



For immediate release

Convenience Retail Asia announces annual results for 2020

Group pivots toward a new future as a specialty retailer in the Greater Bay Area following the sale of its Circle K convenience store business

- Full-year profit increased 1,412.9% after one-off gain of HK\$2,879 million from sale of Circle K Hong Kong business, unlocking shareholder value and shifting Group toward future growth in high-potential segments
- Net profit from Continuing Operations rose 84.1% due to increases in festive sales and higher gross profit by Saint Honore; Government subsidies also helped to partly offset Group's operating costs
- Further challenges expected in 2021 as the global pandemic continues to impact the local retail market and Group operations
- The Group maintains a strong financial position with net cash of HK\$373 million and no bank borrowings
- With payment of a special dividend before year end, the Company does not intend to declare any further dividend payments in respect of financial year ended 31 December 2020

Hong Kong, 23 March 2021 – Convenience Retail Asia Limited (“CRA” or “the Group”; SEHK: 00831), operator of Saint Honore Cake Shops in Hong Kong, Macau and Guangzhou, Mon cher premium pâtisserie in Hong Kong, and Zoff eyewear stores in Hong Kong, today announced its financial results for the year ended 31 December 2020. For Continuing Operations, turnover decreased 0.5% to HK\$1,192 million as comparable store sales in Saint Honore Hong Kong saw a low single-digit drop, despite higher festive sales at Saint Honore and network expansion at Zoff. Core operating profit before interest expenses on lease liabilities increased 50.6% to HK\$67 million; including interest expenses on lease liabilities, core operating profit increased 59.3% to HK\$62 million.

Net profit from Continuing Operations rose 84.1% to HK\$61 million. Net profit, included Discontinued Operations, increased 1,412.9% to HK\$3,140 million due to the sale of the Group's Circle K convenience store business to the brand owner. This includes Circle K's results of HK\$3,079 million, which comprise the net profit of HK\$200 million of the convenience store operations before the sale and the one-off gain on disposal of convenience store operations of HK\$2,879 million.

Basic earnings per share, including Discontinued Operations, rose to 410.7 HK cents from 27.2 HK cents in 2019, representing an increase of 1,409.9%. As at 31 December 2020, the Group had a net cash balance of HK\$373 million with no bank borrowings. As a special dividend was paid before the end of the year, the Company does not intend to declare any further dividend payments in respect of the financial year ended 31 December 2020.

Dramatic declines in tourist traffic as well as weak local consumer sentiment and lower levels of spending, triggered by the COVID-19 pandemic greatly impacted the retail industry and other sectors of the economy. In response, the Group successfully leveraged its O2O customer relationship management (CRM) platforms, enabling people to shop, place orders and take advantage of special promotions from the comfort of home. The Group also continued to introduce creative marketing promotions and category management initiatives designed to provide customers with in-demand products and services presented safely and conveniently. At the same time, the Group intensified cleaning and sanitisation of stores, factories and offices and adhered to the latest guidelines on anti-pandemic protocols to ensure the health of customers and staff.

Saint Honore's "Cake Easy" O2O CRM programme, which gives members access to special offers and allows them to shop and place orders via a downloadable app, reached a membership of approximately 800,000 in 2020 and helped drive turnover despite decreases in store footfall and tourism. During the year, sales of festive products rose as more people opted to stay at home to celebrate holidays, helping offset a low-single-digit decline in overall comparable store sales. Meanwhile, higher packaged product sales countered a decrease in birthday cake sales resulting from social distancing guidelines.

In September 2020, CRA launched its first outlet of the Japanese pâtisserie chain Mon cher, located at Sogo Department Store in Causeway Bay, Hong Kong. The Group is licensed to operate Mon cher in Hong Kong and Macau. Established in Osaka in 2003, Mon cher is a well-established brand famous for its signature Dojima cream rolls. The Group plans on expanding Mon cher via cake shops, cafés and online channels as it seeks to establish the brand within the premium category segment.

During the year, the Group's popular Japanese fast-fashion eyewear brand Zoff continued to make a positive contribution to Group turnover, primarily due to network expansion into high-traffic retail areas. Since launching in Hong Kong in 2017, the Group has guided Zoff to become the market's category leader in terms of brand awareness. Zoff currently has 11 locations in Hong Kong and its stores carry more than 1,300 SKUs, with new products launched every two weeks.

Mr Richard Yeung, Chief Executive Officer of CRA, said, “COVID-19 forced Hong Kong retailers to adjust quickly to harsh new realities. Those with robust digital capabilities were better prepared for pandemic response measures like border closures and stay-at-home protocols by being able to drive business through online channels instead of in-store interactions. Our proven online-to-offline (O2O) business platforms not only helped us generate sales, but they also gave customers more peace of mind by reducing the need for in-person contact. Meanwhile, we continued to serve the community by donating food and face masks to those in need, making personal protection equipment (PPE) and other necessities readily available for customers and staff, and adhering to the highest standards of cleanliness and hygiene throughout our operations.”

