



For Immediate Release

CRA announces record annual sales and profit growth

Strong comparable store sales growth and improved business performance

Hong Kong, 7 March 2012 – Convenience Retail Asia Limited, (“CRA” or “the Group”; SEHK: 00831), operator of Circle K convenience stores and Saint Honore cake shops in Hong Kong and on the Chinese Mainland, announced record turnover and profit for the year ended 31 December 2011, citing higher comparable store sales and improved business performance across all operations.

The Group’s turnover for the year increased to HK\$3,972.6 million, representing growth of 11.1% when compared to the corresponding period in 2010. The strong growth was attributed to the opening of new stores and an increase in comparable convenience store sales (stores in existence throughout 2010 and 2011), which increased by 6.8% and 15% in Hong Kong and Southern China. Turnover for the Saint Honore Cake Shop business increased by 17% to HK\$885 million year on year, which was primarily due to single-digit comparable store sales growth in Hong Kong and an increase in the number of stores in 2011.

The Group achieved robust sales growth and a net profit increase of 11.1% and 22% respectively for 2011 as compared to 2010. Excluding a HK\$16.5 million gain on the disposal of a real estate property that was recorded in 2010, net profit of HK\$166.3 million for the year, representing a year-on-year increase of 38.7%.

CRA maintained operating expenses as a percentage of turnover at 32.4% for the year as a result of stringent control on expenses and the higher sales base.

Basic earnings per share increased from 16.41 HK cents to 22.69 HK cents before the one-off gain in 2010, representing growth of 38.3%. Including the one-off gain, basic earnings per share increased by 21.5%, from 18.67 HK cents to 22.69 HK cents.

The Board of Directors has resolved to recommend a final dividend of 11 HK cents per share (2010: 8.5 HK cents). Together with the interim dividend of 3.8 HK cents per share (2010: 1.9 HK cents plus a special dividend of 2.4 HK cents per share), the total dividend

for 2011 will be 14.8 HK cents per share (2010: 12.8 HK cents). The Group holds a strong cash position of HK\$719 million as of 31 December 2011 without any bank borrowings.

Mr. Richard Yeung, Chief Executive Officer of CRA said, “I am pleased to report the Group achieved robust performance despite difficult market conditions and increased cost pressure on margin. Although the outlook for 2012 is once again challenging, primarily because of the macroeconomic environment and escalating operating costs, we will continue to exercise prudent cost control and implement timely, innovative marketing programs to drive sales.”

Business Review

The Group faced significant operational challenges in 2011, including the implementation of new minimum wage legislation, escalating retail rentals and rising costs. However, record-breaking tourist arrivals – particularly from the Chinese Mainland – helped drive vibrant consumer demand in Hong Kong, leading to record results for the Group.

During the year, CRA once again committed itself to improving productivity while carefully controlling operating costs, including the prudent allocation of frontline staff and extensive energy-saving measures. The Group also reported significant improvement in product margin through regular pricing strategy reviews and innovative buying tactics.

On the Chinese Mainland, CRA saw encouraging business results despite slowing economic and retail growth as well as increasingly cautious consumer sentiment. Circle K’s popular Hot & In food service continued to drive positive results, contributing to a double-digit increase in comparable store sales and healthy growth in operating margin. During the year, the Group expanded its range of convenience services, including e-ticketing and bill payment, throughout its Hong Kong and Guangzhou networks. The Saint Honore Cake Shop operations achieved robust turnover, although the impact of the minimum wage and surging costs led to slight erosion in gross profit margin.

Continuing its emphasis on quality customer service, the Group executed a number of quality customer service training programs in 2011, including a staff engagement program to improve retention and convert more part-time employees into full-time staff.

Outlook

Anticipating more uncertainty in the global economy and the further deceleration of growth in the Chinese Mainland economy, CRA will proceed cautiously in 2012, aiming for

sustained growth in its existing operations and expansion to new target markets in Southern China. The Group added that if external market conditions become unfavourable, it will prepare its management and operation teams to respond quickly in order to minimize any negative impact on its businesses. The Group said ensuring a high degree of scalability and agility in all its business operations was also a priority as it works towards the strategic goals set for the three-year period of 2011-2013.

