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 2023

Financial Highlights

	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

Operation Highlights

- The Group reported stable revenue, but profit decreased as retail sector performance fell short of expectations, even following removal of anti-pandemic travel restrictions

- Higher outbound travel by Hong Kong residents and slower-than-expected inbound travel by Mainland Chinese tourists impacted local spending, while macroeconomic concerns continued to dampen consumer sentiment

- Extreme labour shortages and high operational costs added cost pressure to store operating expenses and affected the Group's ability to achieve network expansion at pace

- The Group achieved improved gross margin on the back of effective category management, streamlined production and favourable foreign exchange

- B2B bakery business posted strong double-digit sales growth while expanding its client base

- The Group maintained a healthy financial position with net cash of HK$222 million and no bank borrowings that would put the Company in a favourable position to develop or acquire new businesses

- The Board of Directors has resolved to declare a final dividend of 4 HK cents per share

Number of Stores

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

Chairman's Statement

I am pleased to report on the performance of Convenience Retail Asia in 2023, a transitional time that saw the Group operating in a tougher-than-expected retail environment despite the lifting of COVID restrictions. During the year under review, macroeconomic concerns such as high interest rates and China's slow recovery trickled down to impact local markets and consumer sentiment. Hong Kong residents took what appetite they had for discretionary spending to reducing their spending domestically, travel enthusiastically after three years of pandemic restrictions. Meanwhile, serious labour shortages challenged the Group's ability to staff stores and factories.

Despite these external difficulties, we accomplished a number of positive achievements during the year. Highlights included the impressive growth of our B2B bakery business and an acquisition that will expand our geographic footprint outside the Greater Bay Area (GBA) and into Southeast Asia. All in all, I believe 2023 may end up being regarded as a bridge year between the turmoil of the pandemic era and the new normal for both the Group and the local consumer market.

A tentative recovery for Hong Kong retail

As the COVID situation began shifting from pandemic towards endemic status in the second half of 2022, it was hoped that general economic recovery and the removal of international and cross-boundary travel restrictions would spark a retail rebound driven by increased tourism, higher foot traffic and stronger consumer sentiment. However, Mainland Chinese visitors were slow to return, while Hong Kong residents, eager to travel after three years of anti-pandemic measures, spent their dollars abroad rather than locally. Meanwhile, sentiment continued to be affected by weakness in Hong Kong's financial and real estate markets.

The Hong Kong retail industry still enjoyed success in 2023 relative to the COVID era, but the results were not quite up to expectations. The bread, pastry, confectionery and biscuit segment – which includes Saint Honore and Mon cher – posted a -2.9%[note] decline as weekend spending remained soft due to frequent travel by Hong Kong residents. This consumption pattern may well be the new normal for the Hong Kong retail industry in the near to medium future. On the bright side, sales in the optical shop segment – including Zoff – recorded healthy increase over 2022.

Building for the future

The Group was able to maintain sales for its bakery business during the year, even as comparable store sales fell due to sluggish domestic demand and inbound tourism falling short of expectations. To maintain margins and protect the interest of our shareholders, we continued to practise prudent financial and operational management, which included implementing a number of initiatives to optimise our production processes and supply chain. We also strategically adjusted our store network expansion efforts to account for staffing shortage challenges amidst a tight labour market and the increased rentals being demanded by landlords.

We have now recruited over 1.3 million on-line members across Hong Kong and Macau to Cake Easy, our online-to-offline (O2O) customer relationship management (CRM) programme. Cake Easy helps power our marketing, promotional and sales efforts, and in 2023 we continued to utilise this tool to provide customers with attractive offers conveniently and efficiently.

One of the major goals of our Three-Year Plan 2023-2025 is to further develop and diversify our business portfolio. To this end, we had quite an eventful year. Our B2B bakery business continue to grow, winning high-profile new clients in the F&B and catering industries while also enjoying strong organic growth with existing clients. We were also delighted to complete our acquisition of Zoff Singapore, a transaction that rewards our hard work building Zoff into the leading fast-fashion eyewear brand in Hong Kong with an exciting new beginning and potentially lucrative foothold in Southeast Asia.

