



For Immediate Release

CRA achieves sales and net profit growth for 2009

Circle K and Saint Honore stores perform above expectations amid difficult operating environment and impact of government regulations

Hong Kong, 10 March 2010 – 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 despite tough market conditions, compounded by levy on plastic bags and increases in tobacco tax, Group sales and net profit increased slightly in 2009, largely on the back of prudent cost-saving measures and innovative promotional campaigns.

Turnover in the fourth quarter increased by 0.7% year-on-year to HK\$835.8 million, driving overall sales for the year to HK\$3,349.3 million, a 0.8% increase over 2008. Turnover for the convenience store business increased by 1.3% to HK\$2,702.4 million for the whole year in 2009, while the cakes and bakery business saw a decrease of 0.2% to HK\$701.6 million for the year. CRA recorded a net profit attributable to shareholders of HK\$90.4 million for the year, representing an increase of 1.8% over 2008.

The increase in Group turnover for 2009 was attributed to sales from new convenience stores, although this was offset by decreases in comparable convenience store sales (stores in existence throughout 2008 and 2009) in Hong Kong and Southern China of 0.7% and 9.8% respectively. Turnover for the Saint Honore Cake Shop business decreased primarily because of a decrease in the number of stores, although the business did achieve a small increase in comparable store sales.

Basic earnings per share increased by 1.7%, from 12.18 HK cents to 12.39 HK cents. The Board of Directors has resolved to recommend a final dividend of 6 HK cents per share (2008: 5.5 HK cents). Together with the interim dividend of 1.7 HK cents per share, the total dividend for 2009 would be 7.7 HK cents per share (2008: 7.2 HK cents). The Group holds a net cash position of HK\$515.3 million as of 31 December 2009 without any bank borrowings.

Mr. Richard Yeung, Chief Executive Officer of CRA, said, “For CRA, the challenges of 2009 extended beyond the economic downturn to other industry-specific factors that impacted the way we do business in Hong Kong and the Chinese Mainland. However,

by placing more emphasis on cost-saving initiatives and devising innovative and attractive promotion campaigns, we were able to weather the storm reasonably well.”

Business Review

The second half of 2009 saw signs of improvement in consumer sentiment, stemming in part from the recovery of the property and equity markets. However, the Hong Kong Circle K business was affected by a number of factors, most prominently the plastic bag levy and the increase in tobacco tax. The levy resulted in customers making fewer purchases per transaction. Also, the increase in the tobacco tax caused a significant drop in cigarette sales volume.

In response, the Group unveiled a comprehensive programme of innovative marketing initiatives to help drive sales per transaction. These included premium promotions featuring licensed characters that were offered for redemption with minimum purchase amounts, as well as a wider range of hot food items catering to time-sensitive office workers.

Despite buoyant consumer sentiment on the Chinese Mainland, the government regulation forbidding cigarette sales by foreign-owned companies had a significant impact on the Circle K business in Guangzhou. To build a solid foundation for growth, the Group conducted a store-by-store review of its operations during the year, reducing its total number of stores, consolidating infrastructure and trimming operational costs. It is anticipated that this will help boost efficiency and capacity for adding more stores in the future.

During the year, Saint Honore Cake Shop was able to leverage its focus on quality and new products, as well as attractive promotional offers, to capitalise on the improved consumer sentiment. Items such as pound cakes and a new premium range of Belgium Chocolate Cakes were particularly effective in driving sales.

Outlook

The Group expects that the economy will continue to recover, although not without possible obstacles along the way. With a competitive number of outlets in Hong Kong, a streamlined operation in Guangzhou and newly centralised production facilities, network expansion will be a focus for the coming year, although management will proceed cautiously in this regard.

The Group intends to continue its tradition of introducing innovative, attractive marketing promotions to drive transactions as well as sales value per transaction. New products will also be a focus moving forward, including high-margin products such as private label food products.

