



## CONVENIENCE RETAIL ASIA LIMITED

利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00831)

### Convenience Retail Asia announces 2023 annual results

	Change	2023 HK\$'000	2022 HK\$'000
• Revenue	+1.7%	1,487,090	1,462,864
• Core operating profit	-12.9%	72,973	83,758
• Core operating profit (included interest expenses on lease liabilities)	-14.5%	65,707	76,843
• Profit attributable to shareholders of the Company	-14.9%	57,709	67,785
• Basic earnings per share (HK cents)	-14.9%	7.4	8.7
• Dividend per share (HK cents)			
Final	-20.0%	4	5
Full Year	-14.3%	6	7

#### Number of Stores

	31 December 2023	31 December 2022
<b>Saint Honore Cake Shops</b>		
Hong Kong	120	115
Macau	14	12
Guangzhou	21	26
<b>Subtotal</b>	<b>155</b>	<b>153</b>
<b>Pâtisserie Mon cher</b>		
Hong Kong	6	7
<b>Total number of Stores under Bakery Group</b>	<b>161</b>	<b>160</b>
<b>Zoff Eyewear Stores</b>		
Hong Kong	15	14
<b>Total number of Stores under Convenience Retail Asia</b>	<b>176</b>	<b>174</b>

The Group's turnover increased by 1.7% to HK\$1,487 million. Turnover for the bakery business increased by 1.5% to HK\$1,345 million. Turnover for the Zoff eyewear business increased by 2.7% to HK\$142 million. Including interest expenses on lease liabilities, core operating profit decreased by 14.5% to HK\$66 million. Net profit decreased by 14.9%, from HK\$68 million to HK\$58 million. Basic earnings per share decreased by 14.9% to 7.4 HK cents from 8.7 HK cents. The Board of Directors has resolved to declare a final dividend of 4 HK cents per share.

### **Operations Review – Bakery Business**

In 2023, the Group opened 10 Saint Honore stores and closed three across Hong Kong and Macau for a total of 134, representing an increase of seven over 2022. The number of stores in Guangzhou was reduced to 21 as at year-end. Total store revenue at Saint Honore marginally declined versus 2022 while comparable store sales decreased due to lighter-than-expected footfall, particularly on weekends and public holidays. These results were primarily because of substantial and continuous outbound travel by Hong Kong and Macau residents. This trend was particularly pronounced in Hong Kong, where residents can now quickly and easily travel to Mainland China for both daily necessities and discretionary spending.

To drive sales and foot traffic in challenging operating conditions, the Group continued to devise effective tactical promotional campaigns and launch new products. Festive product sales increased over 2022 due to steady customer demand for our high-quality products as well as successful marketing and promotional campaigns.

During the year, we continued to seek promising new Saint Honore store locations in accordance with the growth strategies laid out in our Three-Year Plan 2023-2025, but the serious labour shortages in Hong Kong and Macau forced us to take a more measured approach accounting for the higher costs required to staff and operate new outlets.

It was a very encouraging year for the Group's B2B business, as many other players in the F&B and catering industries who were also experiencing labour shortages and cost pressures sought high-quality outsourcing options for their bakery production needs. During the year, our B2B business achieved satisfactory organic growth with existing clients while also attracting a number of important new clients.

In Guangzhou, we continued our store renovation and upgrade programme to bring local outlets into closer alignment with the brand image of our Hong Kong network. This strategic plan of "premiumisation" has paid dividends thus far, as the four stores that have undergone renovation have all enjoyed year-on-year growth. We have also implemented a strategy to align the product range more closely with that of Hong Kong and Macau while still taking local tastes and consumer preferences into account.

To support the growth of its Saint Honore store networks and expanding B2B business, the Group continued to invest in initiatives to enhance its research and development capabilities, boost semi-automation, optimise production, improve process efficiency and provide continuous training. These included our programme to transform our facilities into digital factories through smart manufacturing systems. In 2023, efforts such as these led to increases in productivity at both our Hong Kong and Shenzhen production facilities.

