HK cents including one HK cent of special dividend, the Board proposes to offer a final dividend of four HK cents per share, making a total of six HK cents per share for the financial year. We look to the future with increasing confidence that our strategic business plan, and our emphasis on efficiency and productivity, will result in further stages of improved profitability and greater returns for our stakeholders.

The Group's core retailing business not only outperformed economic sentiment last year, reflecting Sa Sa's sound fundamentals, but in terms of operating profits and growth it improved significantly on last fiscal year's performance. In particular, we performed well in the Hong Kong and Macau market, which is the major contributor to the Group's total retail turnover. Our performance shows that our retail business model is highly competitive, and as a result we are able to attract business from both domestic spenders and visiting spenders. Tourists from the PRC will undoubtedly continue to fuel our future growth in Hong Kong.

These results have also directly benefited from the strategic actions we have taken to improve the profitability of our operations through an ongoing process of consolidation and rationalization. We benefited from the closure of five non-performing stores in Taiwan last fiscal year. We continued to control the costs of our retail business following the strategic adjustment of inventory across Sa Sa's retail network in the previous fiscal year. We also improved Sasa.com's product range and cost effectiveness.

於二零零二 / 二零零三財政年度，影響全球經濟的負面因素似乎紛至沓來，年底亞洲爆發非典型肺炎令形勢雪上加霜。各行各業均大受影響，零售業及旅遊業更是首當其衝。不過，有賴集團核心零售業務實力加強、財政狀況穩健、審慎的業務整固及循序發展的策略，集團於過去一年在業務上締造一些成績。除已派發中期息每股兩港仙（包括特別股息一港仙）外，董事會建議派發末期股息每股四港仙，全年派發股息合共六港仙。集團對未來發展充滿信心，憑藉其策略性業務計劃，以及著重提高效率及生產力的方針，盈利能力將會進一步提升及為股東帶來更優厚的回報。

集團的核心零售業務不單在去年經濟呆滯下表現理想，充分反映莎莎基本因素穩健，集團經營溢利及增長亦較去年大大提升。尤其是佔集團總零售營業額最主要部份的香港及澳門市場。集團表現顯示旗下零售業務經營模式極具競爭力，故能招徠本地及外來顧客惠顧。中國內地旅客無疑可繼續加強集團本港業務的未來增長。

集團不斷進行整固及合理化改組，並採取多項策略性措施以提升業務的盈利能力，這些措施的成果皆直接在業績上反映出來。集團於上一財政年度結束五間表現欠佳的台灣店舖，此舉亦使本年業績受惠。繼上一財政年度集團對零售業務的存貨作出策略性調整後，莎莎繼續嚴謹控制零售業務的開支，並增加了Sasa.com網上銷售貨品種類及改善其成本效益。

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During the year, we also addressed other issues that, as a result of our actions, will have a positive effect on our performance. On 28th March 2003, Sa Sa disposed of its entire stakeholding in the loss-making Ebeca. On the other hand, Phillip Wain became a wholly owned subsidiary on 10th March 2003, allowing us more room for further strategic consolidation. Against the background of a growing market and intensifying competition, particularly from niche players, we believe that our sole ownership of Phillip Wain will be able to give us the flexibility to increase our competitiveness in the market. These decisive steps were undoubtedly timely and indicate that we will continue to review and recalibrate our operations wherever and whenever necessary.

Sustained by our competitive edges of strong brand loyalty and goodwill, a diversified product range, competitive pricing and consumer confidence, we look forward to the stable growth of Sa Sa's core retail business. Our extensive industry experience, excellent management skills, sound financial position and a huge and loyal region-wide customer base will continue to underpin our strong performance.

However, as a Group with a clear vision to become Asia's dominant cosmetic retailer and beauty services provider, we will also leverage Sa Sa's strengths to pursue expansion in existing overseas markets and eventually new markets. Gradual initial steps in this direction have already been taken. We have appointed a new management team for the Southeast Asian region to oversee the expansion of our presence and to improve market share in our existing markets such as Singapore and Malaysia. With well-established operating bases and widespread local recognition, we have the opportunity to enhance our profitability through low-risk and low-capital expansion in these areas.

