CONVENIENCE RETAIL ASIA LIMITED

利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00831)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

Financial Highlights

	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

Operation Highlights

- Stronger consumer sentiment contributed to a double-digit increase in Group revenue in 2021
- Despite rise of store traffic from domestic shoppers, the closure of cross-boundary travel and international travel restrictions continued to impact customer traffic in tourist areas
- Saint Honore achieved two milestones: opening its 100th store in Hong Kong and exceeding 1 million Cake Easy members
- The Group maintained a healthy financial position with net cash of HK$290 million and no bank borrowings
- 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 Board of Directors has resolved to declare a final dividend of 5 HK cents per share

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**
Total number of stores under Bakery Group	**140**
Zoff Eyewear Stores	
Hong Kong	**13**
Total number of Stores under Convenience Retail Asia	**153**

Chairman’s Statement

It is my pleasure to share the highlights of Convenience Retail Asia’s performance in 2021, the Group’s first full year operating as a multi-brand specialty retailer for the Greater Bay Area (GBA) after the divestment of the Circle K convenience store business.

The Group delivered commendable results – turnover increased by 14% and net profit by 22% over the previous year – while continuing its evolution along a new strategic path, despite the challenges posed by the pandemic. We leveraged our strong online-to-offline (O2O) customer relationship management (CRM) capabilities to adapt quickly, effectively and safely to the new realities of the current retail environment. We also drove revenue by expanding through organic growth while seeking to further develop our brand portfolio via licensing. Meanwhile, we strengthened our internal operations and future leadership team to ensure the successful transformation of our business and culture. Overall, 2021 saw the rise of a new, leaner, more agile Convenience Retail Asia and the continued emergence of a business with a very exciting future.

On the long road to recovery

The local retail market experienced a gradual recovery during the year under review as COVID-19 came under a degree of control and anti-pandemic measures were eased to allow workers and students to return to offices and schools. All of these factors resulted in an increase in domestic retail footfall. Cross-boundary channels remained closed and international travel restrictions stayed in place, however, completely shutting off the tap to visitors from the Mainland of China and greatly reducing the number of tourists from overseas markets.

Overall, Hong Kong retail sales saw improvement over the previous year. In 2021, the value of Hong Kong’s total retail sales rose by 8.1%[note] year on year while volume increased by 6.5%[note]. The bread, pastry and confectionary segment (which includes Saint Honore and Mon cher) remained relatively stable, while the optical segment (which includes Zoff) enjoyed double-digit growth, primarily due to the low base in 2020.

Building for a bright future

Even before COVID-19, the retail world was shifting toward digital platforms as more and more consumers discovered the convenience of online shopping. Since the pandemic, our Saint Honore’s O2O CRM programme, “Cake Easy”, has enabled customers to stay safe by making purchases from the comfort of home and fulfilling orders at nearby store locations of their choice. Having such a wide selection of quality products at customers’ fingertips has also helped drive Cake Easy’s membership to over 1 million, growth that was supported by the platform’s launch in Macau as well as the roll-out of an enhanced version 2.0.

Taking advantage of the favourable rental environment, we are in the midst of an expansion programme that should see our Saint Honore store network continue to grow in Hong Kong and Macau in the near to medium term. In 2021, we achieved the milestone of opening our 100th store in Hong Kong. We also continued to seek promising new locations for Mon cher, our premium Japanese pâtisserie brand that has a dedicated and growing following among our local consumer base. Our fast-fashion eyewear brand Zoff, another Japanese icon, experienced a rebound in revenue this year and remains the leader in its category. During the year, the Group sought to leverage Zoff’s popularity and growing sales by opening two more stores in Hong Kong.

We also continued to develop our B2B operations. Earlier this year, the Group entered into a strategic system supplier partnership to provide quality bakery products for a leading supermarket chain in Hong Kong, an agreement that could create further corporate opportunities in the future.

Outlook

The prospect of a post-pandemic world remains remote, as the spread of highly contagious COVID-19 Omicron variants shows. In Hong Kong, pent-up demand will fuel consumer spending to a degree, although we cannot expect customer and tourist traffic to return to pre-pandemic levels anytime soon. So long as precautionary measures such as travel restrictions, quarantine requirements, boundary closures, social distancing guidelines and restrictions on group gatherings continue, we will have to accept that the retail industry's operating environment will be much the same for at least the first few months of 2022. However, the Group's positive performance in 2021 shows that it is ready to continue growing and thriving in a challenging environment.

Over the past two years, we have done our utmost to ensure the health and safety of our customers, staff and business partners while demonstrating a deep level of care for the communities where we operate. We have also adjusted our business to adapt to the new ways that people are living, working and shopping, particularly by focusing on O2O commerce to meet customer demand in a safe and efficient manner. These factors will continue to serve us well in the months and years ahead.

The Group has vast experience in the management and marketing of successful brands. Now, as we continue our transformation into a purveyor of high-quality specialty brands for the massive middle-class market in the GBA, we believe the time is right to expand our store networks and portfolio and capitalise on our momentum. Previously, we aimed to achieve stable and steady low double digit top-line and bottom-line growth for all brands. For 2022, these goals have been updated to align with our strategy to scale up the growth of the whole CRA Group more aggressively, demonstrating the confidence we have in our new business direction and strategies. In addition to opening new stores, we will also continue to explore B2B and franchising opportunities for Saint Honore while seeking to add compatible new brands to our portfolio through M&A and licensing arrangements.

Our performance this year would not have been possible without the concerted effort and dedication of my fellow board members, Group management and staff. I look forward to working with everyone in 2022 and beyond as we write the next chapter in the growth story of Convenience Retail Asia.

William FUNG Kwok Lun
Chairman

Hong Kong, 17 March 2022

Note: Published by the Census and Statistics Department, the Government of the Hong Kong Special Administrative Region on 31 January 2022

CEO's Statement

This year, Convenience Retail Asia made significant progress transforming itself into a specialty retailer focused on the fast-growing Greater Bay Area (GBA). The Group was able to overcome the challenges of the post–COVID-19 operating environment by executing its core values – "Product TFP" (Tastiness, Freshness and Presentation); "Operation EFSS" (Easy, Fast, Simple and Safe); and "Focus CX" (Customer Experience) – to ensure world-class product quality and service. We continued to enhance and adapt our online-to-offline (O2O) customer relationship management (CRM) platform "Cake Easy", upgrading its functions and capabilities and expanding coverage to markets outside of Hong Kong. We also sought to generate top-line growth in a gradually improving retail market by expanding our store networks and driving B2B revenue.