Outlook

When it comes to building and managing brands, Convenience Retail Asia has an impressive track record. Under its stewardship, Saint Honore has grown to become one of the most successful bakery chains in Hong Kong and Macau, while Zoff attained market leadership in just a few short years. The Group has also proven to be agile and forward-thinking in formulating its business strategies, investing well ahead of many competitors in omni-channel marketing, identifying and acquiring attractive brands with high growth potential, and recognising the power of its product manufacturing capabilities in the B2B space.

Our acquisition of Zoff Singapore demonstrates how brand owners recognise the Group’s ability to help take their businesses to the next level. It also shows that we are ready to take our business to new regions, in accordance with our Three-Year Plan and longer-term growth strategies. We also look forward to expanding our B2B business in the GBA by positioning it as a solution provider for clients that serve bakery products.

The Group remains cautiously optimistic about the medium- to long-term prospects for its core businesses. The past few years have been tumultuous, and the transition period between the pandemic era and this new operating environment is requiring retailers to be agile. Consumer confidence and domestic spending are not rebounding quite as quickly as hoped due to economic concerns, both on local and global levels. At some point, however, shopping behaviours will normalise and inflation and interest rates will soften, trends that would certainly benefit the retail industry in Hong Kong and the GBA. We remain confident that the strong foundations we already have in place will benefit us as market conditions improve.

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.

In closing, I am excited about the progress we have made towards establishing Convenience Retail Asia as a regional leader in specialty retailing. I would like to express my heartfelt thanks to my fellow Board members, Group management, and our valued frontline and factory staff for always giving their best efforts in support of our collective success amidst a very challenging retail environment.

William FUNG Kwok Lun
Chairman

Hong Kong, 21 March 2024

Note: Published by the Census and Statistics Department, the Government of the Hong Kong Special Administrative Region on 1 March 2024

CEO's Statement

The year under review began with a glimmer of promise as Hong Kong gradually reopened to welcome back Mainland Chinese and overseas tourists. But although the city's retail sales did enjoy a degree of recovery overall, the rebound was not as strong as anticipated in certain categories. Mainland Chinese tourists were somewhat slow to return, while local residents seized upon the opportunity to travel without restrictions for the first time in years and took their spending abroad. The segment in which the Group primarily operates also continued to underperform as people began going out more and staying home less, resulting in lower sales for stores in residential areas. As at the end of the year, Group total revenue had risen slightly, while comparable store sales and profit saw declines compared to 2022.

Operations Review – Saint Honore Cake Shop

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. Meanwhile, economic uncertainties such as inflation and high interest rates continued to have dampening effects on consumer sentiment.

To drive sales and foot traffic in challenging operating conditions, the Group continued to devise effective tactical promotional campaigns and launch new products. Sales of bakery products saw an uptick during the year as people returned to their regular work and school routines. This helped offset part of the decrease in sales of pastry products, which fell as people hosted celebrations outside Hong Kong and Macau. Festive product sales increased over 2022 due to steady customer demand for our high-quality products as well as successful marketing and promotional campaigns.

The Group has long been a leader in online-to-offline (O2O) customer relationship management (CRM) among operators in the local retail market. In 2023, we continued to enhance Saint Honore's O2O CRM platform, Cake Easy, which now boasts more than 1.3 million members across Hong Kong and Macau. Cake Easy and its user-friendly app interface make it easy for customers to browse products and special offers, make purchases, and pick up orders at the location of their choice, enhancing convenience and customer service while driving foot traffic to our store network.

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. High inflation and high interest rates have also been challenging for many businesses. Nevertheless, we were still able to offset higher payroll and material costs to improve our gross margin in 2023. This was due partly to the depreciation of the renminbi as well as our diligent efforts to source directly whenever possible, carry out regular price reviews and negotiate prices with vendors, practise effective category management, boost productivity, and streamline work processes.

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.

Saint Honore was proud to receive once again the "Quality Trusted E-shop Award" and "Bronze Award" in the "Top 10 Quality Trusted E-Shops" category from the Hong Kong Retail Management Association. Remaining highly active in the community, Saint Honore Hong Kong continued to engage charitable organisations including Foodlink, God's Glory Ministry, Breadline, YMCA of Hong Kong ("Food Share – Bread Collection Project") & SUN CLUB to redistribute unsold bread from our participating outlets to people in need. This year, ahead of the Mid-Autumn, Dragon Boat and Chinese New Year (CNY) festivals, Saint Honore donated over 5,000 boxes of festive products to the Hong Kong community. All of our stores in Hong Kong also proudly supported the Earth Hour Event held by the World Wide Fund for Nature to help raise climate change awareness.

