CONVENIENCE RETAIL ASIA LIMITED
利亞零售有限公司

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

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

Financial Highlights

	Change	**2025** **HK$'000**	2024 HK$'000
• Revenue	-4.6%	**688,139**	721,654
• Core operating profit	+17.3%	**20,425**	17,419
• Core operating profit (included interest expenses on lease liabilities)	+27.7%	**17,365**	13,598
• Profit attributable to shareholders of the Company	+18.0%	**15,060**	12,767
• Basic earnings per share (HK cents)	+18.8%	**1.9**	1.6
• Interim dividend per share (HK cent(s))	-50.0%	**1.0**	2.0

Operation Highlights

- The Group reported a 4.6% drop in revenue due to a persistently challenging operating environment
- Stringent cost controls offset pressure on sales and gross margin declines resulting in improved profitability
- Local retail markets to remain challenging in 2H, though closures of certain competitors present opportunities for the Group to seize more market share
- The Group continues to maintain a healthy financial position in 1H25 with net cash of HK$167 million and no bank borrowings

Number of Stores

	30 June 2025	31 December 2024
Saint Honore Cake Shops		
Hong Kong	**110**	111
Macau	**14**	14
Guangzhou	**3**	4
Subtotal	**127**	129
Pâtisserie Mon cher		
Hong Kong	**7**	7
Total number of Stores under Bakery Group	**134**	136
Zoff Eyewear Stores		
Hong Kong	**16**	16
Singapore	**5**	5
Subtotal	**21**	21
Total number of Stores under Convenience Retail Asia	**155**	157

CEO's Statement

The Group delivered a reasonable performance over the first half of 2025, protecting its market share despite an overall decline in Hong Kong retail. The retail industry is still coping with higher outbound traffic on weekends by local residents, changing consumer behaviour among Mainland Chinese visitors, and generally unfavourable macroeconomic and geopolitical trends. Our bakery segment saw stable weekday business as well as growth in new product categories offsetting the effects of lighter weekend and holiday foot traffic. B2B business has experienced organic growth with existing customers and also the addition of new customers. At Zoff, we outperformed the optical segment by continuing to offer an unmatched product range supported by market-leading service standards. Overall, we remained focused on our core values of top-notch customer service, innovative products, people development as the core pillars that will continue to serve us well as we enter the second half of the year.

Operations Review – Saint Honore Cake Shop

As at 30 June 2025, the Group was operating 127 Saint Honore stores in Hong Kong, Macau and Guangzhou compared to 148 at the same period last year. The Group opened one store and closed three during 1H25.

During the review period, total revenue across Hong Kong and Macau saw a mid-single-digit decline, reflecting generally soft consumer spending that was compounded by local residents' frequent travel to Mainland China for weekends and public holidays. The market also faced intensified price competition during 1H25 as retail operators aggressively target consumers' share of wallet. However, by maintaining stringent cost controls and promoting a wide range of new products, we were able to offset some of external competition resulting in an improved profitability on a year-on-year basis.

Daily bread sales at Saint Honore remained relatively stable supported by a number of successful new product offerings such as our European style sourdough range, brown sugar whole wheat bread and Walnut Mario bread. We also continued to expand into increasingly popular chilled categories including sandwiches, submarines, wraps and salads which serves as a key differentiation from our peers. Sales of celebratory cakes remained soft since the pandemic as people continue to host fewer group gatherings. To offset this, we launched a number of smaller cakes and signed joint promotion campaigns with popular character names such as Taimashing and Nailoong. We also introduced a number of chocolate-inspired cakes including Dubai chocolate, mint chocolate, popcorn caramel and hazelnut varieties.

To better connect with our customers, we continued to deploy resources in digital and social media. Partnering with platforms like Alipay and WeChat Pay with the aim to provide more methods of payment, but more importantly to connect with a new group of potential customers. We kept on to leverage Saint Honore's CRM program, Cake Easy, which provides members with news and promotional offers while also giving them a fast and simple way to shop for bakery products from their mobile device. During 1H25, we made a number of enhancements to Cake Easy and launched a series of "Grab Great Deals" campaigns for members. As at 30 June 2025, Cake Easy had over 1.4 million members in Hong Kong and Macau, including over 220,000 Gold members, a tier that is characterised by higher repurchase rates. With the valiant effort, Hong Kong Retail Management Association awarded Saint Honore with "O2O Customer Experience" and "Premium Quality Trusted E-Shop 2025" recognitions.

