

INDUSTRY OVERVIEW

The information contained in this section, unless otherwise indicated, have been derived from various official government publications and other publications generally believed to be reliable and the market research report prepared by Frost & Sullivan which we commissioned. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. None of our Company, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] and the [REDACTED] or any of our or their respective directors, officers or representatives or any other person involved in the [REDACTED], except for Frost & Sullivan, has independently verified such information nor give any representation as to the accuracy or completeness of such information. As such, you should not unduly rely upon such information in making, or refraining from making, any [REDACTED] decision.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the consumer goods retail industry in Hong Kong. The report prepared by Frost & Sullivan for us is referred to in this document as Industry Report. We agreed to pay Frost & Sullivan a fee of HKD450,000 which we believe reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy.

We have included certain information from the Industry Report in this document because we believe this information facilitates an understanding of the consumer goods retail industry in Hong Kong for the [REDACTED]. The Industry Report includes information of the consumer goods retail in Hong Kong as well as other economic data, which have been quoted in the document. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the consumer goods retail industry in Hong Kong. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Industry Report, various official government publications and other publications.

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the steady development of the consumer goods retail industry in Hong Kong.

INDUSTRY OVERVIEW

OVERVIEW OF MACRO ECONOMY IN HONG KONG

Nominal GDP (Hong Kong), 2020–2029E

According to the Census and Statistics Department of the Hong Kong Government, Hong Kong’s nominal GDP grew at a CAGR of 4.4%, rising from HK\$2,675.8 billion in 2020 to HK\$3,177.0 billion in 2024. This economic growth was primarily driven by the government’s effective measures to control recurring COVID-19 outbreaks starting in 2020. However, a 2.1% decline in nominal GDP occurred in 2022 due to a severe COVID-19 outbreak that significantly impacted economic activity and sentiment in Hong Kong.

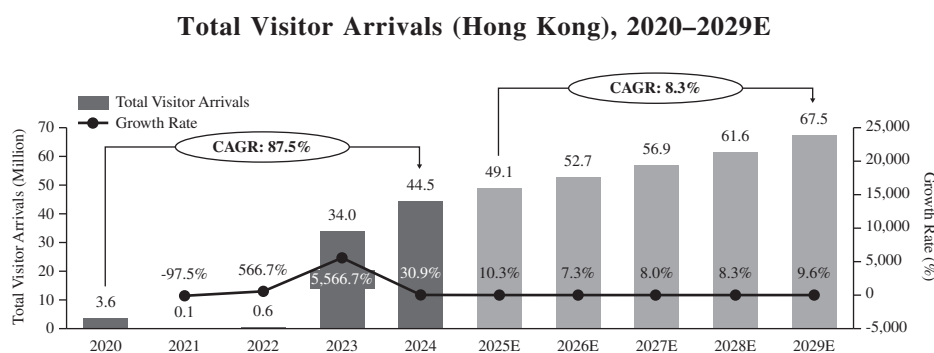
Looking forward, Hong Kong authorities are expected to prioritize consistent and stable macroeconomic policies to ensure sustained economic stability. The ongoing recovery of the tourism sector is also a key driver of economic growth. According to projections by the International Monetary Fund (IMF), Hong Kong’s nominal GDP is forecasted to increase from HK\$3,292.0 billion in 2025 to HK\$3,936.1 billion in 2029, with a CAGR of 4.6%.

Annual Household Consumption Expenditure, 2020–2029E

Driven by rising annual disposable income, Hong Kong’s annual household consumption expenditure grew from HK\$362,760 in 2020 to HK\$427,857 in 2024, reflecting a CAGR of 4.2%. With per capita disposable income projected to increase, annual household consumption expenditure is expected to reach HK\$538,172 by 2029, with a CAGR of 4.9% from 2025 onward.

Total Visitor Arrivals (Hong Kong), 2020–2029E

According to the Hong Kong Tourism Board, total visitor arrivals plummeted from 3.6 million in 2020 to just 0.1 million in 2021, a 97.5% decline, primarily due to stringent travel restrictions and mandatory quarantine measures during the COVID-19 pandemic. However, effective government measures to control the virus led to a significant rebound in tourism in 2023 and 2024, with visitor arrivals achieving a CAGR of 87.5% from 2020 to 2024. Following the end of the COVID-19 pandemic, inbound visitor numbers are projected to recover steadily, reaching 67.5 million by 2029, with a CAGR of 8.3% from 2025 onward.



Source: Hong Kong Tourism Board, Frost & Sullivan

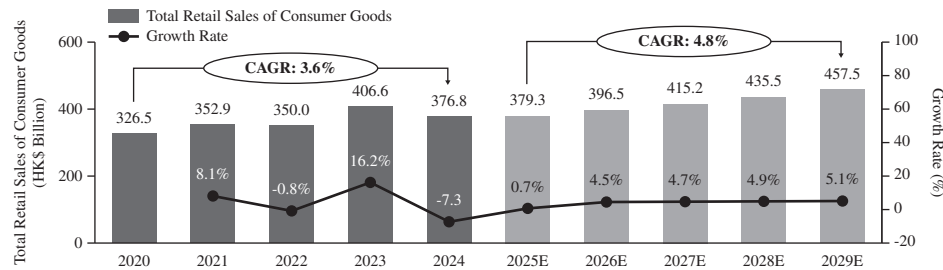
Total Retail Sales of Consumer Goods (Hong Kong), 2020–2029E

Hong Kong’s total retail sales of consumer goods grew moderately from HK\$326.5 billion in 2020 to HK\$376.8 billion in 2024, achieving a CAGR of 3.6%. Despite significant disruptions to economic activities, particularly in offline retail due to the COVID-19 pandemic, increasing disposable income and

INDUSTRY OVERVIEW

effective government measures have driven the recovery of the consumption market. With stable economic growth and a strong rebound in the tourism sector, total retail sales of consumer goods are projected to continue rising, reaching HK\$457.5 billion by 2029, with a CAGR of 4.8% from 2025 to 2029.