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. In November, the Group was proud to sign a cooperation agreement with SEMK Products Limited, the owners of the B.Duck IP. Subsequent to the signing, we launched a collaborative marketing campaign featuring the "B.Duck" family of IP characters in Guangzhou to promote Saint Honore's Christmas cakes and other festive products. Beyond our retail business, we continued to expand our B2B business, leveraging the strong network we have built over the years and our reputation for making quality bakery and pastry products.

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.

Operations Review – Mon cher

The Group acquired the Hong Kong franchise licence for Mon cher, a premium Japanese pâtisserie brand, in 2020. Among its delectable range of products, Mon cher is known in particular for its signature "Dojima" cream roll, named after a famous district within Osaka Prefecture where the first store was opened 20 years ago. 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 – Zoff

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.

In 2023, the Group partnered with services including WeChat and PayMe to support its marketing efforts and provide customers with more convenience in terms of payment options. These collaborations also helped the Group leverage the rollouts of the Hong Kong Government's consumption voucher scheme in April and July. Recognising the importance of influencers and key opinion leaders (KOLs) among younger demographics, especially in the age of social media, we continued to launch campaigns featuring KOLs on important platforms such as Instagram, Facebook and Little Red Book throughout the year. In November and December 2023, we launched our 6th-year anniversary lucky draw promotion to drive brand awareness and sales, successfully acquiring a number of new customers.

Zoff carries more than 1,400 SKUs across its store network to offer customers an unparalleled selection of stylish frames and provide the brand with differentiation in an increasingly competitive market. During the year, Zoff introduced new collections with themes ranging from Disney characters to “Demon Slayer: Kimetsu no Yaiba”, a famous Japanese comic series.

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. Zoff also retained an active role serving the seniors in its communities during the year. A number of stores have added the service utilising the Government’s health care voucher, which provides seniors with easier access to eye examinations and appropriate eyewear solutions.

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 order to keep providing differentiated customer experiences to our loyal customers, we will continue to invest in upgrading our Cake Easy O2O application and add new features that provide consumers with even more attractive offers. We remain committed to developing our people through a variety of continuous learning programmes, incentive schemes and team-building initiatives as we strive to attract and retain talent, particularly in the current, highly competitive labour environment. We will also continue to invest in our production facilities and supply chain resources to support our business growth while using on-trend technologies to improve productivity and efficiency.

Michael TANG Tsz Kin
Chief Executive Officer

Hong Kong, 21 March 2024

Management Discussion and Analysis

Financial Review

In 2023, 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. Growth in B2B and festive sales was offset by a decline in daily store sales resulting from frequent outbound travel by Hong Kong residents post pandemic. Turnover for the bakery business in Guangzhou decreased by 10.7% amidst a weak economic environment across Mainland China. Turnover for the Zoff eyewear business increased by 2.7% to HK$142 million owed to store network expansion.

Gross margin as a percentage of turnover improved by 2.8 percentage points to 53.4%. This was achieved through effective pricing strategy, category management, production efficiency enhancement and favourable foreign exchange rates against the renminbi and Japanese yen. Other income decreased by 13.6% or HK$1 million in 2023, which was mainly due to one-off subsidy in 2022 from the local government in Mainland China.

Operating expenses as a percentage of turnover increased from 45.5% to 49.1%. This was mainly caused by a rise in staff-related costs, which escalated due to an extremely tight labour market. Wages and fringe benefits were adjusted during the year to enable the Group to retain and recruit frontline and production staff. Distribution expenses were reduced following the normalisation of cross-border traffic between Hong Kong and Shenzhen. Including interest expenses on lease liabilities arising from operating leases, operating expenses increased to 49.6% of turnover, up from 46.0% in 2022.

Core operating profit before interest expenses on lease liabilities decreased by 12.9% to HK$73 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.

