



For immediate release

Convenience Retail Asia announces half-year results for 2022

The Group overcomes fifth wave of pandemic to post 11.1 per cent revenue growth through store network expansion, corporate sales and successful promotions

- Net profit from Continuing Operations was HK\$17 million which was comparable to the same period last year
- Gradually improving consumer sentiment, arrival of autumn/winter festive periods could lead to further performance gains in second half of year
- COVID-19, inflation, supply chain and logistics disruptions all expected to remain challenges moving forward
- Future development to focus on expanding Hong Kong and Greater Bay Area store networks, B2B business
- The Group maintains a healthy financial position with net cash of HK\$181 million and no bank borrowings
- The Board of Directors has resolved to declare an interim dividend of 2 HK cents per share

Hong Kong, 11 August 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 premium pâtisserie shops in Hong Kong, and Zoff eyewear stores in Hong Kong, today announced its financial results for the six months ended 30 June 2022. Turnover increased by 11.1% to HK\$674 million on the back of strong corporate sales growth and store network expansion for the Saint Honore bakery business. Core operating profit before interest expenses on lease liabilities increased by 10.7% to HK\$22 million. Including interest expenses on lease liabilities, core operating profit increased by 9.5% to HK\$19 million. Net profit from Continuing Operations was HK\$17 million which was comparable to the same period last year which included the one-off net gain related to property disposal and impairment. When including the profit contributed by the Discontinued Operations during the same period last year, net profit decreased by 27.2%.

Increases in food and production costs for bakery products led to a 1.1 percentage points decline in gross margin as a percentage of turnover to 48.6%. Operating expenses as a percentage of turnover decreased from 47.1% to 45.9% recorded over the first six months of 2022. Including interest expenses on lease liabilities, operating expenses percentage decreased to 46.5% from 47.6% due to higher revenue as well as the Government's Employment Support Scheme (ESS) subsidy, which helped offset additional costs.

Basic earnings per share for Continuing Operations maintained at 2.2 HK cents. While basic earnings per share including the Discontinued Operations were 2.2 HK cents compared to the 3.0 HK cents recorded during the same period last year. As at 30 June 2022, the Group had a net cash balance of HK\$181 million and no bank borrowings. The Board of Directors has resolved to declare an interim dividend of 2 HK cents per share.

Mr Richard Yeung, Chief Executive Officer of CRA, said, "The Group enjoyed a strong start to the year, but the onset of the fifth wave of the pandemic in February presented severe challenges to our operations. Despite almost all our staff being vaccinated, many employees were still infected or forced to quarantine, which had a sizeable effect on store operations. We also had to adjust to new restrictions on cross-boundary transport, which made it much more difficult to deliver bakery products from our manufacturing operation in Shenzhen to stores in Hong Kong.

"However, we responded quickly to ensure business continuity while sharpening our focus on product and service quality as well as effective marketing promotions. This put us in good position to drive higher sales once the fifth wave subsided and the Hong Kong Government introduced another round of Consumption Vouchers. We were able to maintain our financial results to a reasonable degree, thanks to the teams' quick actions and the relief from the ESS subsidy. The demand for our high-quality products remains healthy. We continued to expand our store networks over the first six months of the year, which boosted revenue further while strengthening our foundation for future growth."

Business Review

The Group rode strategic expansion, strong marketing, timely category management, and higher consumer demand following the launch of the latest round of the Government's Consumption Voucher Scheme (CVS) to deliver increased revenue in spite of a challenging operating environment. Meanwhile, prudent cost control, operational streamlining and pricing reviews as well as relief from the ESS subsidy all enabled the Group to protect its bottom line.

At Saint Honore – which is celebrating its 50th anniversary this year – store network expansion in Hong Kong and Macau drove double-digit growth in total revenue, although higher operating costs from inflation and cross-boundary transport restrictions led to a decrease in margins. Same-store performance gradually improved following the easing of anti-pandemic restrictions and the launch of the latest round of the CVS. As at 30 June 2022, membership for Saint Honore's online-to-offline customer relationship management programme Cake Easy was well over 1 million members in Hong Kong and more than 60,000 in Macau. Cake Easy enables customers to shop for products online from the comfort and safety of home and then fulfil orders at the in-store location of their choice.