Total Retail Sales of Consumer Goods (Hong Kong), 2020–2029E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

OVERVIEW OF CONSUMER GOODS RETAIL IN HONG KONG

Definition and Segmentation

Consumer Goods Retail refers to the sector encompassing the sale of everyday consumer products directly to end-users for personal, household, or pet use, through physical stores, e-commerce platforms, and hybrid omnichannel models. As a key pillar of the retail industry in Hong Kong, it could be further divided into (i) health products, (ii) pharmaceutical products, (iii) beauty products and (iv) household and daily essentials and foods.

Value Chain Analysis

In the consumer goods retail markets, the value chain can be divided into three clearly delineated tiers that pass materials and information sequentially downstream.

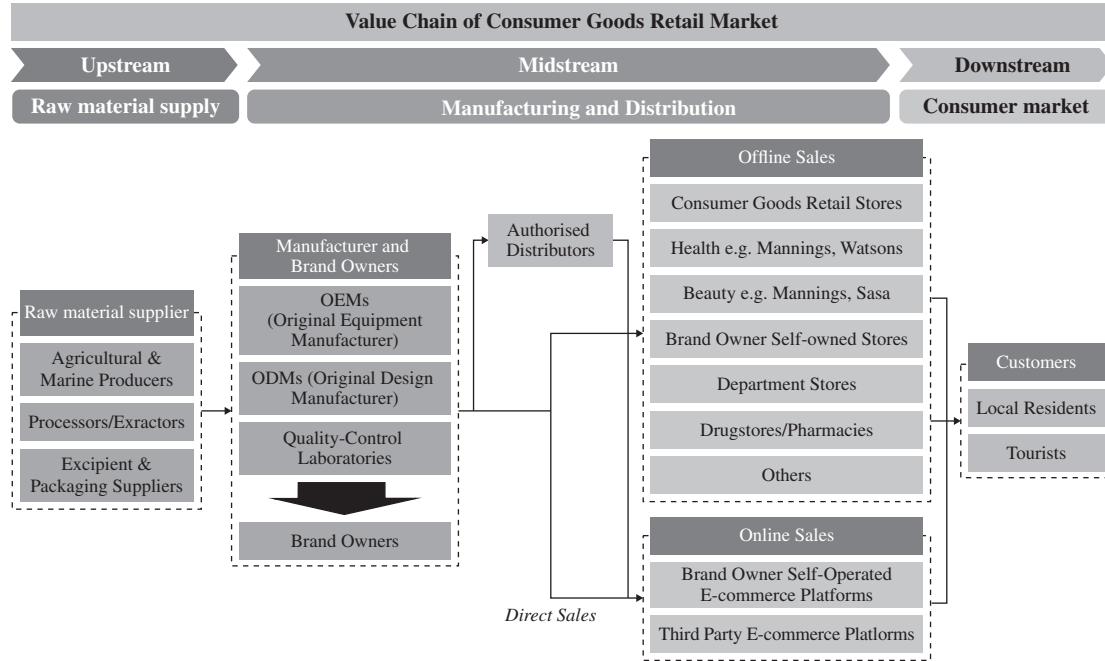
The industry value chain begins with upstream agricultural and marine producers that cultivate or harvest botanical, animal and algal inputs, as well as mineral and synthetic pharmaceutical, health and beauty products precursors.

In the midstream, manufacturing and brand stewardship sector include Original-Equipment Manufacturers (“**OEMs**”) who provide toll production to brand owners that supply their own formulas; Original-Design Manufacturers (ODMs) offer turnkey, factory-designed formulations. Independent quality-control laboratories verify compliance with Good Manufacturing Practice (“**GMP**”), microbiological and heavy-metal standards, while Brand Owners direct formulation strategy, marketing and intellectual-property management.

Finished goods are then flow to a dual retail architecture. Offline channels comprise consumer goods retail chain stores, brand owner self-owned stores, department stores, drugstores/pharmacies and others, where merchandising fees and in-store promotion determine shelf visibility. Parallel to this, online channels include brand owner self-owned e-commerce sites and major third-party marketplaces, both of which furnish real-time sell-through data that feeds back to brand and manufacturing partners for demand planning.

INDUSTRY OVERVIEW

The final purchasers are domestic residents and a cohort of inbound tourists, whose spending is often concentrated in flagship retail districts.