To protect operating margins in a difficult retail environment, we regularly reviewed Saint Honore's store network. We continue to exert effort to reduce our occupancy costs, exit lower-performing locations while at the same time, open new outlets as opportunities arise. With our existing portfolio, we continue to deploy resources to renovate our stores to provide a fresher look and better customer experience.

The B2B segment continues to grow due to the rising demand from key accounts seeking bespoke bakery solution. During 1H25, sales grew by double digits on the back of organic growth with existing customers and the addition of new customers. A key development in the first half of the year was finalising a long-term lease which allows us to relocate parts of our Hong Kong production to an upgraded facility in Tai Po. This strategic move represents an investment in our future, one that will greatly increase our production capacity and efficiency for chilled food. In advance to the coming Mid-Autumn Festival, we continued our preparations for the release of "Made in Hong Kong Mooncakes", which have already generated sales orders from existing customers as well as new ones. We also continued to explore OEM and ODM opportunities to supply frozen bakery products in the Greater Bay Area (GBA).

Social responsibility and sustainability remain cornerstones of the Group's operations. In March 2025, we once again participated in the World Wide Fund for Nature's Earth Hour initiative. The Group earned the "Diamond Award" in the Environment and Ecology Bureau's "Charter on External Lighting Campaign", which was implemented to encourage businesses and individuals to switch off lighting installations that could impact the nighttime outdoor environment. During the review period, we also expanded the scope of our partnership with Yindii app to redistribute unsold products to the community and donated over 150,000 bread and festive items to NGOs including Foodlink, Breadline and the YMCA. During both Chinese New Year and Dragon Boat Festival, we donated CNY pudding cakes and rice dumplings to underprivileged communities across Hong Kong.

Operations Review – Mon cher and Merci Moncher

At Mon cher, we launched a series of new products targeting new customers resulting in a steady comparable store sales despite the structural change in celebration cake consumption. Beyond the brand's signature Dojima cream rolls, we have launched trendy new products like mint chocolate rolls and mochi desserts. Our recent collaboration with NOC, a popular local coffee cafe, was very successful in building brand awareness and new customer acquisition.

In December last year, we introduced a new concept to the market called "Merci Moncher", a mid-market pâtisserie blending Japanese elements and French style bakery. The flagship store is located in the heart of Causeway Bay, one of the most popular destinations for tourists. We continue to refine the product offering and operating model as this new concept gains recognition in the market.

Operations Review – Zoff

The Group's Hong Kong franchise of Zoff, Japan's leading fast-fashion eyewear chain, grew by a low single digit over the first half of the year. Leveraging the brand's growing recognition internationally and a wide selection of new product offering, we surpassed the overall Hong Kong optical segment that contracted during the review period. As at 30 June 2025, the Group maintained 16 stores in high-traffic locations across Hong Kong as well as 5 stores in Singapore.

Zoff's selection of over 1,400 SKUs remains unparalleled in Hong Kong, and its product line is constantly updated to reflect changing style trends and new technologies. In May 2025, we rolled out a marketing campaign to promote our eye examination services using the most advanced optical equipment. During the review period, we also launched an online and in-store campaign highlighting our "intraocular pressure measurement service" – a test that can aid in the treatment of glaucoma and a key differentiator from other major Japanese competitors. We also collaborated with leading local businesses including HSBC, Toys"R"us and MTR to expand our customer reach and boost brand awareness. Notable product launches in the first half of the year included new additions to the popular "Made in Japan" range as well as collaborations with IP characters, fashion brands and KOLs. In the second quarter, we held marketing campaigns promoting HOYA MiYOSMART lenses, a leading solution for correcting and slowing the progression of myopia in children. We also added healthcare voucher payment collection method to all stores, which has provided added convenience for our silver hair customers.

Our newly acquired franchise operations in Singapore faced a variety of challenges during 1H25 as comparable store sales declined by a mid-single digit. Primary factors were price sensitivity among local shoppers and the growing popularity to travel to Malaysia during weekends. As a result, Zoff Singapore sought to achieve cost savings where possible, streamlining its marketing activities and reducing operational costs by more than 10% compared to 1H24. The Group also integrated more activities of Zoff Hong Kong and Singapore teams for added efficiencies.

