



For Immediate Release

CRA reports encouraging business growth in Q1 2011

Group enjoys notable profit gains in Hong Kong and Guangzhou

Hong Kong, 5 May 2011 – 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 recorded encouraging profit and comparable store sales growth across all operations in the first quarter of 2011.

The Group achieved net profit of HK\$39.8 million during the quarter, representing an increase of 151.5% over the corresponding period last year before factoring in the gain on the disposal of a real estate property in 2010. Including the gain, the Group saw an increase in net profit of 17.8%. The Group’s turnover increased by 10.8% to HK\$903.1 million compared to the same period last year.

Sales at comparable convenience stores – referring to stores in existence throughout 2010 and 2011 – grew by 7.1% and 7.7% in Hong Kong and Southern China respectively, contributing to the Group’s overall increase in turnover.

Gross margin and other income as a percentage of turnover increased to 36.9% in the first quarter compared to 35.8% over the same period last year, mainly due to a higher gross margin achieved in operations. The increase in tobacco duty in Hong Kong in February 2011 also had a favourable impact on gross margin due to a certain amount of cigarette inventory that was purchased before the announcement. Operating expenses decreased from 33.3% of turnover to 31.6% year on year due to tight operational control and a higher sales base.

Mr. Richard Yeung, Chief Executive Officer of CRA, said, “Our strategy to maximize sales at existing stores and our focus on Chinese New Year sales plus the opening of new stores contributed to an encouraging start to the new fiscal year.”

Mr. Yeung also confirmed that the Group submitted an application to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for transferring its listing from the Growth Enterprise Market (“GEM”) to the Main Board of the Stock Exchange. “This initiative was undertaken in response to demands by investors for more share liquidity” said Mr. Yeung.

Business Review

In Hong Kong, the local economy maintained healthy growth despite uncertainties that included the ecological and economical impact of the tragedies in Japan as well as the political unrest of the Middle East. Over the first two months of 2011, total retail sales in Hong Kong saw double-digit growth due to positive consumer sentiment. However, during this time consumer price inflation also rose 3.6% in Hong Kong because of rising import prices. The Group cited inflationary pressure as a trend that was likely to continue, one that could have a potentially dampening effect on consumer sentiment as well as operating profit. Other notable factors affecting the Hong Kong business include the drastic increase in the tobacco duty in February 2011, and the new minimum wage legislation.

In Guangzhou, strong economic expansion, buoyant consumer sentiment and aggressive promotions during the festive period helped drive the overall retail market's sales growth by 15.8% over the first two months of the year compared to the same period in 2010. Against this backdrop, the Group continued to see marked improvements in the Circle K operations in Guangzhou, notably in the healthy growth of comparable store sales and the gradual but steady improvement in store operating profitability. The strong performance of the Hot & In food category was also a factor in Circle K Guangzhou's comparable store sales growth, which management believes will help to bring operations closer to the breakeven point.

At Saint Honore, the Group delivered robust single-digit turnover growth on the back of Chinese New Year product sales and successful consumer promotions. Saint Honore also improved its profit performance through a number of operational initiatives that helped offset inflationary cost increases for raw materials and contributed to a modest improvement in gross margin.

Outlook

For the remainder of the year, the Group will maintain a high degree of vigilance over changing market dynamics, including retail rentals, the long-term impact of the increase in tobacco duty on consumers, and the effects of continued inflation and minimum wage increases.

“CRA will adopt a more conservative approach over the course of the year in response to the uncertainties surrounding the operating environment,” Mr. Yeung concluded. “Along

the way we will take proactive initiatives to mitigate any negative impact through vigilant management and creative solutions.”

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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 2011, there were 62 company-owned-and-managed Circle K stores outside Hong Kong, together with 6 franchised stores in Guangzhou and 34 licensed stores in Macau and Zhuhai for a total of 102 Circle K stores outside Hong Kong. Adding these to the 319 stores in Hong Kong, the Group operates a total of 421 Circle K stores in the Pearl River Delta. Together with the Saint Honore chain, which currently has a total of 113 stores in Hong Kong, Macau and Guangzhou, the Group operates a total store network of 534 outlets as at the end of the first quarter of 2011.

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

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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 2011

	Change	2011 HK\$'000	2010 HK\$'000
• Revenue	+10.8%	903,069	814,836
• Financial gain on disposal of property, net of tax	N/A	Nil	17,981
• Profit attributable to shareholders of the Company	+17.8%	39,842	33,824
• Basic earnings per share (HK cents)	+17.7%	5.45	4.63

Operation Highlights

- Encouraging profit and comparable store sales growth across all operations
- Continuous improvement in business performance of Circle K Guangzhou
- Robust sales of Saint Honore Chinese New Year festive products
- Strong cash position of HK\$557 million without any bank borrowings

Number of Stores as of 31 March 2011

Circle K Stores

Hong Kong	319
Guangzhou	61
Shenzhen	1
Subtotal	381

Franchised Circle K Stores

Guangzhou	6
Macau	21
Zhuhai	13
Subtotal	40

Total number of Circle K Stores **421**

Saint Honore Cake Shops

Hong Kong	87
Macau	7
Guangzhou	19

Total number of Saint Honore Cake Shops **113**

Total number of Stores under Convenience Retail Asia **534**

Convenience Retail Asia Limited
Unaudited Consolidated Profit & Loss Account

	Three months ended 31 March	
	2011	2010
	HK\$'000	HK\$'000
Revenue	903,069	814,836
Cost of sales	(588,515)	(541,320)
Gross profit	<u>314,554</u>	<u>273,516</u>
Other income	19,071	18,125
Other (loss)/gain, net	(209)	17,163
Store expenses	(229,632)	(214,904)
Distribution costs	(21,328)	(19,698)
Administrative expenses	(34,793)	(36,785)
Operating profit	<u>47,663</u>	<u>37,417</u>
Interest income	1,647	1,358
Profit before income tax	<u>49,310</u>	<u>38,775</u>
Income tax expenses	(9,468)	(4,951)
Profit attributable to shareholders of the Company	<u><u>39,842</u></u>	<u><u>33,824</u></u>
Earnings per share		
Basic (HK cents)	<u>5.45</u>	<u>4.63</u>
Diluted (HK cents)	<u><u>5.44</u></u>	<u><u>4.63</u></u>