As at 31 December 2023, the Group had a net cash balance of HK$222 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 Mainland China. The majority of the Group's assets, liabilities, revenues and payments were held in either Hong Kong dollars, renminbi or Japanese yen. The Group had foreign exchange exposure as the Group's trade suppliers transact in renminbi and Japanese yen. 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 term deposits denominated in its operating currencies, with appropriate maturity periods to meet the operating requirements and capital expenditure requirements 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 4 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 2023, there were 155 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 young consumers. There are currently 15 Zoff stores in Hong Kong, all located in high-traffic commercial areas. In January 2024, the Group acquired Zoff Singapore, the exclusive operator of the Zoff eyewear brand in Singapore and a wholly owned subsidiary of the Japan-based brand owner. There are currently five stores across a mix of commercial and residential areas.

In 2020, the Group obtained the franchise licence to operate Mon cher pâtisserie, a premium Japanese dessert and pastry brand, in Hong Kong and Macau. There are currently six locations in Hong Kong.

The Group aims to be the most innovative, customer-preferred specialty retailer, employing a multi-pronged strategy that includes:

- Innovative and on-trend products inspired by our in-house R&D team
- Wide physical store network providing convenience to customers
- On-line shopping experience through “Cake Easy” application and store website
- Excellent customer service by our highly motivated and well trained employees
- Maximised efficiency through the adoption of new equipment and latest technology
- Synchronised supply chain management infrastructure and processes
- Continuous investment in brand awareness, store design, people development, eCRM platforms and R&D resources

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, product innovation, production efficiency, retail operation excellence, continuous focus in 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 2023, the Group had a total of 3,209 employees, with 1,571, or 49%, based in Hong Kong and 1,638, or 51%, based in Guangzhou, Shenzhen and Macau. Part-time staff accounted for 22% of total headcount. Employee benefit expenses for the year amounted to HK$492 million compared to HK$446 million in 2022.

The Group offers competitive remuneration schemes, and eligible employees also receive salary packages plus discretionary bonuses based on individual and company performance. Staff have access to a wide range of job-related skill enhancement programmes and attractive career advancement opportunities, and frontline employees receive comprehensive customer service training. To provide safe, healthy, stable and secure work environments, the Group places high priority on hygiene, sanitisation and workplace safety. Through these and other efforts, the Group has been acknowledged as a "Super MD" ("Manpower Developer") for the years 2020–2025 by the Employees Retraining Board (ERB) under the Manpower Developer Award Scheme.

We place great emphasis on workplace satisfaction to retain quality staff – especially at a time of high labour demand – and strive to achieve high levels of customer service in support of our business objectives. Each year, the Activity Organising Board (AOB) coordinates 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 activities – to help colleagues succeed professionally and foster staff camaraderie. In 2023, community programmes included food donation drives, outreach engagements for the elderly, participation in recycling and food waste reduction programmes, participation in efforts to raise awareness of the importance of carbon footprint reduction, and more.

Health and Safety

The Group sets a high standard for safety and hygiene for its customers and its employees. Saint Honore's factories in Hong Kong and Shenzhen are both ISO 9001-accredited. The Shenzhen factory has also achieved Hazard Analysis and Critical Control Points (HACCP) food safety accreditation, and its in-house microbiological laboratory has been certified by the China National Accreditation Services (CNAS). Employees receive comprehensive food safety, workplace safety and hygiene training as well as protective clothing and equipment where necessary. The Group carries out regular inspections to ensure that its factories and stores continue to meet relevant safety, hygiene and compliance guidelines. Employees in production facilities also receive continuous training on the "5S" principles of "sort, straighten, shine, standardise and sustain".

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, reusing and recycling. It also uses energy-efficient equipment and low-carbon fuels to minimise its carbon footprint.

For 2022-2023, Saint Honore once again received the “10 Years Plus Caring Company Logo” from the Hong Kong Council of Social Service, while Zoff Hong Kong was again awarded with the “Caring Company Logo”. These recognitions are given to companies that demonstrate care for the community, their employees and the environment.

