

Management Discussion and Analysis

管理層討論及分析



Sasa Beauty⁺

The establishment of Sasa Beauty⁺ complements our retail business development, providing all-round cosmetics and beauty services to Sa Sa customers. During the year, turnover increased by 9.5% to HK\$25.1 million. A small loss was recorded, mainly because the increase in turnover could not offset escalating rental costs. The number of members rose by 20.2%.

Strengthening IT Infrastructure and Operational Systems

In order to build up a common platform with the capability to manage, collaborate and exchange real-time sales and inventory information with all our business partners and to respond to ever-increasing customer demand and market competition, the Group is upgrading its IT infrastructure and adopting the SAP's R3 Enterprise Resource Planning ("ERP") system.

With this globally proven and fully integrated system, we aim to increase our business process efficiency and managerial control through best business practices and management processes. The SAP system also allows us to standardise and increase our transparency of information flow and improve our business decision process by providing detailed, timely and reliable financial, sales and inventory information, as well as enhance our supply chain and customer relationship management capabilities.

Sasa Beauty⁺

Sasa Beauty⁺ 為莎莎化粧品店顧客提供全面的化粧及美容服務，與集團零售業務的發展相輔相成。年內，Sasa Beauty⁺ 的營業額達二千五百一十萬港元，增加百分之九點五。有關業務錄得輕微虧損，主要由於營業額的增長未能抵銷租金成本增加所致。年內美容中心會員人數增加百分之二十點二。

加強資訊科技及營運系統

為了建立共用平台以便管理、協調並與所有業務夥伴交換即時銷售及存貨數據，並應付不斷提高的顧客要求及市場競爭，集團正加強其資訊科技系統，並採用SAP所開發的R3企業資源規劃（「ERP」）系統。

憑藉此項全球成效有目共睹兼全面整合的系統，集團旨在以最理想經營守則和管理程序以加強營運效率和管理。SAP系統為集團提供詳盡、及時兼可靠的財務、銷售及存貨資料，使集團可藉以規範資訊流程及加強其透明度，同時改善供應鏈及客戶關係管理效率。

These capabilities will give us more understanding of our customer's buying behaviour and purchase patterns, general market trends and potential. They will also help us to improve procurement, inventory management, sales promotion, productivity of sales staff and customer service.

Outlook

We are crafting a sustainable development strategy through a thorough study of prospects that includes a risk management project (details of which can be found in the Corporate Governance section of this Report). In view of the maturing Hong Kong and Macau market, and of the need to adapt and integrate our systems for overseas markets, we are laying the following strategic foundations for our next stage of growth:

- We are strengthening the brand equity of "Sa Sa".
- We are reviewing and strengthening our core functions in order to build a stronger base to support future expansion and development. This includes improving the organisational structure of our headquarters in Hong Kong to provide stronger support for the operation of overseas markets.
- In order to provide a solid foothold for expansion into existing and prospective overseas markets as well as Mainland China, we are placing increasing emphasis on product development, marketing and securing exclusive distribution rights for international brands to build a stronger brand and product portfolio for the Group.
- We are adopting SAP's R3 ERP system, as outlined above. In the second half of 2006 we will begin upgrading our IT infrastructure, which will improve the efficiency and effectiveness of our operations, marketing and inventory management.

We aim to expand our retail network in the next four years to operate more than 240 stores in the Asia region by 2011. While consolidating continuous growth in our core retail base in Hong Kong and Macau, Sa Sa will increase its penetration in the existing overseas markets of Taiwan, Singapore and Malaysia. This in turn will drive growth for the Group in the medium to long term. Mainland China, a developing market with huge potential, and other new overseas markets will provide growth opportunities for the Group in the long run.

此等措施將使集團更瞭解客戶的購物模式、市場趨勢及潛力，亦有助集團提升採購、存貨管理、促銷、銷售人員工作效率和客戶服務。

展望

集團正透過全面的前景研究，以制訂可持續發展策略，其中包括風險管理項目（詳情載於本報告的企業管治部份）。面對港澳市場日益成熟，並須為海外市場發展就各營運系統作出調整及融合，集團正為另一階段的增長奠定以下策略性基礎：

- 加強「莎莎」品牌價值。
- 集團正檢討及加強核心職能，務求建立更強大的基礎以支持未來發展。有關措施包括加強香港總部的組織架構，為海外市場業務提供更有力的支援。
- 為了提供穩固業務基礎，以拓展現有及未來海外市場以及中國內地業務，集團正重點發展產品開發及市場推廣的功能，及積極爭取國際品牌的獨家經銷權，為集團建立更強大的品牌與貨品組合。
- 集團會在二零零六年下半年開始採用上文所述SAP所開發的R3企業資源規劃系統，提升整體資訊科技系統，因而將改進集團營運、市場推廣及存貨管理的效率和效益。

集團的目標是於二零一一年將零售網絡拓展至在亞洲地區設有超過二百四十間店舖。在加強港澳核心零售業務基地的持續增長的同時，莎莎亦會加強其在台灣及星馬等現有海外市場的滲透率，從而推動集團的中長線增長。至於中國內地此一潛力雄厚的發展中市場以及其他未來將拓展的海外市場，將會為集團提供長遠增長的商機。