Operations Review – Saint Honore Cake Shop

As at 31 December 2021, the Group had opened 19 Saint Honore stores and closed 2 stores during the year for a total of 110 across Hong Kong and Macau, an increase of 17 over the previous year. The number of stores in Guangzhou at year-end was maintained as 26.

With an extensive store network and OEM manufacturing operations, the Saint Honore bakery chain is the primary revenue driver for the Group. In 2021, Saint Honore posted double-digit sales growth with single-digit growth in comparable store sales due to improvement in consumer sentiment and footfall. The Group also boosted sales through innovative product development, effective marketing campaigns and regular engagement with loyal customers via its "Cake Easy" O2O CRM app, which reached a milestone of 1 million members as at year-end. During the year, Cake Easy was enhanced to offer better customer interface. We also launched an electronic coupon system for the platform that enables a truly paperless transaction for convenient customer gifting and redemption.

Almost all product categories saw rebounds in performance during the year. Bread sales improved significantly as workers and students returned to offices and schools. Birthday cake sales continued to be negatively affected by social distancing measures and limitations on group gatherings, but packaged bread products saw strong double-digit growth due to their more hygienic appeal and improved product quality. In 2021, we successfully launched several new products, including our "Crush It" and "Crown" cake series, both of which were enthusiastically received by customers. Festive sales, comprising Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival items, enjoyed high-single-digit year-on-year growth, which was mainly due to successful online and offline marketing and promotional campaigns.

Earlier this year, we entered into a strategic system supplier relationship to provide bakery products for a leading Hong Kong supermarket chain. Our B2B operations have since seen significant improvements in terms of both production volume and sales. The venture's success has encouraged us to explore further opportunities with existing corporate clients and other potential partners. We have also embarked upon numerous capacity and process enhancement projects at our factories to meet surging demand from Saint Honore and our corporate clients.

The appreciation of the RMB and inflation impacted gross margin in 2021, while cost pressures from global supply chain disruptions caused by the pandemic became more of a factor towards the end of the year. In response, the Group strove to negotiate more favourable terms with vendors, enhanced its productivity and practised effective category management. To further boost profitability, the Group implemented a number of cost control measures at the store level by revamping work processes, reallocating manpower and increasing digitisation to reduce administrative burdens.

The COVID-19 pandemic has caused different level of disruptions in the global supply chain. As Saint Honore sources high quality ingredients from around the world, we are also facing challenges to ensure stable supply of raw materials. We have built an agile supply chain by working closely with our key suppliers overseas as well as in the Mainland China. We have also suitably adjusted our safety inventory level for critical ingredients to cushion the potential delay in supply. Overall our product supply is maintained at satisfactory level.

Saint Honore places great emphasis on giving back to the communities where it operates. In 2021, Saint Honore Hong Kong partnered with charitable organisations including Foodlink, Feeding Hong Kong, the Women's Service Association and Breadline to donate bread and festive products to the less fortunate. Environmental protection was another core area of focus. Throughout the year, Saint Honore organised or participated in recycling campaigns and programmes to raise awareness about reducing single-use plastic. We also installed energy-efficient LED lights, glass doors and dual-temperature refrigerators to reduce our carbon footprint.

In 2021, Saint Honore was once again named a "Top 10 Quality E-shop" by the Hong Kong Retail Management Association. Saint Honore was also proud to receive the "Good Employer Charter 2021" certificate from the Labour Department of Hong Kong and the "Manpower Developer Award Scheme – Super MD" award from the Employees Retraining Board.

In Guangzhou, the Group is introducing a new store design and product ranges to align the brand image of the local store network with its Hong Kong operations and increase brand affinity and loyalty. During the year, the Group also continued to launch digital marketing promotions, teaming with partners such as Alipay and UnionPay and launching campaigns on popular platforms like WeChat to engage customers with special offers. We are currently applying for a licence to franchise Saint Honore in GBA cities outside of Guangzhou, a process that we hope to commence in the second half of 2022.

Operations Review – Mon cher

This was the first full year for Mon cher, a premium pâtisserie from Osaka, Japan, as part of the Group's brand portfolio. Mon cher is popular amongst young local consumers who have affinity for quality Japanese products. It is particularly famous for its signature "Dojima" roll, a fluffy, creamy pastry that comes in a number of varieties. In 2021, three more Mon cher stores were opened for a total of four as at year-end, all of which contributed positively to the Group's financial performance. In November, an online cake ordering platform was soft-launched to provide a convenient way to pre-order Mon cher products.

For the opening of each new store, we introduce a new product that is available only at that store to commemorate the event and bring excitement to customers. The Almond Chocolate Dojima Roll, for example, which was introduced at the opening of the new outlet at Gala Place in Mongkok on 1 October, had been very well received by our new and old customers alike and quickly became one of our top selling items.

Operations Review – Zoff

Since launching in late 2017, the Group's franchise of Zoff, the Japanese fast-fashion eyewear chain, has gone from strength to strength in capitalising on its first-mover status to become the leading brand in its category. Retail sales statistics shows that despite the entries of new players in recent years, Zoff is still outperforming the field and increasing its market share, demonstrating the popularity of the brand as well as its product and service offerings. There are now 13 Zoff stores in prime locations across the city, selling approximately 1,300 SKUs to fashion-conscious young shoppers.

Sales rebounded due to improvements in the pandemic situation and the launch of the Government's Consumption Voucher Scheme in the second half of the year. Zoff was the first company of its kind to cover the full set of payment gateways for consumption vouchers, making redemption more convenient for customers. The Group also partnered with key payment gateways Octopus, Alipay, and Wechat Pay to launch joint consumption voucher promotions, an effort that generated a participation rate in excess of 50%.

A number of other popular promotions and product launches were held during the year that contributed to higher footfall and sales. Starting from the beginning of 2021, existing customers received birthday EDM cash coupon offers worth HK$200 to stimulate repeat purchases and build data in support of a future O2O programme launch. The Group also held a lucky draw promotion from November to December 2021 in celebration of the fourth anniversary of Zoff Hong Kong.

To support the communities where it operates, Zoff now has nine stores featuring Health Care Voucher payment service, making it more convenient for senior customers to have eye examinations. Zoff Hong Kong also worked with the Tung Wah Group of Hospitals' Tuen Mun Integrated Services Centre to support low-income families by donating Zoff glasses to teenagers between the ages of 12 and 18.

This year the Group continued discussions with Zoff headquarters in Japan about launching a franchise operation in the Mainland China. These discussions have been put on temporary hold due to the pandemic situation in Japan.