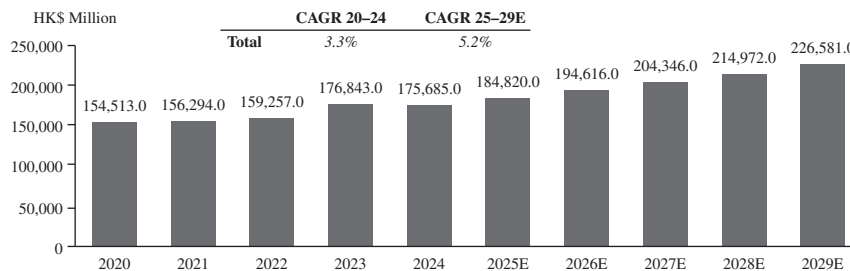


Source: Frost & Sullivan

Market Size of Consumer Goods by Retail Sales Value in Hong Kong

Retail sales value of consumer goods retail in Hong Kong increased from HK\$154,513.0 million in 2020 to HK\$175,685.0 million in 2024, representing a CAGR of 3.3% from 2020 to 2024. The growth is attributed to reopening of borders and tourism resurgence, economic normalization, digital transformation and e-commerce acceleration. The reopening of borders in 2023 spurred a tourism surge, particularly from mainland Chinese visitors, boosting demand for beauty products and daily essentials. The rapid shift to e-commerce and omnichannel models during the pandemic sustained growth, with platforms like Taobao and local apps thriving. Together these dynamics support the industry revenue to be projected to reach HK\$226,581.0 million by 2029, implying an accelerated CAGR of approximately 5.2% during 2025 to 2029.

Retail Sales Value of Consumer Goods Retail (Hong Kong), 2020–2029E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

INDUSTRY OVERVIEW

Market Drivers and Trends

1. *Surging demand for one-stop shopping experience*

The consumer goods retail market in Hong Kong is experiencing growth due to enhanced accessibility through both online and physical retail channels. E-commerce platforms have improved product visibility and expanded customer reach, while companies are increasingly leveraging chain retailers like Watsons, Mannings and the Group to tap into their convenience and widespread popularity. Central to this growth is Hong Kong consumers' strong preference for one-stop shopping experiences, where busy urban lifestyles and limited time drive demand for a single retail destination that seamlessly combines (i) health products, (ii) pharmaceutical products, (iii) beauty products, and (iv) household and daily essentials and foods under one roof. This integrated approach eliminates the need to visit multiple specialized outlets, offering unmatched convenience for families, working professionals, and elderly shoppers alike who can pick up vitamins and supplements, over-the-counter medicines, skincare and cosmetics, as well as groceries, cleaning supplies, and pantry staples in a single trip. These stores drive market expansion by actively broadening their product categories to meet this one-stop demand, evolving from traditional pharmacy or beauty-focused formats into comprehensive lifestyle hubs. For instance, retailers now stock extensive ranges of functional foods, nutritional supplements, prescription and OTC medications, premium beauty lines, and everyday household items all strategically displayed to encourage cross-category purchases. In this regard, the Group promotes one-stop shopping experience by offering spacious and comfortable environment along with diverse product offering. Our retail store at Gala Place in Mong Kok, with a GFA of approximately 17,500 sq.ft., was the largest pharmaceutical, health and beauty products retail store in Hong Kong in 2024 in terms of GFA. Eye-catching promotions, bundled offers, and loyalty programs further reinforce the appeal, fostering consumer confidence in the reliability and variety available in one trusted location. Together, online and off-line channels serve diverse groups, from older adults seeking accessible health solutions to younger consumers exploring trendy beauty and wellness items, further contributing to the continued rise of pharmaceutical, health and beauty, and daily essentials products in Hong Kong.

2. *Continued Product Expansion*

The pharmaceutical, health and beauty products industry in Hong Kong is witnessing robust growth, driven by product diversification. In particular, the introduction of plant-based, organic, and personalized supplements, which broaden market appeal and cater to diverse demographics, including health-conscious millennials, fitness enthusiasts, and aging populations seeking targeted solutions like cognitive or joint health support. Integrated retail strategies are adopted by major retail chain stores such as Watsons, Mannings, and the Group, as well as various e-commerce platforms, offering extensive product coverage that includes cosmetics, health supplements, medicines, foods, personal care items, and a wide range of household goods. These strategies combine physical and online channels to enhance customer experience, streamline operations, and optimize inventory management. By leveraging data analytics, loyalty programs, and omnichannel approaches, these retailers ensure seamless access to diverse products, catering to evolving consumer preferences across beauty, wellness, and everyday essentials. These offerings intensify competition and spur innovation, aligning with global wellness trends such as clean-label products and sustainable sourcing.

INDUSTRY OVERVIEW

3. *Recovery of tourism*

According to the Hong Kong Tourism Board’s report, total visitor arrivals has recorded only 3.6 million and continued decreased by 97.5% to 0.1 million in 2021, mainly due to the severe travel restrictions and mandatory quarantine measures implemented in response to the COVID-19 pandemic. However, with the effective control measures taken by the government against COVID-19, tourism activities in Hong Kong rebounded significantly in 2023 and 2024 with the visitor arrival of 34.0 million in 2023 and 44.5 million in 2024. The recovery of Hong Kong’s tourism sector has driven sales of pharmaceutical, health and beauty products. Major retail chains benefit from increased tourist footfall in shopping hubs like Tsim Sha Tsui and Causeway Bay, where visitors, especially from Chinese Mainland purchase portable items such as skincare, supplements, and medicines due to their quality and duty-free appeal.