年內集團亦致力於一些項目，使對業務表現有所裨益。莎莎已於二零零三年三月二十八日將處於虧損狀況的依貝佳全部股權出售。此外，菲力偉已於二零零三年三月十日成為集團的全資附屬公司，使集團有更多空間推行進一步策略性整固措施。鑑於市場不斷增長，而競爭也日益加劇，尤其來自專業化營商者，集團相信全權擁有菲力偉可令集團靈活地提升其在市場上的競爭力。此等果斷措施無疑切合時宜，集團將繼續檢討有關業務，並在必要時進行重整。

憑藉莎莎強大的品牌忠誠度和家喻戶曉的商譽、多元化的貨品、具競爭力的價格和深受消費者信賴等各項競爭優勢，莎莎的核心零售業務將可穩步增長。另外，豐富的業內經驗、優良的管理、雄厚的財政實力以及亞洲區內龐大忠實的客戶基礎，亦可繼續支持集團續創佳績。

集團目標明確，銳意成為亞洲地區首要的化粧品零售及美容服務集團，並將繼續利用莎莎的優勢，不斷擴展現有的海外市場業務及開拓新市場。集團已朝這方向按部就班採取措施，包括已就東南亞地區委任新管理隊伍，以負責當地業務拓展事宜，並同時提高集團在新加坡及馬來西亞等現有市場的佔有率。憑藉當地已確立的業務基礎及廣泛的知名度，集團可在這些地區進行低風險及低成本的業務擴展，藉以提升其盈利能力。



At the same time, and in the same spirit of 'gradualism', we will be taking further steps to test the PRC market by leveraging on Sa Sa's strong brand recognition in the PRC and the public's perception of Sa Sa as a reliable and trustworthy cosmetic retailer. We are at the planning stage and have no pre-determined schedule, we will be flexible in our approach to cater for local market needs and local operating conditions. We aim to focus initially on one or two major cities in China to launch prototype stores specially tailored to the PRC market and to introduce our unique one-stop-shop cosmetic retailing concept. We will consider other options, including introducing our exclusive and private-label products and making them available beyond our own stores.

By building on our core retail business, rationalizing our operations and taking initial steps to realize our regional vision, we have established a firm foundation for the future growth of the Group. We are poised to further enhance profitability, to improve our merchandise mix, to expand exclusive distributorship of international brands, and to extend our robust network in the region.

Year 2003 is Sa Sa's 25th anniversary. I would like to thank each and every one of our employees for their years of support and dedication towards realizing Sa Sa's goals. To our shareholders I would like to express my gratitude for their confidence in the Group and for sharing our vision of the future. Everyone involved in the Sa Sa Group including myself are determined to see that this confidence is rewarded with increased shareholder value in the years to come.

Simon Kwok
郭少明

Chairman and Chief Executive Officer
主席兼行政總裁

Hong Kong, 25th June 2003
香港，二零零三年六月二十五日

與此同時，集團將秉承循序漸進的原則進一步嘗試開拓中國市場。莎莎在中國大陸既擁有高知名度，消費者亦認同莎莎乃可靠及值得信賴的化粧品零售商。中國內地業務正處於籌劃階段，並無既定時間表；集團將會採取靈活方針來迎合當地市場需要和經營環境；現初步計劃在一至兩個中國主要城市開設特為迎合國內市場而設的試點店舖，引進莎莎獨有的「一站式」化粧品零售概念，集團並考慮其他方案，包括引進獨家及專有品牌產品，並將銷售範圍拓展至集團旗下店舖以外地點。

透過在核心零售業務基礎上持續發展、業務整合及為實現亞洲地區業務的目標奠定的發展基礎，莎莎已為日後增長確立穩固根基。集團已準備就緒，進一步提升盈利能力、改善貨品組合及爭取更多國際品牌的獨家代理權，同時加強區內日益壯大的業務網絡。

適值二零零三年為莎莎成立的廿五週年，本人謹此感謝各位員工多年來努力不懈，致力實踐集團的目標，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。本人及莎莎集團全人定必繼續全力以赴，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。