Future Prospects

The Group expects to build on its momentum over the coming 12 months and beyond. We have set the ambitious but achievable targets of reaching double digit growth in our store networks and revenue, underscoring the strength of our business model and the confidence we have in our ability to successfully develop world-class brands.

Organic growth will be chief among the many ways the Group is seeking to capitalise on its potential. We will continue our store network expansion programme for Saint Honore, Zoff and Mon cher in Hong Kong and Macau. To achieve our goal of further extending the Group's operations into the GBA, we will keep pursuing franchising opportunities for Saint Honore in cities outside of Guangzhou. We also intend to continue discussions with Zoff Japan about the prospect of expanding the Zoff brand from Hong Kong to other markets across the region. In addition, the Group remains very interested in seeking licensing and M&A opportunities with brands that fit and create synergies with our existing portfolio.

We are excited about the prospects for our B2B operations. This year we expanded our manufacturing capacity to accommodate potential future demand, and we are now looking to grow our existing relationships while also seeking new ones. Further developing our B2B operations would not only drive sales and diversify our revenue streams, but also reduce seasonality and dependence on festive periods.

Internally, we are devising succession-planning strategies which will ensure that our future leadership team is well equipped to take the Group to the next stage in its development. We also continue to develop our O2O capabilities and business model, enabling us to evolve and reinvent ourselves to suit our customers and their changing needs.

Richard YEUNG Lap Bun
Chief Executive Officer

Hong Kong, 17 March 2022

Management Discussion and Analysis

Financial Review

In 2021, the Group's turnover increased 14.3% to HK$1,362 million. Turnover for the bakery business increased 14.2% to HK$1,231 million due to higher sales to corporate customers and growth in store sales as store network expanded together with mid single-digit percentage growth in comparable store sales in Hong Kong. Turnover for the Zoff eyewear business increased 14.6% to HK$131 million on the back of outlet expansion and recovery of foot traffic in commercial and tourist districts. For the year, our eyewear business recorded a high single-digit percentage growth in comparable store sales.

Gross margin as a percentage of turnover decreased 3.5 percentage points to 50.1%. This was due to unfavourable impacts from the appreciation of the renminbi, which resulted in higher manufacturing costs for Saint Honore, and the increase in relatively lower margin bakery sales to corporate customers.

Operating expenses as a percentage of turnover decreased to 46.3% from 49.9% in the previous year. Including interest expenses on lease liabilities arising from operating leases, operating expenses decreased to 46.7% of turnover from 50.4%. This was mainly due to better cost efficiency as a result of higher growth in turnover against key operating costs in leases and employee benefits.

Core operating profit before interest expenses on lease liabilities increased 30% to HK$88 million. Including interest expenses on lease liabilities, core operating profit increased 32% to HK$82 million.

Net profit including Discontinued Operations decreased 97% from HK$3,140 million to HK$80 million. Last year, the Group sold its Circle K convenience store business in Hong Kong to the brand owner, Alimentation Couche-Tard Inc. A profit of HK$6 million was recorded during the year after final settlement of transaction consideration and reversal of related provisions. This Discontinued Operations reported a result of HK$3,079 million in the previous year, comprising net profit of HK$200 million in convenience store operations and the related disposal gain of HK$2,879 million.

Basic earnings per share for Continuing Operations increased 20% to 9.6 HK cents from 8.0 HK cents, and basic earnings per share including Discontinued Operations decreased 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, generated mainly from daily business operations. The Group had no bank borrowings. Most of the Group's cash and bank deposits were in its operating currencies and deposited with major banks in Hong Kong and on the Chinese Mainland. The majority of the Group's assets, liabilities, revenues and payments were held in either Hong Kong dollars or renminbi. The Group had some foreign exchange exposure in renminbi resulting from its business operations on the Chinese Mainland. The Group is subject to interest rate risks on the interest income earned from bank deposits. The Group will continue its policy of placing surplus cash in bank deposits denominated in its operating currencies, with appropriate maturity periods to meet the funding requirements of any acquisition projects in the future. The Group has standby banking facilities of HK$148 million in support of treasury planning and management.

The Board of Directors has resolved to declare a final dividend of 5 HK cents per share.

Business Model and Corporate Strategy

Convenience Retail Asia is a member of the Fung Retailing Group. It owns the famous Saint Honore Cake Shop bakery chain, operating stores in Hong Kong, Macau and the Greater Bay Area. As at 31 December 2021, there were 136 Saint Honore stores in total across Hong Kong, Macau and Guangzhou.

In 2017, the Group secured the Hong Kong, Macau and Southern China franchise for Zoff, Japan's leading fast-fashion eyewear chain and a highly popular brand among style-conscious younger generations. There are currently 13 Zoff stores in high-traffic commercial locations in Hong Kong.

In late 2020, the Group obtained the franchise licence to operate Mon cher, a premium Japanese pâtisserie chain, in Hong Kong and Macau. There are already four locations in Hong Kong, and more openings are planned.

The Group aims to be the most innovative, customer-preferred retail chain company wherever it operates, employing a multi-pronged strategy that includes:

- Innovative products and services offered through its O2O physical store network and online Cake Easy CRM platforms
- Customer-centric business focus
- Excellence in customer service
- Convenient outlet locations
- Highly motivated, engaged employees
- Maximised efficiency through the adoption of the latest information technology
- Synchronised supply chain management infrastructure and processes
- Continuous investment in brand-building, store networks, people development, eCRM platforms and supply chain infrastructure

The Group strives to achieve sustainable, long-term value for shareholders through total commitment to its customers, employees and businesses. Its keys to success are excellent customer focus, innovation, flawless execution of its powerful O2O business model, ethical business practices and strong partnerships with quality suppliers, as well as the prudent, professional management of its growth and profitability.

The Board and management play proactive roles in the development of the Group's business model and pursue new ventures to maintain competitiveness and drive sustainable long-term growth.

Employees

As at 31 December 2021, the Group had a total of 3,012 employees, with 1,446, or 48%, based in Hong Kong and 1,566, or 52%, based in Guangzhou, Shenzhen and Macau. Part-time staff accounted for 21% of total headcount. Employee benefit expenses for the year amounted to HK$457 million compared to HK$433 million in 2020.

The Group offers competitive remuneration schemes, including salary packages plus discretionary bonuses based on individual and company performance for eligible employees. The Group also provides its staff with job-related skill enhancement programmes and attractive career advancement opportunities. Frontline staff receive thorough customer service training to support the Group's business strategy.

