



For immediate release

Convenience Retail Asia reports higher turnover, net profit in 2019 despite difficult year for Hong Kong retail

Increased comparable store sales, successful O2O business model, continued expansion of popular eyewear brand Zoff generate growth

- The Group's online-to-offline (O2O) customer loyalty programme "OK Stamp It" continued to drive comparable convenience store sales, helping boost turnover 5.9% to HK\$5,632 million; meanwhile operational efficiencies and lower production costs due to depreciation of the renminbi contributed to a net profit increase of 13.3% to HK\$208 million
- Fast-fashion eyewear franchise Zoff continued to gain traction in Hong Kong as its store network expanded to 10 high-traffic locations across the city
- As at 31 December 2019, memberships for Circle K's "OK Stamp It", Saint Honore's "Cake Easy" O2O customer loyalty programme were 1.5 million and 630,000, respectively
- The coronavirus disease COVID-19 continues to affect local retail and potentially impact the Group's business performance for the first half of 2020, quick actions have been taken to minimise the unfavourable financial impact
- The Board of Directors has resolved to declare a final dividend of 19 HK cents per share and a special dividend of 21 HK cents per share
- The Group maintains a strong financial position with net cash of HK\$643 million and no bank borrowings

Hong Kong, 10 March 2020 – Convenience Retail Asia Limited ("CRA" or "the Group"; SEHK: 00831), operator of Circle K convenience stores in Hong Kong, Saint Honore Cake Shops in Hong Kong, Macau and Guangzhou, and Zoff eyewear stores in Hong Kong, today announced its financial results for the year ended 31 December 2019. CRA reported a year-on-year increase in turnover of 5.9% to HK\$5,632 million, which it attributed to comparable store sales growth at Circle K as well as higher revenue at Zoff, its rapidly expanding eyewear business.

Net profit increased 13.3% to HK\$208 million. The Group attributed its profit results primarily to higher sales from the convenience store business – driven mostly by Circle K's effective "OK Stamp It" online-to-offline (O2O) customer relationship management (CRM) platform and successful category management initiatives – as well as increased turnover at Zoff.

Basic earnings per share rose from 24.03 HK cents to 27.2 HK cents, representing an increase of 13.2%. As at 31 December 2019, the Group had a net cash balance of HK\$643 million with no bank borrowings. The Board of Directors has resolved to declare a final dividend of 19 HK cents per share and a special dividend of 21 HK cents per share.

Outlook

Arriving on the heels of the social unrest that beset Hong Kong for much of the second half of 2019, the coronavirus disease COVID-19 poses a new threat to public health and is causing further disruption in the local retail industry, as the Hong Kong Government works to contain its spread. It is expected the Group's overall business will be unfavourably impacted during the first half of 2020.

Very quick actions have been taken to adjust on promotions and product category programmes to minimise the unfavourable impact during this unusual period. The Group is also strictly controlling all operating expenses and capital expenditure. We expect that business should return to the normal level sometime during the second half of 2020 when schools and normal works resume.

“In facing many challenges, including the coronavirus disease, we remain resolute in our mission to serve customers from all walks of life and to help make their lives easier. We will do our best to maintain normal operations and to be a source of positivity for the people of Hong Kong.” concluded Mr Richard Yeung, Chief Executive Officer of CRA.

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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 Circle K convenience store, Saint Honore Cake Shop and Zoff eyewear chains in Southern China, including Hong Kong, Macau and Guangzhou.

As at 31 December 2019, there were a total of 47 Circle K stores outside Hong Kong. In addition to the 336 stores in Hong Kong, the Group operates a total of 383 Circle K stores in Southern China. Together with the Saint Honore chain, which has a total of 126 stores in Hong Kong, Macau and Guangzhou, and 9 Zoff eyewear stores in Hong Kong, the Group operates a total store network of 518 outlets.

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