Mr. Yeung concluded, “Despite the challenges of 2009, the Group took the necessary steps to build an even stronger foundation for the future. With one of the most significant convenience store networks in the region and an emphasis on a quality shopping experience, we are cautiously optimistic that we will be able to build on our positive results from the past year as well as the buoyant consumer sentiment to expand our business base and further drive profit growth in 2010.”

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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 2009, there were 58 company-owned-and-managed Circle K stores outside Hong Kong, together with 4 franchised stores in Guangzhou and 31 licensed stores in Macau and Zhuhai for a total of 93 Circle K stores outside Hong Kong. Adding these to the 299 stores in Hong Kong, the Group operates a total of 392 Circle K stores in the Pearl River Delta. Together with the Saint Honore chain, which currently has a total of 101 stores in Hong Kong, Macau and Guangzhou, the Group operates a total store network of 493 outlets as of the end of 2009.

(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 2009

Three months ended 31 December		2009	2008
• Revenue	+0.7%	HK\$835,807,000	HK\$829,879,000
• Profit attributable to shareholders of the Company	+21.3%	HK\$26,209,000	HK\$21,600,000
• Basic earnings per share (HK cents)	+21.3%	3.59	2.96
Twelve months ended 31 December		2009	2008
• Revenue	+0.8%	HK\$3,349,326,000	HK\$3,322,665,000
• Profit attributable to shareholders of the Company	+1.8%	HK\$90,449,000	HK\$88,873,000
• Basic earnings per share (HK cents)	+1.7%	12.39	12.18
• Interim dividend per share (HK cents)	0%	1.70	1.70
• Final dividend per share (HK cents)	+9.1%	6.00	5.50

Operation Highlights

- Overall Circle K and Saint Honore Hong Kong performed above expectations as a result of aggressive promotions and cost-saving initiatives
- Circle K Hong Kong's growth in total turnover decelerated due to the negative impact of the environmental levy implemented in July 2009
- Comparable store sales for Circle K Guangzhou were affected by the discontinuance of cigarette sales in compliance with government regulations
- Restructured organisation in Guangzhou to prepare for next phase of growth
- The Group holds net cash and bank deposits of HK\$515.3 million as of 31 December 2009 without any bank borrowings

Number of Stores as of 31 December 2009

Circle K Stores

Hong Kong	299
Guangzhou	57
Shenzhen	1
Subtotal	357

Franchised Circle K Stores

Guangzhou	4
Macau	19
Zhuhai	12
Subtotal	35

Total number of Circle K Stores **392**

Saint Honore Cake Shops

Hong Kong	82
Macau	7
Guangzhou	12

Total number of Saint Honore Cake Shops **101**

Total number of Stores under Convenience Retail Asia **493**

Convenience Retail Asia Limited
Consolidated Profit & Loss Account

	Year ended 31 December	
	2009	2008
	HK\$'000	HK\$'000
Revenue	3,349,326	3,322,665
Cost of sales	(2,348,306)	(2,315,890)
Gross profit	<u>1,001,020</u>	<u>1,006,775</u>
Other income	233,162	224,379
Store expenses	(899,488)	(895,185)
Distribution costs	(83,376)	(82,934)
Administrative expenses	(145,129)	(144,012)
Operating profit	<u>106,189</u>	<u>109,023</u>
Interest income	3,354	5,083
Profit before income tax	<u>109,543</u>	<u>114,106</u>
Income tax expenses	(19,094)	(25,233)
Profit attributable to shareholders of the Company	<u><u>90,449</u></u>	<u><u>88,873</u></u>
Dividends	<u><u>56,204</u></u>	<u><u>52,554</u></u>
Earnings per share		
Basic (HK cents)	<u><u>12.39</u></u>	<u><u>12.18</u></u>
Diluted (HK cents)	<u><u>12.39</u></u>	<u><u>12.18</u></u>
Final dividend per share (HK cents)	<u><u>6.00</u></u>	<u><u>5.50</u></u>