Convenience Retail Asia Limited
利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00831

INTERIM REPORT 2021

SAINT HONORE Mon cher Zoff

A Fung Retailing Company

Contents

Corporate Information

Executive Director	Richard YEUNG Lap Bun *(Chief Executive Officer)*
Non-executive Directors	William FUNG Kwok Lun #+ *(Chairman)* Godfrey Ernest SCOTCHBROOK * Benedict CHANG Yew Teck * Sabrina FUNG Wing Yee Terence FUNG Yue Ming
Independent Non-executive Directors	Anthony LO Kai Yiu #* ZHANG Hongyi #+* Sarah Mary LIAO Sau Tung +*
Group Chief Compliance and Risk Management Officer	Jason YEUNG Chi Wai
Company Secretary	Maria LI Sau Ping
Registered Office	Second Floor, Century Yard Cricket Square, P.O. Box 902 Grand Cayman, KY1-1103 Cayman Islands
Head Office and Principal Place of Business	15th Floor, LiFung Centre 2 On Ping Street Siu Lek Yuen Shatin New Territories Hong Kong
Website	www.cr-asia.com
Legal Advisers	Mayer Brown (as to Hong Kong Law) Conyers Dill & Pearman, Cayman (as to Cayman Islands Law)

Nomination Committee members
+ *Remuneration Committee members*
* *Audit Committee members*

Auditor	PricewaterhouseCoopers *Certified Public Accountants*
Principal Share Registrar and Transfer Office	Tricor Services (Cayman Islands) Limited Second Floor, Century Yard Cricket Square, P.O. Box 902 Grand Cayman, KY1-1103 Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Tricor Abacus Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal Banker	The Hongkong and Shanghai Banking Corporation Limited
Stock Code	00831

Highlights

Financial Highlights

	Change	Six months ended 30 June 2021 HK$'000	2020 HK$'000 (Restated)
Revenue	+12.7%	**606,945**	538,595
Core operating profit	+120.4%	**20,251**	9,190
Core operating profit (included interest expenses on lease liabilities)	+171.8%	**17,330**	6,375
Profit attributable to shareholders of the Company			
Continuing Operations	+161.7%	**16,941**	6,474
Included Discontinued Operations	-72.1%	**22,912**	82,051
Basic earnings per share (HK cents)			
Continuing Operations	+175.0%	**2.2**	0.8
Included Discontinued Operations	-72.2%	**3.0**	10.8
Interim dividend per share (HK cents)	-66.7%	**2.0**	6.0

Operation Highlights

- Half-year revenue increased by 12.7% as economies began to recover from the COVID-19 pandemic; net profit, compared to last year with contribution from Discontinued Operations, decreased by 72.1%. Half-year profit from Continuing Operations increased by 161.7%
- Saint Honore Cake Shop saw double-digit sales growth as anti-pandemic measures were relaxed and solid growth was achieved in sales to corporate customers
- The Group opened three more locations of its new Mon cher premium pâtisserie business, bringing the store total to four in just over half a year
- While the third quarter is the traditional peak period for its bakery business, the Group is taking a cautiously optimistic outlook as further waves of the pandemic could affect festive product sales and full year results
- The Group maintained a healthy financial position with net cash of HK$251 million and no bank borrowings
- The Group plans to expedite the growth of its high-end and premium specialty brands Saint Honore, Mon cher and Japanese fast-fashion eyewear Zoff businesses in the Greater Bay Area over the second half of 2021 and beyond

Number of Stores as of 30 June 2021

Saint Honore Cake Shops	
Hong Kong	86
Macau	9
Guangzhou	26
Subtotal	**121**
Pâtisserie Mon cher	
Hong Kong	**4**
Total number of stores under Bakery Group	**125**
Zoff Eyewear Stores	
Hong Kong	**11**
Total number of Stores under Convenience Retail Asia	**136**

Chairman's Statement

It is my privilege to present the interim results of Convenience Retail Asia Limited for the first time since taking the helm as Group Chairman.

The first half of 2021 was one of the most pivotal periods in recent years for Convenience Retail Asia. After the divestment of the Circle K Brand and the resultant record profits of HK$3.1 billion, we are now set to restructuring our portfolio of brands and charting an exciting new development course. We have ambitious expansion plans for our new core businesses that entail network growth in our primary market of Hong Kong and the pursuit of new opportunities in the Greater Bay Area (GBA). Our digital sales and marketing capabilities took another step forward as we continued to advance our online-to-offline (O2O) customer relationship management (CRM) platform. We also continued to manage the effects of the global pandemic on our businesses, customers and staff. During the past 18 months, the Group faced a complex operating environment and had to quickly adapt to constantly changing market conditions. As a result of the measures taken, we are now a leaner, more agile organisation with renewed purpose and a clear and exciting path to future growth.

Local Retail on the Rebound

During the period under review, the gradual relaxation of social distancing measures, the return of students and office workers, and the containment of local COVID-19 cases resulted in an improved operating environment. Hong Kong retail sales rose by 8.4% in value and 7.1% in volume over the first half of 2021[note], with post-Lunar New Year monthly sales showing double-digit growth. While these results are due in part to the low base for comparison set during the outbreak of the coronavirus early last year, they are still indicative of a general recovery trend.

Embracing a New Era

Convenience Retail Asia entered 2021 with cautious optimism and hope. The Group spent the first half of the year consolidating its new positioning as a quality retailer of specialty brands in the GBA, a strategic direction designed to drive and sustain growth via a concentrated focus on niche yet high-potential segments. So far, the returns on these efforts have been encouraging.

Our bakery, Saint Honore, a trusted, long-established name in the market, performed well during the period under review, particularly on the back of robust sales of packaged and festive products. Premium pâtisserie Mon cher, a Japanese icon with enormous growth potential in the GBA, expanded to exciting new locations in high-traffic shopping areas. Japanese fast-fashion eyewear chain Zoff remained the segment leader in Hong Kong.

Note:

Published by the Census and Statistics Department, the Government of the Hong Kong Special Administrative Region on 2 August 2021

Across all our businesses, we have kept a close eye on market trends and consumer needs to develop and launch successful products. We continued to maximise profit by optimising costs and taking advantage of attractive rental opportunities. Our proven strength in O2O CRM continued to give us competitive advantages not just in terms of marketing, but also creating stronger preference to choose and shop with our brands. Perhaps most importantly of all, we stayed focused on caring for the communities we serve, engaging in charitable endeavours while ensuring health and safety for customers and staff in our stores and workplaces.

The Group has been resilient to the economic downturn in the past two years. In the first half of 2021, the Group delivered strong growth in both sales and net operating profits in its existing businesses. This showed our agility to respond to market changes in the new era.

Outlook

It is virtually impossible to predict when Hong Kong and the world will start experiencing something close to a full recovery from the effects of the pandemic. Vaccination programmes are underway, and infection cases are coming under control in many parts of the world, but the situation is still fluid as variants emerge and countries have yet to decide how best to reopen their borders. As such, we will keep doing our best operating in the "new disruptive normal", adjusting our business strategies and practices to meet the current realities of the market. Health and safety remain the Group's top priorities.

