CONVENIENCE RETAIL ASIA LIMITED
利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00831)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Change	**2011** **HK$'000**	2010 HK$'000
• Revenue	+11.1%	3,972,615	3,575,238
• Financial gain on disposal of property, net of tax	N/A	Nil	16,486
• Profit attributable to shareholders of the Company	+22.0%	166,320	136,359
• Basic earnings per share (HK cents)	+21.5%	22.69	18.67
• Interim dividend per share (HK cents)	+100%	3.80	1.90
• Special dividend per share (HK cents)	N/A	Nil	2.40
• Final dividend per share (HK cents)	+29.4%	11.00	8.50

Operation Highlights

- Record sales turnover and profit growth for 2011 despite increased pressure on margin
- Strong comparable store sales growth and improved business performance across all business units
- Challenging outlook for 2012 due to economic uncertainty and continued escalation of operating costs
- Strong cash position of HK$719 million without any bank borrowings

NUMBER OF STORES AS OF 31 DECEMBER 2011

Circle K Stores	
Hong Kong	324
Guangzhou	59
Shenzhen	1
Subtotal	**384**
Franchised Circle K Stores	
Guangzhou	6
Macau	22
Zhuhai	13
Subtotal	**41**
Total number of Circle K Stores	**425**
Saint Honore Cake Shops	
Hong Kong	90
Macau	8
Guangzhou	19
Shenzhen	1
Total number of Saint Honore Cake Shops	**118**
Total number of Stores under Convenience Retail Asia	**543**

CHAIRMAN'S STATEMENT

Financial Overview

I am pleased to report that Convenience Retail Asia Limited, together with its subsidiaries (the "Group"), achieved turnover of HK$3,972.6 million and net profit of HK$166.3 million with a robust sales growth and a net profit increase of 11.1% and 38.7% respectively for 2011 as compared to 2010, before factoring in the gain on the disposal of a real estate property in 2010. Including this one-off gain, the Group recorded a net profit increase of 22% over 2010.

For 2011, basic earnings per share increased by 38.3%, from 16.41 HK cents to 22.69 HK cents before the one-off gain in 2010. Including the one-off gain, basic earnings per share increased by 21.5%, from 18.67 HK cents to 22.69 HK cents.

The financial position of the Group remains strong with cash and bank deposits of HK$719 million, without any bank borrowings.

Review of the Hong Kong Retail Market

For the Group's business operations in Hong Kong, 2011 posed as many challenges as opportunities.

After robust profitability and comparable store sales growth over the first six months of the year, the Group braced for significant operational challenges in the second half. These included the implementation of the new minimum wage legislation in May; escalating retail rental fueled by thriving inbound tourism, and continued price inflation of food and raw materials. Each of these represented a potential threat to the Group's operating margin.

Record-breaking tourist arrivals of close to 42 million for the year – out of which 28 million[1] were from the Chinese Mainland – drove an exponential increase in tourist spending. Locally, favourable job and income conditions led to vibrant consumer demand. As a result, retail sales in Hong Kong continued to enjoy strong double-digit monthly growth in the second half of the year, culminating in an impressive annual increase of 24.8% in value and 18.4%[2] in volume for 2011.

Even though the Group's retail operations are not direct beneficiaries of tourist spending since our primary target customers are predominantly local residents, positive consumer sentiment provided an optimum market environment for the Group's operational, marketing and promotional initiatives. Therefore the Group is able to report strong comparable store sales growth during the year.

Company Initiatives in the Hong Kong Operations

Amid an inflationary environment and rising labour cost, the Group dedicated considerable efforts to improving productivity while carefully controlling operational overhead. This was achieved through the prudent allocation of human resources at the frontline, as well as meticulous cost-saving measures including energy conservation and best practices designed to minimise waste and increase efficiency across all operations.

Since the Group has always regarded quality customer service as our most valued competitive edge, a number of quality customer service training programmes were executed throughout the year, with special focus on new employees. For the incumbent store operation team, new and aggressive career development training programmes targeting store managers were introduced. These initiatives have also become increasingly important in retaining employees by offering them long-term career opportunities with the company rather than temporary jobs, thus enhancing their level of engagement.

In addition to improving productivity and customer service, the Group also introduced a series of new innovations throughout the year. These further enhanced the role of Circle K convenience stores not only as retail outlets, but also as convenient destinations for daily chores such as utility bill payment, e-ticketing and e-voucher purchases, and the e-fulfillment service for internet shopping on taobao.com that was introduced more than a year ago.

The Group achieved significant improvement in product margin in 2011, thanks to the consistent effort by the category management team in conducting regular pricing strategy reviews and adopting innovative buying tactics to improve margin performance.

Review of the Retail Market on the Chinese Mainland

In 2011 the momentum of economic growth on the Chinese Mainland slowed somewhat, but the country still reported a rise in GDP of 9.2%[3] year on year, despite a notable drop to 8.9%[3] in the fourth quarter.