The Group places great emphasis on workplace satisfaction to retain quality staff and achieve high levels of customer service in support of its business objectives. Each year, the Activity Organising Board (AOB) co-ordinates a number of initiatives under the HEARTS (Happy, Energised, Achievements, Respect, Training and Success) employee engagement programme, including career development and work-life balance events as well as social outreach activities, to help our colleagues succeed professionally and to foster staff camaraderie. In 2021, community programmes included food donation drives, engaging the elderly, participating in recycling and food waste reduction programmes, and more. The Group also distributed HEARTS Funds – financial subsidies to help colleagues and their families who have been impacted by the COVID-19 pandemic – to eligible full-time and part-time employees.

Health and Safety

The Group is committed to providing the very highest levels of safety and hygiene for its patrons and staff. Saint Honore's factories in Hong Kong and Shenzhen are both ISO 9001–accredited, while the latter has achieved Hazard Analysis and Critical Control Points (HACCP) food safety accreditation as well as certification from the China National Accreditation Services (CNAS) for its in-house microbiological laboratory. Staff receive comprehensive food safety, workplace safety, hygiene training, and protective clothing and equipment where necessary. The Group carries out regular inspections to ensure that its factories and stores continue to meet relevant compliance guidelines. Staff also receive training on the "5S" principles of "sort, straighten, shine, standardise and sustain".

Since the outbreak of COVID-19, the Group has monitored the pandemic situation closely, implementing recommended guidelines from local health authorities to ensure healthy, stable and secure work environments. Staff are provided with training and PPE, while stores, factories and vehicles are regularly cleaned and sanitised. We have also invested in air purifiers plus other equipment and introduced work-from-home arrangements to minimise exposure risk.

Sustainability and Corporate Social Responsibility

As a member of the Fung Group, the Group adheres to the United Nations Global Compact on human rights, labour, anti-corruption efforts, environmental protection and sustainability. The Group is committed to achieving sustainability in its operations wherever possible, striving to protect the environment and conserve natural resources while saving costs through the "three Rs" of reducing, re-using and recycling. It also uses energy-efficient equipment and low-carbon fuels to minimise its carbon footprint.

In 2021, Saint Honore was honoured to receive the “10 Years Plus Caring Company Logo” from the Hong Kong Council of Social Service, while Zoff was awarded its second “Caring Company Logo”. These awards are given in recognition of companies that demonstrate care for the community, employees and the environment. The Group was also proud that Convenience Retail Asia received Special Mention in the “Non-Hang Seng Index (Small Market Capitalisation) Category” of the Best Corporate Governance and ESG Awards organised by the Hong Kong Institute of Certified Public Accountants for maintaining strong corporate governance standards and delivering operational and financial performance despite the challenges of the COVID-19 outbreak.

Further environmental, social and governance policies as well as performance information will be provided in a separate report on the Group’s website.

Results

The Board of Directors (the "Board") is pleased to announce the audited results of Convenience Retail Asia Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2021, together with the audited comparative figures for the corresponding year ended 31 December 2020. The annual results have been reviewed by the Company's Audit Committee and agreed by the Company's auditor.

Consolidated Profit and Loss Account

	Note	**2021 HK$'000**	2020 HK$'000
Continuing Operations			
Revenue	*3*	**1,361,840**	1,191,701
Cost of sales	*4*	**(678,891)**	(553,236)
Gross profit		**682,949**	638,465
Other income	*3*	**34,618**	24,531
Store expenses	*4*	**(441,083)**	(453,073)
Distribution costs	*4*	**(66,292)**	(59,422)
Administrative expenses	*4*	**(122,529)**	(83,045)
Core operating profit		**87,663**	67,456
Non-core operating gains	*5*	**5,132**	-
Operating profit		**92,795**	67,456
Interest expenses, net	*6*	**(4,853)**	(4,532)
Profit before income tax		**87,942**	62,924
Income tax expenses	*7*	**(13,543)**	(1,774)
Profit for the year from Continuing Operations		**74,399**	61,150
Discontinued Operations			
Profit for the year/period from Discontinued Operations	*12*	**5,971**	3,079,296
Profit attributable to shareholders of the Company		**80,370**	3,140,446
Earnings per share (HK cents)			
Basic/diluted earnings per share	*8*		
Continuing Operations		**9.6**	8.0
Included Discontinued Operations		**10.4**	410.7

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2021

	2021 **HK$'000**	2020 HK$'000
Profit attributable to shareholders of the Company	**80,370**	3,140,446
Other comprehensive income/(loss):		
Item that will not be reclassified subsequently to profit or loss		
Actuarial gains/(losses) on post employment benefit obligation, net of tax	**434**	(7,097)
Item that may be reclassified subsequently to profit or loss		
Exchange differences	**219**	2,229
Total comprehensive income attributable to shareholders of the Company	**81,023**	3,135,578
Total comprehensive income attributable to shareholders of the Company arises from:		
Continuing Operations	**75,052**	60,181
Discontinued Operations	**5,971**	3,075,397
	81,023	3,135,578

Consolidated Balance Sheet
As at 31 December 2021

	Note	**2021 HK$'000**	2020 HK$'000
Assets			
Non-current assets			
Fixed assets		**173,577**	158,356
Right-of-use assets		**228,231**	189,698
Investment properties		**5,961**	29,866
Lease premium for land		**72,768**	63,962
Intangible assets		**357,465**	357,465
Rental and other long-term deposits		**40,646**	27,752
Deferred tax assets		**10,580**	15,628
		889,228	842,727
Current assets			
Inventories		**43,127**	32,776
Rental deposits		**19,913**	18,492
Trade receivables	*10*	**45,290**	16,395
Other receivables, deposits and prepayments		**32,157**	38,138
Taxation recoverable		**324**	-
Restricted bank deposit		**245**	239
Cash and cash equivalents		**290,285**	373,143
		431,341	479,183
Non-current assets classified as assets held for sale		**-**	22,256
		431,341	501,439
Total assets		**1,320,569**	1,344,166

Consolidated Balance Sheet (continued)
As at 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Equity			
Share capital		**77,624**	77,624
Reserves		**566,724**	501,230
Total equity		**644,348**	578,854
Liabilities			
Non-current liabilities			
Lease liabilities		**115,859**	92,832
Long service payment liabilities		**5,069**	5,729
Deferred tax liabilities		**8,865**	9,264
		129,793	107,825
Current liabilities			
Trade payables	*11*	**80,146**	67,276
Other payables and accruals		**173,924**	308,836
Lease liabilities		**118,901**	112,204
Taxation payable		**8,236**	5,236
Cake coupons		**165,221**	163,935
		546,428	657,487
Total equity and liabilities		**1,320,569**	1,344,166

Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

	Attributable to shareholders of the Company							
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserves HK$'000	Employee share-based compensation reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total equity HK$'000
At 1 January 2020	76,256	200,756	177,087	20,002	20,173	(2,131)	233,651	725,794
Profit attributable to shareholders of the Company	-	-	-	-	-	-	3,140,446	3,140,446
Exchange differences	-	-	-	-	-	2,229	-	2,229
Actuarial losses on post employment benefit obligation								
Gross	-	-	-	-	-	-	(8,460)	(8,460)
Tax	-	-	-	-	-	-	1,363	1,363
Total comprehensive income for the year	-	-	-	-	-	2,229	3,133,349	3,135,578
Issue of new shares	1,368	54,695	-	-	-	-	-	56,063
Employee share option benefit	-	8,169	-	-	(19,567)	-	12,214	816
Transfer to retained earnings	-	-	(177,087)	-	-	-	177,087	-
Dividends paid	-	(263,620)	-	-	-	-	(3,075,777)	(3,339,397)
	1,368	(200,756)	(177,087)	-	(19,567)	-	(2,886,476)	(3,282,518)
At 31 December 2020	77,624	-	-	20,002	606	98	480,524	578,854

Consolidated Statement of Changes in Equity (continued)
For the year ended 31 December 2021

	Attributable to shareholders of the Company							
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserves HK$'000	Employee share-based compensation reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total equity HK$'000
At 1 January 2021	**77,624**	**-**	**-**	**20,002**	**606**	**98**	**480,524**	**578,854**
Profit attributable to shareholders of the Company	**-**	**-**	**-**	**-**	**-**	**-**	**80,370**	**80,370**
Exchange differences	**-**	**-**	**-**	**-**	**-**	**219**	**-**	**219**
Actuarial gain on post employment benefit obligation	**-**	**-**	**-**	**-**	**-**	**-**	**434**	**434**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**219**	**80,804**	**81,023**
Employee share option benefit	**-**	**-**	**-**	**-**	**(246)**	**-**	**242**	**(4)**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(15,525)**	**(15,525)**
	-	**-**	**-**	**-**	**(246)**	**-**	**(15,283)**	**(15,529)**
At 31 December 2021	**77,624**	**-**	**-**	**20,002**	**360**	**317**	**546,045**	**644,348**

Notes to the Consolidated Financial Statements

1. General Information

Convenience Retail Asia Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the operation of (i) a chain of bakeries under the brand name of Saint Honore in Hong Kong, Macau and on the Chinese Mainland; (ii) a chain of premium pâtisserie under the brand name of Mon cher in Hong Kong – one of Japan's most popular pâtisserie and cake brands; and (iii) a chain of fast-fashion eyewear stores under the brand name of Zoff in Hong Kong.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and its principal place of business is 15th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong.

The Company's shares are currently listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 17 March 2022.

On 21 December 2020, the Group has disposed of certain subsidiaries which are principally engaged in the operation of a chain of convenience stores in Hong Kong under the brand name of Circle K and the operation is presented as Discontinued Operations. Details of the Discontinued Operations are set out in note 12 to the consolidated financial statements.

2. Basis of preparation and account policies

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and under historical cost convention.

2. Basis of preparation and account policies (continued)

(a) Basis of preparation (continued)

As at 31 December 2021, the Group had net current liabilities of HK$115,087,000 (2020: HK$156,048,000). In preparing these financial statements, the Group's management has taken into account all information that could reasonably be expected to be available and has ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. Based on the Group's history of its operating performance, availability of banking facilities and its expected future working capital requirements, the Group's management is of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and therefore have prepared the financial statements on a going concern basis.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Group has adopted the following amended standards of HKFRS which are mandatory for accounting periods beginning on or after 1 January 2021 and relevant to its operations:

HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Amendment	Interest Rate Benchmark Reform Phase 2

The adoption of amended standards of HKFRS does not have material impact on the consolidated financial statements and does not result in substantial changes to the Group's accounting policies, except the impacts of the early adoption of HKFRS 16 Amendment: COVID-19-Related Rent Concessions beyond 30 June 2021 is disclosed in note 2b.

The Group has not early adopted the following new standard, amendments to standards and interpretation of HKFRS that have been issued and are mandatory for the Group's accounting periods beginning on or after 1 January 2022.

HKAS 1 Amendment	Classification of Liabilities as Current or Non-current
HKAS 1 Amendment and HKFRS Practice Statement 2	Disclosure of Accounting Policies
HKAS 8 Amendment	Definition of Accounting Estimates
HKAS 12 Amendment	Deferred Tax related to Assets and Liabilities from a Single Transaction
HKAS 16 Amendment	Property, Plant and Equipment – Proceeds before Intended Use

2. Basis of preparation and account policies (continued)

(a) Basis of preparation (continued)

HKAS 37 Amendment	Onerous Contracts – Cost of Fulfilling a Contract
HKFRS 3 Amendment	Reference to the Conceptual Framework
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts
Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

None of the above is expected to have a significant effect on the consolidated financial statements of the Group.

(b) Change in accounting policy

The Group has early adopted HKFRS 16 Amendment: COVID-19-Related Rent Concessions beyond 30 June 2021, which is effective for annual reporting period on or after 1 April 2021, for the Group's reporting period commencing 1 January 2021. The amendment allows lessee to elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification. Such practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the revised lease payments are substantially the same as, or less than the consideration for the lease immediately preceding the change;
- reduction in lease payments relates to payment due on or before 30 June 2022; and
- there is no substantive change to the other terms and conditions of the lease.

Rent concessions fulfilling the above conditions are recognised in the consolidated profit and loss account over the period in which they cover.

3. Revenue, other income and segment information

The Group is principally engaged in the operation of chains of bakeries and eyewear business. Revenues recognised during the year are as follows:

	2021	2020
	HK$'000	HK$'000
Revenue		
Bakery sales revenue	**1,230,566**	1,077,163
Eyewear sales revenue	**131,274**	114,538
	1,361,840	1,191,701
Other income		
Transitional services income *(note i)*	**25,906**	-
Service and miscellaneous income	**8,712**	16,451
Government subsidies *(note ii)*	**-**	8,080
	34,618	24,531

Notes:

(i) The transitional services income was received from the disposed convenience store business in respect of certain administrative and general services provided.

(ii) The government subsidies were granted under the Anti-epidemic Fund for helping the retail industry stay afloat during the challenge of COVID-19 in 2020.

Segment information

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions.

3. Revenue, other income and segment information (continued)

Segment information (continued)

The management considers the business principally from the perspective of product/service and geographic. From a product/service perspective, management assesses the performance of bakery and eyewear businesses. For bakery segment, revenues are mainly comprised of sale of bakery and festival products. The eyewear segment was formerly grouped under developing businesses, and its revenues are mainly derived from the sale of eyewear products. The management considers it is mature and identifies it as one named operating segment. Geographically, the management considers the performance of retailing business in Hong Kong and others, and on the Chinese Mainland.

