



making life beautiful

Saisai

Beautiful *life is the secret
to keeping young.*



Chairman's Statement

主席獻辭

Chairman & CEO
Simon Kwok
主席及行政總裁
郭少明



The fiscal year 2004/05 was a positive one for Hong Kong's retailers, and particularly for the Sa Sa Group. Against a background of recovery from the SARS epidemic, the Group continued to benefit from the steady rise in tourist arrivals, in particular from the People's Republic of China ("PRC") but also from overseas, as well as the improvement in local consumer spending in the latter part of the fiscal year. In addition, we began to see contributions from our overseas retailing operations outside the PRC. Group profit increased by 43.4% to HK\$216.6 million, and Group turnover rose 22.9% to HK\$2,313.7 million.

In addition to the interim dividend of 3.0 HK cents and a special dividend of 3.0 HK cents per share, the Board of Directors proposed a final dividend of 5.0 HK cents per share and a special dividend of 6.0 cents per share, payable on 30th August 2005 to those persons registered as shareholders as of 25th August 2005, making a total dividend of 17.0 cents per share for the fiscal year.

In the much improved post-SARS environment, our emphasis was on further extending our lead in the market, sustaining overall profitability and laying the foundation for future growth by increasing our competitiveness in various key areas.

二零零四 / 零五財政年度為對本港零售商發展有利的一年，對莎莎集團尤甚。香港經濟擺脫非典型肺炎疫症困擾而復甦，集團持續受惠於訪港旅客穩步增加（內地旅客尤甚），以及本財政年度下半年本港消費改善。此外，中國以外海外地區零售業務開始為集團帶來貢獻。集團溢利增加百分之四十三點四至二億一千六百六十萬港元，集團營業額則增加百分之二十二點九至二十三億一千三百七十萬港元。

除已派發中期息每股三港仙及特別股息每股三港仙，董事會建議向於二零零五年八月二十五日名列股東名冊的股東派發末期息每股五港仙和特別股息每股六港仙，是項股息將於二零零五年八月三十日派付，全年合共派發股息每股十七港仙。

整體營商環境在非典型肺炎疫症過後已大有改善，集團遂著重於提升集團在多個主要範疇的競爭力，以便進一步拓展市場上的領導優勢，維持整體盈利能力及為未來增長奠定基礎。



The first and most important of all has been to build on the accumulated goodwill and reputation of the "Sa Sa" brand. During the year, the Group devoted increasing resources to this initiative and our efforts garnered abundant recognition. As indicated in a survey conducted by KPMG and Retail Asia magazine in 2004, Sa Sa was the only cosmetics specialist retailer among the top ten beauty and health specialist retailers in the Asia Pacific region. In other words, Sa Sa was considered to be the largest cosmetics specialist chain store in Asia Pacific in 2004. The Group was also ranked in the top 1000 (Sa Sa 447th and Phillip Wain 498th) of the most famous brand names in Asia by Media magazine. These rankings were even higher than a number of international brands with a long pedigree. In addition, Sa Sa was included in Morgan Stanley's MSCI Small Cap Index Series as of 30th November 2004. All these achievements testified to the success of our brand building strategy and our leadership in cosmetic retailing in the region. We will continue our strenuous efforts in this direction, leveraging on the strength of the "Sa Sa" brand to maintain our competitiveness and to drive future growth.

充分利用「莎莎」品牌多年建立的商譽和名聲去拓展業務是集團首要亦是最重要的一環。年內，集團對此方面積極增加投入的資源，而作出的努力亦廣受認同。正如一項由畢馬威會計師事務所 (KPMG) 與《Retail Asia》雜誌於二零零四年進行的調查顯示，莎莎是亞太區十大美容及健康專門店當中的唯一化粧品專門店。換言之，莎莎獲視為二零零四年亞太區規模最大的化粧品連鎖專門店。在《Media》雜誌的亞洲最著名品牌排名中，集團亦躋身一千大之列（莎莎排名第四百四十七，菲力偉則排名第四百九十八）。此等排名甚至在若干歷史悠久的國際名牌之上。此外，莎莎更於二零零四年十一月三十日獲納入摩根士丹利小型股指數。各項外界的認同都證明莎莎的品牌建立策略成功，在區內化粧品零售市場領袖群倫。集團將繼續努力不懈，朝著此方向邁進，借助「莎莎」品牌的雄厚實力，維持競爭力，推動未來增長。

Chairman's Statement

主席獻辭



In terms of products, we continued to develop our exclusive brand portfolio during the year. According to a Euromonitor survey and company figures, three of our exclusive brands already ranked among the top 20 skin care brands in Hong Kong by annual turnover in 2004. We will continue to strengthen and expand our exclusive product portfolio and further boost our exclusive brands in order to develop more customer loyalty, to drive growth and to provide solid contributions to our future profits.