The halfway point of the year finds us running a well-capitalised, fast-growing business, operating in a lucrative niche of the retail market. We are leveraging our wealth of retail experience to drive the Group forward with fresh focus and renewed vigour. Our expertise in O2O marketing is proving invaluable for building our brands and promoting synergies. Meanwhile, we are seeking ways to grow our brand portfolio via licensing, franchising, joint venture and acquisition opportunities, and to expand the geographic reach of our networks across the GBA. As a good corporate citizen, we will also continue working hand in hand with the community to ensure that everyone emerges from the trials of the past two years strong, healthy and ready to embrace the future.

I would like to thank my colleagues, including the Group's Board, management and staff, for their courage and dedication in the face of adversity. I believe bluer skies are ahead, and I look forward to working with you all over the second half of the year as we fulfill our goal to become a leading, high-quality specialty retailer for the GBA.

William FUNG Kwok Lun
Chairman

Hong Kong, 12 August 2021

CEO's Statement

The past six months marked a new chapter for Convenience Retail Asia as a multi-brand specialty retailer operating in high-potential segments in the Greater Bay Area (GBA). Over this time, the Group performed relatively well in retail environments that were just starting to recover from the effects of the COVID-19 pandemic, generating satisfactory sales from its Saint Honore bakery business, expanding its Mon cher premium pâtisserie business and further establishing Zoff as the category leader in fast-fashion eyewear. These results are further evidence that the Group has the vision, experience, platforms and talent to build strong brands in one of the world's most important economic regions and lay the foundation for sustainable, long-term growth.

Operations Review – Saint Honore Cake Shop

As at 30 June 2021, the Group was operating 95 Saint Honore stores in Hong Kong and Macau compared to 98 at the end of the first half of 2020. The total network in Guangzhou amounted to 26 locations. The Group opened three stores and closed one store during the first six months of 2021.

Consumer sentiment in Hong Kong improved over the first half of the year as social distancing measures were relaxed, workers and students returned to offices and schools, and new COVID-19 cases came under control. As a result – and despite operating fewer stores – Saint Honore saw double-digit sales growth compared to the same period in 2020. The business also enjoyed high single-digit growth in comparable store sales, which was due to better performance across almost all categories as well as last year's lower comparison base. Footfall saw a double-digit rebound approaching 2019 levels; this was particularly the case during lunchtime and early evening, and for stores located in residential areas. Despite improved consumer sentiment, customers remained cost-conscious of their spending, which was reflected in a low single-digit increase in average basket size. Profit margin dropped by a low single-digit and was mainly due to an increase in the proportion of sales to corporate customers which have relatively lower margins. Despite the appreciation of the renminbi over the first half of the year, we were able to utilise strong category management, production improvements and higher production volumes to offset rising operating costs.

Sales of bread products improved significantly as work and school routines normalised. Social distancing practices and limitations on group gatherings continued to impact birthday cake sales, but packaged products saw strong double-digit growth due to their hygienic appeal and convenience. Our Valentine's Day, Mother's Day and Father's Day campaigns were enthusiastically welcomed by customers staying at home for family celebrations. Festive sales during Chinese New Year and Dragon Boat Festival delivered double-digit year-on-year growth due to successful product enhancement, marketing and promotional campaigns – both online and offline – as well as the fact that more families have been celebrating at home due to restrictions on travel and group gatherings.

Saint Honore's Cake Easy online-to-offline (O2O) platform enables customers to shop online and fulfill orders in-store, making it a powerful tool for promoting Saint Honore products and offers while also driving traffic to our brick-and-mortar stores. During the period under review, stay-at-home and social distancing practices continued to drive strong demand for online ordering. In the last quarter of 2020, the Group launched version 2.0 of the Cake Easy app, featuring upgrades to the user experience and interface that ensure "Easy, Fast & Simple" functionality with one-page shopping cart check-out. A sharing feature that allows members to share promotional coupons with their friends was also added, widening the app's reach to potential new customers. Cake Easy had more than 860,000 members as at 30 June 2021.

During the first half of the year, Saint Honore Hong Kong continued to participate in a number of charitable and environmental activities. These included working with Foodlink Foundation Limited, the Women's Service Association and Breadline to donate bread to the less fortunate; network-wide participation in the World Wildlife Fund's Earth Hour event; and raising awareness of the importance of avoiding single-use plastic during the month-long EcoDrive Enough Plastic Campaign. In addition, a total of 200,000 bread vouchers were donated to Feeding Hong Kong, who worked hand in hand with 84 local charities to distribute these vouchers to more than 60,000 elderlies and underprivileged families in Hong Kong for redemption of our bakery products.

The Group is continually exploring B2B opportunities that allow us to leverage our expertise in quality bakery production to expand our business. This March we entered into an agreement to supply bakery products for a leading supermarket chain in Hong Kong as a strategic system supplier, and the two companies will continue working closely together to explore further business opportunities. Elsewhere, we continued to enhance Saint Honore's factory production processes to improve efficiency and quality. Initiatives included optimising the utility of floor space to automate production and capacity, and installing automated packaging machines to replace tedious manual work processes, particularly for family pack breads.

In Guangzhou, turnover saw a high single-digit increase due to economic recovery, rising retail sentiment, and the launch of unique and appealing new cakes. During the first half of the year, Saint Honore worked to align local product offerings with those of Hong Kong and Macau while upgrading store designs at key locations. To better engage with customers, Saint Honore broadcast promotional videos on social media and established a number of WeChat community groups for targeted promotions and communications.

Operations Review – Mon cher

In line with its strategy to identify and acquire high-quality brands with strong growth potential in the Hong Kong and GBA markets, the Group obtained the franchise licence to operate the premium Japanese pâtisserie chain Mon cher in Hong Kong and Macau in 2020. Established in Osaka in 2003 and renowned for its signature Dojima cream rolls, Mon cher has high brand recognition amongst young local consumers and can be expanded via a number of brick-and-mortar as well as online formats.

After taking over the first Mon cher at the Sogo department store in Causeway Bay last year, the Group opened three more outlets in high-traffic locations over the first half of 2021: a pop-up store at Langham Place in Mongkok, a shop in city'super at Harbour City in Tsimshatsui and a shop in city'super at New Town Plaza in Shatin. The Group is pleased with Mon cher's strong performance to date and believes the brand is on track to become a category leader in the local market.

Operations Review – Zoff

The Group's fast-fashion eyewear franchise Zoff maintained its leading position among eyewear brands in Hong Kong over the first six months of 2021. The trendy Japanese brand has 11 locations across the city in prominent shopping districts and malls, offering a wide range of high-quality frames and fast, convenient optical services for style-conscious shoppers. During the period under review, sales began to recover with the relaxation of social distancing and other anti-pandemic protocols; however, on-going safety measures in place at restaurants, bars and entertainment facilities continued to affect traffic at night-time and on weekends.

In marketing, the Group celebrated Zoff's 20th anniversary by partnering with Zoff Japan on a promotion featuring famous Japanese artist Murakami Nijiro for the brand's blue light-reducing PC lenses. We began sending HK$200 EDM (Electronic Direct Mail) cash coupons to existing customers on their birthdays to stimulate repeat purchases. We conducted member referral promotions, student offers and more to recruit new customers. We also continued collaborating with Fung Group and other companies to foster synergies and drive sales.

