



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 2024 annual results

	Change	2024 HK\$'000	2023 HK\$'000
• Revenue	-0.0%	1,486,479	1,487,090
• Core operating profit	-43.2%	41,444	72,973
• Core operating profit (included interest expenses on lease liabilities)	-47.8%	34,275	65,707
• Profit attributable to shareholders of the Company	-58.6%	23,914	57,709
• Basic earnings per share (HK cents)	-4.3	3.1	7.4
• Dividend per share (HK cents)			
Final	-3	1	4
Full Year	-3	3	6

Number of Stores

	31 December 2024	31 December 2023
Saint Honore Cake Shops		
Hong Kong	111	120
Macau	14	14
Guangzhou	4	21
Subtotal	129	155
Pâtisserie Mon cher		
Hong Kong	7	6
Total Number of Stores under Bakery Group	136	161
Zoff Eyewear Stores		
Hong Kong	16	15
Singapore	5	-
Subtotal	21	15
Total Number of Stores under Convenience Retail Asia	157	176

The Group's turnover maintained at same level as 2023 at HK\$1,486 million. Turnover for the bakery business decreased by 0.6% to HK\$1,337 million. Turnover for Zoff eyewear business increased by 4.8% to HK\$149 million. Including interest expenses on lease liabilities, core operating profit decreased by 47.8% to HK\$34 million. During the year, the Group recorded a non-core operating loss of HK\$9 million for restructuring the retail bakery business in Guangzhou. Net profit decreased by 58.6%, from HK\$58 million to HK\$24 million. Basic earnings per share decreased by 58.1% to 3.1 HK cents from 7.4 HK cents. The Board of Directors has resolved to declare a final dividend of 1 HK cent per share.

Operations Review – Bakery Business

In 2024, the Group opened 3 Saint Honore stores and closed 12 across Hong Kong and Macau for a total of 125, representing a decrease of nine compared to the previous year. There were 4 stores in Guangzhou as at year-end, a decrease of 17.

Total revenue for our bakery business decreased by low single digit versus 2023 due to slower weekend traffic in Hong Kong and Macau as well as difficult operating conditions in Mainland China – factors that were mitigated to a degree by the growth of the Group's B2B business. Comparable store sales in Hong Kong and Macau saw low-single-digit declines. This was primarily attributed to soft performance on weekends and public holidays as local consumers continued to travel north for leisure, although weekday sales did show some improvement compared to the previous year. Basket combination is changing, reflecting a structural shift away from larger-ticket items such as celebratory cakes and towards daily needs such as freshly baked bread, tarts and sandwiches.

During the year, the Group leveraged this trend by successfully developing and marketing new, higher-margin daily items, which resulted in an increase in market share in categories such as sourdough, chilled sandwiches and packaged cakes. We introduced several reduced sugar products to our portfolio as a strategic focus to target the silver economy, and we became the first operator in Hong Kong and Macau to offer "Clean Label" family bread, which are free from artificial additives and coloring. We also proudly introduced a new salad category to offer customers a complete healthy meal solution.

Despite weak consumer sentiment in Hong Kong and Macau, the Group enjoyed double-digit growth in festive season revenue and profit margin due to successful new products, pricing strategy as well as robust promotional campaigns.

In 2024, the Group's B2B business once again achieved strong double-digit year-on-year sales growth, leveraging the trend of companies in the F&B space to outsource their non-core bakery operations. This performance not only maintained the business' impressive growth momentum, but it also helped mitigate the effects of a difficult year for the retail bakery business.

The Group's store network in Guangzhou continued to battle a challenging operating environment, and in 2024 the Group took the necessary step of further rationalising the store network by reducing the number of outlets to 4. As a result, we have recognised one-off losses for this business restructure.

As at 31 December 2024, the Group operated 7 stores of the famous Japanese pâtisserie Mon cher, including Mon cher's sub-brand "Merci Moncher", a popular light refreshment café from Okayama, Japan. Merci Moncher offers premium Japanese-French bakery and patisserie products, catered to a new group of customers seeking high quality bakery products. During the year, foot traffic and sales throughout the network were affected by changing consumer patterns and weak consumer sentiment, but the brand remains an important strategic part of the Group's retail bakery business.

Operations Review – Eyewear Business

Sales for Zoff, the Group's franchise of the popular Japanese fast-fashion eyewear brand, decreased during the year under review. This was attributed to lower store traffic on weekends due to northbound travel, aggressive pricing from competitors in the GBA, and the strength of the Hong Kong dollar versus the yen, which encouraged some customers to buy Zoff products while travelling in Japan rather than purchasing them locally. The Group also continued to invest in building up its new Singapore franchise, which was acquired in January 2024. As at 31 December 2024, the Group was operating 16 stores in Hong Kong and 5 stores in Singapore.

In Hong Kong, the Group was able to protect its market leadership despite a challenging retail environment. In August, the Group launched a campaign to reinforce brand image and drive sales via social media content featuring a popular local celebrity Sica Ho that highlighted Zoff's quality Japanese craftsmanship and excellent customer service.

In Singapore, the Group focused its first-year efforts on optimising store operations and costs and expanding its marketing efforts. Revenue decreased in 2024 largely due to higher GST introduced on 1 January 2024, which caused Singaporeans to curtail non-essential spending. The Group closed an underperforming location in July and opened a new outlet in a high-traffic transport hub in December.

Future Prospects

As the Group formulates the business plan for 2025, the “new normal” of Hong Kong retail must be taken into account, it will continue to conduct business in a fiscally prudent manner while emphasising its core competencies in anticipation that softness in the retail market could continue in the near term. The Group continues to monitor the performance of its store networks closely and will optimise them where necessary while also seeking out promising new locations with affordable rents. In product development, we plan on expanding our offerings to give consumers more reasons to purchase while also protecting our market share in key categories. If market conditions allow, we will seek to scale up Merci Moncher in Hong Kong while further strengthening the brand’s foothold in the affluent, mass premium market. We remain excited about our B2B enterprise, a business that has experienced double digit growth annually since 2021, and we will continue to invest substantially in its success as we look to expand its client portfolio as well as its production facilities and capabilities.

For Zoff, the Group will prioritise protecting its leadership position by continuing to market the Zoff brand’s style, service excellence and Japanese design and by opening locations in new retail areas. While younger trendsetters will always remain the brand’s core demographic, we will also focus on serving the needs of children and seniors with products such as HOYA MIYOSMART and services like health consumption voucher payment, respectively. We also intend to build on a productive first year in Singapore by further leveraging our Hong Kong’s track record of success, scaling up the store network and increasing brand awareness to gain market share.

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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, 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 2024, there were a total of 129 Saint Honore stores in Hong Kong, Macau and Guangzhou. Together with 7 Mon cher stores in Hong Kong and 21 Zoff eyewear stores in Hong Kong and Singapore, the Group operates a total store network of 157 outlets.

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