



A.S. Watson Group Adds Ukraine to Global Retail Map
Controlling Stake Acquired in Ukraine's No 1 Health and Beauty Retail Chain

[Hong Kong, 19 July 2006] **A.S. Watson Group**, the retail division of **Hutchison Whampoa Limited (HWL)**, today announced its move into the Ukraine market by acquiring a 65% percent stake in the country's No. 1 health and beauty retail chain, **DC**. This acquisition* is part of the A.S. Watson Group's continued expansion into Central and Eastern Europe, following its recent establishment in Russia, the Baltic States and Slovenia. It also creates a partnership with Asnova Holding, a leading wholesale and logistics player in Ukraine.

DC is the largest chain in the country in terms of store number and the only nationwide health and beauty retail chain in Ukraine. It was established in 1997 and has grown quickly to the current network of 99 stores with approximately 2,300 employees throughout the country. It is operated under the format of a convenience drugstore, offering a comprehensive mix of personal care and toiletry products.

Ian Wade, A.S. Watson Group Managing Director said, "I am pleased to add Ukraine, an emerging market for retail business, to A.S. Watson's current global network. As the leading health and beauty chain in Ukraine, DC presents strong potential for the Group's long term development in Central and Eastern Europe. We foresee a very healthy economic growth in Ukraine in the coming years, and through this acquisition we expect to capture a considerable share of the annual growth of health and beauty retail in the country. We plan to double the number of DC stores in the near future."

Anatoliy Strogan, the President of Asnova Holding, the owner of DC, commented about the acquisition, "I am grateful to have A.S. Watson Group, a renowned international retailer as a major shareholder and a strategic partner of DC. We are looking forward to the international

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expertise that A.S. Watson will bring to DC, and to further developing the chain into a world-class health and beauty retail brand.”

Ukraine is a growing economy which has the second largest population (46.8 million) in Central and Eastern Europe. It was ranked third in the A.T. Kearney Global Retail Development Index 2005 just before China and after the other two emerging economies, India and Russia. It posted a 40 per cent increase in total retail sales over the past two years.

After the acquisition, the existing management team of DC will continue to operate the day-to-day business with the support of additional resources from A.S. Watson Group to grow the brand further.

**The acquisition is subject to anti-monopoly approval.*

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About A.S. Watson Group (ASW)

A.S. Watson Group (ASW) is the largest health & beauty retailer in the world. With a history dating back to 1828 when the company started as a small dispensary in Canton, China, ASW has evolved into an international retail and manufacturing corporation with operations in 36 markets worldwide. Today, the Group operates over 7,400 retail stores running the gamut from health & beauty, luxury perfumeries & cosmetics to food, electronics, fine wine and airport retail arms. Also an established player in the beverage industry, ASW provides a full range of beverages from bottled water, fruit juices, soft drinks and tea products to the world's finest wine labels via its international wine wholesaler and distributor. ASW employs over 90,000 staff and is a member of the world renowned Hong Kong-based conglomerate Hutchison Whampoa Limited, which has major interests in ports and related services, telecommunications, property and hotels, retail, and energy, infrastructure, investments and others with businesses in 54 countries.