Zoff is renowned for its vast selection of stylish frames, which are regularly refreshed to stay current and keep customers coming back. Adding to its more than 1,300 SKUs, Zoff introduced the "Made in Japan" series of quality frames produced in Fukui Prefecture, a well-known eyewear production area; a collection made in collaboration with Japanese fashion brand "Wind & Sea"; a "Disney Happiness" collection; the "Advance Progressive + T8 Transition lens", designed for frequent users of digital accessorises; and the "Smart Gadget Assist lens", geared towards younger consumers to make using digital gadgets more comfortable.

Demonstrating its care for the community, Zoff expanded its network of stores where seniors can redeem health care vouchers for eye examinations to a total of seven locations. Zoff was also proud to sponsor prizes at the Tung Wah Group of Hospitals Charity Raffle in support of the Development Fund for the Kwong Wah Hospital Redevelopment Project.

Future Prospects

Moving forward, the health and safety of our customers and employees will remain our top priorities as we all continue working together to get life back on track. This is especially important as the Group seeks to expand its store networks in an expeditious yet prudent manner in order to take full advantage of its growth momentum as well as the gradual recovery of the economy.

While the Group enjoyed positive results over the first six months of the year, they were due in part to the small base for comparison set during the height of the COVID-19 outbreak in the first half of 2020. Therefore, while we are still cautiously optimistic about our outlook, we expect that our second-half and full-year performances could show somewhat more modest improvements.

We anticipate opening new Saint Honore outlets in a variety of locations in Hong Kong, where rental trends may enable us to negotiate favourable terms in highly sought-after areas. In Macau, the easing of travel restrictions between our neighbour SAR and the Chinese Mainland, coupled with further progress in vaccinations, could lead to faster economic recovery and network expansion. We have also begun our preparations to franchise bakery stores under the brand name of Saint Honore in GBA markets outside Guangzhou.

At Mon cher, we are working at speed to turn this exciting new brand in the market into a revenue-generator for the Group, seeking attractive locations for further expansion while continuing to build out the business' operations. Zoff is expected to see a gradual return of results with further improvement in market conditions; in the meantime, we are in discussions with Zoff Japan about expanding the brand into the Chinese Mainland.

The Group will continue to monitor costs closely, particularly given the reduction in Government subsidies that helped the Hong Kong retail industry through the worst of the pandemic. Measures include currency hedging to offset the appreciating renminbi, optimising and upgrading factory facilities to deal efficiently with rising demand, and renegotiating rental terms with landlords wherever possible.

As always, we will keep leveraging our strong O2O CRM capabilities to drive customer engagement, sales and synergies. We will also continue to emphasise delivering world-class customer service to foster brand loyalty for long-term growth and success.

Richard YEUNG Lap Bun
Chief Executive Officer

Hong Kong, 12 August 2021

Discussion and Analysis

Financial Review

During the first six months of 2021, turnover of Continuing Operations increased 12.7% to HK$607 million. Turnover for the bakery business increased 14.0% to HK$548 million as a result of high single-digit comparable store sales growth over the same period last year as well as robust growth of sales to corporate customers. Sales of festive products recorded double-digit growth during both Chinese New Year and Dragon Boat Festival. Turnover for the Zoff eyewear business, where the effect of outlet expansion was offset by the drop in footfall at shopping malls, increased by 2.0% to HK$59 million.

Gross margin as a percentage of turnover fell by 2.5 percentage points to 49.7%. This was mainly due to the increased proportion of sales of bakery products to corporate customers, whose margins are relatively lower than those of retail customers. Unfavourable factors including the appreciation of the renminbi and increased food costs were mitigated to a large degree by productivity improvement, category management and price adjustments.

Operating expenses as a percentage of turnover decreased from 53.6% to 47.1%. Including interest expenses on lease liabilities, percentage of operating expenses decreased from 54.1% to 47.6% against the same period in 2020. This was the result of sales growth during the period under review as well as efficiency gained from the closure of a few non-performing stores.

Core operating profit before interest expenses on lease liabilities increased by 120.4% to HK$20 million. Including interest expenses on lease liabilities, core operating profit increased by 171.8% to HK$17 million. Net profit of Continuing Operations increased by 161.7% to HK$17 million for the six months ended 30 June 2021. When including the Discontinued Operations still operating during the same period last year, net profit decreased by 72.1% to HK$23 million. Basic and diluted earnings per share was 3.0 HK cents compared to the 10.8 HK cents recorded during the same period last year, which included the Discontinued Operations.

As at 30 June 2021, the Group had a net cash balance of HK$251 million, generated mainly from daily business operations. The balance reduced from HK$373 million as at end of 2020. This was due mainly to the settlement of other payables related to disposal of convenience store business. 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, revenue and payments were held either in 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 also 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.

The Board of Directors has resolved to declare an interim dividend of 2 HK cents per share (2020: 6 HK cents).

Employees

As at 30 June 2021, the Group had a total of 3,019 employees, with 1,465 or 49%, based in Hong Kong and 1,554 or 51%, based in Guangzhou, Shenzhen and Macau. Part-time staff accounted for 18% of total headcount. Total staff cost for the six months ended 30 June 2021 was HK$234 million compared to HK$474 million for the same period last year. This change was due to the disposal of the convenience store business in late 2020.

The Group offers competitive remuneration schemes for eligible employees, including salary packages supplemented by discretionary bonuses and share options based on individual and company performance. It also provides career advancement opportunities, comprehensive job-related skill enhancement and training in quality customer service for frontline staff. To help ensure safe, stable and secure work environments, particularly in the aftermath of the pandemic, the Group has placed even higher emphasis on hygiene and sanitisation while ensuring efficient, resilient operations that can adapt to down cycles.

The Group's people are its most important asset. To ensure workplace satisfaction for its valued staff, the HEARTS (Happy, Energised, Achievements, Respect, Training, Success) employee engagement programme, directed by the Activity Organising Board (AOB), supports colleagues and their families in areas such as career development, achieving work-life balance and giving back to society. During the period under review, Group staff participated in a number of community activities, including fundraising activities for charitable organisations, resource recycling programmes, health talks and more.

Saint Honore was proud to receive the "10 Years Plus Caring Company Logo" from the Hong Kong Council of Social Service as well as the certificate for the Good Employer Charter 2021 from the Labour Department of the Hong Kong Government. The company was also recognised in the Manpower Developer Award Scheme – Super MD organised by the Employees Retraining Board (ERB) for the years 2020-2025.

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 makes great effort to help the communities where it operates, and over the first six months of the year it remained committed to principles of environmental conservation and sustainability by practising the three "Rs" of reducing, reusing and recycling. It also continued to reduce its carbon emissions through a number of initiatives such as upgrading equipment and utilising low-carbon fuels.

Other environmental, social and governance policies and performance information has been provided in a separate report on the Company's website.

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.

The Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the six months ended 30 June 2021. Corporate governance practices adopted by the Company during the six months under review were in line with those practices set out in the Company's 2020 Annual Report, and were also consistent with the principles set out in the CG Code.