Further information on environmental, social and governance policies and performance 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 2023, together with the audited comparative figures for the corresponding year ended 31 December 2022. 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	**2023 HK$’000**	2022 HK$’000
Revenue	*3*	**1,487,090**	1,462,864
Cost of sales	*4*	**(692,542)**	(723,325)
Gross profit		**794,548**	739,539
Other income	*3*	**8,529**	9,877
Store expenses	*4*	**(533,247)**	(468,717)
Distribution costs	*4*	**(84,045)**	(87,819)
Administrative expenses	*4*	**(112,812)**	(109,122)
Core operating profit		**72,973**	83,758
Interest expenses, net	*5*	**(1,847)**	(4,718)
Profit before income tax		**71,126**	79,040
Income tax expenses	*6*	**(13,417)**	(11,255)
Profit attributable to shareholders of the Company		**57,709**	67,785
Earnings per share (HK cents)			
Basic/diluted earnings per share	*7*	**7.4**	8.7

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023

	2023	2022
	HK$'000	HK$'000
Profit attributable to shareholders of the Company	**57,709**	67,785
Other comprehensive income/(loss):		
Item that will not be reclassified subsequently to profit or loss		
Actuarial losses on post employment benefit obligation, net of tax	**-**	(2,121)
Item that may be reclassified subsequently to profit or loss		
Exchange differences	**51**	(642)
Total comprehensive income attributable to shareholders of the Company	**57,760**	65,022

Consolidated Balance Sheet
As at 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Assets			
Non-current assets			
Intangible assets		**357,465**	357,465
Fixed assets		**181,337**	190,976
Right-of-use assets		**266,323**	252,169
Investment properties		**5,494**	5,727
Lease premium for land		**66,874**	69,821
Deferred tax assets		**1,760**	6,747
Rental and other long-term deposits		**44,087**	43,739
		923,340	926,644
Current assets			
Inventories		**36,509**	43,098
Rental deposits		**19,350**	13,739
Trade receivables	*9*	**57,003**	48,282
Other receivables, deposits and prepayments		**27,920**	34,412
Taxation recoverable		**77**	278
Restricted bank deposit		**1,249**	1,268
Cash and cash equivalents		**220,640**	256,125
		362,748	397,202
Total assets		**1,286,088**	1,323,846
Equity			
Share capital		**77,742**	77,624
Reserves		**582,448**	578,199
Total equity		**660,190**	655,823
Liabilities			
Non-current liabilities			
Lease liabilities		**129,337**	127,656
Long service payment liabilities		**12,125**	11,710
Deferred tax liabilities		**8,728**	9,332
		150,190	148,698
Current liabilities			
Trade payables	*10*	**64,885**	75,398
Other payables and accruals		**135,608**	158,965
Lease liabilities		**145,266**	129,353
Taxation payable		**3,547**	4,367
Cake coupons		**126,402**	151,242
		475,708	519,325
Total equity and liabilities		**1,286,088**	1,323,846

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

	Attributable to shareholders of the Company						
	Share capital HK$'000	Share premium HK$'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 2022	77,624	-	20,002	360	317	546,045	644,348
Profit attributable to shareholders of the Company	-	-	-	-	-	67,785	67,785
Exchange differences	-	-	-	-	(642)	-	(642)
Actuarial loss on post employment benefit obligation							
Gross	-	-	-	-	-	(2,366)	(2,366)
Tax	-	-	-	-	-	245	245
Total comprehensive income for the year	-	-	-	-	(642)	65,664	65,022
Employee share option benefit	-	-	-	782	-	8	790
Dividends paid	-	-	-	-	-	(54,337)	(54,337)
	-	-	-	782	-	(54,329)	(53,547)
At 31 December 2022	77,624	-	20,002	1,142	(325)	557,380	655,823
At 1 January 2023	**77,624**	**-**	**20,002**	**1,142**	**(325)**	**557,380**	**655,823**
Profit attributable to shareholders of the Company	**-**	**-**	**-**	**-**	**-**	**57,709**	**57,709**
Exchange differences	**-**	**-**	**-**	**-**	**51**	**-**	**51**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**51**	**57,709**	**57,760**
Issue of new shares	**118**	**778**	**-**	**-**	**-**	**-**	**896**
Employee share option benefit	**-**	**110**	**-**	**(188)**	**-**	**200**	**122**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(54,411)**	**(54,411)**
	118	**888**	**-**	**(188)**	**-**	**(54,211)**	**(53,393)**
At 31 December 2023	**77,742**	**888**	**20,002**	**954**	**(274)**	**560,878**	**660,190**

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 Mainland China; (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 Third 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 21 March 2024.