Excellence of service has always been among our highest priorities. The Group is committed to providing highly professional and top quality service. During the year we made considerable progress in enhancing our service quality. We won a number of awards in the area of customer service, testifying to the success of our training systems. The implementation of a Customer Relationship Management programme in the latter part of the year will see these service levels further enhanced in the coming years.

Such initiatives reflect our determination to strengthen our competitive advantages and to stay ahead in the keenly competitive beauty and health market. Fiscal year 2004/05 saw us well set on a strategic path that will enable us to realise our full growth potential, not only in all existing markets but also in new ones.

Although improvements were seen in our beauty services operations in last fiscal year, we intend to further integrate our retail business and beauty services in order to enhance their synergy and to provide more comprehensive services to our customers as well as a greater contribution to the Group.

In terms of operations, we upgraded Sa Sa's Point-of-Sales system and the overall capability of our IT system last fiscal year to facilitate more efficient operations and future expansion. Furthermore, we have started to implement SAP's R3 Enterprise Resources Planning system in order to increase our system capability and scalability, both of which are important to our long term success.

產品方面，年內集團繼續提升獨家代理 / 銷售品牌組合。根據《Euromonitor》一項調查及集團銷售數據，以二零零四年全年營業額計算，三個由集團獨家代理 / 銷售的品牌已躋身香港二十大護膚品品牌之列。我們將不斷加強和擴大獨家產品組合，進一步推廣獨家品牌，以令其更受顧客愛戴、促進業務增長，為未來溢利帶來可觀貢獻。

集團一直以提供超卓服務為先，所以不斷致力提供專業超卓和優質的服務。年內集團在提升服務質素方面取得可觀進展。集團在顧客服務範疇內屢獲殊榮，證明其培訓制度卓有成效。於下半年實施的顧客關係管理計劃更可令未來數年的服務水平更上一層樓。

上述種種措施反映集團決心加強競爭優勢，在競爭激烈的美容產品及健美市場上穩踞前列。二零零四 / 零五財政年度內集團已在明確的策略發展軌道上前進，其將使集團不單在所有現有市場上，同時在進軍新市場時，均能充分發揮增長潛力。

集團於上一財政年度的美容服務業務雖已有改善，集團仍擬進一步整合旗下的零售業務與美容服務，務求加強協同優勢，並向顧客提供更周全的服務，為集團作出更大貢獻。

營運方面，集團已於上一財政年度提升了莎莎的銷售點系統，以及資訊科技系統的整體效能，令營運及未來拓展更具效率。再者，集團已開始採用SAP的R3企業資源規劃系統，務求加強系統能力和提升擴展潛力，兩者對集團的長遠成績均非常重要。



Sa Sa always strives for improvement in management efficiency and effectiveness. During fiscal year 2004/05, we launched a Business Intelligence system to strengthen our effectiveness in strategic and operational analysis. We also provided various training programmes to managerial and supervisory staff in order to develop their work knowledge and to polish their managerial skills. These efforts were recognised by our receiving various accolades for the quality of our management and management practices.

Overall, Sa Sa will continue to focus on reinforcing the overall positioning of Sa Sa as a Beauty Specialist and to further develop awareness of Sa Sa as a leading cosmetics retailer throughout the region. Against a background of growing tourism and local spending, we will leverage on our competitiveness to realise further growth in Hong Kong and Macau. For the medium term, we will pursue aggressive growth in overseas markets, which are also starting to experience the benefits of PRC visitor spending. For the long term we will seek expansion in the Mainland China market.

At the end of a successful year, I would like to thank all our employees for their tremendous efforts and the energy they have devoted to making Sa Sa into one of the outstanding brands in Asia. I would also like to extend my thanks to our shareholders for their firm support throughout the year and for sharing our vision and strategy for the future. I am sure that everyone in the Sa Sa Group shares my belief that the confidence of both our employees and shareholders will be 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, 29th June 2005
香港，二零零五年六月二十九日



莎莎一直致力提升管理效益及效率。集團於二零零四 / 零五財政年度推行營商資訊分析系統，以加強集團在策略及運作分析方面的效益。我們亦向管理級別和店舖主管人員提供多項培訓計劃，加強員工的專業知識，提升管理技能。集團因管理層以及管理質素優良而廣受嘉獎，證明此等努力廣受認同。

整體而言，莎莎將繼續加強作為化粧品及美容專家的整體定位，進一步提升莎莎作為區內居領導地位的化粧品零售商知名度。隨著旅遊業和本港消費日益興旺，集團將借助雄厚的競爭力，令港澳地區的增長更為蓬勃。海外市場亦開始受惠於中國內地遊客出外旅遊，就中期發展而言，集團將積極推動海外市場業務的增長；而中國內地市場的拓展則為集團提供長線發展。

過去一年成績斐然，本人謹此感謝各位員工努力不懈，令莎莎成為亞洲的超卓品牌。本人並感謝各位股東年內對集團的鼎力支持，認同集團對未來發展的抱負和策略。本人及集團上下必定繼續致力提升股東回報，以答謝股東對集團的信任，並為莎莎開創更光輝未來。