



Hong Kong Institute of  
**Accredited Accounting Technicians**  
香港財務會計協會

**The Accounting and  
Business Management  
Case Competition**

**2009-10**

**Secondary School Group**

Sa Sa International Holdings Limited (Sa Sa) is a leading cosmetics retailing group operating in Asia. It was listed on the Stock Exchange of Hong Kong Limited in 1997. Sa Sa has grown from its original 40 sq. ft. retail space in 1978 to become a regional beauty enterprise. It is now the largest cosmetics retail chain in Asia and one of the top five retail groups in Hong Kong. Two distinct scope of business areas support the integrated “beauty” platform by which Sa Sa has differentiated itself:

1. Cosmetics retail – Sa Sa sells over 400 brands, covering 15,000 skin care, fragrance and make-up items including its own-brands and exclusive products. Over 13 million transactions are made in its stores annually. Its e-commerce platform, Sasa.com, also offers round-the-clock online shopping services to customers from over 80 countries.
2. Brand management – In addition to selling its own-brand products, Sa Sa also operates as the sole agent for many international cosmetic brands in Asia. This business accounts for over 38 percent of Sa Sa’s total retail turnover.

As the impact of the global financial market turmoil spread out across Asia from mid-September 2008 onwards, the adverse effect was seen across the board. Despite the fiscal year 2008/09 being exceptionally challenging, Sa Sa produced good results, with turnover from the continuing retail and wholesale business rising 12 percent to HK\$3,609 million while profit from the continuing operations increased by 14 percent to HK\$316 million.

The years ahead will continue to be very challenging for Sa Sa. To sustain its future growth and performance, the group’s management is evaluating its business strategy for the next three years. Assuming that you are newly employed by Sa Sa as a financial analyst. Your supervisor asks you to prepare a report to:

Part A – evaluate the company’s business performance; and

Part B – develop a sustainable development plan.

Below are some guidelines for you to consider in preparing the report:

### **Part A – Business performance evaluation (60 marks)**

To evaluate the business performance of Sa Sa, you may wish to consider (but not limited to) the following:

- (i) Financial position

Having a sound financial position is important in both good and bad economic times. Evaluate Sa Sa’s financial position by making reference to its profitability, liquidity, asset management, investment appraisal, etc.

Your evaluation should be made from the point of view of Sa Sa’s management and tailored to the retail industry.

(ii) Marketing management

Sa Sa has been a market leader in cosmetics retailing in Asia for a long time. Examine Sa Sa's success factors in its marketing management by analyzing its target customers and market segments, strategies for products and pricing, brand management, promotion, market environment, etc.

(iii) Operations management

Operational performance and efficiency are important in meeting the market challenges ahead. Appraise Sa Sa's performance in terms of its human resources management, staff training, inventory management, etc.

**Part B – Sustainable development plan (40 marks)**

Sa Sa produced good results with a 14 percent increase in profit from its continuing operations in 2008/09. It has proven its ability to achieve consistent growth in the past. Based on the business performance evaluation made in Part A, you are required to develop a strategic plan for Sa Sa to sustain its growth in the next three years. Your strategic plan should cover AT LEAST the following three areas:

(i) Product offering and marketing strategies

Currently, Sa Sa has two core businesses – cosmetics retail and brand management. Should Sa Sa continue to focus on the two existing core businesses and increase market penetration in these businesses; or should it develop new business(es) and/or product(s) and/or market(s)? Provide details of possible new development(s), if any.

(ii) Operations management

Consider the ways in which the company's operations can be run and managed more efficiently, and recognizing any potential areas of improvement in Sa Sa's business operations.

(iii) Financial management

Describe the types of financial planning and controls which Sa Sa can adopt to reach a sound financial position while sustaining its future growth and performance.

You should also identify possible challenges and opportunities that Sa Sa will be facing in the next few years in developing the sustainable development plan.

### **Remarks**

1. In preparing the report, please refer to the 2008/09 annual report of Sa Sa International Holdings Limited and quote references from the annual report, with their page numbers, where necessary.
2. When proposing strategies, you may need to consider Sa Sa's overall business strategies and your recommendations should be in line with the group's corporate strategies, mission and goals. Recommendations should be prioritized with justifications, and their feasibility should also be considered.
3. The guidelines for Part A provided above are for reference only. It may not be necessary for you to cover all of them. You are welcome to incorporate other relevant analysis or strategies in other areas which are important in sustaining Sa Sa's future growth.
4. State clearly any underlying assumptions you make to justify your analysis and recommendations; also support your calculations with justifications and explanations.

### **Guidelines for written report**

1. Each team should submit a written report in either English of not more than 20 pages of A4 or Chinese of not more than 13 pages of A4 which includes the executive summary, index, appendix and graphs, but excludes the cover page. The language used would depend on the choice indicated on the registration form.
2. Font type and size: English report – Arial (12 points) / Chinese report – 新細明體 (11 points)
3. Double line spacing
4. Margin: 1 inch for each side
5. Each report should include a separate cover page with name of the Competition, names of team members, the school at which they are studying, as well as the contact number, e-mail address and postal address of the team leader.
6. The content pages **SHOULD NOT** include the names of team members and the school at which they are studying.
7. Submit **TWO** hardcopies together with a soft copy (in both MS word and pdf format) saved on a CD-Rom.
8. The written report **SHOULD NOT** be put in any folders/files nor be bound in a book.
9. The HKIAAT has the right to disqualify any participant who is found to have violated the rules of the qualification.

### **Method for submission of written report**

The written reports together with CD-Rom can be submitted to the Hong Kong Institute of Accredited Accounting Technicians Ltd. **by hand** to 27/F, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong before **5:00pm, 26 February 2010.**