As at 31 December 2023, the Group operated six Mon cher stores in Hong Kong, of which five were shop-in-shop formats inside high-traffic supermarkets. We continue to seek additional store locations in busy, high-profile areas as our customer base grows due to exciting new product development and effective social media campaigns targeting those with strong affinity for Japanese cakes and desserts.

### **Operations Review – Eyewear Business**

The Group continued to receive satisfactory financial performance from Zoff, its franchise of the trendy fast-fashion eyewear chain from Tokyo, despite high levels of outbound travel from Hong Kong impacting weekend sales. Following the openings of two new locations in 2023, Tai Wai and Mong Kok, we now operate 15 outlets across the city. Zoff remains the leader in the fast-fashion eyewear segment in terms of market share. Despite the challenging business environment, we continued to see growth in transaction size as loyal customers sought higher-end models, which is a testament to their receptiveness towards Japanese-designed frames.

Zoff continued to cement its leadership position in eye care in 2023 by equipping select store locations with the advanced Lenstar Myopia system by HOYA and becoming the first fast-fashion eyewear chain in Hong Kong to offer HOYA's MiYOSMART lens. These lenses are designed to reverse visual defects and slow down the progression of myopia for children in their teenage years. We will continue to market the effectiveness of this product in joint collaboration with HOYA as there is growing demand due to children's increasing use of mobile devices.

In January 2024, the Group completed a 100% acquisition of Zoff Singapore, the exclusive operator of the Zoff eyewear brand in Singapore, from the brand owner. Zoff Singapore currently operates five stores in the market, including outlets in both the CBD and heartland areas. The acquisition reflects the brand owner's high degree of trust in the Group and its belief that our executional capabilities in Hong Kong can be replicated in other regions. It also marks a key milestone for the Group, which is now expanding into Southeast Asia in alignment with its Three-Year Plan 2023-2025.

## Future Prospects

The Group is approaching 2024 in a cautious manner due to the rather measured recovery of the local economy and the post-COVID changes in consumer behaviour that are impacting the retail industry. Achieving growth remains a priority, but in the medium to long term, we will deploy our resources prudently in areas that generate higher returns.

While we continue to look for store network expansion opportunities, we will also introduce new retail formats that provide consumers with differentiated customer experiences. To accelerate the growth of our B2B business, we will be investing in capital expenditures in both our Hong Kong and Shenzhen production facilities to increase capacity and introduce new product lines, adding to our bakery offerings and providing more solutions for hotels, restaurants and caterers.

Elsewhere, we will strive to retain Zoff's leading market position in fast-fashion eyewear retail in Hong Kong by expanding the store network and increasing consumer awareness via marketing campaigns designed to promote the brand's distinctive identity. We also continue to seek opportunities to expand our businesses and brand portfolio in the Greater Bay Area and Southeast Asia. Our recent acquisition of Zoff Singapore is poised to open doors to other prospects across the region as we seek attractive M&A opportunities in this turbulent environment.

In this high interest rate environment, the Group is in an enviable financial position with no bank borrowings, and a sizable cash hoard that will put us in a favourable position to develop or acquire new businesses.

– END –

## 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, the Mon cher premium pâtisserie chain and Zoff eyewear stores in Southern China, including Hong Kong and Macau, and also in Singapore.*

*As at 31 December 2023, there were a total of 155 Saint Honore stores in Hong Kong, Macau and Guangzhou. Together with 6 Mon cher stores in Hong Kong and 15 Zoff eyewear stores in Hong Kong, the Group operates a total store network of 176 outlets.*

**CRA website: [www.cr-asia.com](http://www.cr-asia.com)**

For media enquiries, please contact:

Convenience Retail Asia Limited  
Jannifer Chan, Golin

Telephone: 2991 6800  
Telephone: 2501 7939