“The year 2020 will also be remembered as a turning point for the Group as we shift toward an exciting new future. By selling Circle K Hong Kong to the brand owner, we not only delivered an attractive dividend to our shareholders, but we also refocused the Group on three core, complementary businesses – Saint Honore Cake Shops, the premium pâtisserie brand Mon cher, and Zoff, the popular fast-fashion eyewear chain – all of which offer great potential and will open up new opportunities across the Greater Bay Area.”

Outlook

Following the sale of Circle K, CRA will move forward with its Saint Honore bakery, Mon cher premium pâtisserie and Zoff fast-fashion eyewear businesses with a view to transforming the Group into becoming a high-quality specialty retail leader in the Greater Bay Area.

Mr Yeung said, “Our success building Circle K into a leading convenience retail chain underlines that we have the ability to identify opportunities, execute growth strategies and successfully take our Group into areas of high potential with good returns. We are pioneers in the O2O retailing format and have helped set the standards for operational and customer service excellence. This year we will seek to grow our quality brands by expanding our networks, exploring B2B opportunities, and leveraging our proven O2O business model to drive brand loyalty and sales. We also remain open to attractive licensing, franchising, joint venture and acquisition opportunities that can add value to our brand portfolio.”

“Meanwhile, we will continue to use the latest innovations and technology to automate and streamline our operations for greater quality, efficiency and cost control,” Mr Yeung added. “Most importantly, we will keep doing everything we can to ensure the safety of our valued customers and employees during the pandemic.”

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About CRA

Convenience Retail Asia Limited (CRA, SEHK stock code: 00831), a member of Fung Retailing Group, is principally engaged in the operation of the Saint Honore Cake Shop bakery, Mon cher premium pâtisserie and Zoff eyewear chains in Southern China, including Hong Kong and Macau.

As at 31 December 2020, there were a total of 119 Saint Honore stores in Hong Kong, Macau and Guangzhou. Together with a Mon cher store in Hong Kong and 11 Zoff eyewear stores in Hong Kong, the Group operates a total store network of 131 outlets.

CRA website: www.cr-asia.com

For media enquiries, please contact:

Convenience Retail Asia Limited
Rebecca Sham, Golin

Telephone: 2991 6300
Telephone: 2501 7952

Convenience Retail Asia Limited

利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00831)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Change	2020 HK\$'000	2019 HK\$'000 (Restated)
• Revenue	-0.5%	1,191,701	1,197,453
• Core operating profit	+50.6%	67,456	44,785
• Core operating profit (included interest expenses on lease liabilities)	+59.3%	61,859	38,824
• Profit attributable to shareholders of the Company			
Continuing Operations	+84.1%	61,150	33,213
Included Discontinued Operations	+1,412.9%	3,140,446	207,574
• Basic earnings per share (HK cents)			
Continuing Operations	+81.8%	8.0	4.4
Included Discontinued Operations	+1,409.9%	410.7	27.2
• Dividend paid per share (HK cents)			
Basic	-76.0%	6	25
Special	+1,733.3%	385	21
Total	+750.0%	391	46

Number of Stores as of 31 December 2020

Saint Honore Cake Shops

Hong Kong	84
Macau	9
Guangzhou	26

Subtotal **119**

Pâtisserie Mon cher

Hong Kong	1
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Total number of stores under Bakery Group **120**

Zoff Eyewear Stores

Hong Kong	11
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Total number of Stores under Convenience Retail Asia **131**

**Consolidated Profit and Loss Account
For the year ended 31 December 2020**

	2020 HK\$'000	2019 HK\$'000 (Restated)
Continuing Operations		
Revenue	1,191,701	1,197,453
Cost of sales	(553,236)	(565,518)
Gross profit	638,465	631,935
Other income	24,531	15,111
Store expenses	(453,073)	(442,848)
Distribution costs	(59,422)	(62,055)
Administrative expenses	(83,045)	(97,358)
Core operating profit	67,456	44,785
Interest expenses, net	(4,532)	(2,876)
Profit before income tax	62,924	41,909
Income tax expenses	(1,774)	(8,696)
Profit for the year from Continuing Operations	61,150	33,213
Discontinued Operations		
Profit for the period/year from Discontinued Operations	3,079,296	174,361
Profit attributable to shareholders of the Company	3,140,446	207,574
Earnings per share (HK cents)		
Basic/diluted earnings per share		
Continuing Operations	8.0	4.4
Included Discontinued Operations	410.7	27.2