Consumer sentiment turned cautious quite perceptibly towards the end of the year as the confidence index fell to 97[4] in November from 100.5[4] in October. However, retail sales still registered double-digit growth of 17.1%[3] year on year for 2011.

The inflationary rate eased to 4.1% in December – its lowest level in the past 15 months – after peaking at 6.5% in July. The overall inflation rate for 2011 was 5.4%[5], the highest in the past four years, well above the official target of 4% and a significant jump from the 3.3%[6] reported in the previous year.

Despite the increase in disposable income as a result of the minimum wage legislation and the official effort to stimulate domestic consumption, there were indications that the sustained growth momentum of retail sales might be slowing down.

Review of the Guangzhou Operations

The Hot & In food service category of the Circle K stores in Guangzhou continued to report healthy sales growth through the constant introduction of new food and beverage items. In selected Circle K stores where the customer profile fits well with the target group of the Hot & In offerings, the service area has been further extended to take up more of the total store space, an allocation that is in line with the growing importance of the food and beverage service offering. The positive momentum of growth in this category also contributed to a double-digit comparable store sales increase as well as healthy growth in operating margin.

Following the same category management strategy as Circle K Hong Kong, the range of convenience services was extended to include e-ticketing for concerts, sports events and movies, utility bill payments, fresh flower orders, UnionPay Credit Card payments and more.

The quality customer service training programme developed in Hong Kong was re-launched in Guangzhou, with every employee from the frontline to the distribution centre participating in an official kick-off ceremony. The programme's objective is to seed and nurture an even more customer-centric service culture.

With the successful implementation of these key initiatives, which combined to deliver the core values of our convenience store business model, the Group is able to report strong double-digit growth in sales turnover and healthy profit performance at the store level, setting the stage for the next round of store network expansion.

Review of the Saint Honore Cake Shop Operations

The Saint Honore Cake Shop operations reported significant improvement in business performance by achieving most of the business goals set for 2011, with robust sales turnover growth for the year for both comparable stores and new stores. Due to the impact of the minimum wage and surging food cost, slight erosion in gross profit margin was reported.

The taste, freshness and presentation of Saint Honore's cake and bakery products were further improved over the year with the dedicated effort of the chefs team and continuous service improvements by the supply chain management team to reduce delivery lead time and increase the number of deliveries. Volatile price inflation for food and raw materials was partially mitigated by smart sourcing tactics, including hedge buying and diversification of suppliers and source countries.

Corporate Governance and Sustainability

The Group is constantly reviewing its corporate governance practices under the supervision of the Board, with a total commitment to follow the strictest standards of corporate governance and business ethics. These Board reviews have established that the Group has been in full compliance with all relevant and applicable code provisions, while upholding the principles of transparency, accountability and responsibility in all its operations.

The Group is committed to supporting the 10 principles of the United Nations Global Compact – which cover human rights, labour, environmental protection and anti-corruption – and advancing the cause of sustainability globally.

The Group continued to implement a corporate sustainability strategy that includes incorporating environmental consciousness in our operations and facilities, as well as raising awareness of the importance of changing our daily habits in the office and at home to achieve a greener lifestyle.

Related activities included participating in the Earth Hour event, promoting monthly Green Day in our offices, warehouses and manufacturing centres for internal education, introducing LED lights to replace signage lights in the stores, switching from heavy oil to natural gas at the manufacturing centre, implementing paper saving initiatives company-wide and more.

In 2011 the Group was the proud recipient of the Hong Kong Outstanding Corporate Citizenship Award in the Second Hong Kong Corporate Citizenship Programme co-organised by the Hong Kong Productivity Council and the Committee on the Promotion of Civic Education. Other industry recognition during the year included the 5 Year Plus Caring Company Logo for Circle K and the Caring Company Logo for Saint Honore Cake Shop, both awarded by the Hong Kong Council of Social Services. Circle K Hong Kong was also awarded the 2011 Service Retailer of the Year for the Convenience Stores Category by the Hong Kong Retail Management Association.

Outlook for 2012

The year 2012 started with a high level of uncertainty in the global economic environment, notably the Euro Zone sovereign debt crisis and the slow, fragile economic recovery of the US. Chinese economic growth is expected to decelerate further due to the slowdown in the growth of export trade.

Due to these uncertainties, the Group will exercise even more caution in its business planning for 2012, although it has been encouraged by the satisfactory business growth achieved in 2011. The Group’s key objectives for 2012 will be to sustain the growth momentum of the existing operations and to embark on new market expansions in target cities in Southern China.

In the Hong Kong operations, the Group believes that positive consumer sentiment can be sustained as long as inbound tourism from the Chinese Mainland continues to thrive and job and income conditions remain favourable.

The fact that 52.7%[1] of total Mainland arrivals are same-day visitors indicates a prevailing trend of borderless shopping behaviour that could be quite favourable for the Group's store network expansion plans across the border. Our retail brands in Hong Kong are gaining a higher level of awareness among a new target customer group from Southern China: those with high disposable income who are receptive to the Group's retailing models in Hong Kong in the format of Saint Honore Cake shops and Circle K convenience stores. This will pave the way for the opening of more Saint Honore and Circle K outlets in Shenzhen, Guangzhou and other second-tier cities in Southern China.

