



For immediate release

Convenience Retail Asia announces annual results for 2021

Group delivers increased revenue and net profit, expands business networks in first full year as multi-brand specialty retailer focused on Greater Bay Area

- Full-year revenue increased by 14% due to higher store sales, store network expansion and increased sales to corporate customers
- Saint Honore opened its 100th store in Hong Kong and exceeded 1 million Cake Easy online-to-offline (O2O) customer relationship management (CRM) programme members in December 2021
- COVID-19 Omicron variant has caused interruptions to the Group's supply chain and operations in the first quarter of 2022, which are expected to last till the end of April 2022
- The Group expects a strong rebound starting in May but is facing additional challenges due to increases in commodity prices
- With effective cost-saving initiatives to dampen inflationary pressures, the Group is cautiously optimistic about its 2022 prospects
- The Group maintains a strong financial position with net cash of HK\$290 million and no bank borrowings
- The Board of Directors has resolved to declare a final dividend of 5 HK cents per share

Hong Kong, 17 March 2022 – Convenience Retail Asia Limited (“CRA” or “the Group”; SEHK: 00831), operator of Saint Honore Cake Shops in Hong Kong, Macau and Guangzhou, Mon cher Pâtisserie shops in Hong Kong, and Zoff eyewear stores in Hong Kong, today announced its financial results for the year ended 31 December 2021. Group turnover rose by 14% year on year to HK\$1,362 million. This was largely on account of higher sales for Saint Honore due to increased corporate business, improved comparable store sales and new store openings, as well as higher turnover for Zoff resulting from network expansion and the recovery of foot traffic in commercial and tourist districts. Core operating profit before interest expenses on lease liabilities increased by 30% to HK\$88 million; including interest expenses on lease liabilities, core operating profit increased by 32% to HK\$82 million.

Net profit from Continuing Operations increased by 22% to HK\$74 million. Net profit including Discontinued Operations decreased by 97%, from HK\$3,140 million to HK\$80 million; this was primarily due to the sale in 2020 of the Circle K convenience store business in Hong Kong, which reported a result of HK\$3,079 million in the previous year.

Basic earnings per share for Continuing Operations increased by 20% to 9.6 HK cents from 8.0 HK cents in 2020. Basic earnings per share including Discontinued Operations decreased by 97% to 10.4 HK cents from 410.7 HK cents. As at 31 December 2021, the Group had a net cash balance of HK\$290 million with no bank borrowings. The Board of Directors has resolved to declare a final dividend of 5 HK cents per share.

Mr Richard Yeung, Chief Executive Officer of CRA, said, “After the divestment of the Circle K convenience store business in December 2020, we are pleased to report that the Group enjoyed a successful first full year as a multi-brand specialty retailer for the Greater Bay Area (GBA). In 2021, we were able to capitalise on our growth momentum to drive sales across our businesses, expand our store networks and further develop our fast-growing B2B revenue stream. We also reached the milestone of 1 million members for Saint Honore’s ‘Cake Easy’ O2O CRM programme, a figure that we intend to grow over the coming years as we continue to open outlets across the GBA. All of this was achieved despite the on-going challenges of the pandemic, and we are exceptionally proud of our colleagues for continuing to deliver world-class product quality and service in such difficult circumstances.”

Business Review

Saint Honore achieved a double-digit increase in sales during the year with single-digit growth in comparable store sales due to strategic network expansion, improved consumer sentiment and higher store footfall. During the year, the Group sought to negotiate more favourable terms with vendors, enhance productivity and practise effective category management to counter cost pressures arising from the appreciation of the RMB, inflation and pandemic-related disruptions to the supply chain. The Group also entered into a strategic relationship to provide bakery products for a leading Hong Kong supermarket chain, leading to increases in production volume and sales.

The Group opened three new outlets of its premium pâtisserie brand Mon cher in 2021 and soft-launched an online cake ordering platform that allows customers to pre-order products. The popular Japanese chain, which is famous for its signature “Dojima” cream roll, now has four stores in high-profile areas in Hong Kong, all of which made positive contributions to the Group’s financial performance during the year.