Mr Yeung said, “It is worth noting that 52.7% of Mainland arrivals in Hong Kong are same-day visitors, which indicates a growing trend of borderless shopping. We believe this will benefit CRA’s operations and brands, which will continue to become more recognizable among target customers in both markets.

“We will also continue to invest in our people through our extensive staff engagement program, in order to foster a sense of camaraderie and career prospects within the Group. This will not only improve our retention rate, but also sustain the high level of customer service for which our brands are renowned,” he concluded.

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About CRA

Convenience Retail Asia Limited (CRA, SEHK stock code: 00831), a member of the Li & Fung Group, is principally engaged in the operation of the Circle K convenience store and Saint Honore Cake Shop bakery chains in the Pearl River Delta, including Hong Kong and Macau.

As of 31 December 2011, there were a total of 101 Circle K stores outside Hong Kong. In addition to the 324 stores in Hong Kong, the Group operates a total of 425 Circle K stores in the Pearl River Delta. Together with the Saint Honore chain, which currently has a total of 118 stores in Hong Kong, Macau, Guangzhou and Shenzhen, the Group operates a total store network of 543 outlets as of the end of 2011.

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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: 00831)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

	Change	2011 HK\$'000	2010 HK\$'000
• Revenue	+11.1%	3,972,615	3,575,238
• Financial gain on disposal of property, net of tax	N/A	Nil	16,486
• Profit attributable to shareholders of the Company	+22.0%	166,320	136,359
• Basic earnings per share (HK cents)	+21.5%	22.69	18.67
• Dividend per share (HK cents)			
Final	+29.4%	11.00	8.50
Full year			
- Basic	+42.3%	14.80	10.40
- Special	N/A	Nil	2.40

Operation Highlights

- Record sales turnover and profit growth for 2011 despite increased pressure on margin
- Strong comparable store sales growth and improved business performance across all business units
- Challenging outlook for 2012 due to economic uncertainty and continued escalation of operating costs
- Strong cash position of HK\$719 million without any bank borrowings

Number of Stores as of 31 December 2011

Circle K Stores	
Hong Kong	324
Guangzhou	59
Shenzhen	1
Subtotal	384
Franchised Circle K Stores	
Guangzhou	6
Macau	22
Zhuhai	13
Subtotal	41
Total number of Circle K Stores	<u>425</u>
Saint Honore Cake Shops	
Hong Kong	90
Macau	8
Guangzhou	19
Shenzhen	1
Total number of Saint Honore Cake Shops	<u>118</u>
Total number of Stores under Convenience Retail Asia	<u>543</u>

Convenience Retail Asia Limited
Consolidated Profit & Loss Account

	Year ended 31 December	
	2011	2010
	HK\$'000	HK\$'000
Revenue	3,972,615	3,575,238
Cost of sales	(2,589,639)	(2,346,370)
Gross profit	<u>1,382,976</u>	<u>1,228,868</u>
Other income	84,534	76,948
Other gains, net	15,789	15,261
Store expenses	(1,022,760)	(925,242)
Distribution costs	(94,418)	(85,622)
Administrative expenses	(173,176)	(151,075)
Operating profit	<u>192,945</u>	<u>159,138</u>
Interest income	8,575	5,970
Profit before income tax	<u>201,520</u>	<u>165,108</u>
Income tax expenses	(35,200)	(28,749)
Profit attributable to shareholders of the Company	<u><u>166,320</u></u>	<u><u>136,359</u></u>
Earnings per share (HK cents)		
Basic	<u><u>22.69</u></u>	<u><u>18.67</u></u>
Diluted	<u><u>22.68</u></u>	<u><u>18.67</u></u>
Dividends	<u><u>108,614</u></u>	<u><u>93,583</u></u>