Future Prospects

The Group is prudently optimistic about second-half revenue growth. Our improved performance to date in 1H25, the coming Mid-Autumn Festival and Christmas holidays are reasons to be optimistic. But we are still taking a cautious approach given the persistent challenges of the retail market. The first six months of the year did see the closures of many food and beverage operators, presenting opportunities for industry consolidation.

In our retail bakery business, our primary goal is to protect and build our market share in core categories and patiently expanding our store network. One of our key focus areas is extending our range with value-added items to give customers more reasons to increase their basket size. We are also committed to enhancing the brand positioning of Saint Honore and Mon cher through new store formats, carrying out targeted digital marketing and launching attractive promotions to be delivered via our Cake Easy app. To protect operating margin and shareholder value, we will look for measures to optimize store operating costs and supply chain related expenses. .

Our B2B business is a strategic pillar of the group. To meet the industry's growing demand, we are investing substantially in both people and production facilities. This will serve to enhance our capacity and profitability in the long run, allowing us to further penetrate into Mainland China via online and offline channels.

In Zoff, we continue to look for opportunities to expand our retail footprint in Hong Kong while taking a more prudent approach in Singapore. Focusing on enhancing shop experience, we will continue to add more equipment to expand the scope of our eye examination services. This will be particularly important as we aim to target the preteens and silver hair community. We are also working closely with our partner in Japan to bring a wider selection of Made in Japan products making fashionable eyewear more accessible in both Hong Kong and Singapore.

Overall, the Group remains fully dedicated to its mission of being a leading specialty retailer in the region. Despite difficult macro headwinds and a highly competitive environment, I believe our ability to be agile will allow us to navigate through these difficult conditions. With our healthy financial position, we will continue to look for investment opportunities to expand our market share in Hong Kong.

Michael TANG Tsz Kin
Chief Executive Officer

Hong Kong, 14 August 2025

Discussion and Analysis

Financial Review

During the first six months of 2025, the Group's turnover decreased by 4.6% to HK$688 million. Turnover for the bakery business decreased by 5.2% to HK$615 million. Bakery retail sales was affected by stores closure in Hong Kong and Guangzhou in second half of 2024, as well as the continued outbound travel of local consumer. B2B continued its growth momentum as new and prominent customers were acquired during the period. Sales of festive products were on par with 2024 despite the challenging business environment. Turnover for the Zoff eyewear business maintained at HK$73 million, representing a soft increase of 0.3%. Comparable store in Hong Kong Zoff reported mild growth during the period, while same store sales for Singapore Zoff were still reporting a drop.

Gross margin as a percentage of turnover decreased by 2.0 percentage points to 51.7%. During the review period, different promotions were offered to retail customers with the aim of increasing store traffic. The growing proportion of our B2B revenue, which has a generally lower margin than retail, also affected the overall margin percentage.

Operating expenses as a percentage of turnover decreased from 51.7% to 49.2%. Stringent cost control measures were implemented to lower our operating expenses in view of the current retail environment. Store renewals were tightly controlled together with lease negotiation with landlords. Store opening hours as well as duty roster were adjusted to enhance productivity in the frontline. Outsourced service contracts were reviewed to identify cost saving opportunities. All these measures together enabled the reduction of selling, distribution and administrative expenses during the review period.

Core operating profit before interest expenses on lease liabilities increased by 17.3% to HK$20 million. Including interest expenses on lease liabilities, core operating profit increased by 27.7% to HK$17 million. Net profit increased by 18.0%, from HK$13 million to HK$15 million. Basic earnings per share increased by 18.8% to 1.9 HK cents from 1.6 HK cents.

As at 30 June 2025, the Group had a net cash balance of HK$167 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, Mainland China and Singapore. The majority of the Group's assets, liabilities, revenues and payments were held in either Hong Kong dollars, Singapore 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 place surplus cash in term deposits denominated in its operating currencies and United States dollars, with appropriate maturity periods to meet the operating requirements and capital expenditure requirements in the future. The Group has standby banking facilities of HK$88 million in support of treasury planning and management.

The Board of Directors has resolved to declare an interim dividend of 1 HK cent per share.

Employees

As at 30 June 2025, the Group had a total of 2,704 employees, with 1,459, or 54%, based in Hong Kong and 1,245, or 46%, based in Macau, Guangzhou, Shenzhen and Singapore. Part-time staff accounted for 23% of total headcount. Total staff cost for the six months ended 30 June 2025 was HK$245 million compared with the HK$257 million recorded over the same period last year.