The Board

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 is currently comprised of the Non-executive Chairman, four Non-executive Directors, three Independent Non-executive Directors and one Executive Director. Changes in members of the Board during the reporting period and up to date were announced on 26 May 2021 and 28 May 2021 respectively. The names of the Directors are set out in the Corporate Information section on page 2.

In order to enhance independence, accountability and responsibility, the roles of Chairman and Chief Executive Officer are held separately by Dr William FUNG Kwok Lun and Mr Richard YEUNG Lap Bun. Their respective responsibilities are clearly established and defined by the Board in writing.

Board Committees

The Board has established three Board committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, each of which has its own defined terms of reference (available on the Company's corporate website). These terms of reference are consistent with the principles set out in the CG Code.

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, as well as on regulatory compliance matters.

Audit Committee

Chairman	Anthony LO Kai Yiu *
Members	Godfrey Ernest SCOTCHBROOK +
	Benedict CHANG Yew Teck +
	ZHANG Hongyi *
	Sarah Mary LIAO Sau Tung *

* *Independent Non-executive Director*
\+ *Non-executive Director*

The Audit Committee is primary responsible for reviewing the Group's financial reporting, risk management, internal controls and corporate governance matters, and making relevant recommendations to the Board. The committee includes members who possess appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

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 Corporate Governance Division ("CGD") and the external auditor, and full discretion to invite any management to attend its meetings.

The Audit Committee has reviewed with senior management the unaudited interim financial information for the six months ended 30 June 2021 before recommending it to the Board for approval.

Remuneration Committee

Chairman	Sarah Mary LIAO Sau Tung *
Members	William FUNG Kwok Lun +
	ZHANG Hongyi *

* *Independent Non-executive Director*
\+ *Non-executive Director*

The Remuneration Committee is primarily responsible for:

- making recommendations to the Board on the Company's policy and structure regarding remuneration for all Directors and senior management, including allocation of share options to employees under the Company's Share Option Scheme;
- making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management;
- making recommendations to the Board on the remuneration of Non-executive Directors; and
- reviewing the Group's remuneration and human resources policy.

Nomination Committee

Chairman	William FUNG Kwok Lun + *(appointed with effect from 26 May 2021)*
Members	Anthony LO Kai Yiu *
	ZHANG Hongyi *

+ *Non-executive Director*

* *Independent Non-executive Director*

The Nomination Committee is primary responsible for:

- reviewing the structure, size and composition (including diversity) of the Board;
- assessing the independence of Independent Non-executive Directors;
- making recommendations to the Board on the appointment or re-appointment of Directors; and
- reviewing and monitoring the training and continuous professional development of Directors and senior management.

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 exacting than those of 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 for the six months ended 30 June 2021. No incident of non-compliance by Directors and relevant employees was noted by the Company for the period under review.

Compliance with Inside Information Requirements

The Company handles and disseminates inside information in accordance with the requirements of the Securities and Futures Ordinance and the Listing Rules.

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 risk management and internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and provide reasonable but not absolute assurance against material misstatement, loss or fraud. The Audit Committee reports to the Board on any material issues and makes relevant recommendations.

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 Group's risk management and internal control processes during the six months ended 30 June 2021 were in line with the practices set out in the Corporate Governance Report on pages 35 to 39 of the Company's 2020 Annual Report.

Based on the respective assessments made by senior management and CGD, the Board and the Audit Committee considered that for the six months ended 30 June 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 were ongoing processes for identifying, evaluating and managing the significant risks faced by the Group.

Investor Relations and Communication

The Company pursues a policy of promoting transparency in corporate communication and investor relations. Regular communication programmes include conducting analyst briefing in person and/or via email, participation in investor conferences, conducting road shows, arranging company visits and ad hoc meetings with institutional shareholders and analysts.

The Company maintains a corporate website (www.cr-asia.com) as one of the channels to promote effective corporate communication with the investors and the general public. The website is used to disseminate company announcements, shareholder information and other relevant financial and non-financial information in an electronic format on a timely basis.

Interests and Short Positions of Directors in Shares, Underlying Shares and Debentures

As at 30 June 2021, the Directors and chief executives of the Company and their associates had the following interests in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and/or the Code for Securities Transactions by Directors and Relevant Employees adopted by the Company:

Long positions in shares and underlying shares of the Company

	Number of shares			
Name of Directors	Personal interests	Corporate/ Trust interests	Total interests	Approximate percentage of interests
William Fung Kwok Lun	13,500,000	311,792,000 *(Note)*	325,292,000	41.91%
Anthony Lo Kai Yiu	148,000	–	148,000	0.02%
Sabrina Fung Wing Yee	–	311,792,000 *(Note)*	311,792,000	40.17%
Richard Yeung Lap Bun	24,396,000	–	24,396,000	3.14%

Note:

King Lun Holdings Limited ("King Lun") through its indirect wholly-owned subsidiary, Fung Retailing Limited ("FRL") (a wholly-owned subsidiary of Fung Holdings (1937) Limited ("FH 1937")) held 311,792,000 shares in the Company. 50% of the issued share capital of King Lun is owned by HSBC Trustee (C.I.) Limited, the trustee of a trust established for the benefit of the family members of Dr Victor Fung Kwok King, the remaining 50% is owned by Dr William Fung Kwok Lun. Ms Sabrina Fung Wing Yee is the daughter of Dr Victor Fung Kwok King. Therefore, Dr William Fung Kwok Lun (by virtue of his interests in King Lun) and Ms Sabrina Fung Wing Yee (as family member of Dr Victor Fung Kwok King) are deemed to have interests in 311,792,000 shares of the Company.

Save as disclosed above, as at 30 June 2021, none of the Directors, chief executives of the Company and their associates had any other interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations. Besides, at no time during the period, the Directors and chief executives of the Company (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company or its associated corporations required to be disclosed pursuant to the SFO.

Interests and Short Positions of Shareholders in Shares and Underlying Shares

As at 30 June 2021, other than the interests of the Directors or chief executives of the Company as disclosed above, the following persons had notified the Company of their interests in shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Interests in shares of the Company

Name of shareholders	Number of shares	Nature of interests/ Holding capacity	Approximate percentage of interests
HSBC Trustee (C.I.) Limited	311,792,000	Trustee *(Note 1)*	40.17%
King Lun Holdings Limited	311,792,000	Interest of controlled corporation *(Note 1)*	40.17%
Aggregate of Standard Life Aberdeen plc affiliated investment management entities (together "SL & Aberdeen plc")	93,020,000	Investment manager *(Note 2)*	11.98%
FIL Limited	71,204,000	Interest of controlled corporation *(Note 3)*	9.17%
Pandanus Partners L.P.	71,204,000	Interest of controlled corporation *(Note 3)*	9.17%
Pandanus Associates Inc.	71,204,000	Interest of controlled corporation *(Note 3)*	9.17%
Aberdeen Standard Asia Focus PLC	46,826,000	Beneficial owner	6.03%
Aberdeen Asian Income Fund Limited	39,556,000	Beneficial owner	5.10%
Fidelity China Special Situations plc	39,120,000	Beneficial owner	5.04%

Notes:

1. *These shares were held by FRL. King Lun indirectly owns 100% interests in FRL through its wholly-owned subsidiary, FH 1937. All of HSBC Trustee (C.I.) Limited, King Lun, FH 1937 and FRL are deemed to have interests in these shares pursuant to the SFO. Please refer to Note in the above section headed "Interests and Short Positions of Directors in Shares, Underlying Shares and Debentures".*

2. *SL & Aberdeen plc held the shares on behalf of accounts (under discretionary or segregated mandates) managed by SL & Aberdeen plc.*

3. *Pandanus Associates Inc. is a general partner of Pandanus Partners L.P., who owns or control one-third or more of voting rights in FIL Limited.*

Save as disclosed above, as at 30 June 2021, the Company had not been notified of any other interests or short positions in shares or underlying shares of the Company being held by any other shareholders as recorded in the register required to be kept under section 336 of the SFO.