2. 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.

As at 31 December 2023, the Group had net current liabilities of HK$112,960,000 (2022: HK$122,123,000). 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.

2. Basis of preparation (continued)

The Group has adopted the following new standard and amendments to standards which are mandatory for accounting periods beginning on or after 1 January 2023 and relevant to its operations:

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 12 Amendment	International Tax Reform – Pillar Two Model Rules
HKFRS 17 and HKFRS 17 Amendment	Insurance Contracts
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The adoption of new standard and amendments to standards does not have material impact on the consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

The Group has not early adopted the following 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 2024.

HKAS 1 Amendment	Classification of Liabilities as Current or Non-current
HKAS 1 Amendment	Non-current Liabilities with Covenants
HKAS 7 and HKFRS 7 Amendment	Supplier Finance Arrangements
HKAS 21 Amendment	Lack of Exchangeability
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 16 Amendment	Lease Liability in a Sales and Leaseback
Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

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:

	2023	2022
	HK$'000	HK$'000
Revenue		
Bakery sales revenue	**1,344,711**	1,324,282
Eyewear sales revenue	**142,379**	138,582
	1,487,090	1,462,864
Other income		
Service and miscellaneous income	**8,529**	9,877

Segment information

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

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 under the brand names of Saint Honore and Mon cher. For eyewear segment, revenues are mainly derived from the sale of eyewear products under the brand name of Zoff. Geographically, the management considers the performance of retailing business in Hong Kong and others, and Mainland China.

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

Segment information (continued)

The segment information provided to the management for the reportable segments for the years ended 31 December 2023 and 2022 are as follows:

	2023			
	Bakery		Eyewear	
	HK & Others	Mainland China	HK	Group
	HK$'000	HK$'000	HK$'000	HK$'000
Total segment revenue	**1,298,150**	**69,440**	**142,379**	**1,509,969**
Inter-segment revenue	**(22,843)**	**(36)**	**-**	**(22,879)**
Revenue from external customers	**1,275,307**	**69,404**	**142,379**	**1,487,090**
Other income	**7,126**	**234**	**1,169**	**8,529**
	1,282,433	**69,638**	**143,548**	**1,495,619**
Core operating profit/(loss)	**59,526**	**(5,258)**	**18,705**	**72,973**
Core operating profit/(loss) (included interest expenses on lease liabilities)	**54,624**	**(6,784)**	**17,867**	**65,707**
Depreciation	**(167,800)**	**(14,447)**	**(27,925)**	**(210,172)**
Depreciation (excluded depreciation on right-of-use assets)	**(43,900)**	**(1,248)**	**(3,878)**	**(49,026)**

	2022			
	Bakery		Eyewear	
	HK & Others	Mainland China	HK	Group
	HK$'000	HK$'000	HK$'000	HK$'000
Total segment revenue	1,272,584	77,773	138,582	1,488,939
Inter-segment revenue	(26,022)	(53)	-	(26,075)
Revenue from external customers	1,246,562	77,720	138,582	1,462,864
Other income	9,132	10	735	9,877
	1,255,694	77,730	139,317	1,472,741
Core operating profit/(loss)	66,269	(5,046)	22,535	83,758
Core operating profit/(loss) (included interest expenses on lease liabilities)	61,567	(6,585)	21,861	76,843
Depreciation	(151,281)	(15,661)	(23,726)	(190,668)
Depreciation (excluded depreciation on right-of-use assets)	(40,138)	(1,606)	(3,755)	(45,499)

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

Segment information (continued)

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).

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 in note 5, as the reconciliation items are not included in the measure of the segments' performance by the management.

The inter-segment revenue represents internal sales within Bakery segment.