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 creates opportunities for staff to further their careers by providing comprehensive job-related skill enhancement programmes and customer service training for frontline staff. Saint Honore has once again been named a “Super MD” in the Employees Retraining Board Manpower Developer Award Scheme for the years 2025–2030 for outstanding achievements in manpower training and development.

In a tight labour market, employee satisfaction and retention are critical. Each year, the Social Team coordinates a variety of initiatives under the HEARTS (Happy, Energised, Achievements, Respect, Training and Success) employee engagement programme to help colleagues succeed professionally and foster staff camaraderie. These include career development programmes, events that promote work-life balance, and social activities. Over the first half of 2025, the Group and its staff organised and/or participated in food donation drives, outreach engagements for the elderly, recycling and food waste reduction programmes, carbon reduction initiatives, and more.

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 also committed to achieving sustainability in its operations wherever possible, striving to protect the environment, conserve natural resources and save 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.

Saint Honore proudly received the “15 Years Plus Caring Company Logo” from the Hong Kong Council of Social Service while Zoff Hong Kong was awarded with the “5 Years Plus Caring Company Logo”, reflecting the Group’s commitment to the community. Further information about the Group’s environmental, social and governance policies and performance will be provided in a separate report on the Group’s website.

Condensed Consolidated Profit and Loss Account
For the six months ended 30 June 2025

		(Unaudited) Six months ended 30 June	
		2025	2024
	Note	**HK$'000**	HK$'000
Revenue	*3*	**688,139**	721,654
Cost of sales	*4*	**(332,698)**	(334,427)
Gross profit		**355,441**	387,227
Other income	*3*	**3,715**	3,333
Selling expenses	*4*	**(243,081)**	(267,269)
Distribution costs	*4*	**(37,188)**	(42,180)
Administrative expenses	*4*	**(58,462)**	(63,692)
Core operating profit		**20,425**	17,419
Interest expenses, net	*5*	**(1,065)**	(672)
Profit before income tax		**19,360**	16,747
Income tax expenses	*6*	**(4,300)**	(3,980)
Profit attributable to shareholders of the Company		**15,060**	12,767
Earnings per share (HK cents)	*7*		
Basic/diluted		**1.9**	1.6

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2025

	(Unaudited) Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Profit attributable to shareholders of the Company	**15,060**	12,767
Other comprehensive income/(loss):		
Item that may be reclassified subsequently to profit or loss		
Exchange differences	**343**	(101)
Total comprehensive income attributable to shareholders of the Company	**15,403**	12,666

Condensed Consolidated Balance Sheet
As at 30 June 2025

	Note	**(Unaudited) 30 June 2025 HK$'000**	(Audited) 31 December 2024 HK$'000
Assets			
Non-current assets			
Intangible assets		**359,307**	359,357
Fixed assets		**168,281**	170,329
Right-of-use assets		**194,676**	223,541
Investment properties		**5,144**	5,261
Lease premium for land		**62,453**	63,926
Deferred tax assets		**6,043**	4,681
Rental and other long-term deposits		**44,335**	51,521
		840,239	878,616
Current assets			
Inventories		**37,075**	42,286
Rental deposits		**19,438**	19,443
Trade receivables	*9*	**60,458**	37,687
Other receivables, deposits and prepayments		**29,197**	27,711
Taxation recoverable		**317**	641
Short-term bank deposit		**15,700**	-
Restricted bank deposit		**1,242**	1,204
Cash and cash equivalents		**149,868**	206,016
		313,295	334,988
Total assets		**1,153,534**	1,213,604
Equity			
Share capital		**77,742**	77,742
Reserves		**565,605**	557,680
Total equity		**643,347**	635,422
Liabilities			
Non-current liabilities			
Lease liabilities		**86,871**	105,050
Long service payment liabilities		**11,324**	12,550
Deferred tax liabilities		**8,192**	8,266
		106,387	125,866
Current liabilities			
Trade payables	*10*	**61,563**	71,347
Other payables and accruals		**120,495**	135,229
Lease liabilities		**117,152**	128,701
Taxation payable		**5,217**	3,689
Cake coupons		**99,373**	113,350
		403,800	452,316
Total equity and liabilities		**1,153,534**	1,213,604

