



Convenience Retail Asia Ltd 2007 Annual Results Presentation

12 March 2008





2007 Annual Results Presentation Agenda

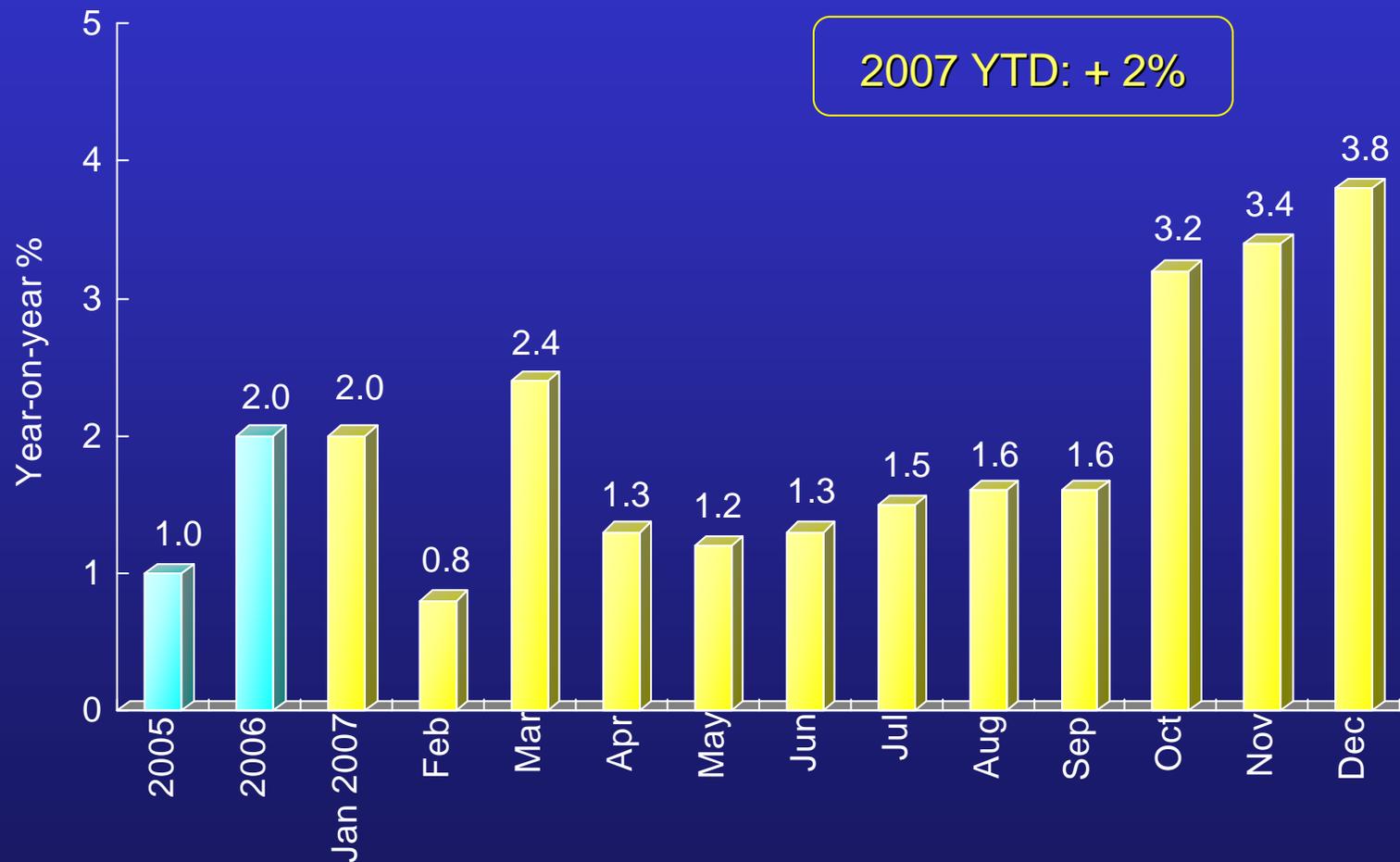
- Overall Hong Kong & Guangzhou Retail Markets
- 2007 Key Highlight
- 2007 Financial Results Highlight
- 2008 Update & Outlook
- Question & Answers



2007 HK Retail Sales Value Year-on-year % Change



2007 HK Consumer Price Index Year-on-year % Change



2007 Guangzhou Retail Sales Value Year-on-year % Change



2007 Guangzhou City Consumer Price Index Year-on-year % Change





2007 Key Highlight





Key Highlight of 2007 Circle K Hong Kong

- Maximizing differentiation and quality growth strategy very successful
- “Always Something New” campaign and supporting promotions generating favorable results
- Completion of upgrading stores to 3G format
- Strengthening food services choice
 - In-store bakery
 - Steam counter
 - Grab-and-go meals
 - Micro-wave lunch boxes



Circle K Hong Kong 3G Store Image



Circle K Hong Kong Innovative Promotions

OK便利店

FROM JAPAN

買至潮小食 唔一定飛東京!

新鮮感第1擊! 最新潮流小食, 咁人一步飛東京!
近日陸續推出, 睇出新鮮感, OK便利店獨家發售!

OK 新鮮感 轉出新鮮感

OK便利店

轉數快 唔一定識答IQ題!

新鮮感第2擊! OK便利店獨家發售, 睇出新鮮感, 唔一定識答IQ題!
更有每日多場抽獎, 每日OK便利店獨家發售, 每日轉數快!

OK 新鮮感 轉出新鮮感

OK便利店

買咩 唔一定要俾錢!

每日 1,000位 幸運兒

新鮮感第3擊!

每次到OK便利店購物滿\$15, 唔同唔同日期, 每日幸運兒達1,000位, 俾咁多咁多位數咁多咁多, 俾咁多咁多位數咁多咁多, 俾咁多咁多位數咁多咁多!

OK 新鮮感 轉出新鮮感

OK便利店

新鮮感第5擊

冬の誘惑

今個冬天, OK便利店為您獨家轉出充滿誘惑的日本零食! 重點推介濃情朱古力系列, 絕對難以抗拒; 加上一試傾心的熱情風味系列, 季節限定款款全新, 令您更不釋手, 濃情新誘惑!