The segment information provided to the management for the reportable segments for the years ended 31 December 2021 and 2020 are as follows:

	2021			
	Bakery		Eyewear	
Continuing Operations	**HK & Others HK$'000**	**Chinese Mainland HK$'000**	**HK HK$'000**	**Group HK$'000**
Total segment revenue	**1,167,105**	**92,336**	**131,274**	**1,390,715**
Inter-segment revenue	**(28,875)**	**-**	**-**	**(28,875)**
Revenue from external customers	**1,138,230**	**92,336**	**131,274**	**1,361,840**
Other income	**33,164**	**776**	**678**	**34,618**
	1,171,394	**93,112**	**131,952**	**1,396,458**
Core operating profit	**74,020**	**1,385**	**12,258**	**87,663**
Core operating profit/(loss) (included interest expenses on lease liabilities)	**70,214**	**(157)**	**11,570**	**81,627**
Continuing Operations				
Depreciation	**(124,212)**	**(17,963)**	**(26,122)**	**(168,297)**
Depreciation (excluded depreciation on right-of-use assets)	**(35,478)**	**(2,275)**	**(4,734)**	**(42,487)**

3. Revenue, other income and segment information (continued)

Segment information (continued)

Continuing Operations	2020 Bakery HK & Others HK$'000	2020 Bakery Chinese Mainland HK$'000	2020 Eyewear HK HK$'000	2020 Group HK$'000
Total segment revenue	1,018,608	86,916	114,538	1,220,062
Inter-segment revenue	(28,361)	-	-	(28,361)
Revenue from external customers	990,247	86,916	114,538	1,191,701
Other income	20,822	2,667	1,042	24,531
	1,011,069	89,583	115,580	1,216,232
Core operating profit				
Continuing Operations	62,400	1,902	3,154	67,456
Discontinued Operations				226,037
				293,493
Core operating profit (included interest expenses on lease liabilities)				
Continuing Operations	58,927	584	2,348	61,859
Discontinued Operations				214,119
				275,978
Continuing Operations				
Depreciation	(135,266)	(17,820)	(27,812)	(180,898)
Depreciation (excluded depreciation on right-of-use assets)	(36,184)	(3,731)	(5,564)	(45,479)

The revenue from external parties is derived from numerous external customers and the revenue reported to the management is measured in a manner consistent with that of the consolidated profit and loss account. The management assesses the performance of the operating segments based on a measure of core operating profit (included interest expenses on lease liabilities).

3. Revenue, other income and segment information (continued)

Segment information (continued)

The reconciliation of the total reportable segments' core operating profit (included interest expenses on lease liabilities) to the profit before income tax can be referred to the consolidated profit and loss account and interest expenses, net from Continuing Operations in note 6, as the reconciliation items are not included in the measure of the segments' performance by the management.

The inter-segment revenue represents inter-geographic segment revenue.

The segment assets and liabilities as at 31 December 2021 and 2020 are as follows:

	2021			
	Bakery		**Eyewear**	
	HK & Others	**Chinese Mainland**	**HK**	**Group**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Total segment assets	**1,025,430**	**98,879**	**69,454**	**1,193,763**
Total segment assets include:				
Additions to segment non-current assets	**166,995**	**24,462**	**32,833**	**224,290**
Total segment liabilities	**578,793**	**29,343**	**50,984**	**659,120**

	2020			
	Bakery		Eyewear	
	HK & Others	Chinese Mainland	HK	Group
	HK$'000	HK$'000	HK$'000	HK$'000
Total segment assets	924,248	102,891	64,659	1,091,798
Total segment assets include:				
Additions to segment non-current assets	117,456	27,011	11,135	155,602
Total segment liabilities	678,133	30,379	42,300	750,812

The amounts provided to the management with respect to total assets and total liabilities are measured in a manner consistent with that of the consolidated balance sheet. These assets and liabilities are allocated based on the operations of the segment.

3. Revenue, other income and segment information (continued)

Segment information (continued)

Reportable segment assets are reconciled to total assets as follows:

	2021	2020
	HK$'000	HK$'000
Segment assets for reportable segments	**1,193,763**	1,091,798
Unallocated:		
Deferred tax assets	**10,580**	15,628
Taxation recoverable	**324**	-
Corporate bank deposits	**115,902**	236,740
Total assets per consolidated balance sheet	**1,320,569**	1,344,166

Reportable segment liabilities are reconciled to total liabilities as follows:

	2021	2020
	HK$'000	HK$'000
Segment liabilities for reportable segments	**659,120**	750,812
Unallocated:		
Deferred tax liabilities	**8,865**	9,264
Taxation payable	**8,236**	5,236
Total liabilities per consolidated balance sheet	**676,221**	765,312

The Group is domiciled in Hong Kong. The result of its revenue of Continuing Operations from external customers in Hong Kong is HK$1,115,712,000 (2020: HK$955,769,000), and the total of revenue of Continuing Operations from external customers from other regions is HK$246,128,000 (2020: HK$235,932,000) for the year ended 31 December 2021.

The total of non-current assets other than deferred tax assets located in Hong Kong is HK$740,032,000 (2020: HK$715,430,000), and the total of these non-current assets located in other regions is HK$138,616,000 (2020: HK$111,669,000) as at 31 December 2021.

As of 31 December 2021, cake coupons related to contracts with customers is HK$165,221,000 (2020: HK$163,935,000). During the year, revenue recognised in the consolidated profit and loss account related to carried-forward cake coupons is HK$28,546,000 (2020: HK$34,138,000).

4. Expenses by nature from Continuing Operations

	2021 **HK$'000**	2020 HK$'000
Auditor's remuneration		
Audit services	**1,354**	1,278
Non-audit services	**333**	545
Cost of inventories sold	**422,174**	341,873
Delivery charges	**33,214**	27,621
Depreciation of owned fixed assets	**39,079**	41,403
Depreciation of right-of-use assets	**125,810**	135,419
Depreciation of investment properties	**1,054**	963
Depreciation of lease premium for land	**2,354**	3,113
Impairment of fixed assets	**-**	2,533
Impairment of right-of-use assets	**-**	12,487
Employee benefit expense	**456,525**	432,939
Losses on disposal of fixed assets/right-of-use assets	**793**	2,356
Short-term and variable lease payments *(note)*	**16,766**	8,935
Utilities	**37,224**	29,055
Foreign exchange gains	**(1,713)**	(1,991)
Other expenses	**173,828**	110,247
Total cost of sales, store expenses, distribution costs and administrative expenses	**1,308,795**	1,148,776

Note:

Rent concessions related to the COVID-19 pandemic has been credited to store expenses of HK$2,945,000 (2020: HK$5,902,000) for the year ended 31 December 2021.