4. *Rising popularity of Japanese and Korean consumer products in HK*

The rising popularity of Japanese and Korean consumer products, particularly in beauty, health, and pharmaceuticals, drives retail sales in Hong Kong due to their cultural appeal, perceived quality, and strong demand from both locals and tourists. K-Beauty (e.g., Dr.Jart+, Laneige) and J-Beauty (e.g., SK-II, Shiseido) products, including skincare, cosmetics, and supplements like collagen drinks, are highly sought after for their innovative formulations and association with Asian beauty trends like “glass skin,” fueled by social media and cultural phenomena like K-pop. Together with the tourism recovery in Hong Kong, the demand is further enlarged, as mainland Chinese tourists purchase these products in bulk for their authenticity and duty-free pricing.

Market Challenges

1. *Increased competition*

Increased competition presents a market challenge for sales of pharmaceutical, health and beauty products in Hong Kong, as the influx of local and international brands, e-commerce platforms, and cross-border platforms, are all vying for a share of the market. Consumers are faced with choices overload, which would reduce brand loyalty and increase decision fatigue, while concerns over counterfeit products demand costly authenticity measures like QR code verification. The crowded digital advertising space, including social media and livestreams, requires high marketing budgets to stand out, particularly for smaller brands competing with large retail chain stores. To succeed, companies must innovate with unique formulations or niche offerings and leverage targeted digital strategies.

2. *Evolving consumer preferences*

Evolving consumer preferences in Hong Kong’s pharmaceutical, health and beauty products market underscore the dynamic nature of consumer behavior, shaped by cultural shifts, social media trends, and growing health consciousness. To stay competitive, brands must show agility by actively tracking market trends, consumer feedback, and new technologies. Companies need to innovate their product lines, refine marketing approaches, and enhance real-time customer engagement to meet these demands. Brands that fail to adapt risk losing market share to competitors who more swiftly align with changing consumer expectations.

INDUSTRY OVERVIEW

Cost Analysis

The consumer goods retail market in Hong Kong is encountering dynamic cost pressures across various operational areas. Labor expenses are a key factor, with average monthly wages in the wholesale, retail, and import/export sectors increasing from HK\$19,353.5 in 2020 to HK\$21,471.0 in 2024, reflecting a 2.6% CAGR, and projected to rise further at a 2.5% CAGR through 2029 due to a competitive labor market and demand for skilled logistics and wholesale professionals. Conversely, private office rental and private retail costs have declined, with -2.3% and -0.9% CAGR from 2020 to 2024 respectively, and a continued decrease expected at -0.4% and -0.4% CAGR through 2029 respectively, driven by hybrid work models, reduced office footprints post-pandemic, increased supply in non-core districts, and corporate moves to cost-effective areas, as well as high vacancy rates and abundant supply of private retail. Meanwhile, warehouse rental costs have remained robust, growing at a 1.9% CAGR from 2020 to 2024 and projected to increase at 1.5% through 2029, fueled by ongoing demand for logistics and storage facilities to support e-commerce and inventory management needs.

Market Share of Consumer Goods Products Retailer in Hong Kong

In 2024, the overall consumer goods products retailer market in Hong Kong was relatively competitive, with the top five retailers accounting for an aggregate market share of 19.6% in terms of retail sales value. The Group has accounted for a market share of 1.4% in terms of retail sales value of consumer goods products in Hong Kong in 2024.

OVERVIEW OF PHARMACEUTICALS PRODUCTS RETAIL SALES IN HONG KONG

Definition and Segmentation

Pharmaceutical products refer to substances or preparations used for the prevention, diagnosis, treatment, or alleviation of diseases, disorders, or medical conditions in humans. This category includes:

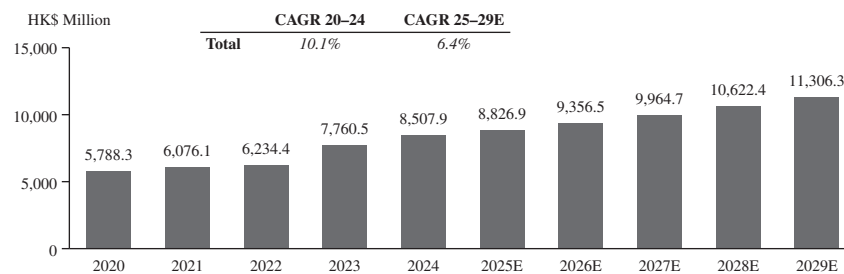
- Western medicine refers to scientifically formulated drugs and medications developed through modern medical research and clinical trials, typically regulated by health authorities (e.g., Hong Kong’s Department of Health). These include prescription drugs (e.g., antibiotics, antihypertensives), over-the-counter (OTC) medications (e.g., painkillers like ibuprofen, cold remedies), and vaccines. They are characterized by standardized chemical compositions, clinical testing, and evidence-based therapeutic claims.
- Chinese medicine refers to traditional Chinese medicinal products derived from herbal, animal, or mineral sources, based on principles of Traditional Chinese Medicine (TCM). These include herbal decoctions, powders, pills, tinctures, and topical applications (e.g., ginseng, astragalus, or proprietary Chinese medicines like Po Chai Pills). In Hong Kong, these are regulated under the Chinese Medicine Ordinance and include both proprietary Chinese medicines (pre-packaged) and raw herbs prescribed by TCM practitioners.