OK 新鮮感 轉出新鮮感



Key Highlight of 2007 Circle K Southern China

- Consolidation of Guangzhou, Dongguan and Shenzhen stores into one management team
- Completed pilot test and ready for franchising in 2008
- Focus in Guangzhou market and development of high sales stores



Circle K Southern China





Key Highlight of 2007 Saint Honore Cake Shop

- Completed integration of Saint Honore into CRA Group
- Strengthened fundamentals:
 - Support systems
 - Supply chain and logistics
 - New EPOS
- Changing strategy from low price + volume to modern image + TFH (taste, fresh & hot) products + value pricing to middle income group
 - New image stores
 - Improved product ranges
 - New product lines



Saint Honore Cake Shop New Store Image





2007 Financial Results Highlight



2007 Financial Results Highlight No. of Store – Circle K Group

| | 2006 | 2007 |
|-------------------------------------|------------|------------|
| ▪ Circle K Hong Kong | 250 | 270 |
| ▪ Circle K Guangzhou | 52 | 63 |
| ▪ Circle K Dongguan | 8 | 9 |
| ▪ Circle K Shenzhen | 2 | 4 |
| CRA Operated Circle K Stores | 312 | 346 |
| ▪ Macau J.V. | 16 | 16 |
| ▪ Zhuhai J.V. | 6 | 10 |
| Total Circle K Stores | 334 | 372 |

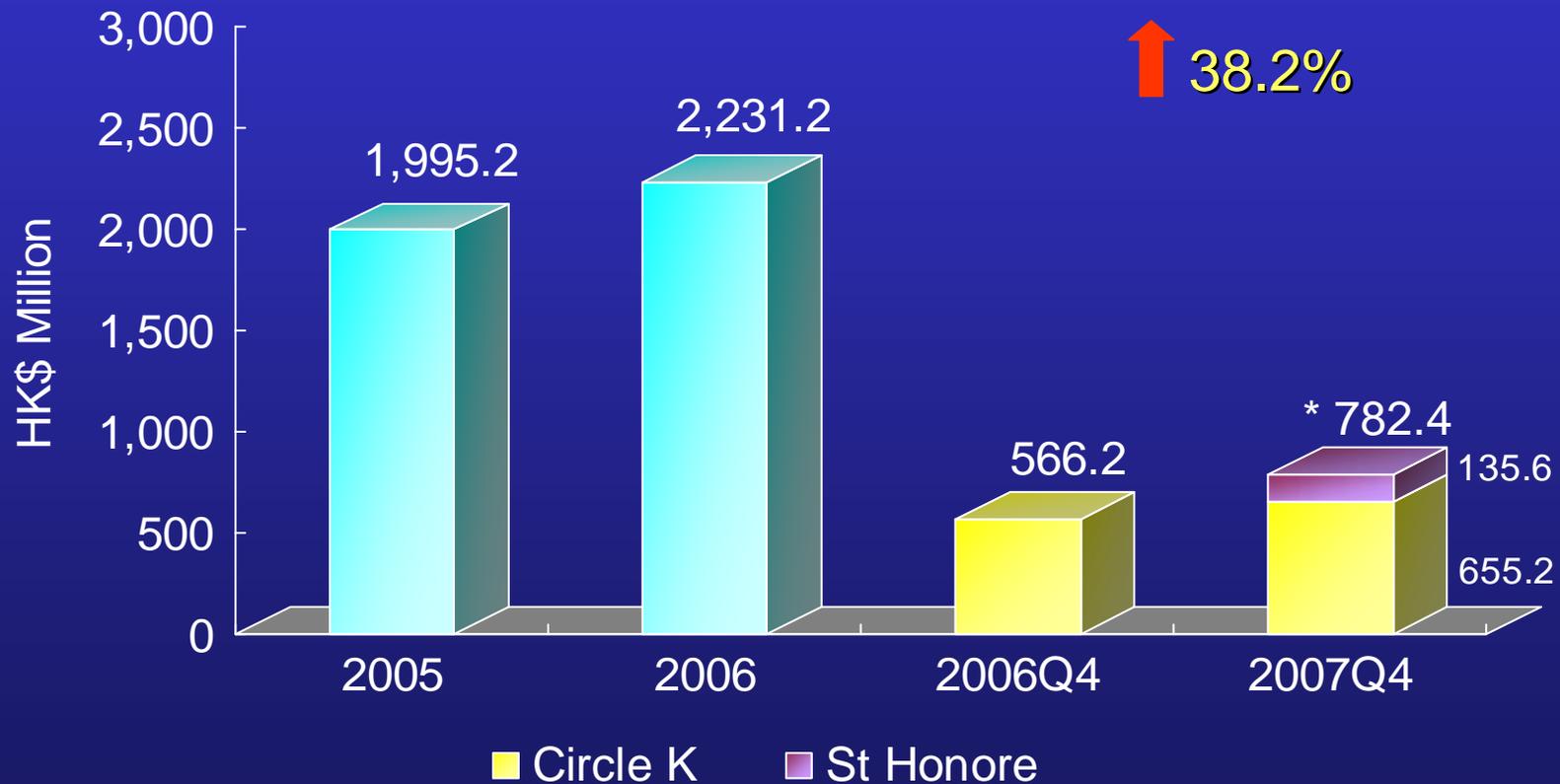
2007 Financial Results Highlight No. of Store – Saint Honore Group

| | 2007 |
|---|-----------|
| <ul style="list-style-type: none"> ▪ Saint Honore Hong Kong <ul style="list-style-type: none"> • <i>Cake Shop</i> • <i>Bread Boutique</i> | 81 |
| <ul style="list-style-type: none"> ▪ Saint Honore Macau | 7 |
| <ul style="list-style-type: none"> ▪ Saint Honore Guangzhou | 9 |
| Total Saint Honore Stores | 97 |