5. Non-core operating gains

The non-core operating gains are the disposal gains of an asset held for sales which is an office property and an investment property which is a retail property. Both properties are located in Guangzhou, the Chinese Mainland.

6. Interest expenses, net from Continuing Operations

	2021 **HK$'000**	2020 HK$'000
Interest income on bank deposits	**1,183**	1,065
Interest expenses on lease liabilities	**(6,036)**	(5,597)
	(4,853)	(4,532)

7. Income tax expenses from Continuing Operations

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for 2021 and 2020. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates prevailing in the countries in which the Group operates.

The amount of income tax expenses charged to the consolidated profit and loss account represents:

	2021	2020
	HK$'000	HK$'000
Current income tax		
Hong Kong profits tax	**3,656**	1,494
Overseas profits tax	**5,209**	5,218
Deferred income tax charge/(credit)	**4,678**	(4,938)
	13,543	1,774

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of the home country of the Group as follows:

	2021	2020
	HK$'000	HK$'000
Profit before income tax	**87,942**	62,924
Calculated at a taxation rate of 16.5%	**14,510**	10,383
Effect of different taxation rates in other jurisdictions	**38**	(1,306)
Income not subject to taxation	**(212)**	(10,654)
Expenses not deductible for tax purposes	**393**	3,012
Tax losses not recognised	**278**	921
Reversal of previously recognised tax losses	**-**	375
Utilisation of tax losses previously not recognised	**(1,115)**	(620)
Over provision in prior year	**(349)**	(337)
	13,543	1,774

8. Earnings per share

The calculation of the Group's basic and diluted earnings per share is based on the profit attributable to shareholders of the Company for the corresponding year.

The basic earnings per share is based on the weighted average number of ordinary shares in issue during the corresponding year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options as dilutive potential ordinary shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2021	2020
	HK$'000	HK$'000
Profit attributable to shareholders of the Company		
Continuing Operations	**74,399**	61,150
Discontinued Operations	**5,971**	3,079,296
	80,370	3,140,446

	Number of shares	Number of shares
Weighted average number of ordinary shares in issue	**776,244,974**	764,670,385
Adjustment for:		
Share options	**-**	-
Weighted average number of ordinary shares for diluted earnings per share	**776,244,974**	764,670,385

9. Dividends

	2021	2020
	HK$'000	HK$'000
Interim dividend, proposed of 2 HK cents (2020: 6 HK cents) per share	**15,525**	45,816
Final dividend, proposed of 5 HK cents (2020: nil HK cents) per share	**38,812**	-
Special dividend, proposed of nil HK cents (2020: 385 HK cents) per share	**-**	2,988,543
	54,337	3,034,359

At a meeting held on 17 March 2022, the Directors proposed a final dividend of 5 HK cents per share. This proposed dividend is not reflected as dividend payable in these consolidated financial statements.

10. Trade Receivables

Majority of the Group's revenue are retail cash sales. The Group's credit terms on trade receivables on income from customers mainly range from 30 days to 60 days. Trade receivables are non-interest bearing. The carrying amounts of trade receivables approximate their fair values. At 31 December 2021, the aging analysis by invoice date of trade receivables is as follows:

	2021	2020
	HK$'000	HK$'000
0-30 days	**26,204**	12,686
31-60 days	**13,808**	1,899
61-90 days	**3,967**	1,002
Over 90 days	**1,311**	808
	45,290	16,395

11. Trade Payables

At 31 December 2021, the aging analysis by invoice date of the trade payables is as follows:

	2021	2020
	HK$'000	HK$'000
0-30 days	**48,520**	35,964
31-60 days	**27,576**	25,173
61-90 days	**596**	1,408
Over 90 days	**3,454**	4,731
	80,146	67,276

12. Discontinued Operations

The consolidated results of Discontinued Operations are presented in the consolidated profit and loss account and consolidated cash flow statement in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The profit of HK$5,971,000 for the year ended 31 December 2021 represented a net reversal of provision of costs and expenses on disposal.

Results of the Discontinued Operations included in the Consolidated Porfit and Loss Account

	For the period ended 21 December 2020 HK$'000
Revenue	4,717,057
Cost of sales	(3,413,478)
Gross profit	1,303,579
Other income	117,086
Store expenses	(939,153)
Distribution costs	(115,062)
Administrative expenses	(140,413)
Core operating profit	226,037
Interest expenses, net	(10,349)
Profit before income tax and gain on disposal	215,688
Income tax expenses	(15,364)
Profit before gain on disposal	200,324
Gain on disposal of Discontinued Operations	2,878,972
Profit for the period from Discontinued Operations	3,079,296

Notes:

(i) Transactions of purchases, other income, store expenses and administrative expenses with Continuing Operations amounting to HK$137,571,000 were not yet eliminated for the period ended 21 December 2020.

(ii) The government subsidies amounted to HK$10,120,000 were granted under the Anti-epidemic Fund for helping the retail industry stay afloat during the challenge of COVID-19 for the period ended 21 December 2020.

12. Discontinued Operations (continued)

Core operating profit is stated after crediting and charging the following:

	For the period ended 21 December 2020 HK$'000
Auditor's remuneration	
Audit services	802
Non-audit services	307
Cost of inventories sold	3,376,774
Delivery charges	60,171
Depreciation of fixed assets	21,600
Depreciation of right-of-use assets	345,836
Depreciation of lease premium for land	1,570
Impairment of fixed assets	458
Impairment of right-of-use assets	9,521
Employee benefit expense *(note i)*	434,306
Foreign exchange gains	(62)
Losses on disposal of fixed assets	474
Short-term and variable lease payment *(note ii)*	38,907
Utilities	40,412
Other expenses	277,030
Total cost of sales, store expenses, distribution costs and administrative expenses	4,608,106

Notes:

(i) The Government has launched the Employment Support Scheme (ESS) under the Anti-epidemic Fund to provide time-limited financial support to employers for paying wages of employees. The Discontinued Operations has received subsidies of HK$116,399,000 from the ESS for the period of June to November 2020. The net employee benefit expense after offsetting by ESS subsidies was HK$434,306,000 for the year ended 31 December 2020.

(ii) Rent concessions related to the COVID-19 pandemic has been credited to store expenses of HK$32,123,000 for the period ended 21 December 2020.