In Guangzhou, the Group will continue to build on the increasing popularity of the Hot & In food service – not only as our strongest competitive edge against competitive convenience store chains in the market, but also as a major contributor to sales turnover and profit margin. We will also explore opportunities to expand the Circle K and Saint Honore store networks to second-tier cities outside of Guangzhou.

In view of the growing labour shortage and increasingly high staff turnover in the retailing industry in Hong Kong and Guangzhou, the Group plans to focus on a key initiative in 2012, which is to increase the engagement level of our employees with a dedicated staff engagement programme. The objective of the programme is to nurture a sense of belonging, particularly among the newly recruited, to improve our retention rate and induce more part-time employees to work full-time with tangible and achievable career development options.

In anticipation of any possible deterioration in the global economy over the coming months, the Group will ensure a high degree of scalability and agility in all its business operations while diligently working towards the strategic goals set for the three-year period of 2011 – 2013.

In conclusion, I would like to take this opportunity to express my sincere appreciation to the Board of Directors, who have made significant contributions to the Group's business performance in the past year with their valuable advice and professional guidance.

I would also like to thank the management team and members of the Group in all the markets we operate for their consistent good work and dedicated efforts, which have enabled us to deliver record results for 2011.

Victor FUNG Kwok King
Chairman

Hong Kong, 7 March 2012

Notes:

1. *Published by the Hong Kong Tourism Board on 5 January 2012.*
2. *Published by the Census and Statistics Department, the Government of the Hong Kong Special Administrative Region on 2 February 2012.*
3. *Published by the National Bureau of Statistics of China on 17 January 2012.*
4. *Published by the National Bureau of Statistics of China on 31 December 2011.*
5. *Published by the National Bureau of Statistics of China on 12 January 2012.*
6. *Published by the National Bureau of Statistics of China on 20 January 2011.*

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Board is pleased to report the financial results of the Group for the year ended 31 December 2011. The Group's turnover for the year increased to HK$3,972.6 million, representing growth of 11.1% when compared to the corresponding period in 2010.

In 2011, the turnover of the convenience store business increased by 9.5% to HK$3,155.5 million compared to 2010. This was mainly attributable to the opening of new stores and an increase in comparable convenience store sales (stores in existence throughout 2010 and 2011). Comparable convenience store sales in Hong Kong and Southern China increased by 6.8% and 15% respectively against 2010. Meanwhile, turnover for the Saint Honore Cake Shop business increased by 17% to HK$885 million year on year. This was primarily due to single-digit comparable store sales growth in Hong Kong and an increase in the number of stores in 2011.

Gross margin and other income increased from 36.5% to 36.9% of turnover for the year against 2010. The slight increase in gross margin percentage was largely attributable to effective pricing strategies and smart categories management. However, some of these gains were offset by rising raw material and labour costs during the same period.

Operating expenses as a percentage of turnover remained at 32.4% for the year. Despite escalating rentals and the impact of minimum wage legislation, these expenses have been managed with the higher sales base resulting from strong comparable stores sales growth during the year.

Compared to 2010, net profit attributable to shareholders, before factoring in the gain on the disposal of a real estate property in 2010, increased by 38.7% to HK$166.3 million for the year. Including this one-off gain, the Group recorded year-on-year growth on net profit attributable to shareholders of 22%.

For 2011, basic earnings per share increased by 38.3%, from 16.41 HK cents to 22.69 HK cents, before factoring in the gain on the disposal of the real estate property in 2010. Including the one-off gain, basic earnings per share increased by 21.5%, from 18.67 HK cents to 22.69 HK cents.

Most of the Group's cash and bank deposits were in HK dollars as well as Renminbi and deposited with major banks in Hong Kong. The majority of the Group's assets, liabilities, revenues and payments were held in either HK dollars or Renminbi. The Group had limited foreign exchange exposure in Renminbi as a result of its business operations on the Chinese Mainland, except for certain Renminbi bank deposits held in Hong Kong which are subject to foreign exchange risk. The Group is subject to interest rate risks on the interest income earned from bank deposits. The Group will continue its policy of placing surplus cash in HK dollar or Renminbi bank deposits, with appropriate maturity periods to meet the funding requirements of any acquisition projects in the future.

Operations Review – Hong Kong

As of 31 December 2011, the Group operated a total of 414 company-owned-and-managed stores in Hong Kong under two brands, Circle K Convenience Store and Saint Honore Cake Shop, compared to a total of 407 stores the previous year. The critical mass of the combined number of stores and total sales turnover clearly positioned the Group as one of the leading retailing operators in Hong Kong.

Under the Circle K brand, there were 324 company-owned-and-managed convenience stores in Hong Kong at the end of 2011, compared to 318 stores at the end of 2010. During the past year, 21 new stores were opened and 15 stores were closed, for a net increase of six new stores.