INDUSTRY OVERVIEW

Market Size of Pharmaceuticals Products by Retail Sales Value in Hong Kong

The pharmaceuticals products market in Hong Kong grew from HK\$5,788.3 million in 2020 to HK\$8,507.9 million in 2024, with a CAGR of 10.1%. This growth is driven by aging population and rising healthcare expenditure. This demographic shift amplified the need for pharmaceuticals, as elderly patients require more frequent and specialized medications. Enhancements to the drug registration process by the Department of Health’s Pharmacy and Poisons Board reduced approval times from 12–18 months pre-2020 to 9–15 months by 2023–2024, facilitating quicker market entry for innovative therapies. The introduction of the “1+” mechanism in 2023 expedited approvals for drugs already registered in reference markets like the US, EU, or Japan. The pandemic spurred demand for vaccines, antivirals, and immune-boosting drugs, with OTC pharmaceuticals seeing uptick. Looking forward, the market is projected to reach HK\$11,306.3 million by 2029, with a CAGR of 6.4% from 2025 to 2029.

Retail Sales Value of Pharmaceuticals Products (Hong Kong), 2020–2029E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Market Outlook

Trend in TCM integration — TCM is a cornerstone of Hong Kong’s healthcare culture, with a history spanning centuries and widespread use in managing conditions like joint pain, fatigue, and respiratory issues. Pharmaceutical products incorporating TCM ingredients such as anti-inflammatory drugs with turmeric or cough syrups with loquat extract resonate with consumers who trust TCM’s natural, holistic benefits. The integration of TCM with pharmaceuticals is a driver for sales of pharmaceuticals products Hong Kong due to its alignment with cultural values, preventive health trends, and modern consumer preferences for convenience. To capitalize, pharmaceutical companies are investing in R&D for TCM-based formulations, to ensure regulatory compliance with Hong Kong’s Pharmacy and Poisons Ordinance, and leverage digital marketing to highlight authenticity and efficacy. Partnerships with TCM practitioners or brands, like those seen with Eu Yan Sang, further enhance credibility. The market participants who effectively blend TCM with pharmaceutical innovation will likely see sustained sales growth, capturing both local and regional markets.

Shift towards personalized medicine — The shift towards personalized medicine serves as a driver for the pharmaceutical sales in Hong Kong by catering to the city’s health-conscious and tech-savvy consumers who demand tailored health solutions, supported by advanced technologies like AI and genetic profiling. Hong Kong consumers, with high health literacy and access to digital platforms, increasingly seek pharmaceuticals that address their specific needs, such as personalized vitamin regimens or OTC drugs for targeted conditions like joint pain or skin health. For example, AI-powered apps like those offered by local retailers, such as Watsons, recommend specific supplements based on

INDUSTRY OVERVIEW

lifestyle or health data, boosting consumer trust and engagement. This demand for customization drives sales of personalized OTC products and prescription drugs, particularly in categories like dermatology and nutraceuticals.

OVERVIEW OF HEALTH PRODUCTS RETAIL SALES IN HONG KONG

Definition and Segmentation

Health products refer to over-the-counter wellness items that are taken or applied to maintain or enhance normal bodily functions and to ease everyday discomfort; and over-the-counter aesthetic items that are taken or applied to refine body shape and enhance visible skin quality. Health products are categorised into:

- Nutritional and herbal supplements, are orally consumed preparations, such as pills, capsules, tablets, powders, granules, liquids or semi-solids, formulated to complement the diet and support internal health. Typical benefit areas include immune defence, cognitive performance, bone density, eye protection, cardiovascular and hepatic function, blood-vessel elasticity and overall metabolic balance.
- External analgesic products, are topical preparations such as hydrogel patches, creams, gels, sprays, that are applied to intact skin, as well as physical aids such as tourmaline or magnetic wraps, supports and belts that generate heat or compression to relieve muscular, joint or neuropathic pain. They work locally through counter-irritant, anti-swelling, warming, cooling or numbing mechanisms and are designed for short-term, self-administered use. The dosage presentation can be in semi solids, liquids and sprays, solid matrices and novel carriers.
- Body-shaping preparations are primarily ingestible formulations such as fibre or enzyme powders, probiotic and botanical capsules, metabolic booster tablets and similar products designed to aid fat metabolism, reduce bloating and firm body contours. Complementary formats may include contour creams, massage oils, gels.
- Skin-beautifying nutrients are oral doses delivered as powders, granules, liquids, shots, tablets, capsules or gummies that supply collagen peptides, ceramides, antioxidants, coenzymes, carotenoids, vitamins, minerals or NMN. Their stated benefits include skin whitening or brightening, anti-oxidation, wrinkle reduction, improved elasticity, hydration and broad anti-aging support. Topical products such as beauty oils or serums may appear alongside these ingestibles to provide immediate surface radiance.

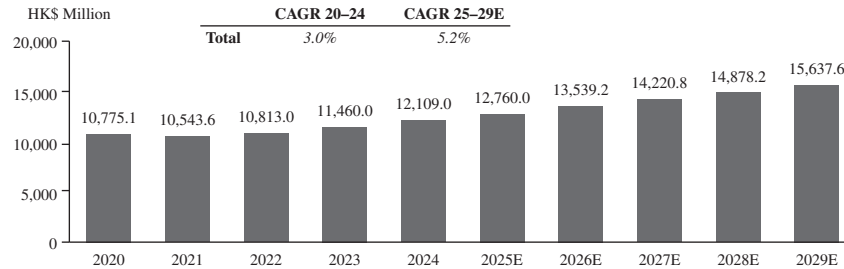
Market Size of Health Products by Retail Sales Value in Hong Kong

Retail sales value of health product in Hong Kong grew from HK\$10,775.1 million in 2020 to HK\$12,109.0 million in 2024, achieving a CAGR of about 3.0%, despite retail disruptions caused by the COVID-19 pandemic. This resilience stems from several factors, namely increasing health awareness post-COVID that has made daily supplementation more common, expanding the consumer base beyond older demographics; an aging population is boosting per-capita spending on preventive nutrition for joint, cardiovascular, and cognitive health; the rise of cross-border e-commerce platforms that has enhanced product variety and price transparency.