Corporate Governance

The Board and management are committed to principles of good corporate governance consistent with prudent management and enhancement of shareholder value. These principles emphasise transparency, accountability and independence.

In order to enhance independence, accountability and responsibility, the role of the Chairman is separate from that of the Chief Executive Officer. Their respective responsibilities are clearly defined by the Board in writing.

The Board is responsible for setting the overall strategy of the Group and making decisions on major operational and financial matters as well as investments. The Board has established the following committees with defined terms of reference (available on the Company's corporate website), which are in line with the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"):

- Audit Committee
- Remuneration Committee
- Nomination Committee

All the committees comprise a majority of Independent Non-executive Directors. Each of the Audit Committee and Remuneration Committee is chaired by an Independent Non-executive Director, and the Nomination Committee is chaired by the Non-executive Chairman. Such committees are provided with sufficient resources to discharge their duties and have access to independent professional advice if considered necessary at the Company's expense.

The Group Chief Compliance and Risk Management Officer is invited to attend all Board and committee meetings to advise on corporate governance matters covering risk management, internal controls and compliance issues relating to business operations, mergers and acquisitions, accounting and financial reporting.

Full details of the Company's corporate governance practices are set out in the Company's 2021 Annual Report.

Audit Committee

The Audit Committee met four times in 2021 (with a 100% attendance rate) to consider and review with senior management, the Company's internal auditor under the Corporate Governance Division ("CGD") and external auditor various matters as set out in the Audit Committee's terms of reference, which included the following:

- Independence of external auditor, their related terms of engagement and fees;
- The Group's accounting policies and practices, compliance with the Listing Rules and statutory requirements, connected transactions, risk management and internal control systems, policies and practices on corporate governance, treasury and financial reporting matters (including the annual and interim financial statements before recommending to the Board for approval);
- Adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions; and
- Audit plans, findings and reports of external auditor and CGD, as well as their effectiveness.

The Audit Committee has authority to investigate any activity within its terms of reference and has full access to and the cooperation of management. It has direct access to CGD and the external auditor, and full discretion to invite any management to attend its meetings.

The Group's annual results for the year ended 31 December 2021 have been reviewed by the Audit Committee.

Directors' and Relevant Employees' Securities Transactions

The Group has adopted a Code for Securities Transactions by Directors and Relevant Employees (the "Securities Code") governing Directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with the Securities Code.

Specific confirmation of compliance has been obtained from each Director and each relevant employee. No incident of non-compliance by Directors and relevant employees was noted by the Company in 2021.

Risk Management and Internal Control

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness and adequacy with the assistance of the Audit Committee.

The Board has delegated to management the design, implementation and ongoing monitoring of the risk management and internal control systems. Qualified personnel throughout the Group maintain and monitor these systems on an ongoing basis.

The Audit Committee, with delegated authority from the Board and the assistance of CGD, conducted an annual review of the effectiveness and adequacy of the Group's risk management and internal control systems for the year ended 31 December 2021 which has been confirmed by senior management by the completion of a Risk Management and Internal Control Self-Assessment Checklist in each material business unit across the Group.

Based on the above and the assessment made by CGD, and also taking into account the results of the work conducted by the external auditor for the purpose of their audit, the Audit Committee considered that for the year ended 31 December 2021:

- The risk management and internal control systems, as well as accounting systems of the Group remained in place and were functioning effectively and adequately, and were designed to provide reasonable assurance that material assets were protected, business risks attributable to the Group were identified and monitored, material transactions were executed in accordance with the Group's policies under management's authorisation, and the financial statements were reliable for publication.

- There was an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

- The resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions were adequate.

Compliance with the Corporate Governance Code

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in full compliance with all of the code provisions set out in the CG Code and Corporate Governance Report throughout the year ended 31 December 2021.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

Dividends

The Board recommended to pay to the shareholders of the Company a final dividend of 5 HK cents (2020: nil) per share for the year ended 31 December 2021. Together with the interim dividend of 2 HK cents (2020: interim dividend of 6 HK cents plus a special dividend of HK$3.85) per share paid by the Company on 9 September 2021, the proposed final dividend make a total dividend of 7 HK cents (2020: HK$3.91) per share for the year.

It is a policy of the Company that, on an annual basis, the Company will distribute, as normal dividend, not less than 50% of the Group's net profit to the shareholders. The actual distribution percentage will be considered and determined by the Board based on the operating results, cash flow, financial position, business prospects, statutory and regulatory restrictions relating to dividend distributions and other factors the Board considers appropriate.

Annual General Meeting

The Annual General Meeting of the Company will be held at 4:00 p.m. on Thursday, 26 May 2022 at 1/F, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong. The Notice of Annual General Meeting will be published on the Company's website at *www.cr-asia.com* and HKExnews website at *www.hkexnews.hk*, and despatched to the shareholders of the Company shortly.

Record Dates and Closure of Register of Members

	Hong Kong Time *2022*
For determining shareholder's right to attend and vote at Annual General Meeting:	
Latest time to lodge transfer documents with share registrar *(i)*	4:30 p.m., 20 May
Record date *(ii)*	20 May
For determining shareholder's entitlement to the proposed final dividend:	
Latest time to lodge transfer documents with share registrar *(i)*	4:30 p.m., 31 May
Closure of Register of Members *(iii)*	1 to 2 June (both days inclusive)
Record Date *(ii)*	2 June
Expected despatch date of dividend warrants	14 June

Notes:

(i) *To be eligible to attend and vote at the Annual General Meeting, and to be entitled to the final dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than the respective latest time mentioned above.*

(ii) *Shareholders who are eligible to attend and vote at the Annual General Meeting are those whose names appear on the Register of Members of the Company as at the close of business on Friday, 20 May 2022. Shareholders who are entitled to the final dividend are those whose names appear on the Register of Members of the Company as at the close of business on Thursday, 2 June 2022.*

(iii) *No transfer of shares will be registered during the closure of Register of Members.*

On behalf of the Board
Convenience Retail Asia Limited
William FUNG Kwok Lun
Chairman

Hong Kong, 17 March 2022

As at the date of this announcement, Executive Director of the Company is Mr Richard Yeung Lap Bun; Non-executive Directors are Dr William Fung Kwok Lun, Mr Godfrey Ernest Scotchbrook, Mr Benedict Chang Yew Teck, Ms Sabrina Fung Wing Yee and Mr Terence Fung Yue Ming; Independent Non-executive Directors are Mr Anthony Lo Kai Yiu, Mr Zhang Hongyi and Dr Sarah Mary Liao Sau Tung.