During the first six months of the year, the Group added two more outlets of its premium Japanese pâtisserie brand Mon cher, opening locations at city'super Times Square in Causeway Bay and Tuen Mun Town Plaza. There are now six outlets in Hong Kong. Mon cher is known for its signature "Dojima" cream rolls and is a popular brand among the growing number of young consumers in Hong Kong and across the Greater Bay Area. The franchise continued to contribute positively to the Group's financial performance over the first half of 2022 despite the pandemic.

Following a difficult first quarter, turnover improved at Zoff, the Group's franchise of the popular Japanese fast-fashion eyewear chain, as the fifth wave of COVID-19 subsided in Hong Kong and the Government launched its latest round of Consumption Vouchers. The Group leveraged the CVS by launching partnerships with some of the city's most widely used payment platforms, capturing a wider customer base and driving strong sales results. Zoff remains the leader among brands of its kind in Hong Kong, both according to Government retail sales statistics and in terms of store network coverage. As at 30 June 2022, Zoff carried more than 1,400 SKUs that change frequently to offer unmatched variety for customers.

Outlook

The Group believes business could continue improving due to healthier consumer sentiment and festive season sales in the second half of the year. However, on-going restrictions on cross-boundary transport, rising food and operational costs, and macroeconomic uncertainty will be challenging over the coming several months as Hong Kong and the world continue to recover from the pandemic.

Mr Yeung said, “While the fifth wave of COVID-19 was a setback for Hong Kong retailers, the Group is cautiously optimistic about its prospects for the second half and beyond. Comparable store sales continue to improve, which is a good indicator of the strong demand that exists for our high-quality products and services. We are also encouraged by the performance of our B2B business, which has the potential for even bigger growth in Hong Kong and throughout the Greater Bay Area.”

“In the medium to longer terms, we will continue strategically building our store networks in Hong Kong and throughout the region, utilising the company-owned and -operated model as well as potential franchise agreements with experienced operators,” Mr Yeung continued. “As a leading specialty retailer in the GBA, we will also keep seeking to expand our portfolio of high-quality brands that can add value and synergy to our existing offerings.”

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

As at 30 June 2022, there were a total of 145 Saint Honore stores in Hong Kong, Macau and Guangzhou. Together with 6 Mon cher stores in Hong Kong and 13 Zoff eyewear stores in Hong Kong, the Group operates a total store network of 164 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 2022

	Change	2022 HK\$'000	2021 HK\$'000
• Revenue	+11.1%	674,211	606,945
• Core operating profit	+10.7%	22,417	20,251
• Core operating profit (included interest expenses on lease liabilities)	+9.5%	18,977	17,330
• Profit attributable to shareholders of the Company			
Continuing Operations	-1.5%	16,690	16,941
Included Discontinued Operations	-27.2%	16,690	22,912
• Basic earnings per share (HK cents)			
Continuing Operations	Nil	2.2	2.2
Included Discontinued Operations	-26.7%	2.2	3.0
• Interim dividend per share (HK cents)	Nil	2.0	2.0

Number of Stores

	30 June 2022	31 December 2021
Saint Honore Cake Shops		
Hong Kong	107	100
Macau	12	10
Guangzhou	26	26
Subtotal	145	136
Pâtisserie Mon cher		
Hong Kong	6	4
Total number of stores under Bakery Group	151	140
Zoff Eyewear Stores		
Hong Kong	13	13
Total number of Stores under Convenience Retail Asia	164	153

Unaudited Consolidated Profit and Loss Account

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Continuing Operations		
Revenue	674,211	606,945
Cost of sales	(346,869)	(305,329)
Gross profit	327,342	301,616
Other income	4,820	4,555
Store expenses	(212,065)	(205,191)
Distribution costs	(44,133)	(31,913)
Administrative expenses	(53,547)	(48,816)
Core operating profit	22,417	20,251
Non-core operating gain, net	-	2,517
Operating profit	22,417	22,768
Interest expenses, net	(2,628)	(2,592)
Profit before income tax	19,789	20,176
Income tax expenses	(3,099)	(3,235)
Profit for the period from Continuing Operations	16,690	16,941
Discontinued Operations		
Profit for the period from Discontinued Operations	-	5,971
Profit attributable to shareholders of the Company	16,690	22,912
Earnings per share (HK cents)		
Basic		
Continuing Operations	2.2	2.2
Included Discontinued Operations	2.2	3.0
Diluted		
Continuing Operations	2.1	2.2
Included Discontinued Operations	2.1	3.0