2007 Financial Results Highlight No. of Store – CRA Group

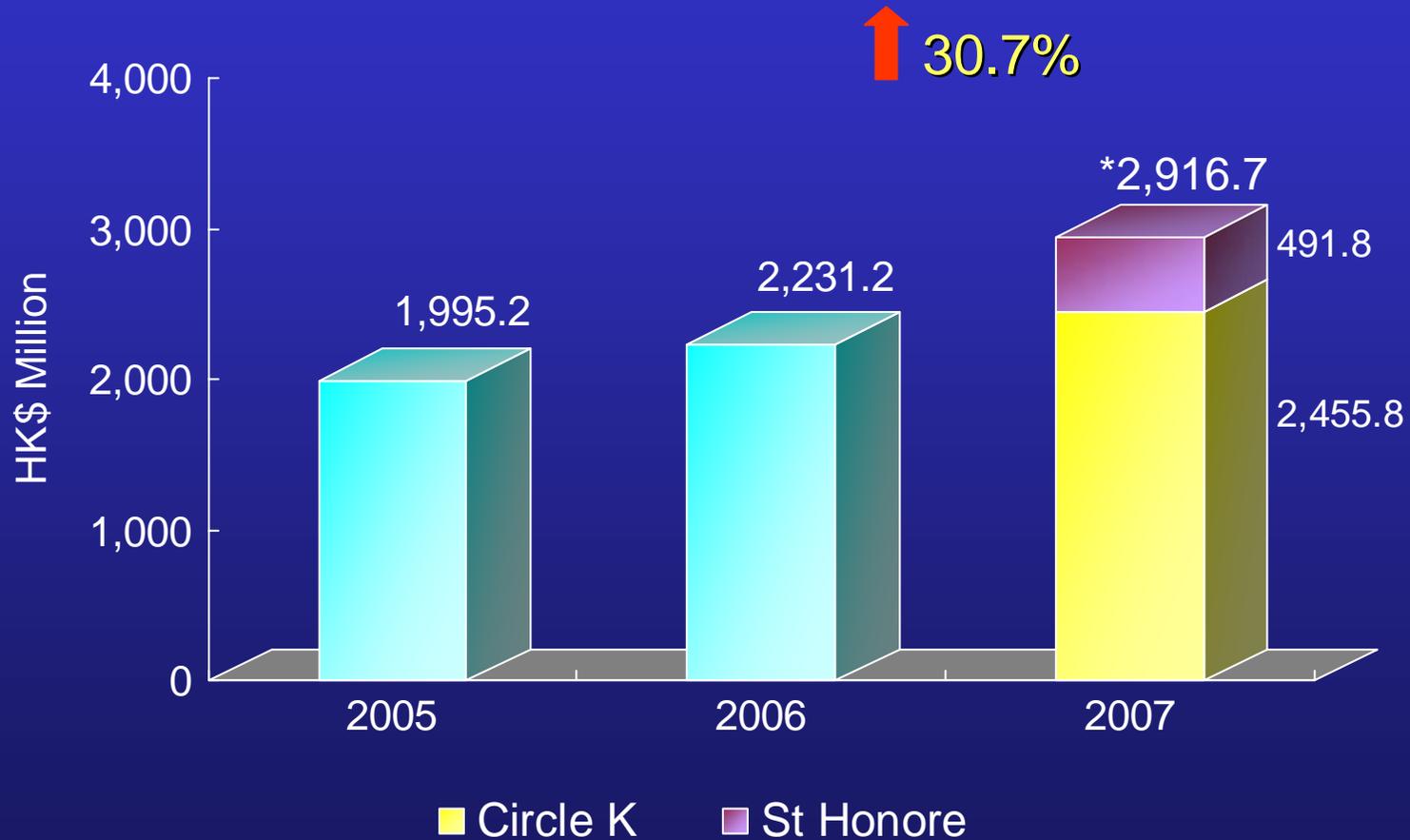
| | 2006 | 2007 |
|-------------------------------|------------|------------|
| ▪ Circle K Group | 334 | 372 |
| ▪ Saint Honore Group | - | 97 |
| Total Number of Stores | 334 | 469 |

2007 Financial Results Highlight Group Turnover – 4th Quarter



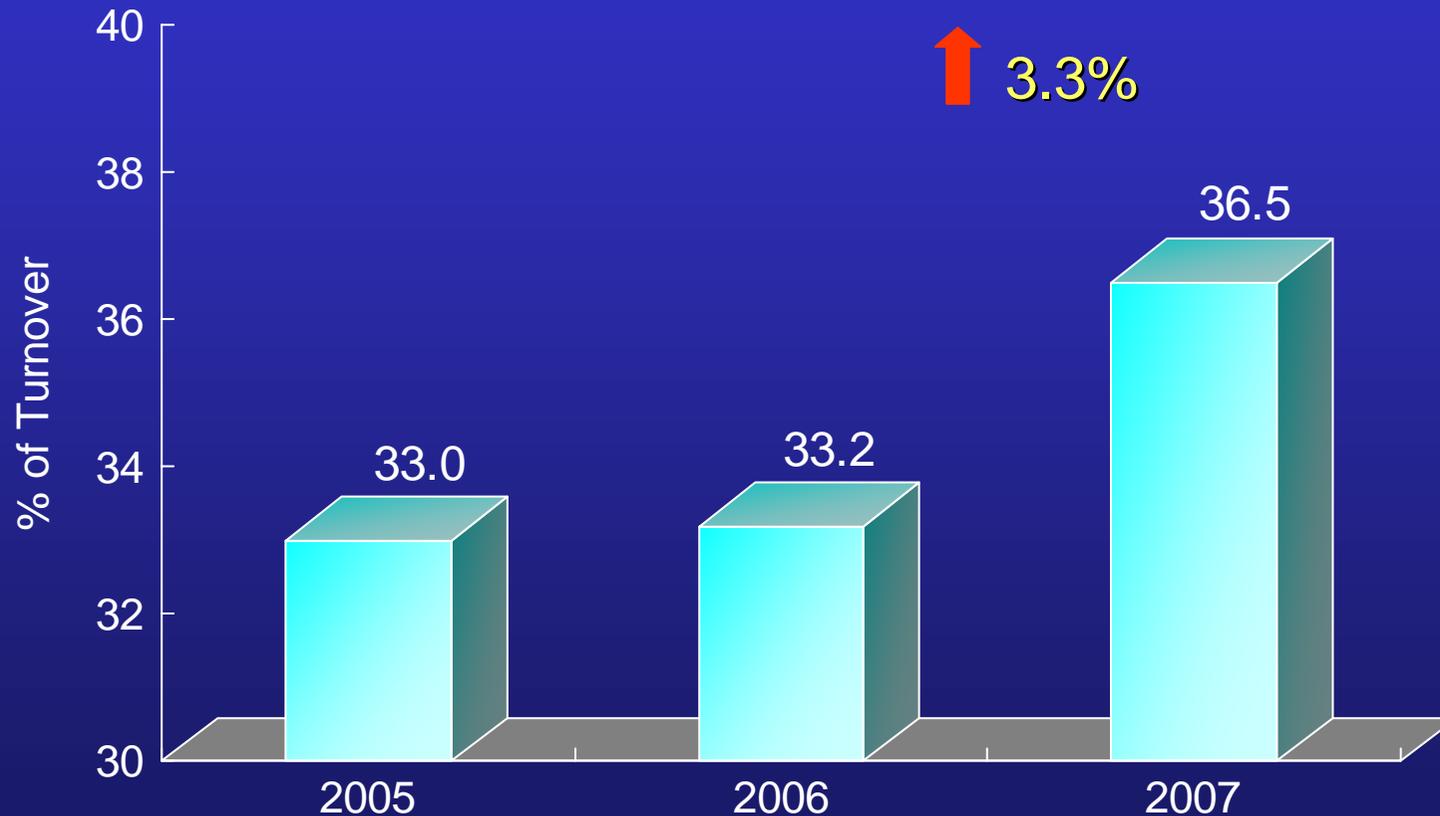
* After consolidation adjustment (less inter-group sales HK\$8.4M)

