



For Immediate Release

Rise in Convenience Retail Asia sales and profit in 2008

Group anticipates challenges and opportunities ahead

Hong Kong, 16 March 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 the Group posted satisfactory sales performance in Q4 2008 of HK\$829.9 million despite a deteriorating economic environment, pushing overall sales for the fiscal year to HK\$3,322.7 million. These figures represent growth of 6.1% and 13.9% when compared to the corresponding periods in 2007.

Net profit attributable to shareholders rose by 2.3% and 0.3% to HK\$88.9 million and HK\$21.6 million for the year and the fourth quarter respectively when compared to the corresponding periods in 2007.

Basic earnings per share increased by 0.8%, from 12.08 HK cents to 12.18 HK cents. The Board of Directors has resolved to recommend a final dividend of 5.5 HK cents per share (2007: 5.5 HK cents). Together with the interim dividend of 1.7 HK cents per share, the total dividend for 2008 would be 7.2 HK cents per share (2007: 7.2 HK cents). The Group holds a net cash position of HK\$418.5 million as of 31 December 2008 without any bank borrowings.

Mr. Richard Yeung, Chief Executive Officer of CRA, said, “While the Group was able to maintain positive growth momentum over the course of 2008 despite the declining economic environment, our gross margin was negatively impacted by steep food cost inflation during the year under review.”

The Group achieved growth in part because of timely cost controls, which happened in the form of reduced Circle K store openings, allocating human resources in accordance with store sales performance, and reducing energy consumption. The latter also helped the Group maintain good environmental practices.

In 2008, the Group opened 11 new Saint Honore stores in Hong Kong, which along with newly renovated stores feature contemporary, stylish design as well as a popular new range of chilled cakes. The Group will continue to keep a close eye on margins, which should improve due to cost-saving initiatives as well as controls over purchases and expenses.

In mainland China, slowing GDP growth may signal a leaner period ahead. The Group has elected to close five Circle K stores in the Dongguan market for the time being due to deteriorating economic conditions, which will help it focus on the Guangzhou market instead. As a show of confidence in Guangzhou, and to provide more flexibility in a future market recovery, the move was made to increase the Group's stake in Convenience Retail Southern China Limited to 98.5%.

For 2009, the Group anticipates that falling energy prices and reduced consumer demand will help mitigate price inflation. However, retail conditions in Hong Kong look to deteriorate further and pose challenges for operators in the coming year.

But while the Nielsen Consumer Confidence Index in Hong Kong indicated a decline to an all-time low by the end of 2008, it reported that consumers are still willing to spend for value, highlighting potential opportunity for the Group.

"We believe that by understanding our customers' changing needs in this environment, we will be able to provide them with value-added propositions and continue to win their loyalty," Mr. Yeung concluded. "We will also keep moving forward with a defensive operational approach, substantial cash reserves and prudent decision-making regarding expansion to maintain market share."

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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 December 2008, there were 77 company-owned-and-managed Circle K stores outside Hong Kong, together with 5 franchised stores in Guangzhou, 29 licensed stores in Macau and Zhuhai — giving a total of 111 Circle K stores outside Hong Kong. Adding these to the 284 stores in Hong Kong, the Group operates a total of 395 Circle K stores in the Pearl River Delta. Together with the Saint Honore chain, which currently has a total of 105 stores in Hong Kong, Macau and Guangzhou, the Group operates a total store network of 500 outlets as at the end of 2008.

(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)

ANNUAL RESULTS FOR 2008

Three Months Ended 31 December		2008	2007
• Revenue	+6.1%	HK\$829,879,000	HK\$782,419,000
• Profit attributable to shareholders of the Company	+0.3%	HK\$21,600,000	HK\$21,526,000
• Basic earnings per share (HK cents)	+0.3%	2.96	2.95
Twelve Months Ended 31 December		2008	2007
• Revenue	+13.9%	HK3,322,665,000	HK\$2,917,614,000
• Profit attributable to shareholders of the Company	+2.3%	HK\$88,873,000	HK\$86,867,000
• Basic earnings per share (HK cents)	+0.8%	12.18	12.08
• Interim dividend per share (HK cents)	0%	1.7	1.7
• Final dividend per share (HK cents)	0%	5.5	5.5

HIGHLIGHTS

- Circle K Hong Kong and Saint Honore posted satisfactory sales performance in the fourth quarter of 2008 despite deteriorating economic environment
- Gross margin negatively impacted by steep food cost inflation over the year in review
- Recessionary economy posing fresh challenges as well as creating new opportunities
- The Group holds net cash position of HK\$418.5 million as of 31 December 2008 without any bank borrowings

Number of Stores as of 31 December 2008

Circle K Convenience Stores

Hong Kong	284
Guangzhou	71
Shenzhen	6
Subtotal	361

Franchised Circle K Stores

Guangzhou	5
Macau	17
Zhuhai	12
Subtotal	34

Total Number of Circle K Stores **395**

Saint Honore Group

Hong Kong - Cake Shop	77
- Bread Boutique	7

Subtotal **84**

Macau - Cake Shop	7
Guangzhou - Cake Shop	14

Subtotal **21**

Total Number of Saint Honore Stores **105**

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

Convenience Retail Asia Limited
Consolidated Profit & Loss Account

	Year ended 31 December	
	2008	2007
	HK\$'000	HK\$'000
Revenue	3,322,665	2,917,614
Cost of sales	(2,315,890)	(2,058,581)
Gross profit	<u>1,006,775</u>	<u>859,033</u>
Other income	224,379	208,726
Store expenses	(895,185)	(778,896)
Distribution costs	(82,934)	(67,060)
Administrative expenses	<u>(144,012)</u>	<u>(123,296)</u>
Operating profit	109,023	98,507
Finance income, net	<u>5,083</u>	<u>6,622</u>
Profit before income tax	114,106	105,129
Income tax expenses	<u>(25,233)</u>	<u>(23,583)</u>
Profit for the year	<u><u>88,873</u></u>	<u><u>81,546</u></u>
Profit attributable to:		
Shareholders of the Company	88,873	86,867
Minority interests	-	(5,321)
	<u><u>88,873</u></u>	<u><u>81,546</u></u>
Dividends	<u><u>52,554</u></u>	<u><u>52,495</u></u>
Earnings per share for profit attributable to the shareholders of the Company		
- Basic earnings per share (HK cents)	<u><u>12.18</u></u>	<u><u>12.08</u></u>
- Diluted earnings per share (HK cents)	<u><u>12.18</u></u>	<u><u>12.04</u></u>
Final dividend per share (HK cents)	<u><u>5.5</u></u>	<u><u>5.5</u></u>