Share Options

On 10 May 2010, the 2010 Share Option Scheme was approved and adopted by the shareholders at the annual general meeting of the Company for the purpose of providing incentives and/or rewards to eligible persons as defined in the scheme. On 29 April 2020, shareholders of the Company approved at the annual general meeting the termination of the 2010 Share Option Scheme, pursuant to which, no further options will be granted under the 2010 Share Option Scheme but in all other respects the provisions of the 2010 Share Option Scheme shall remain in full force and effect. All options granted prior to the termination of the 2010 Share Option Scheme and not then exercised shall remain valid.

On 29 April 2020, the 2020 Share Option Scheme was approved and adopted by the shareholders at the annual general meeting of the Company in view of the termination of the 2010 Share Option Scheme. No share options were granted under the 2020 Share Option Scheme.

Details of the movements of share options under the 2010 Share Option Scheme during the six months ended 30 June 2021 are as follows:

Grantees	Number of share options As at 1/1/2021	Lapsed (Note 1)	As at 30/6/2021	Exercise price HK$	Grant date	Exercisable period
Continuous contract employees	400,000	–	400,000	4.19	29/3/2017	1/4/2020–31/3/2023
	350,000	–	350,000	3.88	8/3/2018	1/4/2020–31/3/2023
	70,000	–	70,000	3.87	14/3/2019	1/4/2020–31/3/2023
Other participants	160,000	(160,000)	–	4.19	29/3/2017	1/4/2020–31/3/2023
	100,000	(100,000)	–	3.88	8/3/2018	1/4/2020–31/3/2023
	1,080,000	(260,000)	820,000			

Notes:

1. *Share options to subscribe for 260,000 shares were lapsed during the period following the cessation of employment of certain grantees.*

2. *No share options under the 2010 Share Option Scheme were granted, exercised, cancelled or expired during the period.*

Save as disclosed above, as at 30 June 2021, none of the Directors, chief executives or substantial shareholders of the Company or their respective associates had been granted any other share options.

Changes in Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, changes of Directors' information since the publication of the Company's 2020 Annual Report are set out below:

Name of Directors	Changes
Victor Fung Kwok King	– He (i) retired as Non-executive Director; (ii) relinquished his position as Chairman of the Board; and (iii) ceased as Chairman and member of the Nomination Committee of the Company on 26 May 2021
William Fung Kwok Lun	– He (i) succeeded as Chairman of the Board; and (ii) has been appointed as member and Chairman of the Nomination Committee of the Company on 26 May 2021
	– He has been re-designated as executive director of Global Brands Group Holding Limited and remains as the Chairman of the company on 10 August 2021
Godfrey Ernest Scotchbrook	– He has been appointed as independent director of Del Monte Philippines, Inc. in April 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 period.

Interim Dividend

The Board of Directors has resolved to declare an interim dividend for the six months ended 30 June 2021 of 2 HK cents (2020: 6 HK cents) per share to the shareholders of the Company.

Closure of Register of Members

The Register of Members of the Company will be closed from 30 August 2021 to 31 August 2021, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to the interim 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, not later than 4:30 p.m. on 27 August 2021. Dividend warrants will be despatched on 9 September 2021.

Condensed Consolidated Profit and Loss Account

For the six months ended 30 June 2021

	Note	(Unaudited) Six months ended 30 June 2021 HK$'000	2020 HK$'000 (Restated)
Continuing Operations			
Revenue	*4*	**606,945**	538,595
Cost of sales	*5*	**(305,329)**	(257,309)
Gross profit		**301,616**	281,286
Other income	*4*	**4,555**	16,591
Store expenses	*5*	**(205,191)**	(212,260)
Distribution costs	*5*	**(31,913)**	(30,564)
Administrative expenses	*5*	**(48,816)**	(45,863)
Core operating profit		**20,251**	9,190
Non-core operating gain, net	*6*	**2,517**	–
Operating profit		**22,768**	9,190
Interest expenses, net	*7*	**(2,592)**	(1,556)
Profit before income tax		**20,176**	7,634
Income tax expenses	*8*	**(3,235)**	(1,160)
Profit for the period from Continuing Operations		**16,941**	6,474
Discontinued Operations			
Profit for the period from Discontinued Operations	*19*	**5,971**	75,577
Profit attributable to shareholders of the Company		**22,912**	82,051
Earnings per share (HK cents)			
Basic/diluted earnings per share	*9*		
Continuing Operations		**2.2**	0.8
Included Discontinued Operations		**3.0**	10.8

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	(Unaudited) Six months ended 30 June 2021 HK$'000	2020 HK$'000 (Restated)
Profit attributable to shareholders of the Company	**22,912**	82,051
Other comprehensive gain/(loss):		
Item that will not be reclassified subsequently to profit or loss		
Actuarial gain on post-employment benefit obligation	**434**	–
Item that may be reclassified subsequently to profit or loss		
Exchange differences	**7**	(693)
Total comprehensive income attributable to shareholders of the Company	**23,353**	81,358
Total comprehensive income attributable to shareholders of the Company arises from:		
Continuing Operations	**17,382**	5,781
Discontinued Operations	**5,971**	75,577
	23,353	81,358

Condensed Consolidated Balance Sheet

As at 30 June 2021

	Note	(Unaudited) 30 June 2021 HK$'000	(Audited) 31 December 2020 HK$'000
Assets			
Non-current assets			
Fixed assets	*11*	**154,590**	158,356
Right-of-use assets	*12*	**181,179**	189,698
Investment properties	*14*	**28,001**	29,866
Lease premium for land		**57,401**	63,962
Intangible assets	*13*	**357,465**	357,465
Rental and other long-term deposits		**33,652**	27,752
Deferred tax assets		**13,619**	15,628
		825,907	842,727
Current assets			
Inventories		**41,616**	32,776
Rental deposits		**20,023**	18,492
Trade receivables	*15*	**47,193**	16,395
Other receivables, deposits and prepayments		**33,730**	38,138
Restricted bank deposit		**240**	239
Cash and cash equivalents		**250,522**	373,143
		393,324	479,183
Non-current assets classified as assets held for sale		**–**	22,256
		393,324	501,439
Total assets		**1,219,231**	1,344,166
Equity			
Share capital	*18*	**77,624**	77,624
Reserves		**524,483**	501,230
Total equity		**602,107**	578,854
Liabilities			
Non-current liabilities			
Lease liabilities	*17*	**85,598**	92,832
Long service payment liabilities		**5,226**	5,729
Deferred tax liabilities		**7,750**	9,264
		98,574	107,825
Current liabilities			
Trade payables	*16*	**79,332**	67,276
Other payables and accruals		**167,619**	308,836
Lease liabilities	*17*	**106,276**	112,204
Taxation payable		**6,920**	5,236
Cake coupons		**158,403**	163,935
		518,550	657,487
Total equity and liabilities		**1,219,231**	1,344,166

