



For Immediate Release

## **Convenience Retail Asia reports growth in turnover and profit for 2007**

### ***Successful implementation of management initiatives drives business growth***

*Hong Kong, 12 March 2008* – Convenience Retail Asia Limited (“CRA” or “the Group”; SEHK: 8052), operator of Circle K convenience stores and Saint Honore cake shops in Hong Kong and on the Chinese Mainland, announced that the Group’s sales for the year and the fourth quarter increased to HK\$ 2,916.7 million and HK\$ 782.4 million respectively, representing a growth of 30.7% and 38.2% when compared to the corresponding periods in 2006. Net profit attributable to shareholders rose by 15.7% and 10.5% to HK\$ 86.9 million and HK\$ 21.5 million for the year and the fourth quarter when compared to the corresponding periods in 2006.

Basic earnings per share increased by 8.8% from 11.10 HK cents to 12.08 HK cents for the year. The Board of Directors has resolved to recommend a final dividend of 5.5 HK cents per share (2006: 5 HK cents). Together with the interim dividend of 1.7 HK cents per share, total dividend for 2007 would be 7.2 HK cents per share (2006: 6.5 HK cents).

Mr. Richard Yeung, Chief Executive Officer of CRA, said, “The Group’s retail sales growth in Hong Kong arose from robust consumer confidence, a wealth effect created by the overall upward trend of the stock and property markets, increased inbound tourism and record-breaking tourist expenditure.”

He observed that both the launch of a brand building television campaign and the successful acquisition and integration of Saint Honore had enhanced CRA’s competitiveness and strengthened its market penetration in the past year.

The turnover growth was attributed to effective advertising and promotional activities, the addition of new stores in Hong Kong and Southern China, the increase in turnover of comparable stores (stores in existence throughout 2006 and 2007), and the consolidation of the Saint Honore operations.

“A key achievement was the successful acquisition and integration of Saint Honore which synergised the Circle K and Saint Honore businesses building a solid foundation for further growth through product quality upgrades, product innovation and aggressive network expansion,” Mr. Yeung commented.

The Group celebrated the fifth anniversary of the Circle K chain's entry in Guangzhou with a vendor supported consumer promotion. In addition, the management structure in Southern China was simplified by consolidating store operation teams for Guangzhou, Dongguan and Shenzhen under one management team headquartered in Guangzhou.

Mr. Yeung said, "We also turned around underperforming stores and improved the success rate of new store openings by customising stores to meet local consumer demand with a tailor-made product mix and pricing strategy for specific customer groups."

Another significant breakthrough for the Group was the integration of the Circle K and the Saint Honore operations in Guangzhou. Mr. Yeung said, "The Saint Honore brand in Guangzhou enjoys prestigious positioning and strong brand recognition with product offerings commanding a premium price." He added, "While management, administrative and support resources will be fully integrated the two chains will be operated separately to maintain brand and customer integrity."

Looking ahead, Mr. Yeung commented, "Riding on favourable retail market trends, an aggressive store opening programme will be undertaken to achieve better economies of scale, especially in Guangzhou, and we will continue to optimise the business potential offered by the acquisition of Saint Honore."

To pave the way for a more aggressive store opening programme in 2008, the Group plans to launch a franchise model for Circle K stores in Guangzhou.

"Furthermore, the Group will actively seek new investment opportunities in the form of acquisitions, joint ventures or strategic alliances that complement our existing operations," Mr. Yeung concluded.

