

Management Discussion and Analysis

管理層討論及分析

Our strategic initiatives for the future are:

1. Further Growth in the Hong Kong and Macau Market

- **Hong Kong and Macau are set to continue their development as a major tourist destination in the pan-Asian region.** The further relaxation of the Individual Visit Scheme means that an increasing number of regular visitors from the PRC will continue to drive the base line growth of the cosmetics market in Hong Kong and Macau. These regular visitors are attracted to Hong Kong as a shopping paradise that provides good value, high quality and excellent services. Figures from the Hong Kong Tourism Board reveal that double-digit growth of PRC tourists was recorded from January to April 2006.
- **There are a number of Government initiatives that are helping to boost tourism.** 2006 is "Discover Hong Kong Year", during which the Hong Kong Tourism Board is devoting substantial resources to attracting visitors. A number of significant tourism projects are lined up, including casino and hotel projects in Macau, tourist attraction projects such as the ASEAN Games in Hong Kong (2009), and the Olympic Games in Beijing (2008). Moreover, the PRC cities of Nanning, Haikou, Kuming, Guiyang, Changsha and Nanchang were added in May 2006 to the Individual Visit Scheme, bringing the total number of cities within the scheme to 44. More cities are expected to join the scheme in coming years.
- **A recovery in the local economy is improving local consumer sentiment.** GDP in Hong Kong rose by 8.2% in the first quarter of 2006, following an already robust 7.5% growth in the preceding quarter. Because of the work that Sa Sa has done to increase its attractiveness to local customers and to enhance their loyalty, this growth momentum will undoubtedly benefit Sa Sa. The Group is stepping up its measures to capture both local and tourist spendings. These include: marketing programmes targeting tourists from the PRC and other marketing efforts to attract local customers; strengthening staff training and customer service; and continuing to increase competitiveness through building brand awareness, strengthening the product mix and promotion efforts. By March 2007, Sa Sa aims to add four or five new stores in both tourist areas and non-tourist areas of Hong Kong and Macau.

集團將採取的策略性措施如下：

1. 持續發展港澳市場

- **港澳正加強發展成為亞洲區旅遊目的地。**中國進一步放寬個人遊計劃，意味著訪港內地旅客人次不斷增加，可繼續推動港澳化粧品市場的增長。此等旅客經常訪港，乃受到香港擁有購物天堂美譽，其物有所值、及優質超卓服務的特點所吸引。按香港旅遊發展局數據顯示，二零零六年一至四月期間中國內地訪港旅客人次錄得雙位數字百分比增長。
- **政府推出多項措施以刺激旅遊業。**香港旅遊發展局已將二零零六年定為「香港旅遊年」，有關方面正投入大量人力物力促進香港旅遊業。港澳地區將會興建和舉辦多個旅遊相關項目和盛事，包括澳門的大型賭場和酒店項目、香港二零零九年舉行的東亞運動會，以及北京於二零零八年舉行的奧運會。再者，多個內地城市（南寧、海口、昆明、貴陽、長沙及南昌）已於二零零六年五月獲納入個人遊計劃，令有關城市增至四十四個，預料未來數年會有更多城市獲納入計劃。
- **香港經濟復甦推動消費意欲回升。**本地生產總值繼二零零五年第四季錄得顯著的百分之七點五增長後，二零零六年第一季亦較去年同期上升百分之八點二。有賴莎莎過往一直有提升對本港顧客的吸引力及顧客忠誠度的措施，本地市場的增長動力無疑對莎莎有利。集團現正加強措施以吸引本港顧客及旅客消費，其中包括分別針對內地旅客及吸引本地顧客的市場推廣計劃、加強員工培訓和客戶服務，並繼續透過提升品牌知名度、改進貨品組合和促銷活動以加強競爭力。莎莎的目標是在二零零六/零七年度內在香港及澳門的遊客區及非遊客區增設四至五間新店舖。

- **Applying strategic and disciplined management to an adverse operating environment.** Against a background of rental increases that have exerted pressure on the operating margin of all cosmetic retailers, Sa Sa increased retail space by approximately one-third this financial year. The Group will assess the total retail space, the associated costs and store network in Hong Kong, to match business opportunities with the costs of expansion. Precisely because of its extensive retail network, Sa Sa can bring flexibility and bargaining power to the issue of lease renewal and to the negotiation of new leases. Considering these factors and its leading position in the industry, Sa Sa expects to gain further market share from other market players.

2. Strengthening Overseas Market Growth

Leveraging on our Hong Kong expertise and experience, Sa Sa's business model is being rapidly scaled up for application to overseas markets. These markets are making good progress in the growth of turnover and market share. With a strong platform being built to facilitate further expansion, we are confident this growth momentum will continue.

Ongoing efforts will be devoted to strengthening marketing, product portfolio and staff training. In addition, we will cautiously monitor the overseas operating and market environments and adjust our expansion plan accordingly to achieve optimum results.

- **實施嚴謹的策略管理，以應付具挑戰性的經營環境。**在租金上升令化粧品零售商利潤受壓的形勢下，莎莎在本財政年度內將銷售面積增加約三分之一。集團將會就香港的店舖總面積、相關開支及店舖網絡進行評估，令營商機會與拓展開支互相配合。莎莎擁有廣泛的零售網絡，在續訂租約和磋商新租約方面具備靈活性和議價能力。憑藉此等優勢與行內的領導地位，莎莎預計可從市場上其他同業處進一步爭取更大的市場佔有率。

2. 加強海外市場增長

憑藉香港方面的豐富專業知識和經驗，莎莎正迅速將其經營模式於海外市場擴展。此等市場在營業額增長及擴大市場佔有率方面均有進步。憑藉有利於進一步拓展的穩固平台，集團深信增長動力將可持續。

莎莎將繼續投入更多資源以加強市場推廣、貨品組合及員工培訓。此外，集團會審慎監控海外市場的經營環境及市況，並因應而調整擴展計劃，務求達致理想的成績。