The Group operated a total of 90 company-owned-and-managed shops in Hong Kong under the Saint Honore Cake Shop brand at the end of 2011, compared to 89 shops at the end of 2010. During the past year, six new cake shops were opened and five cake shops were closed.

The number of store closures for the year was a record high due to the overheated retail rental market and excessive, unrealistic demand by landlords for increases during lease renewal negotiations. The store premises relinquished by the Group were usually taken up by operators in very different categories – such as watches, jewelry, cosmetics, apparel or drugstores – whose business growth has been driven by the boom on the Chinese Mainland tourist arrivals and who enjoy profit margins that afford them higher store rentals as a percentage of sales.

In the future, the Group will explore secondary retail areas, regional malls and local transportation hubs to find suitable new store sites that are less likely to have any direct rental competition with tourist-driven categories, while still providing location convenience to our target customers.

Employees

As of 31 December 2011, the Group had a total of 6,039 employees, with 4,114 or 68%, based in Hong Kong and 1,925 or 32%, based in Guangzhou, Shenzhen and Macau. Part-time staff accounted for 33% of total headcount. In 2011 the Group's total staff cost was HK$680.3 million, compared to HK$595.5 million in 2010.

The Group offers remunerative schemes that are competitive in the market. Salary packages were supplemented by discretionary bonuses and share options for eligible employees based on individual and company performance. Additional incentives were also provided in the form of career advancement opportunities, comprehensive job-related skills training and quality customer service training for the frontline operations team.

The Group's greatest asset is its human resources. Therefore, employee engagement was one of the Group's key management initiatives in 2011. The focus was primarily on how to become the most preferred employer by being a caring company that provides ample career development opportunities and constantly makes efforts to improve workplace relationships.

Other projects to enhance the engagement level of employees included the launch of the Activity Organising Board, Employee Assistance Programme, Birthday Cake Coupon Programme, and Leadership and Career Development Programme.

A new initiative called "Happier Self, Happier Others" was launched to encourage Circle K store managers to assume the part of role model to make sure that their operations colleagues work happily together as a team.

The Group also strived to create an environment that keeps employees highly motivated by encouraging them to maintain a healthy work-life balance. A wide range of family activities was organised for staff and their families to enjoy quality time together. The Group's consistent efforts in these aspects were duly recognised by the newly launched Family-Friendly Employers Award Scheme 2011, organised by the Family Council. Saint Honore Cake Shop Limited was a winner of the "Distinguished Family-Friendly Employers" award, while Circle K Convenience Stores (HK) Limited won the "Family-Friendly Employers" award.

Marketing and Promotion

The Group continued to upgrade and fine-tune the mechanics and execution of its premium promotions, which were conducted at regular intervals during the year to generate incremental sales. These promotions were not only popular among loyal Circle K customers, but effective means to motivate brand-switching among multi-outlet convenience store users.

In September 2011 the Group launched the “iLike” card, the first co-branded convenience store Visa payWave-enabled credit card, devised in partnership with AEON. This contactless credit card payment service is designed specifically for convenience stores to facilitate small value transactions, making it even faster and more convenient to shop at Circle K stores. The card can also be used in other retail outlets where the payWave symbol is displayed at the point of sale. With the installation of the Visa payWave card reader at every Circle K store during the launch, the Group is now able to accept Visa payWave cards at all Circle K stores in Hong Kong.

As part of its marketing activities for the year, the Group also experimented with the deployment of digital media for some of its key promotions, such as the “iButterfly” mobile marketing promotion for Halloween. Mobile phone users who managed to catch “phantom” butterflies with their smart phone app could have a chance to win overseas trips and other attractive prizes.

The Circle K Facebook fan page was launched more than a year ago. Since its inception, it has been growing remarkably in terms of popularity. Today the total number of registered fans already exceeds 120,000, making Circle K’s one of the largest fan groups for international brands in Hong Kong.

Customer Service Excellence

The Group’s dedicated efforts in nurturing quality customer service were duly recognised in a series of industry awards. These included the Hong Kong Retail Management Association’s 2011 Service Retailer of the Year Award for the Convenience Stores Category and the Service & Courtesy Award 2011 for the Supervisory Level in the Convenience Stores Category. The store manager of the Circle K store at Hong Kong International Airport (HKIA), Ms. Hung Mui Mui, also won an individual award in HKIA’s 10th Customer Service Excellence Programme.

In the last quarter of 2011, a new service training format was introduced that sent zone managers on field trips to coach store managers and provide feedback for further improvements. The Group intensified its product knowledge and job skill training to prepare the operations teams for various new convenience services. A new energy-saving programme was also launched in 2011, raising the level of environmental consciousness considerably among the operations teams.

In order to boost morale and support the “Happier Self, Happier Others” concept, the Group set out to raise the level of job satisfaction among the frontline operations team by fostering a caring attitude and congenial working relationships among team members. Part of this included scheduled store visits during major festivals by the management team, who came bearing appreciative gifts and greetings during all hours of the day, even the late night shift.