2007 Financial Results Highlight Group Turnover – Full Year



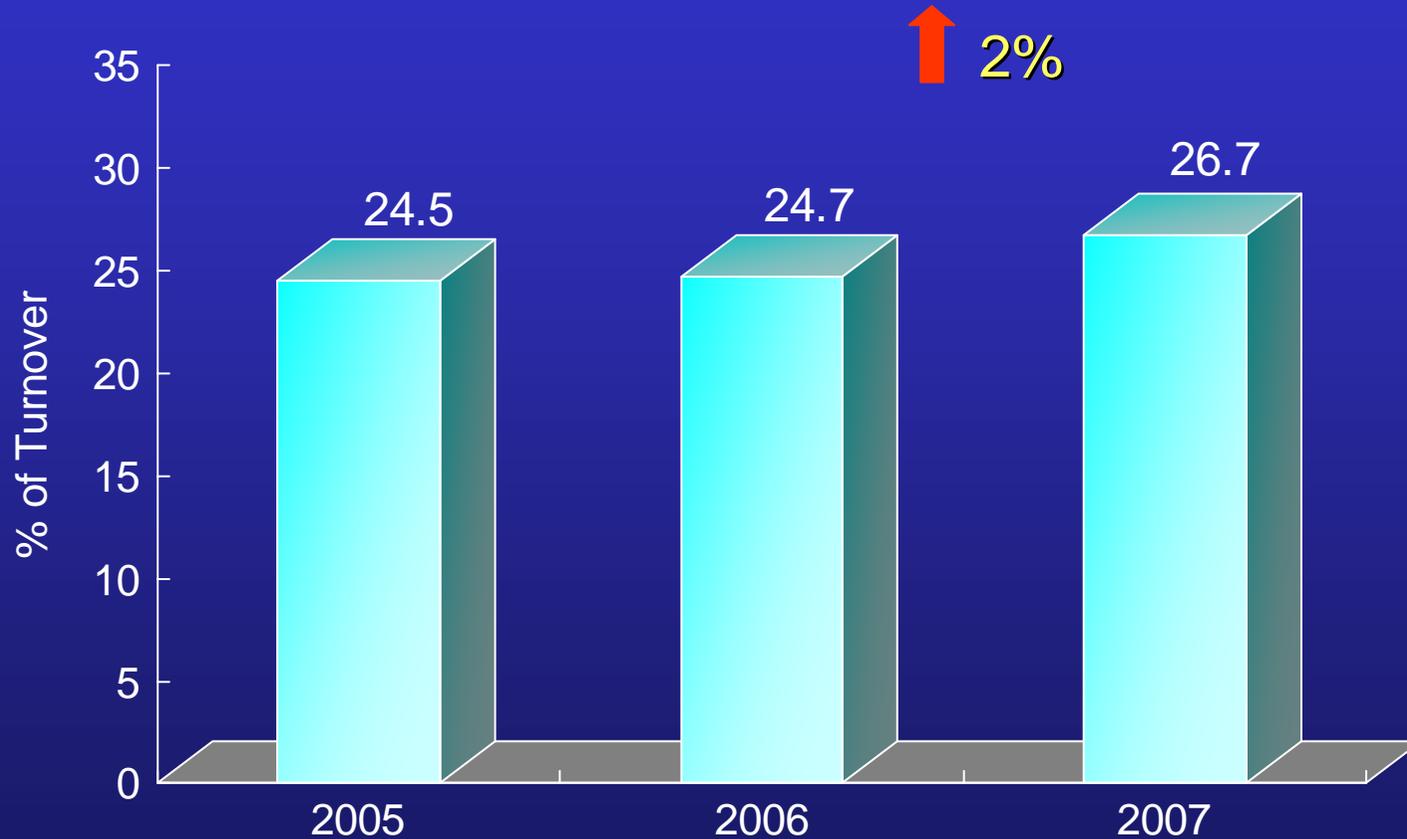
* After consolidation adjustment (less inter-group sales HK\$30.9M)

