



For Immediate Release

CRA reports positive business growth in Q1 2010

Notable improvements in Circle K Hong Kong and Saint Honore operations

Hong Kong, 10 May 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 it recorded satisfactory improvement in overall performance during Q1 2010 with an increase in turnover.

During the three-month period ended 31 March 2010, the Group’s turnover was HK\$814.8 million, an increase of 1.7% when compared with the same period last year. The Group also reported a one-off net gain of HK\$18 million on the disposal of a real estate property during the quarter. Net profit attributable to shareholders before the gain on the disposal increased by 14% to HK\$15.8 million; including the gain, the Group recorded a net profit of HK\$33.8 million during the quarter, representing an increase of 143.3% over the same period last year.

Mr. Richard Yeung, Chief Executive Officer of CRA, said, “The increase in turnover was mainly due to the overall growth of sales at comparable stores, which was driven by successful promotions at Circle K stores in Hong Kong as well as aggressive marketing and production efforts at Saint Honore stores across all markets.”

In Hong Kong, comparable convenience store sales, which refer to sales at stores in existence throughout 2009 and 2010, increased by 1.1%, although in Southern China comparable store sales decreased by 0.1% over the same quarter last year as a result of the discontinuance of cigarette sales.

Business Review

Following the start of global recovery from the economic recession in the second half of 2009, retail sales in Hong Kong and Guangzhou continued to gather strength in the first quarter of 2010. This was mainly driven by the robust performance of inbound tourism from the Chinese Mainland to Hong Kong as well as the Chinese government’s policy to encourage domestic consumption in Guangzhou.

The Group’s comparable store sales in Hong Kong remained subject to pressure during the first quarter of 2010 because sales during the same period last year were not affected by the plastic bag levy implemented in July 2009. To counter this unfavourable factor, CRA

launched a series of aggressive promotions in its Hong Kong stores during the first quarter, with notable sales results.

The discontinuance of cigarette sales on the Chinese Mainland in compliance with government regulations continued to affect comparable store sales for the Circle K store operations in Guangzhou and resulted in a decrease in store sales. The Group therefore undertook a series of initiatives in 2009 to mitigate the inevitable impact on business performance, including streamlining the infrastructure of its support functions, reducing overhead costs and consolidating its store network in Southern China.

With the emergence of small cake shops and local bakeries, Saint Honore's operations have begun to face keener competition in the markets where the Group operates. As a result, a long-term strategy was adopted to neutralise these competitive market forces with innovative promotions, an overall product quality upgrade and the introduction of new premium product ranges. These resulted in an increase in comparable store sales growth for the first quarter of 2010.

Outlook

Barring any unexpected disruption to the economic recovery and newly revitalised consumer sentiment, the Group anticipates stable sales performance to continue in Hong Kong and Guangzhou during the second quarter.

However, since the comparison for comparable store sales in Hong Kong was based on a pre-plastic bag levy operating environment last year, the pressure on same-store sales this year will continue until June, when the difference in market conditions will be completely neutralised.

The start of the World Cup, which will be broadcast on television for a period of four to five weeks during June and July, will create significant in-home consumption of key convenience store categories such as beer, packaged drinks, snacks and confectionery, which will benefit the Group's operations in Hong Kong and Guangzhou.

The Group anticipates that the fundamentals are in place for further improvement in business performance in the second half of the year, especially when the negative impact of the cigarette category's discontinuance is neutralised and comparable store sales are measured with a comparable category mix in Guangzhou.

Mr. Yeung said, "There are positive indications that with the more optimistic operating environment, both the Circle K and the Saint Honore operations are likely to enjoy better prospects for comparable store sales growth and margin improvement in the second half of the year."

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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 March 2010, there were 55 company-owned-and-managed Circle K stores outside Hong Kong, together with 3 franchised stores in Guangzhou and 33 licensed stores in Macau and Zhuhai for a total of 91 Circle K stores outside Hong Kong. Adding these to the 303 stores in Hong Kong, the Group operates a total of 394 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 495 outlets as at the end of the first quarter of 2010.

(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)

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2010

	Change	2010 HK\$'000	2009 HK\$'000
• Revenue	+1.7%	814,836	801,504
• Profit attributable to shareholders of the Company	+143.3%	33,824	13,901
• Basic earnings per share (HK cents)	+143.7%	4.63	1.90

Operation Highlights

- Comparable store sales grew for Circle K Hong Kong
- Comparable store sales for Circle K Guangzhou still affected by discontinuance of cigarette sales
- Saint Honore business performance improved due to marketing and cost-saving initiatives
- Disposal of an old manufacturing centre in the first quarter generated a one-off financial gain
- Group holds net cash position of HK\$557 million as of 31 March 2010 without any bank borrowings

Number of Stores as of 31 March 2010

Circle K Stores

Hong Kong	303
Guangzhou	54
Shenzhen	1
Subtotal	358

Franchised Circle K Stores

Guangzhou	3
Macau	21
Zhuhai	12
Subtotal	36

Total number of Circle K Stores **394**

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 **495**

Convenience Retail Asia Limited
Unaudited Consolidated Profit & Loss Account

	Three months ended 31 March	
	2010	2009
	HK\$'000	HK\$'000
Revenue	814,836	801,504
Cost of sales	(541,468)	(526,451)
Gross profit	<u>273,368</u>	<u>275,053</u>
Other income	17,910	16,479
Other gain	17,633	-
Store expenses	(214,978)	(218,733)
Distribution costs	(19,671)	(20,537)
Administrative expenses	(36,845)	(33,913)
Operating profit	<u>37,417</u>	<u>18,349</u>
Interest income	1,358	731
Profit before income tax	<u>38,775</u>	<u>19,080</u>
Income tax expenses	(4,951)	(5,179)
Profit attributable to shareholders of the Company	<u><u>33,824</u></u>	<u><u>13,901</u></u>
Earnings per share		
Basic (HK cents)	<u>4.63</u>	<u>1.90</u>
Diluted (HK cents)	<u><u>4.63</u></u>	<u><u>1.90</u></u>