



For Immediate Release

CRA announces robust sales growth and increased profit for 2010

Circle K business in Guangzhou shows significant bottom-line improvement

Hong Kong, 9 March 2011– 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 robust sales growth and increased net profit in 2010 compared to 2009.

The Group’s turnover for the year and the fourth quarter increased to HK\$3,575.2 million and HK\$929.9 million respectively, representing growth of 6.7% and 11.3% when compared to the corresponding period in 2009. The strong performance was attributed to the opening of new stores and an increase in comparable convenience store sales (stores in existence throughout 2009 and 2010), which increased by 5.2% and 1.4% in Hong Kong and Southern China. The turnover for the Saint Honore Cake Shop business also increased by 7.8% year on year.

Net profit attributable to shareholders, excluding non-recurring items which were the one-off gain on the disposal of two real estate properties in 2010 and 2009 as well as non-recurring expenses from the closure of stores and factory in 2009, increased by 30.3% to HK\$119.9 million for the year and by 49.5% to HK\$32.8 million for the fourth quarter of 2010. Including non-recurring items, the Group recorded a net profit attributable to shareholders of HK\$136.4 million for the year, representing an increase of 50.8% over last year.

Operating expenses as a percentage of turnover saw a decrease of 1.2% for the year, largely due to stringent control on operating expenses.

Basic earnings per share increased from 12.60 HK cents to 16.41 HK cents before non-recurring items, representing growth of 30.2%. Including non-recurring items, basic earnings per share increased by 50.7%, from 12.39 HK cents to 18.67 HK cents.

The Board of Directors has resolved to recommend a final dividend of 8.5 HK cents per share (2009: 6 HK cents). Together with the interim dividend of 1.9 HK cents per share (2009: 1.7 HK cents) and special dividend of 2.4 HK cents per share (2009: Nil), the total dividend for 2010 would be 12.8 HK cents per share (2009: 7.7 HK cents). The Group holds a net cash position of HK\$622 million as of 31 December 2010 without any bank borrowings.

Mr. Richard Yeung, Chief Executive Officer of CRA, said, “The exceptional market environment provided an ideal backdrop for the Group’s operations and marketing initiatives in Hong Kong. As a result, the Group was able to report record turnover

sales together with satisfactory margin performances for the year.”

Business Review

Despite a fragile global economic environment, 2010 for Hong Kong ended with a stable upward economic trend, underpinned by increasing visitor arrivals, steady job creation, recovery of the equity markets, and a buoyant consumer sentiment.

Expanding on Circle K’s brand positioning of “Always Something New”, the Group launched several innovative marketing and promotional initiatives during the year that generated incremental sales by stimulating repeat purchases and fostering customer loyalty. These also drove some record daily store sales during the promotion period. As a result, Circle K — which celebrated its 25th anniversary of operations in Hong Kong in 2010 — won the Best Licensed Premium Promotion Award at the 7th Premier Asian Licensing Awards, co-organised by the Hong Kong Trade Development Council and the International Licensing Industry Merchandisers Association.

A combination of favourable market factors — including a strong economic recovery, policies to stimulate domestic consumption, rising wages — drove retail sales growth on the Chinese Mainland of 18.4% during the first 11 months of 2010, compared to the same period in the previous year. However, price inflation of various food items towards the end of the fourth quarter adversely affected consumer sentiment.

During the year, Circle K Guangzhou’s financial performance showed significant bottom-line improvement. The positive results were attributed to an increasing number of stores contributing profit during the year, combined with a pricing strategy adjustment, effective operational cost-saving measures and consistent control of store expenses.

Notwithstanding escalating food and raw material costs, Saint Honore was able to maintain a healthy gross margin through constant reviews of its product mix and price structure as well as vigilant management of its price promotions. With the combined effect of increased sales volume and higher gross profit margin, profit contribution saw an impressive increase compared to the previous year.

Outlook

In response to demand by investors and in view of the growing scale of the Group’s businesses, in 2011 the Group has applied to transfer its listing from the Growth Enterprise Market (“GEM”) to the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). It is anticipated that the approval process will probably take a couple of months to complete. The Group anticipates that after the official listing on the Main Board, the liquidity of Convenience Retail Asia shares will improve, which in turn will create a higher profile for the Group and its activities.