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2025

	(Unaudited) 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 2025	**77,742**	**888**	**20,002**	**1,406**	**(2,763)**	**538,147**	**635,422**
Profit attributable to shareholders of the Company	**-**	**-**	**-**	**-**	**-**	**15,060**	**15,060**
Exchange differences	**-**	**-**	**-**	**-**	**343**	**-**	**343**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**343**	**15,060**	**15,403**
Employee share option benefit	**-**	**-**	**-**	**260**	**-**	**36**	**296**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(7,774)**	**(7,774)**
	-	**-**	**-**	**260**	**-**	**(7,738)**	**(7,478)**
At 30 June 2025	**77,742**	**888**	**20,002**	**1,666**	**(2,420)**	**545,469**	**643,347**
At 1 January 2024	77,742	888	20,002	954	(274)	560,878	660,190
Profit attributable to shareholders of the Company	-	-	-	-	-	12,767	12,767
Exchange differences	-	-	-	-	(101)	-	(101)
Total comprehensive (loss)/income for the period	-	-	-	-	(101)	12,767	12,666
Employee share option benefit	-	-	-	156	-	-	156
Dividends paid	-	-	-	-	-	(31,097)	(31,097)
	-	-	-	156	-	(31,097)	(30,941)
At 30 June 2024	77,742	888	20,002	1,110	(375)	542,548	641,915

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 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; (iii) a chain of fast-fashion eyewear stores under the brand name of Zoff in Hong Kong and Singapore; and (iv) a wholesale business providing bakery and festive products to corporate customers in Hong Kong, Macau and Mainland China.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, 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 (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 14 August 2025.

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 2024 consolidated financial statements which have been prepared in accordance with HKFRS Accounting Standards.

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 2024 consolidated financial statements.

The Group has adopted new and amended standards and interpretation of HKFRS Accounting Standards which are mandatory for the accounting periods beginning on or after 1 January 2025 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. 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 period are as follows:

	(Unaudited) Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Revenue		
Bakery sales revenue	**614,920**	648,658
Eyewear sales revenue	**73,219**	72,996
	688,139	721,654
Other income		
Service items and miscellaneous income	**3,715**	3,333

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

Segment information

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

In previous years, management considered the business principally from the perspective of product/service and geographic. In 2024, the Group decided to restructure the operation in Mainland China. Therefore, starting from 2025, management consider the business primarily from the perspective of product/service – 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. Accordingly, the Group has identified only two operating segments, and the segment information has been presented in a manner consistent with the way in which information is reported internally to the Group's senior executive management (the Chief Operating Decision Maker) for the purpose of resource allocation and performance assessment. Prior year comparatives segment information has been restated to conform with the current year presentation accordingly.

The segment information provided to the management for the reportable segments for the six months ended 30 June 2025 and 2024 are as follows:

	(Unaudited) Six months ended 30 June 2025		
	Bakery	**Eyewear**	**Group**
	HK$'000	**HK$'000**	**HK$'000**
Revenue from external customers	**614,920**	**73,219**	**688,139**
Other income	**2,616**	**1,099**	**3,715**
	617,536	**74,318**	**691,854**
Core operating profit/(loss)	**22,714**	**(2,289)**	**20,425**
Core operating profit/(loss) (included interest expenses on lease liabilities)	**20,204**	**(2,839)**	**17,365**
Depreciation	**(80,748)**	**(18,261)**	**(99,009)**
Depreciation (excluded depreciation on right-of-use assets)	**(20,280)**	**(3,458)**	**(23,738)**

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

Segment information (continued)

	(Unaudited) Six months ended 30 June 2024		
	Bakery	Eyewear	Group
	HK$'000	HK$'000	HK$'000
Revenue from external customers	648,658	72,996	721,654
Other income	2,566	767	3,333
	651,224	73,763	724,987
Core operating profit/(loss)	21,370	(3,951)	17,419
Core operating profit/(loss) (included interest expenses on lease liabilities)	18,192	(4,594)	13,598
Depreciation	(93,812)	(19,634)	(113,446)
Depreciation (excluded depreciation on right-of-use assets)	(22,871)	(3,092)	(25,963)

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).