INDUSTRY OVERVIEW

Supported by increasing awareness of health, aging population and surging demand for personalized and natural products, the retail sales value of health products in Hong Kong is expected to rise at a CAGR of 5.2% from 2025 to 2029, reaching HK\$15,637.6 million in 2029.

Retail Sales Value of Health Products (Hong Kong), 2020–2029E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Market Outlook

Dynamic lifestyles and fitness enthusiasts — The growing number of fitness enthusiasts and athletes in Hong Kong significantly drives demand for health products. The need for convenient, portable product formats suits the city’s fast-paced lifestyle, while influencer endorsements and community-led fitness trends further boost market expansion. As the fitness culture continues to thrive, brands providing innovative, science-backed supplements tailored to active consumers are ideally positioned to leverage the increasing demand for health products.

Advancements in Formulation — The demand for health products in Hong Kong is propelled by the growing trend of innovative formulations. These advanced formulations enhance the effectiveness of supplements by improving bioavailability, ensuring that key ingredients like glucosamine, chondroitin, collagen, or curcumin are absorbed more efficiently. Technologies such as liposomal or nano-formulations, which encase active ingredients in tiny particles, boost absorption rates, making health products more potent for joint pain relief and cartilage support. In Hong Kong, these innovations appeal strongly to health-conscious consumers. By addressing evolving consumer needs, enhancing product efficacy, and helping brands stand out in a competitive market, innovative formulations are a key driver of growth in the health products market in Hong Kong.

INDUSTRY OVERVIEW

OVERVIEW OF BEAUTY PRODUCTS RETAIL SALES IN HONG KONG

Definition and Segmentation

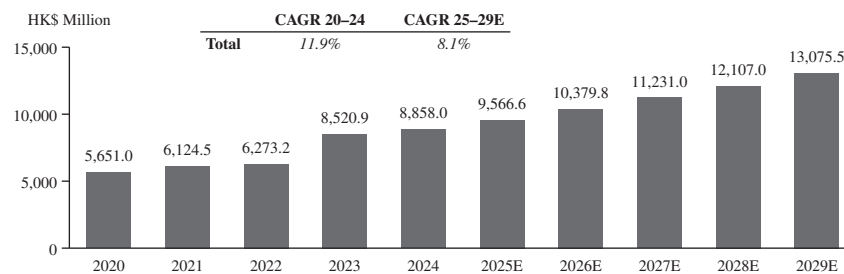
Beauty products encompass a broad category of personal care items designed to enhance or maintain appearance, hygiene, or aesthetic appeal. This includes:

- Cosmetics products applied to the face, body, or hair to enhance appearance, such as makeup (e.g., lipstick, foundation, eyeshadow, mascara), nail polish, and hair styling products (e.g., hair dye, gels). These are primarily used for aesthetic purposes, including color, coverage, or styling.
- Skincare products formulated to maintain, protect, or improve the condition of the skin, including cleansers, moisturizers, serums, toners, sunscreens, exfoliants, and treatments (e.g., anti-aging creams, acne solutions). These focus on skin health, hydration, protection, or addressing specific dermatological concerns.

Market Size of Beauty Products by Retail Sales Value in Hong Kong

Hong Kong’s beauty products retail market expanded from HK\$5,651.0 million in 2020 to HK\$8,858.0 million in 2024, with a CAGR of approximately 11.9%, and is projected to reach HK\$13,075.5 million by 2029, representing a CAGR of approximately 8.1% for 2025 to 2029. The robust surge in 2023 is attributed to the lifting of social-distancing and border controls during the year, with pent-up demand producing a wave of discretionary purchases that restored store traffic. Brand owners accelerated product innovation around clean ingredients, anti-ageing actives and personalised regimens, while livestream commerce and key-opinion-leader marketing shortened the path from launch to checkout and supported premium pricing. Tourist arrivals, aided by campaigns such as “Hello Hong Kong” and “Night Vibes Hong Kong”, provided an incremental boost to flagship counters and travel retail. Looking ahead, measures set out in the Government Development Blueprint for Hong Kong Tourism Industry 2.0 are expected to sustain a moderate rise in visitor footfall, while the main drivers will remain an affluent resident base, continued premiumisation and the rapid digitalisation of beauty retail.

Retail Sales Value of Beauty Products (Hong Kong), 2020–2029E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

INDUSTRY OVERVIEW

Market Outlook

Diversification of Consumer Base — The beauty products market in Hong Kong, encompassing cosmetics like makeup and hair styling products as well as skincare items such as serums and anti-aging creams, is experiencing growth due to a diversifying consumer base that now includes fitness-focused men and younger consumers alongside the traditional female audience, expanding purchasing power across gender, age, and lifestyle segments. Fitness clubs and male grooming influencers promote skincare supplements like antioxidant powders and peptide shots for muscle recovery and skin firmness, normalizing their use among men. Meanwhile, university students and young professionals drive demand for fibre, probiotic, and enzyme supplements that support weight management and digestive health, complementing skincare products that address skin health and preventive aging amid busy schedules. This trend, amplified by Hong Kong’s social media-driven culture and strong e-commerce ecosystem, broadens the market’s foundation, reduces reliance on a single demographic, positioning brands that cater to these diverse segments with innovative cosmetics and skincare solutions for sustained success.

