



BY EMAIL (slchan@legco.gov.hk)

Chairman
Bills Committee on Revenue Bill 2007
Legislative Council

23 May 2007

Dear Chairman,

In response to the duty reduction on wine and alcoholic beverages, PARKnSHOP would like to submit our view as follows:

1. PARKnSHOP welcomes the tax reduction. We believe this could allow and encourage customers to enjoy more variety and higher quality of wine.
2. Our company policy has always been to offer customers the best value. Whilst our warehouse is still carrying stock purchased at the previous level of duty, PARKnSHOP was one of the first retailers taking the initiative to immediately pass on savings to our customers.
3. On 1 March 2007, the day following the Budgetary Address announcing reduction in wine duty, PARKnSHOP has reduced the retail price of over 300 products - over 70% of our total wines - by 15% to 22%.
4. There are several market factors leading to no change in price of some of the wine products:
 - Some local suppliers have so far passed on only small savings in their cost price to PARKnSHOP
 - Increasing shipment / freight costs of wine affecting cost price
 - Recent unfavourable exchange rates affecting our buying price
5. PARKnSHOP sources most of the beer it sells from local HK Companies / Major Brands. These Companies / Brands took up to one month to finalise their response on revised pricing and in line with their recommendations beer prices have been reduced by 1.8% on average
6. PARKnSHOP is committed to continue seeking room for retail price reduction on wines and beers.

Yours sincerely,



Philippe Giard
Managing Director
PARKnSHOP Hong Kong

PARKnSHOP
Supermarket

Watson House, 1-5 Wo Liu Hang Road
Fo Tan, Shatin, New Territories, Hong Kong
Tel +852 2606 8833
Fax +852 2695 3664
www.parknshop.com

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