The segment assets and liabilities as at 31 December 2023 and 2022 are as follows:

	2023			
	Bakery		**Eyewear**	
	HK & Others	**Mainland China**	**HK**	**Group**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Total segment assets	**1,030,217**	**40,710**	**93,324**	**1,164,251**
Total segment assets include:				
Additions to segment non-current assets	**171,206**	**10,587**	**41,006**	**222,799**
Total segment liabilities	**517,310**	**41,881**	**54,432**	**613,623**

	2022			
	Bakery		Eyewear	
	HK & Others	Mainland China	HK	Group
	HK$'000	HK$'000	HK$'000	HK$'000
Total segment assets	1,099,948	54,491	79,881	1,234,320
Total segment assets include:				
Additions to segment non-current assets	201,404	14,775	19,482	235,661
Total segment liabilities	581,676	26,427	46,221	654,324

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:

	2023 **HK$'000**	2022 HK$'000
Segment assets for reportable segments	**1,164,251**	1,234,320
Unallocated:		
Deferred tax assets	**1,760**	6,747
Taxation recoverable	**77**	278
Corporate bank deposits	**120,000**	82,501
Total assets per consolidated balance sheet	**1,286,088**	1,323,846

Reportable segment liabilities are reconciled to total liabilities as follows:

	2023 **HK$'000**	2022 HK$'000
Segment liabilities for reportable segments	**613,623**	654,324
Unallocated:		
Deferred tax liabilities	**8,728**	9,332
Taxation payable	**3,547**	4,367
Total liabilities per consolidated balance sheet	**625,898**	668,023

The Group is domiciled in Hong Kong. The result of its revenue from external customers in Hong Kong is HK$1,260,497,000 (2022: HK$1,220,481,000), and the total of its revenue from external customers from other regions is HK$226,593,000 (2022: HK$242,383,000) for the year ended 31 December 2023.

The total of non-current assets other than deferred tax assets located in Hong Kong is HK$821,436,000 (2022: HK$780,017,000), and the total of these non-current assets located in other regions is HK$100,144,000 (2022: HK$139,880,000) as at 31 December 2023.

As of 31 December 2023, cake coupons related to contracts with customers is HK$126,402,000 (2022: HK$151,242,000). During the year, revenue recognised in the consolidated profit and loss account related to carried-forward cake coupons is HK$59,367,000 (2022: HK$55,390,000).

4. Expenses by nature

	2023 **HK$'000**	2022 HK$'000
Auditor's remuneration		
Audit services	**1,354**	1,354
Non-audit services	**674**	392
Cost of inventories sold	**409,848**	435,325
Delivery charges	**49,731**	63,949
Depreciation of owned fixed assets	**45,846**	42,318
Depreciation of right-of-use assets	**161,146**	145,169
Depreciation of investment properties	**233**	234
Depreciation of lease premium for land	**2,947**	2,947
Impairment of fixed assets	**681**	-
Impairment of right-of-use assets	**1,789**	430
Employee benefit expense	**491,880**	446,434
Losses on disposal of fixed assets/right-of-use assets	**294**	586
Advertising and promotion	**22,315**	19,131
Rates and property management fee	**17,366**	15,363
Short-term and variable lease payments *(note)*	**17,409**	18,974
Utilities	**46,983**	42,628
Foreign exchange losses	**2,759**	4,955
Other expenses	**149,391**	148,794
Total cost of sales, store expenses, distribution costs and administrative expenses	**1,422,646**	1,388,983

Note:

Rent concessions related to the COVID-19 pandemic has been credited to store expenses of HK$3,622,000 (2022: HK$3,182,000) for the year ended 31 December 2023.

5. Interest expenses, net

	2023 **HK$'000**	2022 HK$'000
Interest income on bank deposits	**5,419**	2,203
Interest expenses on bank loan	**-**	(6)
Interest expenses on lease liabilities	**(7,266)**	(6,915)
	(1,847)	(4,718)

6. Income tax expenses

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for 2023 and 2022. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates prevailing in the regions in which the Group operates.

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

	2023	2022
	HK$'000	HK$'000
Current income tax		
Hong Kong profits tax	**4,450**	3,505
Overseas profits tax	**4,589**	3,255
Deferred income tax	**4,378**	4,495
	13,417	11,255

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:

	2023	2022
	HK$'000	HK$'000
Profit before income tax	**71,126**	79,040
Calculated at a taxation rate of 16.5%	**11,736**	13,042
Effect of different taxation rates in other jurisdictions	**(662)**	(889)
Income not subject to taxation	**(1,075)**	(4,710)
Expenses not deductible for tax purposes	**740**	1,267
Tax losses not recognised	**2,555**	2,904
Reversal of previously recognised tax losses	**-**	514
Under/(over) provision in prior years	**123**	(873)
	13,417	11,255

The Group is not in the scope of the OECD Pillar Two model rules, and the Group has no related current or deferred tax exposure.