Shortening product-launch — The rapid introduction of new beauty products, including cosmetics like makeup and nail polish and skincare items such as serums, sunscreens, and anti-aging treatments, through cross-border e-commerce supports the growth in Hong Kong’s beauty market, enabling brands to swiftly meet the city’s trend-driven consumer demands. Retailers facilitate short product-launch cycles, allowing K-beauty serums or Western vegan cosmetics to reach consumers within weeks, capitalizing on social media trends and livestream commerce. Along with favoring innovation, the rise of e-commerce delivers diverse, novel products like hydrating toners or limited-edition makeup. Cost-efficient logistics and digital marketing amplify this trend, enabling brands and retailers to test niche offerings and cater to Hong Kong’s cosmopolitan, health-conscious consumers, ensuring sustained sales growth through agility and responsiveness.

COMPETITIVE LANDSCAPE

In 2024, the Hong Kong retail market for pharmaceuticals, healthcare, and beauty products is highly competitive, featuring more than 5,000 participants. In terms of distribution channels, offline chain retail channels occupy a dominant position in the overall market, with the top 5 chain retailers accounting for approximately 18.1% of the market share by retail sales value. However, the overall market is highly fragmented, characterized by numerous small and medium-sized players, including independent pharmaceutical and beauty retailers. The key players are categorized as follows:

- (1) Omni-channel large-scale chain retailers, represented by local players including Mannings, the Group, and Watsons, etc., mainly offer comprehensive pharmaceutical, health and beauty product lines, along with professional services, established online channels, integrated O2O services, and membership systems, together building a competitive advantage across core areas of Hong Kong. Furthermore, their cost advantages derived from high purchasing volumes and mature supply chains provide them with irreplaceable advantages in the market.
- (2) Overseas specialty chain retailers, such as Donki and Matsukiyo from Japan, enter niche markets with differentiated positioning, focusing on products and categories from specific countries. They establish a unique competitive edge by attracting customers with competitive pricing and distinctive product categories. They also offer one-stop shopping through large stores, building a reputation through stable supply and unique offline shopping experiences.

INDUSTRY OVERVIEW

- (3) Local small and medium-sized chains and independent pharmacies, such as community pharmacies, primarily sell pharmaceuticals while offering partial health and beauty products, and some offer personalized health services. However, such players are deeply rooted in certain regions or communities in Hong Kong with a limited consumer base, which leads to difficulties in future business scaling.

Amidst the continued growth of Hong Kong’s pharmaceutical, health and beauty retail market, there remains room for new entrants, who will inevitably require overcoming a series of barriers, including capital investment, establishing a robust supplier network, supply chain management, and selecting offline store locations, etc.

Ranking and Market Share of Pharmaceutical Product Retailer in Hong Kong

In 2024, the pharmaceuticals products market in Hong Kong was relatively competitive, with the top five retailers accounting for an aggregate market share of 14.6% in terms of retail sales value.

The Group ranked first among pharmaceutical product retailers with a market share of 5.2% in terms of retail sales value of pharmaceuticals products in Hong Kong in 2024

Ranking and Market Share of Top Five Pharmaceutical Product Retailers by Revenue (Hong Kong), 2024

Ranking	Company	Retail sales value of pharmaceuticals products (HK\$ Million)	Market share (%)
1	The Group	444.0	5.2%
2	Company A	416.0	4.9%
3	Company B	224.2	2.6%
4	Company C	121.6	1.4%
5	Company D	35.3	0.4%
	<i>Top 5 Sub-total</i>	<i>1,241.1</i>	<i>14.6%</i>
	<i>Others</i>	<i>7,266.8</i>	<i>85.4%</i>
	<i>Total Market Size</i>	<i>8,507.9</i>	<i>100.0%</i>

Source: Frost & Sullivan

Company A is operated by a Singapore- and London-listed retail group and is a leading Hong Kong chain retailer of health, beauty, and personal care products.

Company B is operated by a Hong Kong-listed multinational conglomerate and is one of the largest Hong Kong chain retailers of health, beauty, and personal care products.

Company C is a private chain pharmacy group in Hong Kong.

INDUSTRY OVERVIEW

Company D is a subsidiary of a Japan-listed drugstore chain and entered the Hong Kong market in 2022, primarily dealing in health, beauty, and personal care products.

The revenue of the ranking is compiled by the revenue generated for the year ended 31 March 2025.

Ranking and Market Share of Top Five Pharmaceutical and Health Products Retailer by Revenue (Hong Kong), 2024

Ranking	Company	Retail sales value of pharmaceutical and health products (HK\$ Million)	Market Share (%)
1	Company A	2,080.0	10.1%
2	The Group	872.0	4.2%
3	Company B	450.0	2.2%
4	Company C	152.0	0.7%
5	Company D	88.2	0.4%
	<i>Top 5 Subtotal</i>	3,642.2	17.7%
	<i>Others</i>	16,974.7	82.3%
	<i>Total Market Size</i>	20,616.9	100.0%

The revenue of the ranking is compiled by the revenue generated for the year ended 31 March 2025.