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	(Unaudited) 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	**–**	**–**	**–**	**–**	**–**	**–**	**22,912**	**22,912**
Exchange differences	**–**	**–**	**–**	**–**	**–**	**7**	**–**	**7**
Actuarial gain on post-employment benefit obligation	**–**	**–**	**–**	**–**	**–**	**–**	**434**	**434**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**7**	**23,346**	**23,353**
Employee share option benefit	**–**	**–**	**–**	**–**	**(152)**	**–**	**52**	**(100)**
	–	**–**	**–**	**–**	**(152)**	**–**	**52**	**(100)**
At 30 June 2021	**77,624**	**–**	**–**	**20,002**	**454**	**105**	**503,922**	**602,107**
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	–	–	–	–	–	–	82,051	82,051
Exchange differences	–	–	–	–	–	(693)	–	(693)
Total comprehensive income for the period	–	–	–	–	–	(693)	82,051	81,358
Issue of new shares	4	94	–	–	–	–	–	98
Employee share option benefit	–	12	–	–	(11,360)	–	12,170	822
Transfer to retained earnings	–	–	(177,087)	–	–	–	177,087	–
Dividends paid	–	(160,145)	–	–	–	–	(144,894)	(305,039)
	4	(160,039)	(177,087)	–	(11,360)	–	44,363	(304,119)
At 30 June 2020	76,260	40,717	–	20,002	8,813	(2,824)	360,065	503,033

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2021

	Note	(Unaudited) Six months ended 30 June 2021 HK$'000	2020 HK$'000 (Restated)
Continuing Operations			
Cash flows from operating activities			
Cash generated from operations		**34,256**	100,346
Hong Kong profits tax paid		**(382)**	(1,010)
Overseas income tax paid		**(660)**	(1,232)
Net cash generated from operating activities		**33,214**	98,104
Cash flows from investing activities			
Payment of transaction costs in relation to disposal of Discontinued Operations in prior year		**(102,628)**	–
Purchase of fixed assets		**(12,225)**	(14,130)
Additions to investment properties		**(893)**	–
Proceeds from disposal of fixed assets		**7**	22
Proceeds from disposal of assets held of sale		**27,067**	–
Fund transfer from Discontinued Operations		**–**	238,554
Interest received		**335**	272
Net cash (used in)/generated from investing activities		**(88,337)**	224,718
Cash flows from financing activities			
Proceeds from issuance of shares		**–**	98
Payment of lease liabilities		**(67,698)**	(73,205)
Dividends paid		**–**	(305,039)
Net cash used in financing activities		**(67,698)**	(378,146)
Decrease in cash and cash equivalents from Continuing Operations		**(122,821)**	(55,324)
Decrease in cash and cash equivalents from Discontinued Operations	*19b*	**–**	(173,849)
Decrease in cash and cash equivalents		**(122,821)**	(229,173)
Cash and cash equivalents at 1 January		**373,143**	642,639
Effect of foreign exchange rate changes		**200**	(473)
Cash and cash equivalents at 30 June		**250,522**	412,993

Notes to the Condensed Consolidated Interim Financial Information

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 of the Company 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 (the "Stock Exchange").

This condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information have been approved for issue by the Board of Directors on 12 August 2021.

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. The comparatives of the financial results for the period ended 30 June 2020 have been restated accordingly. Details of the Discontinued Operations are set out in note 19 to the condensed consolidated financial statements.

2. Basis of preparation

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange.

This condensed consolidated interim financial information should be read in conjunction with the 2020 consolidated financial statements which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used and described in the 2020 consolidated financial statements.

The Group has adopted new and amended standards and interpretation of HKFRS which are mandatory for the accounting periods beginning on or after 1 January 2021 and relevant to its operations. The adoption of such new and amended standards and interpretation does not have material impact on the condensed consolidated interim financial information and does not result in substantial changes to the Group's accounting policies.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and interest rate risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the 2020 consolidated financial statements, and should be read in conjunction with the 2020 consolidated financial statements.

There have been no changes in the risk management policies since the year end.

4. Revenue, other income and segment information

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

	(Unaudited) Six months ended 30 June 2021 HK$'000	2020 HK$'000 (Restated)
Revenue		
Bakery sales revenue	**547,921**	480,705
Eyewear sales revenue	**59,024**	57,890
	606,945	538,595
Other income		
Service items and miscellaneous income	**4,555**	8,511
Government subsidies *(note)*	**–**	8,080
	4,555	16,591

Note:

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 director that are used to make strategic decisions.

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 business was formerly grouped under developing businesses. 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.

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

Segment information (continued)

The segment information provided to the management for the reportable segments for the six months ended 30 June 2021 and 2020 are as follows:

	(Unaudited) Six months ended 30 June 2021			
	Bakery		Eyewear	
Continuing Operations	HK & Others HK$'000	Chinese Mainland HK$'000	HK HK$'000	Group HK$'000
Total segment revenue	517,181	44,609	59,024	620,814
Inter-segment revenue	(13,869)	–	–	(13,869)
Revenue from external customers	503,312	44,609	59,024	606,945
Other income	3,584	671	300	4,555
	506,896	45,280	59,324	611,500
Core operating profit/(loss)	17,933	(851)	3,169	20,251
Core operating profit/(loss) (included interest expenses on lease liabilities)	16,086	(1,593)	2,837	17,330
Depreciation	(59,089)	(8,925)	(13,670)	(81,684)
Depreciation (excluded depreciation on right-of-use assets)	(17,088)	(1,300)	(2,575)	(20,963)

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

Segment information (continued)

	(Unaudited) Six months ended 30 June 2020			
	Bakery		Eyewear	
	HK & Others HK$'000 (Restated)	Chinese Mainland HK$'000 (Restated)	HK HK$'000 (Restated)	Group HK$'000 (Restated)
Total segment revenue	455,969	37,240	57,890	551,099
Inter-segment revenue	(12,504)	–	–	(12,504)
Revenue from external customers	443,465	37,240	57,890	538,595
Other income	14,270	1,448	873	16,591
	457,735	38,688	58,763	555,186
Core operating profit/(loss)				
Continuing Operations	7,842	(961)	2,309	9,190
Discontinued Operations				92,242
				101,432
Core operating profit/(loss) (included interest expenses on lease liabilities)				
Continuing Operations	6,149	(1,643)	1,869	6,375
Discontinued Operations				86,392
				92,767
Continuing Operations				
Depreciation	(72,480)	(8,974)	(13,594)	(95,048)
Depreciation (excluded depreciation on right-of-use assets)	(18,820)	(1,977)	(2,707)	(23,504)

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 condensed 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).