2007 Financial Results Highlight Gross Margin / Other Income



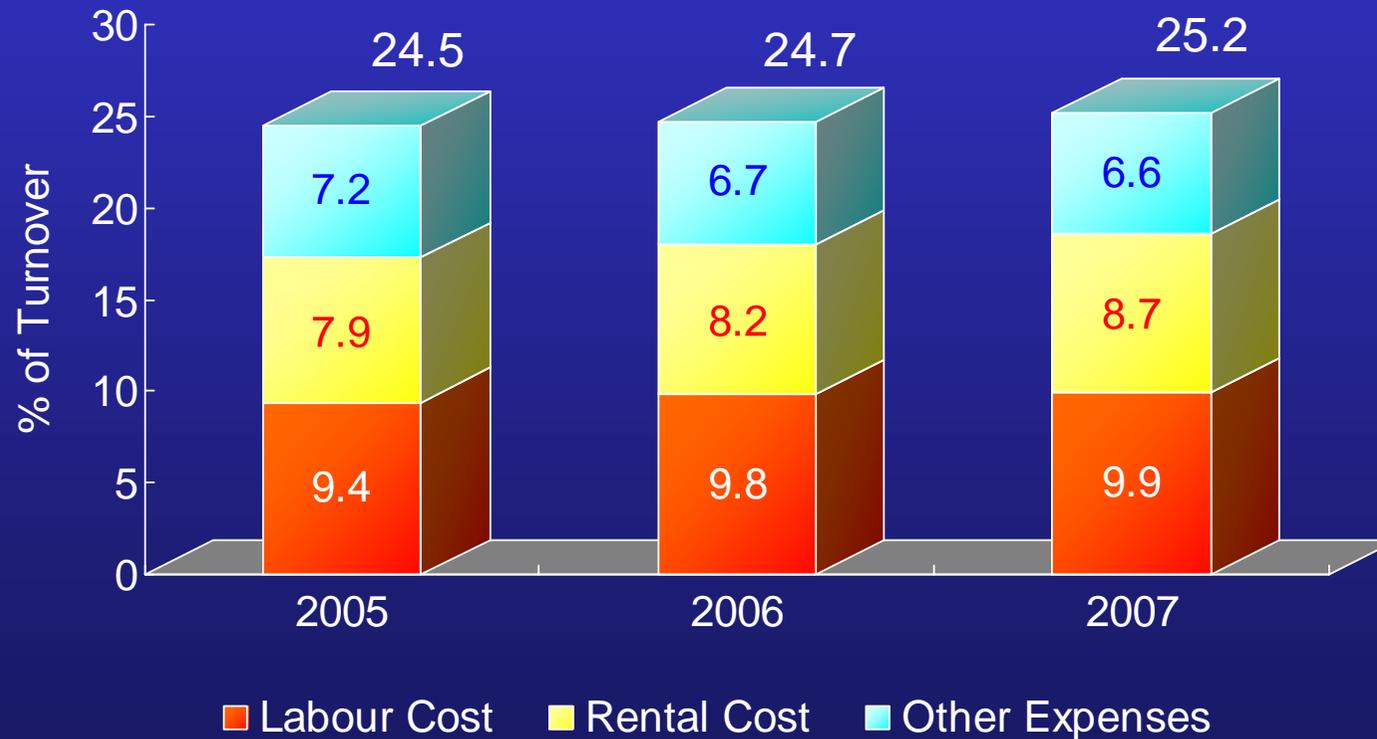
* Excluding interest income

2007 Financial Results Highlight Store Operating Expenses

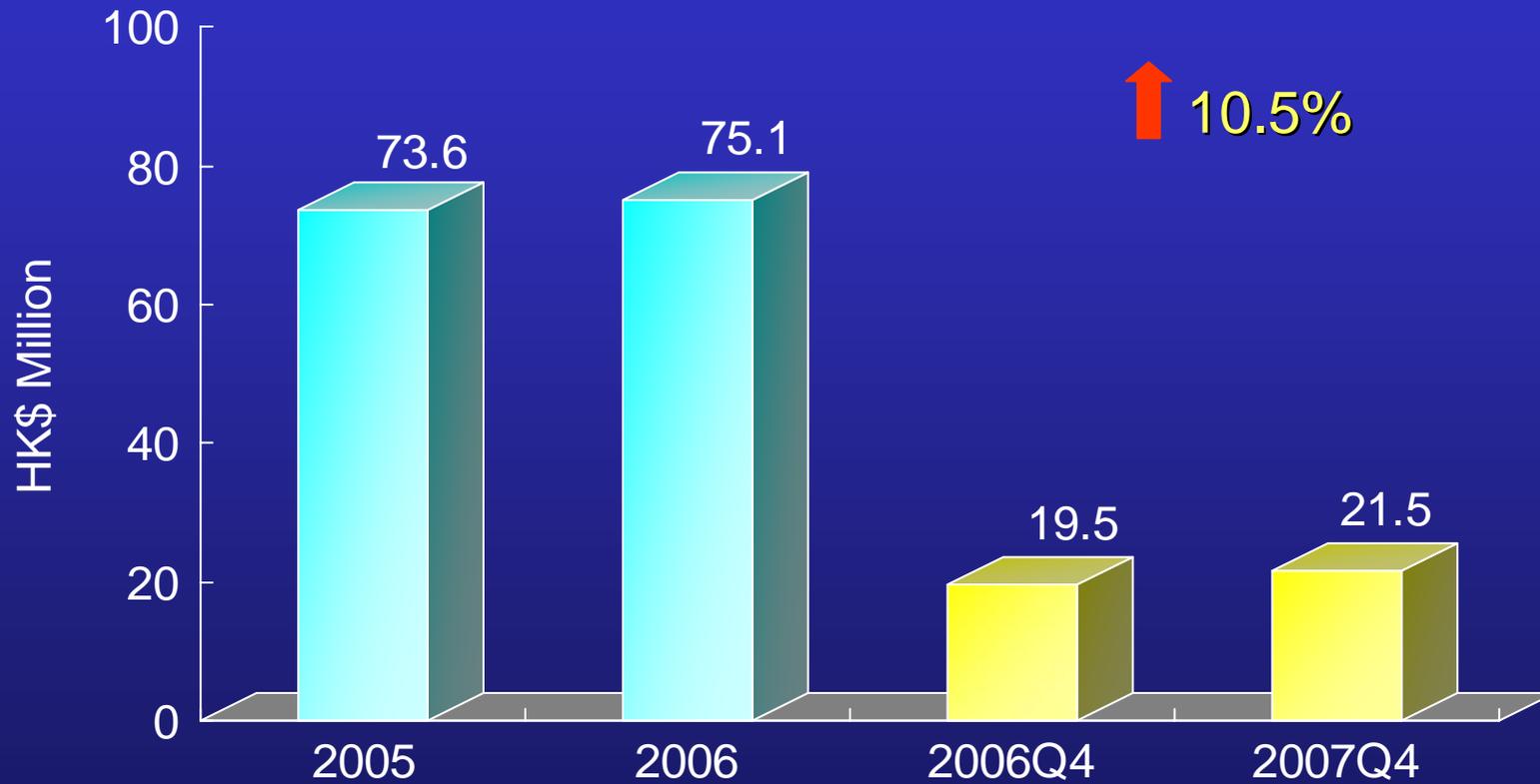


2007 Financial Results Highlight Store Operating Expenses

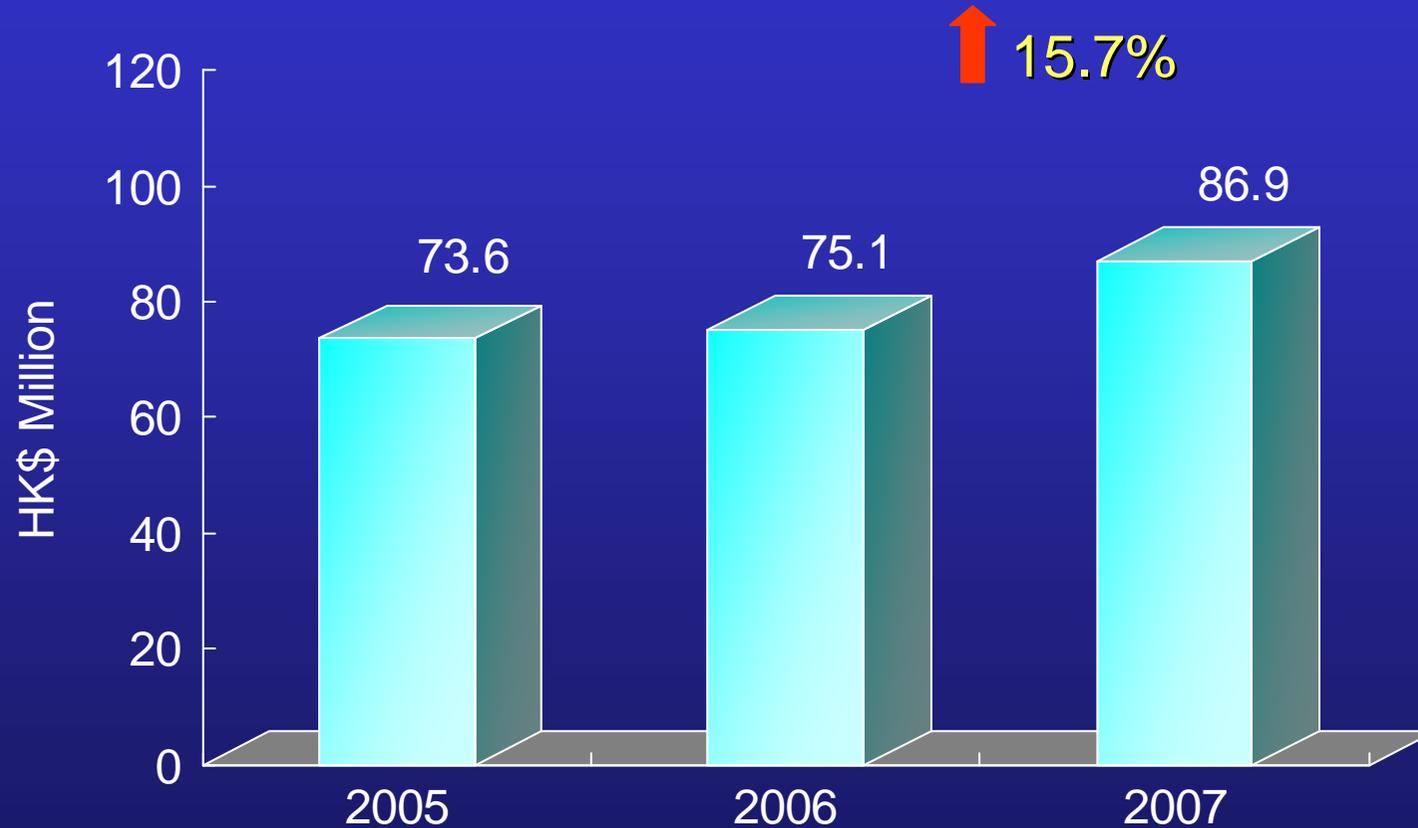