Category Management

One of the category management team's key challenges in the second half of 2011 was the September launch of more free newspapers, which not only resulted in an oversupply of dailies but also directly affected demand for paid titles. At the same time, it also triggered retaliatory price reductions among certain leading newspapers.

The Group's newspaper sales took an immediate hit as a result of these new market developments. In order to compensate for the loss, the category management team devoted considerable effort to expanding the magazine category and introducing more popular book titles such as travel guides and books on Chinese fortune telling.

One of the highlights for the year was the strong sales performance of the packaged beverage category. This was partly due to the favourable weather conditions during the summer and, more importantly, the closure of Taiwanese bubble tea outlets due to health concerns regarding DEHP. Other categories reported robust sales growth.

As an experimental project to add value and excitement, Circle K Hong Kong partnered with Yamoto Japan to launch a pre-order service for Japanese festive items for Christmas and Chinese New Year. Other new convenience services introduced in the second half of 2011 included the Ta-Q-Bin courier service in 200 selected Circle K stores as well as an e-ticketing service for Ngong Ping 360 and popular exhibitions like the annual book and comic shows.

Supply Chain Management and Logistics

In order to further upgrade its services in all the markets where the Group operates, the supply chain management and logistics team focused on exploring the "go regional" strategy in 2011. This entails aligning the daily practices, operating standards and routing systems of Hong Kong, Guangzhou, Shenzhen and Macau. The initiative is designed to pave the way for the future development of the Group's supply chain management services and better serve the needs of the various operations in these markets.

Operations Review – Guangzhou

In Guangzhou, there are currently about 1,000 convenience stores for a population of about 13 million, indicating that there are about 13,000 people per store versus about 5,000 people per store in Hong Kong. The relatively lower store density of Guangzhou certainly offers more room for the Group's store network expansion.

With about 65 stores, the Group’s operations in Guangzhou enjoy a high degree of awareness as one of the top brands in the market, according to a consumer research study commissioned by the Group. This is due to its early market entry more than 10 years ago and very distinctive brand image as the international convenience store brand from Hong Kong with strong differentiation among the competition.

Given the increasing popularity of the Hot & In food services due to their unique Hong Kong-style food offerings, the Circle K operations in Guangzhou were able to generate double-digit comparable store sales growth for 2011, as well as a higher profit margin for the Hot & In food service category.

Circle K Guangzhou launched a fan page on Weibo in November to establish an online communication channel with customers. Also, a recently launched website enables Circle K customers to register as VIP customers for the Hot & In food service and check their bonus point account regularly.

Operations Review – Saint Honore Cake Shop

The Saint Honore operations reported healthy double-digit sales growth for the year. Continuous improvements in quality, taste and presentation, the availability of fresher products due to supply chain management service upgrades, and the constant introduction of new, better-quality products to enhance the range all helped drive these impressive results.

Due to the impacts of the minimum wage legislation, surging food costs and significant rental increases, gross profit suffered a slight decrease of 0.7%. However, overall profit before tax still reported a strong increase due to strong sales performance, vigorous control of operating expenses and the introduction of new products with improved margins.

In order to enhance awareness and advertising effectiveness, the Group engaged the service of Moses Chan, a leading television artist who enjoys a high degree of popularity among housewives, to be the brand’s spokesperson. Since the launch of the new thematic television campaign featuring Chan, customer feedback on the advertising message and brand recall has been very encouraging.

Saint Honore Cake Shop new DIY birthday cake was elected one of Hong Kong MTR Shops’ Top Ten Chic Products according to an online opinion poll. It was also nominated the “Touch Brand” by East Touch and “Super Brand” for the Bakery Category by TVB Weekly.

In Hong Kong and Macau, the Group finished 2011 with 98 Saint Honore Cake Shops, after opening seven stores and closing five stores during the year. In Guangzhou the Group opened six Saint Honore Cake Shops and closed three, finishing the year with 19 shops for a net increase of three. In 2011 the Group also opened its first Saint Honore Cake Shop in Shenzhen.

Corporate Social Responsibility

The Group participated in "Santa's Sports Day" on 6 November, an annual charity event of Operation Santa Claus 2011, which was jointly organised by South China Morning Post and Radio Television Hong Kong to raise funds for local charities during the festive season. In August 2011 volunteer workers from the Group also helped restore stilt houses for the elderly in Tai O in a community development project organised by Habitat for Humanity.

For the past five years, Circle K Hong Kong has partnered with Heifer International Hong Kong to sponsor their various charity projects and participate in its annual fundraising event, "Race to Feed". This year, Circle K Hong Kong won three awards for the first runner-up team, the top fundraising team and the top fundraising individual. Colleagues from Circle K, including the management team, and their families all attended the event to show their support for this worthy cause.

For Valentine's Day, all the Circle K stores in Hong Kong offered a pre-order service for rose bouquets and knitted glove flowers made by social enterprises. Circle K Hong Kong also contributed to the Helping Hand charity organisation by participating in their Cookie Charity Sale throughout 2011.

In December, Saint Honore Cake Shop donated to Po Leung Kuk's "Eat Less for the Needy" campaign by pledging one dollar for each "like" on its Facebook fan page.