- In 2024, the pharmaceuticals and health products market in Hong Kong was relatively competitive, with the top five retailers accounting for an aggregate market share of 17.7% in terms of retail sales value.
- The Group ranked 2nd among pharmaceuticals and health product retailers with a market share of 4.2% in terms of retail sales value of pharmaceuticals and health products in Hong Kong in 2024.

INDUSTRY OVERVIEW

Ranking and Market Share of Pharmaceutical, Health and Beauty Product Retailers in Hong Kong

In 2024, the overall pharmaceutical, health and beauty product retailer market in Hong Kong was relatively competitive, with the top five retailers accounting for an aggregate market share of 20.2% in terms of retail sales value. The Group ranked second among pharmaceutical, health and beauty product retailers with a market share of 5.8% in terms of the total retail sales value of pharmaceutical, health and beauty products in Hong Kong in 2024.

In terms of the year-on-year growth rate, the Group recorded a growth rate of 21.1% in terms of the revenue generated from the pharmaceutical, health and beauty product sector between 2023 and 2024, significantly outpacing the industry average growth for the sector of 6.2%.

Ranking and Market Share of Top Five Pharmaceutical, Health and Beauty Product Retailers in terms of Retail Sales Value (Hong Kong), 2024

Ranking	Company	Retail sales value of pharmaceutical, health and beauty products (HK\$ Million)	Market Share (%)
1	Company A	3,120.3	10.6%
2	The Group	1,697.0	5.8%
3	Company B	774.3	2.6%
4	Company D	195.9	0.7%
5	Company C	161.5	0.5%
	<i>Top 5 Sub-total</i>	5,948.7	20.2%
	<i>Others</i>	23,526.2	79.8%
	<i>Total Market Size</i>	29,474.9	100.0%

**Note:* The ranking includes market players with full coverage of (i) health products, (ii) pharmaceutical products, and (iii) beauty products, in 2024.

The revenue of the ranking is compiled by the revenue generated for the year ended 31 March 2025.

Source: Frost & Sullivan

INDUSTRY OVERVIEW

Ranking of Top Five Pharmaceutical, Health and Beauty Products Retailer by Revenue Per Store (Hong Kong), 2024

Ranking	Company	Retail sales value of pharmaceutical, health and beauty products per store (HK\$ Million)
1	The Group	60.6
2	Company D	16.3
3	Company A	9.5
4	Company C	8.5
5	Company B	4.3

**Note:* The ranking includes market players with full coverage of (i) health products, (ii) pharmaceutical products, and (iii) beauty products, in 2024.

The revenue of the ranking is compiled by the revenue generated for the year ended 31 March 2025.

- In 2024, the top five overall pharmaceutical, health and beauty product retailers by revenue per store are the Group, Company D, Company A, Company C and Company B with approximately HK\$60.6 million, HK\$16.3 million, HK\$9.5 million, HK\$8.5 million, and HK\$4.3 million, respectively.
- The Group ranked 1st among pharmaceutical, health and beauty product retailers in Hong Kong in terms of the revenue per store in 2024.

In 2024, the Group also ranked 1st among pharmaceutical, health and beauty product retailers in Hong Kong in terms of (i) average SKU available per store with approximately 6,500 SKUs available per store; and (ii) the largest GFA of single store with GFA of 17,500 sq.ft.

INDUSTRY OVERVIEW

Entry Barriers

1. *Retail Network and Store Location*

Securing prime retail locations with high foot traffic is another major entry barrier. The success of health and beauty chains largely depends on accessibility and visibility within densely populated areas, shopping malls, and transportation hubs. However, the availability of quality retail space in Hong Kong is limited, and established chains often hold long-term leases in strategic districts. New entrants may find it difficult to obtain comparable sites without paying significantly higher rents or accepting less favorable locations, reducing their ability to attract consumers and achieve economies of scale.

2. *Supply Chain Management*

Efficient and large-scale supply chain management forms another major entry barrier in this market, especially leading retailers have established centralized procurement systems, automated warehouse operations, and advanced logistics networks that allow for fast product replenishment, accurate inventory control, and cost optimization. These systems are supported by sophisticated warehouse management and tracking technologies to ensure product safety, expiry monitoring, and compliance with pharmaceutical standards for related products. New entrants typically lack the financial scale, system integration, and supplier coordination required to build such a supply chain network. Therefore, they are likely to face higher inventory costs, and reduced efficiency, which directly impact profitability and service quality.

3. *Relationships with Upstream Suppliers*

Strong and stable relationships with upstream suppliers, including pharmaceutical manufacturers, health supplement producers, and global beauty brands, are critical for ensuring product authenticity, stable supply, and competitive pricing. Leading retailers benefit from long-term contracts, bulk purchasing advantages, and priority access to exclusive or new product launches. New entrants, lacking such established networks, often face higher procurement costs, limited product variety, and longer lead times, which reduce their ability to attract consumers seeking one-stop shopping experiences for trusted brands.

4. *Capital Requirement*

Operating in this sector requires substantial capital investment in inventory procurement, store renovation, warehouse logistics, and rental of prime retail locations. Established chains typically maintain large product assortments covering thousands of SKUs, requiring significant working capital to ensure product availability and diversity. In addition, the high costs of leasing retail spaces in densely populated commercial areas, as well as recruitment and training of experienced pharmacists and sales staff, create substantial financial burdens for new entrants. Therefore, only companies with strong financial resources and established operational capabilities can sustain profitable operations in this highly competitive retail environment.