- ENDS -

**About CRA**

*Convenience Retail Asia Limited (CRA, SEHK stock code: 8052), 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 October 2002, CRA established Convenience Retail Southern China Limited in joint venture with Guangzhou Grain Group Limited and Shanghai Shenhong Corporation to develop the South China market.*

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

*Convenience Retail Asia Limited  
Press Release – 2007 Annual Results*

*As of 31 December 2007, there were 76 company-owned-and-managed Circle K stores in Southern China, together with 26 licensed stores in Macau and Zhuhai – a total of 102 Circle K stores outside Hong Kong. Adding these to the 270 Circle K stores in Hong Kong, the Group operated 372 Circle K stores in the Pearl River Delta. With the addition of the 97 outlets of the Saint Honore Chain in Hong Kong, Macau and Guangzhou, the Group operated 469 stores as at the end of 2007.*

*(CRA website: [www.cr-asia.com](http://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: 8052)

### ANNUAL RESULTS FOR 2007

Three Months Ended 31 December		2007	2006
• Revenue	+38.2%	HK\$782,422,000	HK\$566,201,000
• Profit attributable to shareholders of the Company	+10.5%	HK\$21,526,000	HK\$19,475,000
• Earnings per share	+2.4%	HK2.95 cents	HK2.88 cents
Twelve Months Ended 31 December		2007	2006
• Revenue	+30.7%	HK\$2,916,734,000	HK\$2,231,217,000
• Profit attributable to shareholders of the Company	+15.7%	HK\$86,867,000	HK\$75,054,000
• Earnings per share	+8.8%	HK12.08 cents	HK11.10 cents
• Interim dividend per share	+13.3%	HK1.7 cents	HK1.5 cents
• Final dividend per share	+10%	HK5.5 cents	HK5 cents

### HIGHLIGHTS

- Effective advertising and promotional activities, coupled with the integration of Saint Honore, resulted in strong growth in turnover and profit.
- The integration of the Saint Honore operations was successfully completed.
- The Group operated a total of 469 stores in the Pearl River Delta including 372 Circle K stores and 97 Saint Honore stores as of 31 December 2007.
- Net cash position of HK\$442.8 million as of 31 December 2007.

### Number of Outlets as of 31 December 2007

#### Circle K Convenience Stores

Hong Kong	270
Guangzhou	63
Dongguan	9
Shenzhen	4
<b>Subtotal</b>	<b>346</b>

#### Franchised Circle K Stores

Macau	16
Zhuhai	10
<b>Subtotal</b>	<b>26</b>
<b>Total Number of Circle K Outlets</b>	<b><u>372</u></b>

#### Saint Honore Group

Hong Kong	- Cake Shop	66
	- Bread Boutique	15
<b>Subtotal</b>		<b>81</b>
Macau	- Cake Shop	7
Guangzhou	- Cake Shop	9
<b>Subtotal</b>		<b>16</b>
<b>Total Number of Saint Honore Outlets</b>		<b><u>97</u></b>
<b>Total Number of Stores Under Convenience Retail Asia</b>		<b><u>469</u></b>

# Convenience Retail Asia Limited

## Consolidated Profit & Loss Account

	Year ended 31 December	
	2007	2006
	HK\$'000	HK\$'000
Revenue	2,916,734	2,231,217
Cost of sales	(2,059,908)	(1,678,018)
Gross profit	<u>856,826</u>	<u>553,199</u>
Other income	215,351	207,014
Store expenses	(778,793)	(551,693)
Distribution costs	(67,163)	(39,399)
Administrative expenses	(120,347)	(83,606)
Operating profit	<u>105,874</u>	<u>85,515</u>
Finance costs	(745)	-
Profit before income tax	<u>105,129</u>	<u>85,515</u>
Income tax expenses	(23,583)	(16,078)
Profit for the year	<u><u>81,546</u></u>	<u><u>69,437</u></u>
Profit attributable to:		
Shareholders of the Company	86,867	75,054
Minority interests	(5,321)	(5,617)
	<u><u>81,546</u></u>	<u><u>69,437</u></u>
Dividends	<u><u>52,495</u></u>	<u><u>46,338</u></u>
Earnings per share for profit attributable to the shareholders of the Company	<u><u>HK12.08 cents</u></u>	<u><u>HK11.10 cents</u></u>
Final dividend per share	<u><u>HK5.5 cents</u></u>	<u><u>HK5 cents</u></u>