In Guangzhou, Circle K Convenience Store and Saint Honore Cake Shop teamed up to donate 1,000 boxes of Mid-Autumn Festival moon cakes, valued at over RMB200,000, to 1,000 needy families in a small community of the Yue Xiu District during a government-sponsored regional event.

Future Prospects

The Group is encouraged by the notable improvements made across its business operations last year. Therefore, we will continue implementing the key initiatives that made these results possible in 2012. These include maintaining a high standard of customer service, exercising vigilant control of operating expenses, enhancing category management for margin optimisation, constantly introducing new products and services, and continuously upgrading our house brands as well as the presentation and range of our private labels.

Despite ongoing turbulence in the global economic environment – which will eventually affect consumer confidence in the markets where the Group operates – it is anticipated that the growth of the retail market in Hong Kong might still be sustainable in the short term as long as visitor arrival from the Chinese Mainland continues to rise. In Southern China, consumer sentiment and the impact of any new government policy designed to stimulate domestic consumption might be less predictable. However, the good news is that the Consumer Price Index seemed to have peaked in mid-2011, as a stabilising trend was detected in the fourth quarter of the year.

On the other hand, if external market conditions become unfavourable, we shall prepare our management and operation teams to respond quickly in order to minimise any negative impact on our businesses. Even with price inflation being less of a threat in the coming months, controlling operating costs and protecting margins remain the Group's key challenges for 2012. The increasing labour shortage in the human resource market, the ripple effect of the minimum wage legislation, the spiraling of retail rental and the inevitable increase in energy costs are market realities the Group faces across all operations.

In 2012, the Group will adopt a more aggressive stance in the following aspects: opening new stores, renovating existing stores to build brand image across all markets, and expanding and enhancing the Hot & In food services.

In addition to Guangzhou and its peripheral cities like Huadu, Panyu and Foshan, the Group will also be targeting Shenzhen in order to leverage the "borderless" shopping trend, i.e. the phenomenon of more and more Shenzhen residents doing their shopping in Hong Kong during weekends and long holidays, therefore becoming more familiar with Hong Kong retail brands and their product offerings.

Building on the current strength of the Hot & In food services in Guangzhou, the Group will treat the sourcing of innovative products and the further upgrade of the quality and range of offerings as top priorities for the operations team.

The Group will also continue to be on the lookout for any merger or acquisition opportunities in order to achieve breakthroughs in market presence and economy of scale.

RESULTS

The Board of Directors (the "Board") is pleased to announce the audited results of Convenience Retail Asia Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2011, together with the audited comparative figures for the corresponding year ended 31 December 2010 as follows:

	Note	**2011 HK$'000**	2010 HK$'000
Revenue	*2*	3,972,615	3,575,238
Cost of sales	*3*	(2,589,639)	(2,346,370)
Gross profit		1,382,976	1,228,868
Other income	*2*	84,534	76,948
Other gains, net	*4*	15,789	15,261
Store expenses	*3*	(1,022,760)	(925,242)
Distribution costs	*3*	(94,418)	(85,622)
Administrative expenses	*3*	(173,176)	(151,075)
Operating profit		192,945	159,138
Interest income	*5*	8,575	5,970
Profit before income tax		201,520	165,108
Income tax expenses	*6*	(35,200)	(28,749)
Profit attributable to shareholders of the Company		166,320	136,359
Earnings per share (HK cents)			
Basic	*7*	22.69	18.67
Diluted	*7*	22.68	18.67
Dividends	*8*	108,614	93,583

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2011

	2011 **HK$'000**	2010 HK$'000
Profit attributable to shareholders of the Company	166,320	136,359
Other comprehensive income for the year, net of tax		
Actuarial gains on post employment benefit obligation	3,156	-
Exchange differences	700	403
Total comprehensive income attributable to shareholders of the Company	170,176	136,762

Consolidated Balance Sheet
As at 31 December 2011

	Note	**2011** **HK$'000**	2010 HK$'000
Non-current assets			
Fixed assets		306,645	309,196
Investment property		35,031	-
Lease premium for land		32,252	33,098
Intangible assets		357,465	357,465
Available-for-sale financial asset		1,895	1,895
Rental and other long-term deposits		63,254	47,878
Bank deposits		18,534	97,729
Deferred tax assets		7,949	9,449
		823,025	856,710
Current assets			
Inventories		179,426	147,281
Rental deposits		34,120	34,654
Trade receivables	*9*	46,791	34,170
Other receivables, deposits and prepayments		76,377	62,050
Taxation recoverable		6	-
Bank deposits		305,933	70,000
Cash and cash equivalents		394,283	454,227
		1,036,936	802,382
Current liabilities			
Trade payables	*10*	536,020	468,255
Other payables and accruals		208,247	177,438
Taxation payable		11,967	8,612
Cake coupons		134,522	123,810
		890,756	778,115
Net current assets		146,180	24,267
Total assets less current liabilities		969,205	880,977
Financed by:			
Share capital		73,391	73,157
Reserves		785,950	714,275
Proposed dividend		80,731	62,197
Shareholders' funds		940,072	849,629
Non-current liabilities			
Long service payment liabilities		17,699	20,397
Deferred tax liabilities		11,434	10,951
		969,205	880,977

