

# Management Discussion and Analysis

## 管理層討論及分析

### 3. Building a Strong Foothold in the PRC Market

Sa Sa has achieved market acceptance in the PRC as a one-stop cosmetics specialty store offering a broad range of quality and professional beauty products and providing professional and value-added service. Good progress has been made and we will continue to strive for operational improvement while preparing for a wider market presence in the future. Initiatives include conducting product registration for more exclusive products. We believe that by offering more exclusive products, we will have a stronger base for growth. The Group's strategic plan is to open five to seven more stores by March 2007, and to open more than 100 stores across the PRC by 2011.

### 4. Improving Synergy Between Our Beauty Services and Core Retail Business

Beauty services enhance Sa Sa's overall image as a "beauty specialist" and strengthen customer loyalty. As such, they are complementary to our core cosmetics retail business. Amid keen competition and a challenging operating environment, Sa Sa will focus on adding innovative treatments and equipment, as well as strengthening the synergy with our core retail business through more joint promotions and cross-selling to increase sales and improve profitability. We are already providing convenience to our retail customers and enhancing their loyalty through in-store treatment rooms that offer facial treatment, manicure and pedicure. We will continue to explore opportunities to expand the scope of these services.

### 3. 在中國內地市場建立穩固基礎

「莎莎」已廣受內地市場認同為一站式化粧品專門店，可提供種類繁多的優質及專業美容產品，以及專業的增值服務。集團在內地已取得良好進展，並會繼續致力提升營運效率，同時為日後業務拓展而作出準備。採取的措施包括為更多獨家經銷貨品進行衛檢。集團相信，提供更多獨家經銷貨品可奠定更強大的增長基礎。集團的策略計劃是在二零零六/零七年度增設五至七間店舖，並於二零一一年在中國內地設立超過一百間店舖。

### 4. 提升美容服務與核心零售業務之間的協同效應

美容服務可提升莎莎作為「化粧品及美容專家」的整體形象及加強客戶忠誠度。因此，有關業務可與集團的核心化粧品零售業務相輔相成。面對激烈競爭及具挑戰性的經營環境，莎莎將著眼於引進創新療程及設備，此外並會推出更多聯合推廣和促銷措施，加強美容服務與核心零售業務的協同優勢，藉此增加銷售及改進盈利能力。集團已透過店舖內的美容護理房間提供面部護理療程及修甲服務，以方便顧客及加強顧客忠誠度。集團並將繼續探討拓展美容業務的範圍。





## Q&A

What is so special about Sa Sa's operation in Mainland China?

莎莎在國內經營有何特色？

- Sa Sa's one-stop cosmetics specialty stores offer a wide selection of professional and quality brands, both international and domestic, covering a broad price range targeted at a diversified customer base. Consumers can choose from more than 150 brands. The store provides an alternative distribution channel for beauty products to the department stores.
- **Product selections tailored to Chinese**
  - Sa Sa has more than 28 years of experience in cosmetic retailing in Asia and today 95% of its customers are Chinese, and 40% among them are from the Mainland.
  - Sa Sa utilises its understanding of the skincare and beauty needs of Asians, in particular, Chinese, in the product selection for its store in Mainland China.
- **Focus on professional and quality international brands**
  - Asia's well-known Phillip Wain and Sasa Beauty<sup>+</sup> beauty centres provide a solid foundation for Sa Sa in the field of professional skincare and beauty treatments.
  - Sa Sa selects professional skincare and beauty products that are suitable to Asians, in particular Chinese, from around the world.
- **Value-added services offered at Sa Sa**
  - Professionally-trained beauty consultants provide personalised advice to customers and introduce relevant quality products across different brands.
  - A wide variety of promotions
  - Quality assurance for products
  - Free make-up service and professional beauty treatments with dedicated treatment rooms in store
  - Free skin analysis
  - Free samples
- **A brand new shopping experience**
  - Trendy and comfortable shopping environment and open shelves allow Mainland consumers to try and choose products of different brands at ease, offering them a brand new shopping experience.
- 莎莎為「一站式化粧品專門店」，彙集多種國際以至國內專業優質的品牌和不同價位的產品，超過一百五十多個化粧品品牌供廣泛的客戶選購，為顧客提供百貨公司以外購買美容產品的渠道。
- **根據中國人的需要精選貨品組合**
  - 莎莎在亞洲擁有逾二十八年的化粧品零售經驗，顧客中百分之九十五是中國人，其中內地顧客佔約百分之四十。
  - 莎莎對亞洲人，特別是中國人的護膚及美容有透徹的了解，並以此為國內莎莎店精選最適合的產品。
- **提供專業和有特色的護膚及化粧品品牌**
  - 亞洲著名的菲力偉及Sasa Beauty<sup>+</sup>美容中心是莎莎在專業護膚美容領域的強大後盾。
  - 莎莎在世界各地精挑細選適合亞洲人，特別是中國人的優質專業護膚及美容產品。
- **提供增值服務**
  - 經過嚴格培訓的專業美容顧問因應每位顧客的狀況及需求，提供針對性的建議，並為他們從不同品牌中挑選最合適的優質產品。
  - 各式各樣的推廣優惠
  - 莎莎對店內銷售的產品提供產品質量保證
  - 在店內特設的美容室內提供免費化粧品和專業皮膚護理示範
  - 免費專業皮膚測試
  - 贈送產品試用裝
- **嶄新時尚的購物經驗**
  - 店內時尚舒適的環境和開放式貨架，讓消費者可以自由自在地試用及選購不同品牌的產品，為國內消費者提供嶄新時尚的購物經驗。