



For immediate release

Convenience Retail Asia announces half-year results for 2021

***Group businesses continue to weather effects of COVID-19;
bakery business posts higher revenue, profit during first six months of year***

- Revenue increased by 12.7%, profit from Continuing Operations increased by 161.7% on the back of economic recovery from COVID-19
- Relaxation of anti-pandemic measures, solid corporate sales contributed to double-digit sales gain for Saint Honore Cake Shop
- Premium pâtisserie brand Mon cher continued to grow quickly in Hong Kong with three new shop openings in the first half of the year
- The Group is taking a cautiously optimistic outlook to the second half of 2021 as changing market conditions due to the pandemic could still affect festive product sales and full-year results
- The Group maintains a strong financial position with net cash of HK\$251 million and no bank borrowings

Hong Kong, 12 August 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 shops in Hong Kong, and Zoff fast-fashion eyewear stores in Hong Kong, today announced its financial results for the six months ended 30 June 2021. Turnover increased 12.7% to HK\$607 million due to general economic recovery from COVID-19 and the relaxation of anti-pandemic measures, which helped drive double-digit sales for the Group’s Saint Honore Cake Shop bakery business. Comparable store sales at Saint Honore grew in the high single-digit, while the Group also increased sales to corporate customers. Core operating profit before interest expenses on lease liabilities increased 120.4% to HK\$20 million. Including interest expenses on lease liabilities, core operating profit increased by 171.8% to HK\$17 million. Net profit of Continuing Operations increased by 161.7% to HK\$17 million. Including the Discontinued Operations that was still operating for the Group during the first half of 2020, net profit decreased by 72.1% to HK\$23 million.

Gross margin as a percentage of turnover decreased by 2.5 percentage points compared to the first half of 2020 due to the greater proportion of lower-margin corporate sales. Elsewhere, the Group was able to mitigate to a large extent the appreciation of the renminbi and higher food costs through improved productivity, strong category management and effective pricing strategies. Operating expenses as a percentage of turnover decreased to 47.1% from 53.6% recorded in the first half of 2020. Including interest expenses on lease liabilities, operating expenses percentage decreased to 47.6% from 54.1% due to higher sales and the closures of certain non-performing stores.

Basic and diluted earnings per share was 3.0 HK cents compared to 10.8 HK cents in the first half of 2020 which included the Discontinued Operations. As at 30 June 2021, the Group had a net cash balance of HK\$251 million and no bank borrowings. The Board of Directors has resolved to declare an interim dividend of 2.0 HK cents per share.

Mr Richard Yeung, Chief Executive Officer of CRA, said, “This year we embarked upon a new growth path as a multi-brand specialty retailer operating in high-potential segments in the Greater Bay Area (GBA). I am proud to say that our on-going efforts to deliver quality products and service while prioritising health and safety for our customers and staff enabled us to drive solid results during the period under review, a time when the economy and retail market were just starting to recover from the COVID-19 pandemic. Such an encouraging performance demonstrates that our strong track record of building brands in the GBA – as well as our focuses on product innovation, world-class customer experience and proven O2O (online to offline) business model – will continue to serve us well along our transformation journey.”

Business Review

Over the first six months of the year, the containment of new COVID-19 cases, introduction of vaccination programmes and relaxation of social distancing measures led to improved consumer sentiment and increased retail activity in Hong Kong. As a result, the Group was able to drive higher sales while consolidating its new positioning as a quality retailer of specialty brands in the GBA.

Saint Honore saw increased turnover and higher comparable store sales during the period under review. This was due to improved performance across almost all categories as well as the lower base for comparison set in the first half of 2020. Sales of festive products delivered double-digit year-on-year growth due to product innovation as well as effective marketing campaigns targeting families celebrating holidays at home. Packaged product sales also grew by double digits due to their hygienic appeal and convenience. The Group continued to promote Saint Honore products through its popular O2O customer relationship management (CRM) platform Cake Easy, which enables customers to shop online and fulfill orders in-store. As at 30 June 2021, Cake Easy had a membership base of 860,000. The Group also continued to pursue B2B opportunities, entering into an agreement in March to supply bakery products for a leading supermarket chain in Hong Kong. Strong category management, production enhancements and higher production volume all helped offset rising operating costs and the appreciation of the renminbi.

In 2020 the Group obtained the licence to operate the premium Japanese pâtisserie brand Mon cher in Hong Kong and Macau. The Group assumed operations of the first Mon cher in Hong Kong, located at the Sogo department store in Causeway Bay in September last year. Over the first half of 2021, the Group opened additional outlets in high-profile locations including Langham Place in Mongkok, the city's super supermarkets at Harbour City in Tsimshatsui and New Town Plaza in Shatin. The Osaka-based Mon cher is known for its signature "Dojima" cream rolls and enjoys high brand recognition among young local consumers.

