



For Immediate Release

CRA reports Q1 business growth despite difficult operating environment

Satisfactory performance of Circle K and Saint Honore Hong Kong operations

Hong Kong, 5 May 2009 – Convenience Retail Asia Limited (“CRA” or “the Group”; SEHK: 08052), operator of Circle K convenience stores and Saint Honore cake shops in Hong Kong and on the Chinese Mainland, announced that it had achieved a satisfactory performance during Q1 2009 despite a slight drop in sales in Guangzhou due to the economic slowdown and weaker consumer sentiment.

For the three-month period ended 31 March 2009, the Group’s turnover was HK\$801.5 million, an increase of 2.8% when compared with the same period last year. Meanwhile, net profit attributable to shareholders slightly increased by 1.5% to HK\$13.9 million over the same period.

Mr. Richard Yeung, Chief Executive Officer of CRA, said: “The increase in turnover was achieved through the addition of new stores and an overall increase in sales at comparable stores (stores in existence throughout 2008 and 2009). Comparable convenience store sales in Hong Kong increased by 1.4%, while comparable convenience store sales in Southern China decreased by 6.9% (after adjusting for non-recurrent sales category) over the same quarter last year.”

Gross margin and other income (excluding interest income) as a percentage of turnover increased to 36.4% during the first quarter, compared to 35.6% achieved in the same period last year. However, store expenses as a percentage of turnover increased from 26.3% to 27.3% when compared with the same period in 2008, arising largely from increased staff costs and rent.

Business Review

Consumer sentiment in Hong Kong continued to be dampened by uncertainty arising from the global economic downturn and led to a subsequent reduction in discretionary spending. A 31.3% increase in arrivals of Mainland visitors helped to maintain sales momentum but the overall retail market sales volume fell nevertheless in the first two months of the quarter under review.

In response to reduced sales and the impact of the increased tobacco levy, CRA undertook aggressive chain-wide promotions and focused on growing the sales of more recession-resistant categories such as food and drink products.

As a result, the Group delivered a satisfactory sales performance in Hong Kong in the first quarter with a 1.4% comparable convenience store sales growth despite the difficult market environment.

Saint Honore operations in Hong Kong delivered a satisfactory comparable store sales performance in the first quarter of 2009. An increase in the number and value of transactions was recorded, accounting for healthy growth in store contribution.

The opening of seven new stores during the quarter also added to chain-wide sales growth.

The Group's convenience store operations in Guangzhou faced severe challenges in the first quarter of 2009 in an adverse market environment. Slight decreases in both the average daily transaction count and transaction value were registered. Sales in the food services category, which had previously been a major contributor to revenue, were also affected.

In response, the Group focused on upgrading the range, quality and taste of food service offerings in order to improve the overall appeal and value perception. As a result of these initiatives, the sales decline was arrested and a gradual turnaround in sales performance was observed at the end of the first quarter.

Outlook

The Group believes that consumers in Hong Kong and Guangzhou will continue to be cautious and rational in their spending for the remainder of 2009. As a result, the Group will focus on value propositions in daily consumables, with a strong focus on the food services category.

The Group anticipates that the prevailing challenging market conditions will continue for the rest of the year, impacting on the group's turnover and profitability. However, the Group already implemented proactive strategies across all operations with the management team well prepared for any deterioration in the overall economy and consumer sentiment.

The one positive sign for the Hong Kong retail market may be the availability of multi-entry visas for permanent Shenzhen visitors to Hong Kong. The Group hopes that the Central Government's policy of encouraging domestic consumption might bring some positive impacts.

Mr. Yeung said, “With substantial cash reserves and a strong positive cash flow, we believe 2009 will provide abundant opportunities for the Group to benefit from any strategically relevant and financially viable acquisitions that may become available.”

- ENDS -

About CRA

Convenience Retail Asia Limited (CRA, SEHK stock code: 08052), a member of Li & Fung Retailing, is engaged in the operation of one of the leading convenience store chains in Hong Kong under the brand name of Circle K.

In February 2007, CRA acquired Saint Honore Cake Shop Ltd.

As of 31 March 2009, there were 70 company-owned-and-managed Circle K stores outside Hong Kong, together with 5 franchised stores in Guangzhou, 30 licensed stores in Macau and Zhuhai — giving a total of 105 Circle K stores outside Hong Kong. Adding these to the 289 stores in Hong Kong, the Group operates a total of 394 Circle K stores in the Pearl River Delta. Together with the Saint Honore chain, which currently has a total of 106 stores in Hong Kong, Macau and Guangzhou, the Group operates a total store network of 500 outlets as at the end of the first quarter of 2009.

(CRA website: www.cr-asia.com)

For media inquiry, please contact:

Convenience Retail Asia Limited
Ms. Louisa Kwan

Telephone: 2991 6000
Direct line: 2991 6229

Convenience Retail Asia Limited

利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08052)

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2009

		2009	2008
• Revenue	+2.8%	HK\$801,504,000	HK\$779,363,000
• Profit attributable to shareholders of the Company	+1.5%	HK\$13,901,000	HK\$13,697,000
• Basic earnings per share (HK cents)	+1.1%	1.90	1.88

HIGHLIGHTS

- Turnover and profitability on track during first quarter
- Satisfactory performance of Circle K and Saint Honore operations in Hong Kong
- Slight drop in sales reported by Circle K Guangzhou due to deteriorating economic environment
- Challenging market conditions will prevail and may impact the Group's turnover and profitability
- The Group holds a net cash position of HK\$391.5 million as of 31 March 2009 without any bank borrowings

Number of Stores as of 31 March 2009

Circle K Convenience Stores

Hong Kong	289
Guangzhou	66
Shenzhen	4
Subtotal	359

Franchised Circle K Stores

Guangzhou	5
Macau	18
Zhuhai	12
Subtotal	35

Total Number of Circle K Stores **394**

Saint Honore Group

Hong Kong - Cake Shop	81
- Bread Boutique	4

Subtotal **85**

Macau - Cake Shop	7
Guangzhou - Cake Shop	14

Subtotal **21**

Total Number of Saint Honore Stores **106**

Total Number of Stores Under Convenience Retail Asia **500**

Convenience Retail Asia Limited

Unaudited Consolidated Profit & Loss Account

	Three months ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
Revenue	801,504	779,363
Cost of sales	(561,457)	(547,810)
Gross profit	<u>240,047</u>	<u>231,553</u>
Other income	51,485	45,689
Store expenses	(218,733)	(204,694)
Distribution costs	(20,537)	(20,031)
Administrative expenses	(33,913)	(35,569)
Operating profit	<u>18,349</u>	<u>16,948</u>
Interest income	731	1,334
Profit before income tax	<u>19,080</u>	<u>18,282</u>
Income tax expenses	(5,179)	(4,585)
Profit attributable to shareholders of the Company	<u><u>13,901</u></u>	<u><u>13,697</u></u>
Earnings per share		
- Basic (HK cents)	<u>1.90</u>	<u>1.88</u>
- Diluted (HK cents)	<u>1.90</u>	<u>1.88</u>