Looking ahead in 2011, the year has started with some encouraging domestic market factors in Hong Kong and on the Chinese Mainland. There is strong consumer

demand which is supporting economic growth. However, concerns about inflation on the Chinese Mainland, and the uncertain recoveries in the US and the Eurozone may exert some pressure on retail market sentiment. In particular, price inflation may persist for some time in 2011, driven by rising labour costs, escalating retail rentals for store premises and rising costs of food and raw materials.

Mr Yeung said, “Maintaining profit margins will require vigilance and diligence throughout the operations.”

He added: “Our strategy going forward is to focus on store and operational productivity by continually reviewing and adjusting our pricing structure, enhancing category management, increasing customer transactions and building customer loyalty with aggressive marketing programmes.

“In addition to expanding existing core businesses we will also introduce new initiatives to pave the way for the development of a new business model for future growth and market expansion,” concluded Mr Yeung.

- ENDS -

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 2010, there were 57 company-owned-and-managed Circle K stores outside Hong Kong, together with 6 franchised stores in Guangzhou and 33 licensed stores in Macau and Zhuhai for a total of 96 Circle K stores outside Hong Kong. Adding these to the 318 stores in Hong Kong, the Group operates a total of 414 Circle K stores in the Pearl River Delta. Together with the Saint Honore chain, which currently has a total of 112 stores in Hong Kong, Macau and Guangzhou, the Group operates a total store network of 526 outlets as of the end 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)

ANNUAL RESULTS FOR 2010

		2010	2009
Three months ended 31 December	Change	HK\$'000	HK\$'000
• Revenue	+11.3%	929,942	835,807
• Financial gain on disposal of property, net of tax	N/A	Nil	14,398
• Profit attributable to shareholders of the Company	+25.3%	32,844	26,209
• Basic earnings per share (HK cents)	+25.1%	4.49	3.59
		2010	2009
Twelve months ended 31 December	Change	HK\$'000	HK\$'000
• Revenue	+6.7%	3,575,238	3,349,326
• Financial gain on disposal of property, net of tax	+14.5%	16,486	14,398
• Profit attributable to shareholders of the Company	+50.8%	136,359	90,449
• Basic earnings per share (HK cents)	+50.7%	18.67	12.39
• Dividend per share (HK cents)			
Final	+41.7%	8.50	6.00
Full year	+66.2%	12.80	7.70

Operation Highlights

- Robust sales and profit growth
- Significant improvement in Circle K Guangzhou business performance
- Increased pressure on margin due to price inflation of raw materials
- Application submitted to transfer listing from GEM to Main Board of the Stock Exchange of Hong Kong
- Strong cash position of HK\$622 million without any bank borrowings

Number of Stores as of 31 December 2010

Circle K Stores	
Hong Kong	318
Guangzhou	56
Shenzhen	1
Subtotal	375
Franchised Circle K Stores	
Guangzhou	6
Macau	21
Zhuhai	12
Subtotal	39
Total number of Circle K Stores	<u>414</u>
Saint Honore Cake Shops	
Hong Kong	89
Macau	7
Guangzhou	16
Total number of Saint Honore Cake Shops	<u>112</u>
Total number of Stores under Convenience Retail Asia	<u>526</u>

Convenience Retail Asia Limited
Consolidated Profit & Loss Account

	Year ended 31 December	
	2010	2009
	HK\$'000	HK\$'000
Revenue	3,575,238	3,349,326
Cost of sales	(2,346,370)	(2,181,565)
Gross profit	1,228,868	1,167,761
Other income	76,948	67,052
Other gain/(loss), net	15,261	(2,177)
Store expenses	(925,242)	(899,814)
Distribution costs	(85,622)	(83,062)
Administrative expenses	(151,075)	(143,571)
Operating profit	159,138	106,189
Interest income	5,970	3,354
Profit before income tax	165,108	109,543
Income tax expenses	(28,749)	(19,094)
Profit attributable to shareholders of the Company	136,359	90,449
Earnings per share		
Basic (HK cents)	18.67	12.39
Diluted (HK cents)	18.67	12.39
Dividends	93,583	56,204
Final dividend per share (HK cents)		
Final	8.50	6.00
Full year	12.80	7.70