Consolidated Statement of Changes in Equity
For the year ended 31 December 2011

	Attributable to shareholders of the Company							
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Employee share-based compensation reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total equity HK$'000
At 1 January 2010	72,992	281,614	177,087	13,433	13,761	8,662	214,457	782,006
Profit attributable to shareholders of the Company	-	-	-	-	-	-	136,359	136,359
Exchange differences	-	-	-	-	-	403	-	403
Total comprehensive income for the year	-	-	-	-	-	403	136,359	136,762
Issue of new shares	165	4,025	-	-	-	-	-	4,190
Employee share option benefit	-	1,301	-	-	(867)	-	1,418	1,852
Dividends	-	-	-	-	-	-	(75,181)	(75,181)
	165	5,326	-	-	(867)	-	(73,763)	(69,139)
At 31 December 2010	73,157	286,940	177,087	13,433	12,894	9,065	277,053	849,629
At 1 January 2011	73,157	286,940	177,087	13,433	12,894	9,065	277,053	849,629
Profit attributable to shareholders of the Company	-	-	-	-	-	-	166,320	166,320
Actuarial gains on post employment benefit obligation								
gross	-	-	-	-	-	-	3,823	3,823
tax	-	-	-	-	-	-	(667)	(667)
Exchange differences	-	-	-	-	-	700	-	700
Total comprehensive income for the year	-	-	-	-	-	700	169,476	170,176
Issue of new shares	234	6,722	-	-	-	-	-	6,956
Employee share option benefit	-	1,828	-	-	374	-	1,242	3,444
Dividends	-	-	-	-	-	-	(90,133)	(90,133)
	234	8,550	-	-	374	-	(88,891)	(79,733)
At 31 December 2011	73,391	295,490	177,087	13,433	13,268	9,765	357,638	940,072

Notes to the Consolidated Financial Statements

1. Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and under historical cost convention as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Group has adopted the following amended standards and interpretation of HKFRS which are mandatory for accounting periods beginning on or after 1 January 2011 and relevant to its operations:

HKAS 24 (Revised)	Related Party Disclosures
Annual Improvements Project	Improvements to HKFRSs 2010

The adoption of such amended standards and interpretation does not have material impact on the consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

The following new and amended standards and interpretations of HKFRS are mandatory for accounting periods beginning on or after 1 January 2011 but they are not relevant to the Group's operations:

HKFRS 1 Amendment	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 32 Amendment	Classification of Rights Issues
HK(IFRIC)-Int 14 Amendment	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The Group has not early adopted the following new and amended standards and interpretations of HKFRS that have been issued and are mandatory for the Group's accounting periods beginning on or after 1 January 2012. The adoption of such new and amended standards and interpretations will have no material impact on the consolidated financial statements and will not result in substantial changes to the Group's accounting policies.

HKFRS 1 Amendment	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendment	Disclosures – Transfers of Financial Assets
HKFRS 7 Amendment	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income
HKAS 12 Amendment	Deferred Tax: Recovery of Underlying Assets
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

2. Revenue, other income and segment information

The Group is principally engaged in the operation of chains of convenience stores and bakeries. Revenues recognised during the year are as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Revenue		
Merchandise sales revenue	3,155,518	2,881,951
Bakery sales revenue	817,097	693,287
	3,972,615	3,575,238
Other income		
Service items and miscellaneous income	84,534	76,948

Segment information

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions.

The management considers the business from both a product and geographic perspective. From a product perspective, management assesses the performance of convenience store and bakery business. For convenience store segment, revenues are mainly derived from a broad range of merchandise sales. For bakery segment, revenues are mainly comprised of bakery and festival products. Geographically, the management considers the performance of retailing business in Hong Kong and others, and the Chinese Mainland.

The segment information provided to the management for the reportable segments for the year ended 31 December 2011 and 2010 are as follows:

	2011				
	Convenience Store		Bakery		
	HK & Others HK$'000	Chinese Mainland HK$'000	HK & Others HK$'000	Chinese Mainland HK$'000	Group HK$'000
Total segment revenue	3,023,513	132,015	856,030	61,278	4,072,836
Inter-segment revenue	(10)	-	(99,635)	(576)	(100,221)
Revenue from external customers	3,023,503	132,015	756,395	60,702	3,972,615
Total segment other income	80,434	2,657	3,662	79	86,832
Inter-segment other income	-	(44)	(2,254)	-	(2,298)
Other income	80,434	2,613	1,408	79	84,534
	3,103,937	134,628	757,803	60,781	4,057,149
Profit/(loss) after tax	148,407	(17,724)	35,959	(322)	166,320
Profit/(loss) after tax includes:					
Depreciation	(25,836)	(7,896)	(25,343)	(1,715)	(60,790)
Amortisation	-	(520)	(584)	-	(1,104)
Interest income	6,963	415	768	429	8,575
Income tax (expenses)/credit	(27,645)	-	(7,993)	438	(35,200)