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

4. Expenses by nature

	(Unaudited) Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Cost of inventories sold	**184,306**	190,795
Delivery charges	**18,643**	21,414
Depreciation of fixed assets	**22,148**	24,372
Depreciation of right-of-use assets	**75,271**	87,483
Depreciation of investment properties	**117**	117
Depreciation of lease premium for land	**1,473**	1,474
Employee benefit expense	**245,205**	257,410
Short-term and variable lease payments	**8,513**	7,932
Utilities	**21,374**	22,064
Other expenses	**94,379**	94,507
Total cost of sales, selling expenses, distribution costs and administrative expenses	**671,429**	707,568

5. Interest expenses, net

	(Unaudited) Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Interest income on bank deposits	**1,995**	3,149
Interest expenses on lease liabilities	**(3,060)**	(3,821)
	(1,065)	(672)

6. Income tax expenses

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for 2025 and 2024. 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 to the condensed consolidated profit and loss account represents:

	(Unaudited) Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Current income tax		
Hong Kong profits tax	**3,920**	2,947
Overseas profits tax	**1,692**	1,208
Deferred income tax	**(1,312)**	(175)
	4,300	3,980

7. 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	
	2025	2024
	HK$'000	HK$'000
Profit attributable to shareholders of the Company	**15,060**	12,767
	Number of Shares	Number of shares
Weighted average number of ordinary shares in issue	**777,416,974**	777,416,974
Adjustment for:		
Share options	**136,047**	170,508
Weighted average number of ordinary shares for diluted earnings per share	**777,553,021**	777,587,482

8. Dividend

	(Unaudited) Six months ended 30 June 2025 HK$'000	2024 HK$'000
Interim dividend, declared of 1 HK cent (2024: 2 HK cents) per share	**7,774**	15,548

At a meeting held on 14 August 2025, the Directors declared an interim dividend and it is not reflected as dividend payable in this condensed consolidated interim financial information.

9. Trade receivables

Majority of the Group's revenue are retail cash sales. The Group's credit terms on trade receivables on income from corporation 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 2025, the aging analysis by invoice date of trade receivables is as follows:

	(Unaudited) 30 June 2025 HK$'000	(Audited) 31 December 2024 HK$'000
0-30 days	**32,520**	28,230
31-60 days	**27,151**	7,923
61-90 days	**208**	1,195
Over 90 days	**579**	339
	60,458	37,687

10. Trade payables

At 30 June 2025, the aging analysis by invoice date of the trade payables is as follows:

	(Unaudited) 30 June 2025 HK$'000	(Audited) 31 December 2024 HK$'000
0-30 days	**33,928**	39,983
31-60 days	**23,894**	27,924
61-90 days	**893**	953
Over 90 days	**2,848**	2,487
	61,563	71,347

11. Subsequent events

In July 2025, the Group has entered into the following transactions:

(a) A lease agreement for a site in Tai Po Industrial Estate to expand and upgrade the manufacturing capacity and certification standards. A right-of-use asset of about HK$9 million will be recognised upon this agreement.

(b) An acquisition of a 20% stake in a HK company which is a food importer, manufacturer and distributor for a consideration of HK$3 million. The investment will enable the Group to enhance the ingredient sourcing network and the retail business model.

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 been in full compliance with all of the code provisions set out in 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") for the six months ended 30 June 2025. Corporate governance structure and practices adopted by the Company during the six months under review were in line with those practices set out in the Company's 2024 Annual Report, and were also consistent with the principles set out in the CG Code.

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. In order to enhance independence, accountability and responsibility, the roles of Chairman and Chief Executive Officer are held separately. Their respective responsibilities are clearly established and defined by the Board in writing.

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 in line with the CG Code.

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.

Audit Committee

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 2025 before recommending it to the Board for approval.

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 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 relevant employee for the six months ended 30 June 2025. No incident of non-compliance by Directors and relevant employees was noted by the Company for the period under review.

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. Based on the respective assessments made by CGD, the Audit Committee considered that for the six months ended 30 June 2025:

- 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 were ongoing processes for identifying, evaluating and managing the significant risks faced by the Group.

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 2025 of 1 HK cent (2024: 2 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 1 September 2025 to 2 September 2025, 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 Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 29 August 2025. Dividend warrants will be despatched on 11 September 2025.

On behalf of the Board
Convenience Retail Asia Limited
Michael TANG Tsz Kin
Executive Director
& Chief Executive Officer

Hong Kong, 14 August 2025

As at the date of this announcement, Executive Directors of the Company are Mr Terence Fung Yue Ming and Mr Michael Tang Tsz Kin; Non-executive Directors are Dr William Fung Kwok Lun, Mr Richard Yeung Lap Bun, Ms Sabrina Fung Wing Yee 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.