7. 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.

	2023	2022
	HK$'000	HK$'000
Profit attributable to shareholders of the Company	**57,709**	67,785
	Number of shares	Number of shares
Weighted average number of ordinary shares in issue	**777,001,040**	776,244,974
Adjustment for:		
Share options	**440,713**	933,174
Weighted average number of ordinary shares for diluted earnings per share	**777,441,753**	777,178,148

8. Dividends

	2023 HK$'000	2022 HK$'000
Interim dividend, proposed of 2 HK cents (2022: 2 HK cents) per share	**15,545**	15,525
Final dividend, proposed of 4 HK cents (2022: 5 HK cents) per share	**31,097**	38,812
	46,642	54,337

At a meeting held on 21 March 2024, the Directors proposed a final dividend of 4 HK cents per share. This proposed dividend is not reflected as dividend payable in these consolidated financial statements.

9. Trade receivables

Majority of the Group's revenue are retail cash sales. The Group's credit terms on trade receivables on income from corporate 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 2023, the aging analysis by invoice date of trade receivables is as follows:

	2023 HK$'000	2022 HK$'000
0-30 days	**31,431**	26,825
31-60 days	**21,928**	17,811
61-90 days	**1,808**	1,855
Over 90 days	**1,836**	1,791
	57,003	48,282

10. Trade payables

At 31 December 2023, the aging analysis by invoice date of the trade payables is as follows:

	2023 HK$'000	2022 HK$'000
0-30 days	**39,713**	44,813
31-60 days	**22,812**	29,602
61-90 days	**757**	79
Over 90 days	**1,603**	904
	64,885	75,398

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 its own defined terms of reference (available on the Company's corporate website), which are in line with the Corporate Governance Code (the "CG Code") contained in Appendix C1 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 to ensure independent views and input are available to the Board. 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, as well as on regulatory compliance matters.

Full details of the Company's corporate governance practices are set out in the Company's 2023 Annual Report.

Audit Committee

The Audit Committee met four times in 2023 (with an average attendance rate of 88%) 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:

- 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);

- Quarterly business and financial performance of the Group including the Group's cash flow positions;

- Independence of external auditor, their related terms of engagement and fees;

- Adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions, as well as ESG performance and reporting; 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 2023 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 on terms no less exactly than those of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 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 2023.

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 2023 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 2023:

- 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 (including ESG 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, internal audit functions, as well as those related to ESG performance and reporting 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 in Appendix C1 of the Listing Rules throughout the year ended 31 December 2023.

The Company has applied the principles of the CG Code to its corporate governance structure and practices. The Board has delegated its corporate governance functions to the Audit Committee, with its duties as set out in their terms of reference (available on the website of the Company).

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 4 HK cents (2022: 5 HK cents) per share for the year ended 31 December 2023. Together with the interim dividend of 2 HK cents (2022: 2 HK cents) per share paid by the Company on 7 September 2023, the proposed final dividend make a total dividend of 6 HK cents (2022: 7 HK cents) 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, 23 May 2024 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 *2024*
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., 17 May
Record date *(ii)*	17 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., 28 May
Closure of Register of Members *(iii)*	29 May to 30 May (both days inclusive)
Record date *(ii)*	30 May
Expected despatch date of dividend warrants	11 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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, 17 May 2024. 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, 30 May 2024.*

(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, 21 March 2024

As at the date of this announcement, Executive Director of the Company is Mr Michael Tang Tsz Kin; Non-executive Directors are Dr William Fung Kwok Lun, Mr Richard Yeung Lap Bun, Ms Sabrina Fung Wing Yee, Mr Terence Fung Yue Ming and Ms Tiffany Daisy Lee Pei Ming; Independent Non-executive Directors are Mr Anthony Lo Kai Yiu, Dr Sarah Mary Liao Sau Tung and Mr Terrence Tsang Diao-Long.