

# THE HONG KONG WONTON

wrapped by ATO Hong Kong

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## FEATURED PHOTO:



### ATO Hong Kong Promotes Christmas Menus at 17 Restaurants Featuring U.S. Ingredients

During December 4-22, 2021, ATO Hong Kong partnered with Foodie, a local online dining guide platform, inviting Hong Kongers to taste Christmas menus across 17 local restaurants featuring U.S. foods. Highlighted ingredients included turkeys, cranberry sauce, beef, lobsters, oysters, salmon, potatoes, and craft beer. The ATO (through Delicious USA) and Foodie launched social media advertisements that reached over 200,000 people. In the later part of 2021, restaurant receipts in Hong Kong have been on the recovery as the government has eased social distancing and other COVID-19 measures. Unable to travel, Hong Kongers are spending more money dining out.

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## OVERALL ECONOMY

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### Winter Solstice Festival Polarizes Local Food Businesses: While Some Restaurants are Fully Booked, Some Wet Market Stalls Received Fewer Customers [[ON.CC Limited](#), December 21, 2021]

As the government relaxed COVID-19 control measures to allow 12 people per table (under certain conditions), Hong Kongers flocked to restaurants to celebrate Winter Solstice. Simon Wong, president of the Hong Kong Federation of Restaurants and Related Trades, estimated that restaurant receipts during Winter Solstice Day reached \$48.7 million and could reach \$205 million (counting weekend receipts). Although costs rose 15 percent due to logistics disruptions and some restaurants have raised prices by 10 percent, consumer sentiment is still positive. Conversely, a visit to the wet market highlighted little traffic. A stall owner commented sales went down by at least 60 percent compared to the same festival last year, and a seafood stall revealed sales dropped around 40 to 50 percent. A butcher reported meat sales were less than half of last year's sales. **ATO Notes:** Local families gather over meals to celebrate Winter Solstice. During this time, locals will consume higher-priced items such as abalone, live fish, fish maws, chicken. Many Hong Kongers believe that live seafood is superior to frozen offerings in terms of taste and nutrition. U.S. live lobsters are recognized as a premium item in restaurants and shops. Live Alaska King Crab is also available in the market.



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## HOTELS, RESTAURANTS AND INSTITUTIONS

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### Hong Kong Caterer to Open 10 Restaurants in 2022 [[Hong Kong Standard](#), December 23, 2021]

Local catering firm, JIA Group, plans to open eight to ten restaurants in 2022, most of which will be specialty coffee shops, and may raise new funds for the expansion. The Group's senior advisor, Alan Lo, said consumption patterns in Hong Kong have changed amid the pandemic, with residents now willing to spend more on expensive things because they cannot travel abroad. He said the average spending per person in JIA's high-end restaurants has risen 30 to 40 percent to around \$256 compared to pre-pandemic levels, adding that in the future the group will focus on both the high-end and mass market outlets. **ATO Notes:** JIA Group is a Hong Kong-based food and beverage operator established in 2010. The company's portfolio includes 12 restaurants and bars spanning cuisines such as Chinese,

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Thai, Italian, French and Spanish. In 2018, the company was listed on the Growth Enterprise Market (GEM) Board of the Hong Kong Stock Exchange.

## **Hong Kong's Food Truck Scheme to be Abolished** [[South China Morning Post](#), December 24, 2021]

The Hong Kong government has decided to finally terminate Hong Kong's ailing food truck pilot scheme, originally designed to cater to tourists. The Tourism Commission said the scheme would end on June 1, 2022. At the onset, around 15 operators headlined the five-year pilot scheme, 12 survived, of which only half were operating regularly, and only three managed to generate brisk business. **ATO Notes:** The Hong Kong food truck scheme was launched in 2017 but the business performance was not satisfactory. Performance was further aggravated by Hong Kong's social unrest in 2019 and the COVID-19 pandemic.

## **Catering Industry Expects Holiday Season to bring \$1.4 billion in Sales** [[Hong Kong Standard](#), December 24, 2021]

Simon Wong, president of the Federation of Restaurants and Related Trades, expects fully booked restaurants and hotels on Christmas and the Chinese New Year holiday (February 1-3, 2022) to bring in about \$1.4 billion in sales for the industry. **ATO Notes:** Some restaurant owners initially worried that government's expansion of the mandatory use of the "LeaveHomeSafe" app to include tracking customers at restaurants would affect business but cited figures thus far indicate minimal impact on revenue.