Japanese fast-fashion eyewear brand Zoff remained the category leader in Hong Kong during the year, increasing its market share despite keen competition. The Group now operates 13 Zoff stores in prime locations across the city, offering approximately 1,300 SKUs to its target customer base of fashion-conscious young shoppers. Successful promotions and product launches, the relaxation of anti-pandemic measures, and the launch of the Government’s Consumption Voucher Scheme in the second half of 2021 all contributed to higher footfall and sales.

Outlook

The Group has announced goals for double-digit growth in terms of both store network and revenue in 2022, which it plans to achieve via organic growth as well as acquisition, licensing and franchising opportunities.

Mr Yeung said, “The latest hit by COVID-19 Omicron has caused alarm among the community in Hong Kong and many consumer facing businesses have been hard hit by the variant. While the Group was challenged, we reacted decisively and quickly to minimise as far as possible the impact of supply chain delays and operational interruptions. As our track record has shown we can adapt our business model to changing times, build successful, world-class brands, and deliver results in favourable and challenging market conditions alike. The acceleration of our growth targets underscores the confidence we have in our abilities and business strategy.”

“Based on the success of our B2B venture this year, we will seek additional expansion opportunities for our corporate business in the coming months. We are also continuing our drive to take our brands further into the GBA through franchising and licensing arrangements. Internally, we will work as always to ensure prudent cost control, operational efficiency and enhanced productivity, while investing in developing strong future leadership and culture. Most importantly, we will strive as always to deliver quality products and world-class service with the high levels of safety and care that our customers expect of us.”

– ENDS –

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 eyewear stores in Southern China, including Hong Kong and Macau.

As at 31 December 2021, there were a total of 136 Saint Honore stores in Hong Kong, Macau and Guangzhou. Together with 4 Mon cher stores in Hong Kong and 13 Zoff eyewear stores in Hong Kong, the Group operates a total store network of 153 outlets.

CRA website: www.cr-asia.com

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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)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Change	2021 HK\$'000	2020 HK\$'000
• Revenue	+14%	1,361,840	1,191,701
• Core operating profit	+30%	87,663	67,456
• Core operating profit (included interest expenses on lease liabilities)	+32%	81,627	61,859
• Profit attributable to shareholders of the Company			
Continuing Operations	+22%	74,399	61,150
Included Discontinued Operations	-97%	80,370	3,140,446
• Basic earnings per share (HK cents)			
Continuing Operations	+20%	9.6	8.0
Included Discontinued Operations	-97%	10.4	410.7
• Dividend per share (HK cents)			
Final	N/A	5	NIL
Full Year			
Basic	+17%	7	6
Special	N/A	Nil	385
Total	-98%	7	391

Number of Stores as of 31 December 2021

Saint Honore Cake Shops

Hong Kong	100
Macau	10
Guangzhou	26

Subtotal **136**

Pâtisserie Mon cher

Hong Kong	4
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Total number of stores under Bakery Group **140**

Zoff Eyewear Stores

Hong Kong	13
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Total number of Stores under Convenience Retail Asia **153**

**Consolidated Profit and Loss Account
For the year ended 31 December 2021**

	2021 HK\$'000	2020 HK\$'000
Continuing Operations		
Revenue	1,361,840	1,191,701
Cost of sales	(678,891)	(553,236)
Gross profit	<u>682,949</u>	<u>638,465</u>
Other income	34,618	24,531
Store expenses	(441,083)	(453,073)
Distribution costs	(66,292)	(59,422)
Administrative expenses	(122,529)	(83,045)
Core operating profit	<u>87,663</u>	<u>67,456</u>
Non-core operating gains	5,132	-
Operating profit	<u>92,795</u>	<u>67,456</u>
Interest expenses, net	(4,853)	(4,532)
Profit before income tax	<u>87,942</u>	<u>62,924</u>
Income tax expenses	(13,543)	(1,774)
Profit for the year from Continuing Operations	<u><u>74,399</u></u>	<u><u>61,150</u></u>
Discontinued Operations		
Profit for the year/period from Discontinued Operations	<u>5,971</u>	<u>3,079,296</u>
Profit attributable to shareholders of the Company	<u><u>80,370</u></u>	<u><u>3,140,446</u></u>
Earnings per share (HK cents)		
Basic/diluted earnings per share		
Continuing Operations	9.6	8.0
Included Discontinued Operations	<u>10.4</u>	<u>410.7</u>