

HKRMA Monthly Retail Sales Statistics Press Information

Month of **January** **2009**

1) January 2009 Total Retail Sales

- a. Total value growth vs last year
- b. Total volume growth vs last year

| |
|---------------|
| +7.4%* |
| +5.4%* |
| |
| |
| |

2) YTD (Jan-Jan) Total Retail Sales growth vs LY

| | | | |
|---------------|---------------|---------------|----------|
| +7.4%* | (sales value) | +5.4%* | (volume) |
|---------------|---------------|---------------|----------|

3) Trend of Retail Sales Growth in HK\$

| 2008 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|----------|-------|------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|
| (Value) | 23.2% | 9.5% | 20.0% | 18.6% | 13.0% | 11.7% | 13.7% | 10.2% | 7.0% | 0.3% | 1.2% | 1.1% |
| (Volume) | 17.6% | 4.4% | 11.0% | 13.0% | 11.5% | 5.6% | 4.1% | 6.6% | 1.9% | -4.3% | -2.7% | -0.5% |

| 2009 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|----------|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| (Value) | 7.4%* | | | | | | | | | | | |
| (Volume) | 5.4%* | | | | | | | | | | | |

* provisional figure

4) Commentary on January Gov't figure

- a. CNY related products showed a good growth in value -- supermarket +26.5%; footwear +22.7%; medicine & cosmetics: +16.5% dept store +11.8%; clothes +7.2%
- b. Motor Car -- -36%
- c. Fuel -- -8.7%

5) Commentary - overall for January + February

- a. Cosmetics: Jan enjoyed double digit growth but Feb declined double digit. 2 months together is low single digit growth**
- b. Airport saw visitors dropped by 2% in Jan and 12.4% in Feb and sales are severely affected --- declined between 7% - 14% depending of type of merchandise. Luxury and fashion are mostly affected**
- c. Fashion and accessories -- Jan + Feb single digit drop**
- d. Fast Food / Restaurant - ranging from flat to double digit drop**
- e. Supermarket - Good in Jan with CNY but extremely poor in Feb after CNY. Two months adding together is low single digit growth.**
- f. Margin: Most retailers are suffering lower margin than last year due to heavy discounting and promotions.**
- g. Some retailers might progressively cut down manpower starting likely the bottom performers.**

6) February sales early indication

- a. Feb last year has 29 days + Chinese New Year**
- b. Feb last year (2008) temperature is on average 3 degrees lower than 2007 while this year Feb temperature is over 4 degree warmer. In fact this is the warmest Feb in the history with record.**
- c. Food is expected to have a decline in Feb due to CNY seasonal factor.**

7) Other Comments:-

- a. Significant slow down in sales the first week right after CNY and expects this to continue for a few weeks to come**
- b. Airport traffic is a big concern for retail operators in the 2 terminals**
- c. Obvious change in consumer trading down (i..e. buying cheaper alternative products)**
- d. Cigarette sellers are worried on sharp sales decline with the recent duty increase**