## **A Merry Christmas for Hong Kong Restaurants Sales** [[Hong Kong Standard](#), December 28, 2021]

Hong Kong restaurants earned \$102 million on Christmas Eve and Christmas Day this year, the highest since 2018, according to catering industry leaders. The boom was due to the government's consumption vouchers, people's willingness to celebrate the festival and the 15 percent rise in food prices at western restaurants. As most Hong Kong residents stayed in the city during the Holiday season, spending at hotels and shopping malls also went up significantly. **ATO Notes:** The catering sector expects to keep growing in 2022 but concerns linger about the impact of increasing food and labor costs.

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**RETAIL**

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## Brick-and-Mortar Retail Targeting Locals Consumers Returns and Expands [[MingPao](#), December 29, 2021]

The expansion of online retail sales has slowed down after the initial surge fueled by the COVID-19 pandemic. Brands are restoring and expanding their brick-and-mortar shops. Snack giant, Four Seas Group, completed its acquisition of a Japanese retailer in October and has recently opened a shop in Hong Kong that focuses on groceries and snacks imported from Japan. Supermarket chains City'super and Yata both launched their convenience store businesses. Masklab, a brand that started producing safety masks during COVID-19, has opened a shop in a premium mall, and states that offline shops have effectively increased their market share. Their online business recorded 90 percent lower sales compared to the height of the pandemic in Hong Kong. A specialist in the retail rental market says that previously, over 80 percent of shops in Hong Kong's key areas were targeting tourists, but now around 90 percent of inquiries for shops are businesses catering to locals such as restaurants and service providers. According to an executive principal at an international design company, there will be more brands introducing shops that take consumer's shopping experience to the next level and beyond a simple purchase transaction. **ATO Notes:** The biggest online shopping platform in Hong Kong, HKTV Mall, has been opening new offline shops in addition to their aggressive online expansion. They just opened their first full scale supermarket in October. During the first year of COVID-19, Hong Kongers moved fast to online shopping. Now, local consumers have adopted a hybrid shopping habit of online and offline shopping for food and groceries. While in general, online retail is slowing down, the retail landscape has not settled and further changes may occur according to the evolution of the pandemic and related regulations, the re-opening of the city's border, international trends, and actions by major retail players.

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**TRADE**

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## Hong Kong Student Experiment Shows Chinese Razor Clams Have Highest Level of Microplastics [[Oriental Daily](#), December 23, 2021]

Five secondary school students (comparable to twelve-graders) bought samples of seafood items from several wet markets in Hong Kong for an experiment testing for microplastics. The tested items included razor clams, clams, and oysters. Razor clams from mainland China, were found to have the highest level of microplastics with an average of 1.33 pieces per gram, much higher than the average level of 0.16 piece per gram found in U.S. razor clams. The students also found microplastics in oysters

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and clams. Greenpeace project manager states that research done in other countries has shown the potential harms of consuming seafood containing microplastics. She urged the Hong Kong government to monitor the microplastics level found in local waters and establish rules to regulate the use of disposable plastic items. The Environmental Protection Department responded that they are researching seasonal changes and the distribution of microplastics in Hong Kong waters in order to monitor microplastics levels in the long-term. **ATO Notes:** During January to November in 2021, Hong Kong imported \$3.2 billion worth of seafood, an increase of 21.5 percent from the same period in 2020. The top three suppliers were China, Japan, and Australia. The United States ranked as the eight supplier, accounting for \$80.2 million of Hong Kong seafood imports. As food safety remains an important component to Hong Kong consumers and as the economy signals recovery, U.S. seafood exporters are aptly positioned to respond to the high quality needs of this market.

## **Survey Found Food Labels Not Complying with Hong Kong Regulations [[South China Morning Post, December 15, 2021](#)]**

The Hong Kong Consumer Council conducted a survey to find out the sodium content of ham and cold cut meats to warn the public of potential health risks. The exercise also found that most of the ham and turkey products tested failed to meet nutritional labeling regulations. The Council tested a total of 30 cold cut meats sourced from retail outlets with varying countries of origin. The labeling on about half of the samples tested was found to contain nutritional discrepancies exceeding allowable tolerance levels. The most extreme example was a turkey slice found to have 90.4 percent more fat content than listed on the label. The Council's test results also identified false nutrient claims. The Consumer Council has referred the survey results to the Hong Kong food safety authorities for their follow up. The distributor of an American company has already accepted the Council's test results and promised to rectify the labeling. Product brands were identified in the survey report. **ATO Notes:** The Hong Kong market is characterized by a wide variety of food choices. Thus, the sales volume of each stock keeping unit (SKU) is smaller compared to similar-sized markets. As a result, the Hong Kong government accepts stick-on labels for products coming into the Hong Kong market. These stick-on labels are often prepared in-country particularly for small-volume sales products. Hong Kong regulations require retailers/importers to obtain manufacturers' approval to amend labels.

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