4. 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 condensed consolidated profit and loss account and interest expenses, net from Continuing Operations in note 7, as the reconciliation items are not included in the measure of the segments' performance by the management.

The inter-segment revenue of HK$13,869,000 (2020: HK$12,504,000) represents sales to Chinese Mainland segment.

The segment assets and liabilities as at 30 June 2021 and 31 December 2020 are as follows:

	(Unaudited) As at 30 June 2021			
	Bakery		**Eyewear**	
	HK & Others HK$'000	**Chinese Mainland HK$'000**	**HK HK$'000**	**Group HK$'000**
Total segment assets	**902,852**	**87,757**	**56,301**	**1,046,910**
Total segment assets include:				
Additions to segment non-current assets	**50,009**	**11,779**	**9,362**	**71,150**
Total segment liabilities	**533,117**	**28,566**	**40,771**	**602,454**

	(Audited) As at 31 December 2020			
	Bakery		Eyewear	
	HK & Others HK$'000	Chinese Mainland HK$'000	HK HK$'000	Group HK$'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 condensed consolidated balance sheet. These assets and liabilities are allocated based on the operations of the segment.

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

Segment information (continued)

Reportable segment assets are reconciled to total assets as follows:

	(Unaudited) 30 June 2021 HK$'000	(Audited) 31 December 2020 HK$'000
Segment assets for reportable segments	**1,046,910**	1,091,798
Unallocated:		
Deferred tax assets	**13,619**	15,628
Corporate bank deposits	**158,702**	236,740
Total assets per condensed consolidated balance sheet	**1,219,231**	1,344,166

Reportable segment liabilities are reconciled to total liabilities as follows:

	(Unaudited) 30 June 2021 HK$'000	(Audited) 31 December 2020 HK$'000
Segment liabilities for reportable segments	**602,454**	750,812
Unallocated:		
Deferred tax liabilities	**7,750**	9,264
Taxation payable	**6,920**	5,236
Total liabilities per condensed consolidated balance sheet	**617,124**	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$499,485,000 (2020: HK$435,733,000), and the total of its revenue from other regions is HK$107,460,000 (2020: HK$102,862,000) for the six months ended 30 June 2021.

The total of non-current assets other than deferred tax assets located in Hong Kong is HK$700,557,000 (as at 31 December 2020: HK$715,430,000), and the total of these non-current assets located in other regions is HK$111,731,000 (as at 31 December 2020: HK$111,669,000) as at 30 June 2021.

5. Expenses by nature from Continuing Operations

	(Unaudited) Six months ended 30 June 2021 HK$'000	2020 HK$'000 (Restated)
Cost of inventories sold	**184,199**	152,749
Depreciation of owned fixed assets	**19,176**	21,496
Depreciation of right-of-use assets	**60,721**	71,544
Depreciation of investment properties	**637**	478
Depreciation of lease premium for land	**1,150**	1,530
Employee benefit expense	**234,477**	217,613
Short-term and variable lease payments *(note)*	**8,052**	964
Other expenses	**82,837**	79,622
Total cost of sales, store expenses, distribution costs and administrative expenses	**591,249**	545,996

Note:

Rent concessions related to the COVID-19 pandemic has been credited to store expenses of HK$1,503,000 (2020: HK$3,350,000) for the six months ended 30 June 2021.

6. Non-core operating gain, net

The non-core operating gain is comprised of a disposal gain of HK$4,671,000 on an asset held for sales and an impairment loss of HK$2,154,000 on an investment property. The asset held for sales is an office property and the investment property is a retail property. Both properties are located in Guangzhou, the Chinese Mainland.

7. Interest expenses, net from Continuing Operations

	(Unaudited) Six months ended 30 June 2021 HK$'000	2020 HK$'000 (Restated)
Interest income on bank deposits	**329**	1,259
Interest expenses on lease liabilities	**(2,921)**	(2,815)
	(2,592)	(1,556)

8. 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 period at the rates prevailing in the countries in which the Group operates.

The amount of income tax expenses charged/(credited) to the condensed consolidated profit and loss account represents:

	(Unaudited) Six months ended 30 June 2021 HK$'000	2020 HK$'000 (Restated)
Current income tax		
Hong Kong profits tax	**63**	738
Overseas profits tax	**2,653**	3,031
Deferred income tax	**519**	(2,609)
	3,235	1,160

9. Earnings per share

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

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

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.

	(Unaudited) Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
		(Restated)
Profit attributable to shareholders of the Company		
Continuing Operations	**16,941**	6,474
Discontinued Operations	**5,971**	75,577
	22,912	82,051
	Number of shares	Number of shares
Weighted average number of ordinary shares in issue	**776,244,974**	762,585,897
Adjustment for:		
Share options	**–**	–
Weighted average number of ordinary shares for diluted earnings per share	**776,244,974**	762,585,897

10. Dividend

	(Unaudited) Six months ended 30 June 2021 HK$'000	2020 HK$'000
Interim dividend, proposed of 2 HK cents (2020: 6 HK cents) per share	**15,525**	45,756

At a meeting held on 12 August 2021, the Directors proposed an interim dividend and it is not reflected as dividend payable in this condensed consolidated interim financial information.

11. Fixed assets

	(Unaudited) 30 June 2021 HK$'000	(Unaudited) 30 June 2020 HK$'000 (Restated)
Opening net book amount	**158,356**	246,181
Continuing Operations		
Transfer from lease premium for land	**5,411**	–
Additions	**12,225**	14,130
Disposals	**(2,246)**	(211)
Depreciation	**(19,176)**	(21,496)
Exchange differences	**20**	(159)
Discontinued Operations		
Additions	**–**	6,298
Disposals	**–**	(62)
Depreciation	**–**	(10,825)
Closing net book amount	**154,590**	233,856

12. Right-of-use assets

	(Unaudited) 30 June 2021 HK$'000	(Unaudited) 30 June 2020 HK$'000 (Restated)
Opening net book amount	**189,698**	704,655
Continuing Operations		
Additions	**51,426**	40,864
Remeasurement	**578**	140
Depreciation	**(60,721)**	(71,544)
Exchange differences	**198**	(547)
Discontinued Operations		
Additions	**–**	138,557
Remeasurement	**–**	(572)
Depreciation	**–**	(179,501)
Closing net book amount	**181,179**	632,052

13. Intangible assets

Intangible assets are comprised of goodwill of HK$247,465,000 and trademarks of HK$110,000,000 as at 30 June 2021 and 31 December 2020.