Circle K Group Store Operating Expenses



2007 Financial Results Highlight Group Net Profit – 4th Quarter



2007 Financial Results Highlight Group Net Profit – Full Year

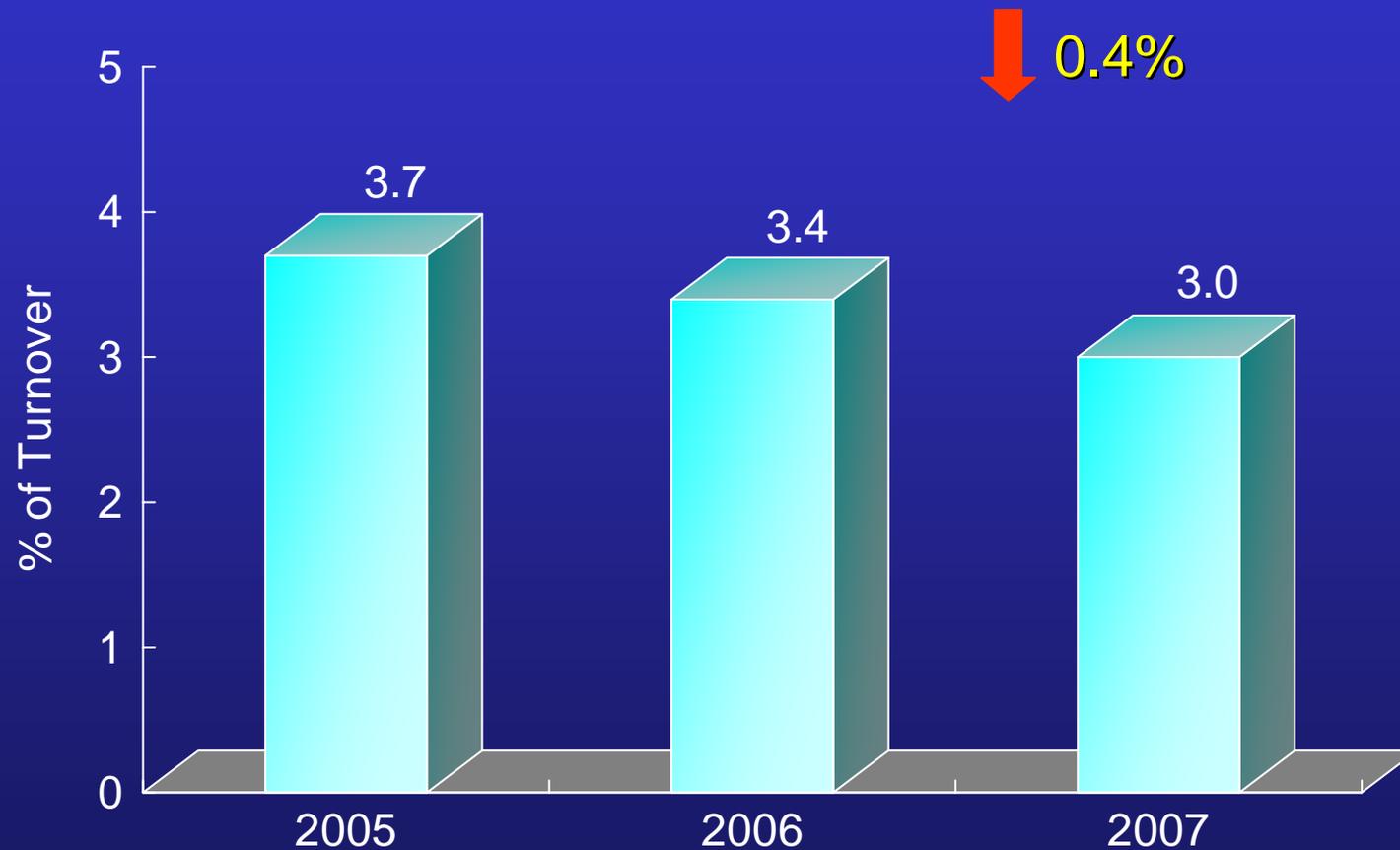




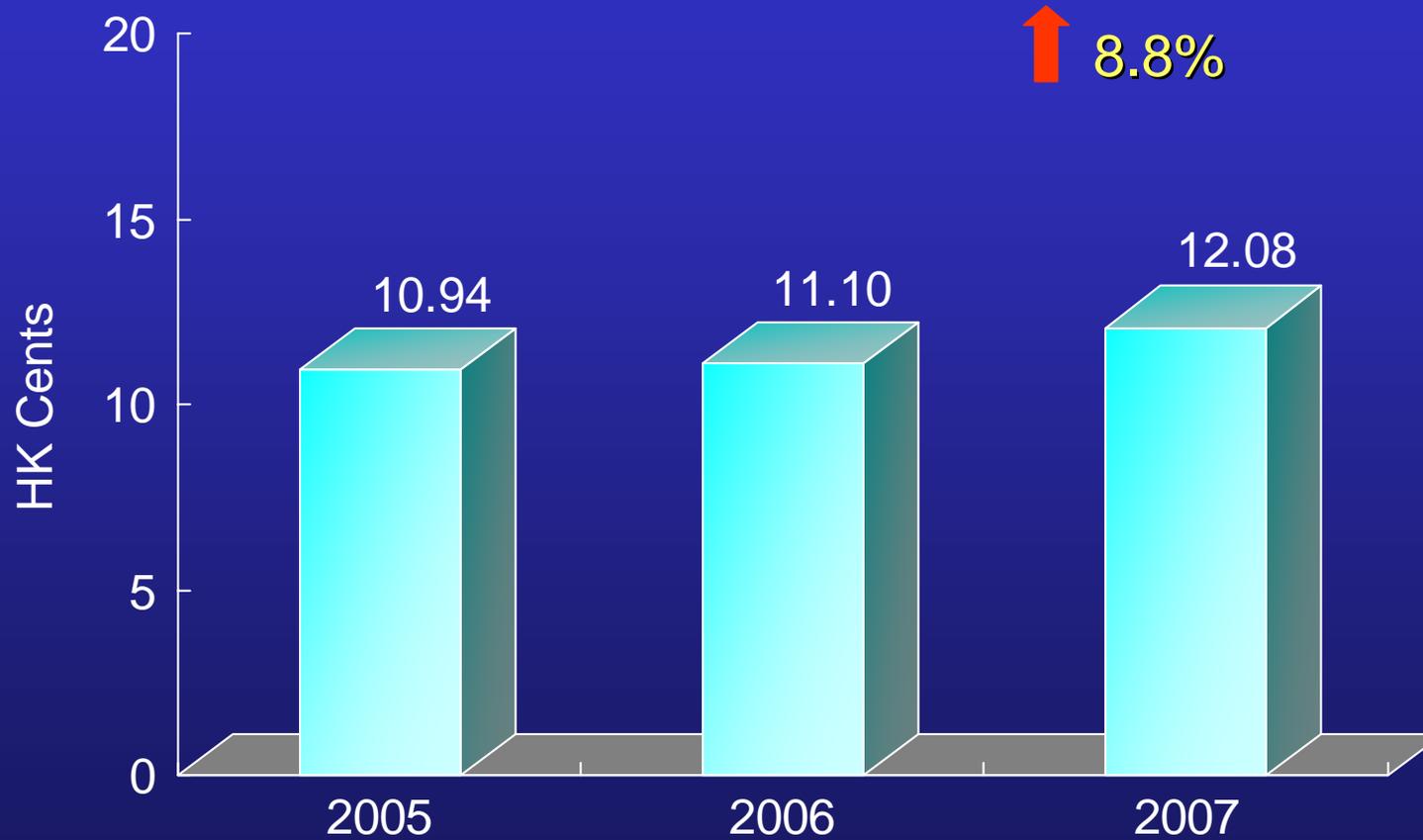
2007 Financial Results Highlights Net Profit By Market

| | <u>2006FY</u> (HK\$M) | <u>2007FY</u> (HK\$M) | <u>Change</u> (HK\$M) |
|---------------------------|--------------------------|--------------------------|--------------------------|
| Hong Kong & Macau Markets | 94.8 | 109.2 | 14.4 |
| China Market | (19.7) | (22.3) | (2.6) |
| Total | 75.1 | 86.9 | 11.8 |

