



For Immediate Release

CRA achieves satisfactory growth in Q3 turnover and profit

Results contributed by strategic focus on marketing initiatives and cost controls

Hong Kong, 4 November 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 achieved increased turnover and profit due to strategic focus on creative marketing initiatives and effective controls on operating expenses.

For the three-month period ended 30 September 2010, the Group’s turnover increased by 10.6% to HK\$991.9 million when compared to the same period last year. Operating expenses were effectively controlled, decreasing from 33.2% to 31.4% of turnover year on year. As a result, the Group recorded a net profit attributable to shareholders of HK\$45.8 million during the quarter, representing an increase of 61% over the third quarter of 2009.

Comparable convenience store sales in Hong Kong increased by 8.2% while comparable convenience store sales in Southern China decreased by 0.3% over the same quarter last year. Comparable store sales for the Saint Honore Cake Shop business increased slightly during the same period.

Business Review

In the third quarter, the overall retail market in Hong Kong continued an upward trend of double-digit monthly growth recorded since February of 2010. The growth momentum was underpinned by the significant increase in inbound tourism, contributed notably by visitor arrivals from Chinese Mainland, as well as strong local consumption boosted by improvements in income and the employment market.

The Group’s operations in Hong Kong benefited from the favourable consumer sentiment as well as from its strategic focus on well executed marketing promotions during the summer months to maximize on the increased customer traffic.

In Guangzhou, economic indicators reported sustained growth during the third quarter. Retail sales recorded a 17.0% growth for the month of August and an accumulated growth of 19.4% for the first eight months of 2010 compared to the same period last year, representing a solid indicator of the buoyant consumer sentiment and successful outcome

of the government policy to encourage retail consumption.

A helpful contribution of increased expenditure by consumers was the achievement of higher margins even though total sales volume decreased due to a planned reduction of the number of Circle K stores. The encouraging effects of the re-structuring were also reflected in substantial savings in operating expenses, increased productivity and overall positive store contribution during the quarter.

Saint Honore Cake Shops enjoyed healthy growth in turnover in the third quarter, mainly due to the contribution of sales from mooncake. Compared to the same period in 2009, sales of mooncake increased by 20.1%, accounting for a major contribution to the increase in sales and profitability for Saint Honore.

Outlook

Looking ahead, the Group expects to maintain satisfactory business growth in all its operations in Hong Kong and Guangzhou, assuming the global and local economic environment remains stable and price inflation is kept under control.

However, market factors which are anticipated to exert pressure on the Group's profit performance include erratic fluctuation of raw material costs, notably in the food category; a foreseeable double-digit increase in labour costs and further escalation of retail rentals resulting from the robust performance in the retail market sector.

The Group has developed plans to reduce the impact of such cost increases by introducing new product offerings with higher margins, more creative promotions to generate incremental sales, as well as expanding the convenience services category to generate more revenue income.

Mr. Richard Yeung, Chief Executive Officer of CRA, concluded, "The Group will continue the consistent implementation of effective cost control initiatives which have proven to be effective in managing operating expenses, in order to counteract the imminent threats of raw material and labour cost increases as well as retail rental escalation."

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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 30 September 2010, there were 57 company-owned-and-managed Circle K stores outside Hong Kong, together with 5 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 313 stores in Hong Kong, the Group operates a total of 406 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 511 outlets as at the end of the third quarter of 2010.

(CRA website: www.cr-asia.com)

For media inquiry, please contact:

Convenience Retail Asia Limited
Ms. Louisa Kwan

Telephone: 2991 6300
Direct line: 2991 6229

Convenience Retail Asia Limited

利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08052)

THIRD QUARTERLY RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Three months ended 30 September	Change	2010 HK\$'000	2009 HK\$'000
• Revenue	+10.6%	991,896	896,753
• Profit attributable to shareholders of the Company	+61.0%	45,832	28,468
• Basic earnings per share (HK cents)	+61.0%	6.28	3.90
Nine months ended 30 September	Change	2010 HK\$'000	2009 HK\$'000
• Revenue	+5.2%	2,645,296	2,513,519
• Financial gain on disposal of property	N/A	16,486	Nil
• Profit attributable to shareholders of the Company	+61.1%	103,515	64,240
• Basic earnings per share (HK cents)	+61.1%	14.18	8.80
• Interim dividend per share (HK cents)	+11.8%	1.90	1.70
• Special dividend per share (HK cents)	N/A	2.40	Nil

Operation Highlights

- Higher Group turnover and profitability growth in the third quarter
- Strong comparable store sales growth for Circle K Hong Kong
- Improved performance of Circle K Southern China
- Festive mooncake drives Saint Honore's sales while margins still affected by material costs
- Strong cash position of HK\$646.6 million without any bank borrowings as at 30 September 2010

Number of Stores as of 30 September 2010

Circle K Stores	
Hong Kong	313
Guangzhou	56
Shenzhen	1
Subtotal	370
Franchised Circle K Stores	
Guangzhou	5
Macau	19
Zhuhai	12
Subtotal	36
Total number of Circle K Stores	<u>406</u>
Saint Honore Cake Shops	
Hong Kong	84
Macau	7
Guangzhou	14
Total number of Saint Honore Cake Shops	<u>105</u>
Total number of Stores under Convenience Retail Asia	<u>511</u>

Convenience Retail Asia Limited
Unaudited Consolidated Profit & Loss Account

	Nine months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Revenue	2,645,296	2,513,519
Cost of sales	(1,731,706)	(1,640,240)
Gross profit	<u>913,590</u>	<u>873,279</u>
Other income	56,344	50,839
Other gain/(loss), net	15,475	(3,963)
Store expenses	(689,057)	(670,510)
Distribution costs	(63,590)	(62,169)
Administrative expenses	(111,684)	(106,346)
Operating profit	<u>121,078</u>	<u>81,130</u>
Interest income	4,366	2,116
Profit before income tax	<u>125,444</u>	<u>83,246</u>
Income tax expenses	(21,929)	(19,006)
Profit attributable to shareholders of the Company	<u><u>103,515</u></u>	<u><u>64,240</u></u>
Earnings per share		
Basic (HK cents)	<u>14.18</u>	<u>8.80</u>
Diluted (HK cents)	<u><u>14.18</u></u>	<u><u>8.80</u></u>
Dividends	<u><u>31,386</u></u>	<u><u>12,409</u></u>