14. Investment properties

	(Unaudited) 30 June 2021 HK$'000	(Unaudited) 30 June 2020 HK$'000
Opening net book amount	**29,866**	24,289
Additions	**893**	–
Depreciation	**(637)**	(478)
Impairment *(note 6)*	**(2,154)**	–
Exchange differences	**33**	(93)
Closing net book amount	**28,001**	23,718

15. 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 30 June 2021, the aging analysis by invoice date of trade receivables is as follows:

	(Unaudited) 30 June 2021 HK$'000	(Audited) 31 December 2020 HK$'000
0-30 days	**26,781**	12,686
31-60 days	**15,247**	1,899
61-90 days	**3,607**	1,002
Over 90 days	**1,558**	808
	47,193	16,395

16. Trade payables

At 30 June 2021, the aging analysis by invoice date of the trade payables is as follows:

	(Unaudited) 30 June 2021 HK$'000	(Audited) 31 December 2020 HK$'000
0-30 days	**40,230**	35,964
31-60 days	**33,366**	25,173
61-90 days	**1,046**	1,408
Over 90 days	**4,690**	4,731
	79,332	67,276

17. Lease liabilities

	(Unaudited) 30 June 2021 HK$'000	(Unaudited) 30 June 2020 HK$'000 (Restated)
As at 1 January	**205,036**	713,047
Continuing Operations		
Additions	**50,826**	40,112
Remeasurement	**578**	140
Payments	**(67,698)**	(73,205)
Interest expenses	**2,921**	2,815
Exchange differences	**211**	(575)
Discontinued Operations		
Additions	**–**	138,254
Remeasurement	**–**	(572)
Payments	**–**	(183,436)
Interest expenses	**–**	5,850
Closing net book amount	**191,874**	642,430
Current lease liabilities	**106,276**	378,195
Non-current lease liabilities	**85,598**	264,235
	191,874	642,430

18. Share capital

	(Unaudited) 30 June 2021 Shares of HK$0.10 each		(Audited) 31 December 2020 Shares of HK$0.10 each	
	No. of shares	**HK$'000**	No. of shares	HK$'000
Authorised:				
At end of the period	**2,000,000,000**	**200,000**	2,000,000,000	200,000
Issued and fully paid:				
At beginning of the period	**776,244,974**	**77,624**	762,564,974	76,256
Issue of shares on exercise of share options	**–**	**–**	13,680,000	1,368
At end of the period	**776,244,974**	**77,624**	776,244,974	77,624

19. Discontinued Operations

On 21 December 2020, the Group completed its disposal of the entire interests of the wholly-owned subsidiary, Convenience Retail Asia (BVI) Limited (the "Discontinued Operations") to Alimentation Couche-Tard Inc. at an initial cash consideration of HK$2.79 billion. Accordingly, the results of convenience store business together with the related gain on disposal have been presented as Discontinued Operations in the consolidated financial statements for the year ended 31 December 2020.

The condensed consolidated results of Discontinued Operations are presented in the condensed 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 period ended 30 June 2021 represented a net reversal of provision on disposal.

19. Discontinued Operations (continued)

(a) Results of the Discontinued Operations have been included in the Condensed Consolidated Profit and Loss Account as follows:

	(Unaudited) Six months ended 30 June 2020 HK$'000
Revenue	2,358,651
Cost of sales	(1,714,588)
Gross profit	644,063
Other income	63,713
Store expenses	(499,483)
Distribution costs	(51,344)
Administrative expenses	(64,707)
Core operating profit	92,242
Interest expenses, net	(5,068)
Profit before income tax	87,174
Income tax expenses	(11,597)
Profit for the period	75,577

Notes:

(i) Transactions of purchases, other income, store expenses and administrative expenses with Continuing Operations amounting to HK$42,019,000 were not yet eliminated for the period ended 30 June 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.

19. Discontinued Operations (continued)

(a) Results of the Discontinued Operations have been included in the Condensed Consolidated Profit and Loss Account as follows: (continued)

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

	(Unaudited) Six months ended 30 June 2020 HK$'000
Cost of inventories sold	1,703,160
Depreciation of fixed assets	10,825
Depreciation of right-of-use assets	179,501
Depreciation of lease premium for land	806
Employee benefit expense	256,214
Short-term and variable lease payments *(note)*	19,731
Other expenses	159,885
Total cost of sales, store expenses, distribution costs and administrative expenses	2,330,122

Note:

Rent concessions related to the COVID-19 pandemic has been credited to store expenses of HK$9,580,000 for the period ended 30 June 2020.

(b) An analysis of the cash flows of the Discontinued Operations is as follows:

	(Unaudited) Six months ended 30 June 2020 HK$'000
Net cash generated from operating activities	253,377
Net cash used in investing activities	(243,790)
Net cash used in financing activities	(183,436)
Decrease in cash and cash equivalents	(173,849)

20. Capital commitments

The Group had commitments to make payments in respect of the acquisition of fixed assets. Capital expenditure contracted but not yet provided as at 30 June 2021 is HK$3,010,000 (as at 31 December 2020: HK$3,053,000).

21. Related party transactions

Fung Retailing Limited ("FRL") is a substantial shareholder of the Company, which owns 40.17% of the Company's shares. All of the related party transactions of the Group are entered into with Fung Holdings (1937) Limited (the holding company of FRL and a substantial shareholder of the Company) and its subsidiaries and associates.

The following is a summary of the significant related party transactions carried out in the normal course of the Group's business during the period:

(a) Related party transactions

	Note	(Unaudited) Six months ended 30 June 2021 HK$'000	2020 HK$'000 (Restated)
Income			
Service income and reimbursement of office and administrative expenses	*(i)*		
Subsidiaries/fellow subsidiary of a substantial shareholder		**61**	92
Associate of a substantial shareholder		**8**	20
Expenses			
Reimbursement of office and administrative expenses	*(ii)*		
Subsidiaries/fellow subsidiary of a substantial shareholder		**1,448**	2,067
Associate of a substantial shareholder		**453**	527
Rental payable	*(iii)*		
Associate of a substantial shareholder		**3,600**	5,085

21. Related party transactions (continued)

(b) Key management personnel compensation

	(Unaudited) Six months ended 30 June 2021 HK$'000	2020 HK$'000
Fees	**1,237**	1,401
Bonuses	**2,484**	7,512
Salaries and other allowances	**4,583**	5,484
Employee share option benefit	**–**	317
Pension costs – defined contribution scheme	**36**	36
	8,340	14,750

(c) Period-end balances with related parties

	(Unaudited) 30 June 2021 HK$'000	(Audited) 31 December 2020 HK$'000
Amounts due from:		
Subsidiaries of a substantial shareholder	**11**	46
Associates of a substantial shareholder	**3**	8
Amounts due to:		
Subsidiaries of a substantial shareholder	**(1,618)**	(11,336)
Associate of a substantial shareholder	**(125)**	(271)

The balances with the related parties included in other receivables and other payables are unsecured, interest free and repayable on demand.

21. Related party transactions (continued)

(c) Period-end balances with related parties (continued)

Notes:

(i) Service income and reimbursements receivable from subsidiaries/fellow subsidiary/associate of a substantial shareholder in respect of office and administrative expenses incurred are charged on an actual cost recovery basis and in accordance with the terms of agreements.

(ii) Reimbursements payable to subsidiaries/associate of a substantial shareholder in respect of office and administrative expenses incurred, are charged on an actual cost recovery basis.

(iii) Rentals are payable to associate of a substantial shareholder in accordance with the terms of agreements.

PRINTED ON POST-CONSUMER WASTE RECYCLED PAPER