2007 Financial Results Highlight Net Profit as % of Turnover



2007 Financial Results Highlight Basic Earnings Per Share





2007 Financial Results Highlight 4th Quarter

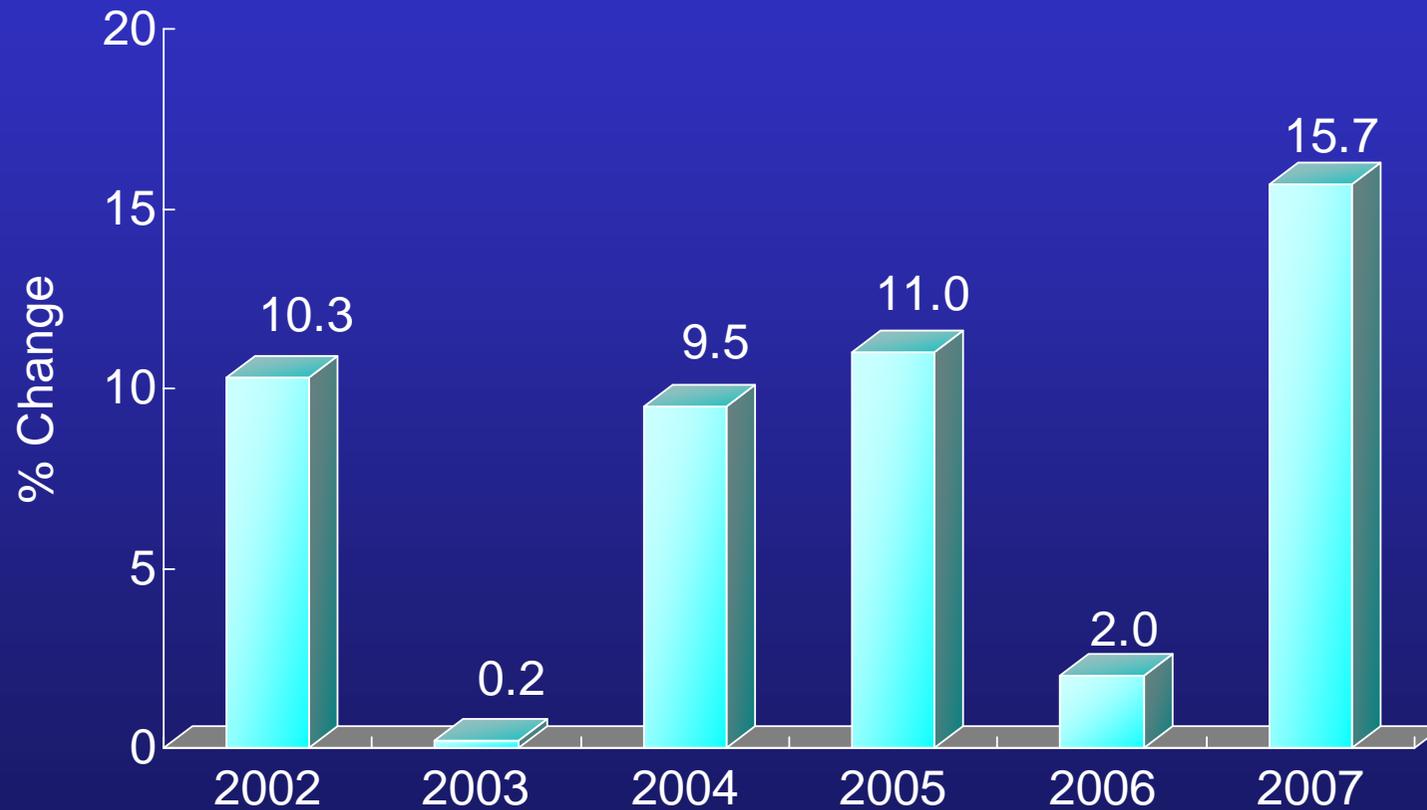
| | 2006Q4 | 2007Q4 | Change |
|-----------------------------|------------|------------|---------|
| Number of Stores | 334 | 469 | + 40.4% |
| Group Turnover (HK\$M) | 566.2 | 782.4 | + 38.2% |
| Group Net Profit (HK\$M) | 19.5 | 21.5 | + 10.5% |
| Net Profit as % of Turnover | 3.4% | 2.8% | - 0.6% |
| Basic Earnings Per Share | 2.88 Cents | 2.95 Cents | +2.4% |



2007 Financial Results Highlight Full Year

| | 2006FY | 2007FY | Change |
|-----------------------------|-------------|-------------|---------|
| Number of Stores | 334 | 469 | + 40.4% |
| Group Turnover (HK\$M) | 2,231.2 | 2,916.7 | + 30.7% |
| Group Net Profit (HK\$M) | 75.1 | 86.9 | + 15.7% |
| Net Profit as % of Turnover | 3.4% | 3.0% | - 0.4% |
| Basic Earnings Per Share | 11.10 Cents | 12.08 Cents | + 8.8% |
| Total Dividend Per Share | 6.5 Cents | 7.2 Cents | + 10.8% |
| ▪ <i>Interim Dividend</i> | 1.5 Cents | 1.7 Cents | + 13.3% |
| ▪ <i>Final Dividend</i> | 5.0 Cents | 5.5 Cents | + 10.0% |

Year-on-year Profitability Growth



2008 Update and Outlook



2008 Hong Kong Market Outlook

- Unusually cold weather in January and February
- High increase in food cost
- Challenging rental increase on renewal
- Inflation in operating expenses becoming a major issue
- Robust consumer confidence and acceptance of price increase, new products & innovative promotions
- “Always Something New” brand position and innovative promotions
- Tight control of operating expenses



2008 Southern China Market Outlook

- Run-away food cost increases such as pork, poultry and flour
- Escalating operational costs
- Increasing labour shortage
- Consumer sentiment to spend continues to be strong
- Aggressive store opening programme by launching the franchise model
- Further upgrading of store models



2008 Market Outlook To Summarize

- Favourable consumer sentiments
- Huge increase in food cost
- Inflation pressure on operating expenses
- Differentiation, innovation, operations excellence and control of expenses becoming even more important
- Solid cash-flow, balance sheet
- Actively seek new investment opportunities





Thank You!