Sales at Zoff, the Group's fast-fashion eyewear franchise from Japan, showed signs of recovery, although anti-pandemic safety measures continued to impact traffic at night-time and on weekends. With 11 locations across Hong Kong in prominent shopping districts and malls and more than 1,300 SKUs, Zoff was able to maintain its leading position among eyewear brands in the market over the first six months of 2021 by continuing to offer a wide, constantly refreshed range of high-quality frames and fast, convenient optical services for young shoppers.

Outlook

The year 2020 was a turning point for the Group. By selling Circle K Hong Kong to the brand owner, the Group delivered an attractive dividend to shareholders and refocused its business on three core, complementary businesses – Saint Honore Cake Shop, the premium pâtisserie brand Mon cher, and Zoff, the popular fast-fashion eyewear chain – all of which offer great potential and open up new opportunities across the GBA.

The Group is cautiously optimistic about its prospects for the remainder of the year. Second-half gains could be more modest due to the low base for comparison set during the first six months of 2020 as well as the potential for continued retail volatility in the pandemic environment. The Group will actively expand its store networks in the coming months in Hong Kong and Macau to capitalise on its growth momentum and the gradual recovery of the economy.

Mr Yeung said, “We anticipate opening new Saint Honore outlets in Hong Kong, where we may be able to negotiate favourable rental terms in highly sought-after areas. In Macau, the easing of travel restrictions with the Chinese Mainland could lead to faster economic recovery and network expansion. We are also planning to franchise Saint Honore bakery stores in GBA markets outside Guangzhou. Meanwhile, we are excited about the network and sales growth prospects of Mon cher, which we believe can become a strong contributor of revenue for the Group, and Zoff, whose results should improve with more favourable market conditions.”

“Our robust O2O CRM platform will continue to be an important vehicle for driving sales, brand awareness and brand preference. We will be prudent as always in controlling costs closely and enhancing production efficiencies to ensure bottom-line performance. Last but not least, we will continue to prioritise the health and safety of our customers and staff as we strive to deliver world-class products and service in a challenging retail environment.”

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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 chain, Mon cher premium pâtisserie chain and Zoff fast-fashion eyewear stores in Southern China, including Hong Kong and Macau.

As at 30 June 2021, there were a total of 121 Saint Honore stores in Hong Kong, Macau and Guangzhou. Together with 4 Mon cher stores in Hong Kong and 11 Zoff eyewear stores in Hong Kong, the Group operates a total store network of 136 outlets.

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Convenience Retail Asia Limited
利亞零售有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00831)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Change	2021 HK\$'000	2020 HK\$'000 (Restated)
• Revenue	+12.7%	606,945	538,595
• Core operating profit	+120.4%	20,251	9,190
• Core operating profit (included interest expenses on lease liabilities)	+171.8%	17,330	6,375
• Profit attributable to shareholders of the Company			
Continuing Operations	+161.7%	16,941	6,474
Included Discontinued Operations	-72.1%	22,912	82,051
• Basic earnings per share (HK cents)			
Continuing Operations	+175.0%	2.2	0.8
Included Discontinued Operations	-72.2%	3.0	10.8
• Interim dividend per share (HK cents)	-66.7%	2.0	6.0

Number of Stores as of 30 June 2021

Saint Honore Cake Shops

Hong Kong	86
Macau	9
Guangzhou	26

Subtotal **121**

Pâtisserie Mon cher

Hong Kong	4
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Total number of stores under Bakery Group **125**

Zoff Eyewear Stores

Hong Kong	11
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Total number of Stores under Convenience Retail Asia **136**

Unaudited Consolidated Profit and Loss Account

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (Restated)
Continuing Operations		
Revenue	606,945	538,595
Cost of sales	(305,329)	(257,309)
Gross profit	301,616	281,286
Other income	4,555	16,591
Store expenses	(205,191)	(212,260)
Distribution costs	(31,913)	(30,564)
Administrative expenses	(48,816)	(45,863)
Core operating profit	20,251	9,190
Non-core operating gain, net	2,517	-
Operating profit	22,768	9,190
Interest expenses, net	(2,592)	(1,556)
Profit before income tax	20,176	7,634
Income tax expenses	(3,235)	(1,160)
Profit for the period from Continuing Operations	16,941	6,474
Discontinued Operations		
Profit for the period from Discontinued Operations	5,971	75,577
Profit attributable to shareholders of the Company	22,912	82,051
Earnings per share (HK cents)		
Basic/diluted earnings per share		
Continuing Operations	2.2	0.8
Included Discontinued Operations	3.0	10.8