	2010				
	Convenience Store		Bakery		
	HK & Others	Chinese Mainland	HK & Others	Chinese Mainland	Group
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total segment revenue	2,767,805	114,155	734,763	44,194	3,660,917
Inter-segment revenue	(9)	-	(85,352)	(318)	(85,679)
Revenue from external customers	2,767,796	114,155	649,411	43,876	3,575,238
Total segment other income	74,904	1,228	3,138	62	79,332
Inter-segment other income	-	(132)	(2,252)	-	(2,384)
Other income	74,904	1,096	886	62	76,948
	2,842,700	115,251	650,297	43,938	3,652,186
Profit/(loss) after tax	112,371	(23,650)	46,508	1,130	136,359
Profit/(loss) after tax includes:					
Depreciation	(27,975)	(7,555)	(29,674)	(1,246)	(66,450)
Amortisation	-	(500)	(584)	-	(1,084)
Interest income	5,564	40	249	117	5,970
Income tax expenses	(23,441)	-	(5,104)	(204)	(28,749)

The revenue from external parties is derived from numerous external customers and the revenue reported to the management is measured in a manner consistent with that of the consolidated profit and loss account. The management assesses the performance of the operating segments based on a measure of profit after tax.

The segment assets and liabilities as at 31 December 2011 and 2010 are as follows:

	2011				
	Convenience Store		**Bakery**		
	HK & Others HK$'000	**Chinese Mainland HK$'000**	**HK & Others HK$'000**	**Chinese Mainland HK$'000**	**Group HK$'000**
Total segment assets	489,369	100,491	790,511	37,447	1,417,818
Total segment assets include:					
Additions to segment non-current assets	26,418	9,355	59,512	3,625	98,910
Total segment liabilities	587,514	32,360	269,371	7,243	896,488

	2010				
	Convenience Store		Bakery		
	HK & Others HK$'000	Chinese Mainland HK$'000	HK & Others HK$'000	Chinese Mainland HK$'000	Group HK$'000
Total segment assets	434,647	60,570	703,897	21,887	1,221,001
Total segment assets include:					
Additions to segment non-current assets	54,731	5,775	21,425	914	82,845
Total segment liabilities	531,748	27,273	225,106	5,773	789,900

The amounts provided to the management with respect to total assets and total liabilities are measured in a manner consistent with that of the consolidated balance sheet. These assets and liabilities are allocated based on the operations of the segment.

Reportable segment assets are reconciled to total assets as follows:

	2011	2010
	HK$'000	HK$'000
Segment assets for reportable segments	1,417,818	1,221,001
Unallocated:		
Deferred tax assets	7,949	9,449
Taxation recoverable	6	-
Corporate bank deposits	434,188	428,642
Total assets per consolidated balance sheet	1,859,961	1,659,092

Reportable segment liabilities are reconciled to total liabilities as follows:

	2011	2010
	HK$'000	HK$'000
Segment liabilities for reportable segments	896,488	789,900
Unallocated:		
Deferred tax liabilities	11,434	10,951
Taxation payable	11,967	8,612
Total liabilities per consolidated balance sheet	919,889	809,463

The Group is domiciled in Hong Kong. The result of its revenue from external customers in Hong Kong is HK$3,680,713,000 (2010: HK$3,338,918,000), and the total of revenue from external customers from other countries is HK$291,902,000 (2010: HK$236,320,000) for the year ended 31 December 2011.

The total of non-current assets other than financial instruments and deferred tax assets located in Hong Kong is HK$722,038,000 (2010: HK$680,660,000), and the total of these non-current assets located in other countries is HK$72,609,000 (2010: HK$66,977,000) as at 31 December 2011.

3. Expenses by nature

	Group 2011 HK$'000	2010 HK$'000
Amortisation of lease premium for land	1,104	1,084
Auditor's remuneration		
Audit services	1,920	1,819
Non-audit services	682	382
Changes in inventories	2,421,919	2,191,674
Depreciation of owned fixed assets	60,543	66,450
Depreciation of investment property	247	-
Employee benefit expense	680,283	595,457
Exchange gains, net	-	(2,971)
Fair value gain on financial assets at fair value through profit or loss	-	(600)
Operating leases rental for land and buildings		
Minimum lease payment	357,461	318,590
Contingent lease payment	11,279	8,289
Other expenses	344,555	328,135
Total cost of sales, store expenses, distribution costs and administrative expenses	3,879,993	3,508,309

4. Other gains, net

For the year ended 31 December 2011, other gains, net mainly included net exchange gains amounting to HK$13,815,000 (2010: nil) and net losses on disposal of fixed assets amounting to HK$1,318,000 (2010: net gains of HK$15,261,000).

5. Interest income

	Group 2011 HK$'000	2010 HK$'000
Interest income on bank deposits	8,575	5,970

6. Income tax expenses

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for 2011 and 2010. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates prevailing in the countries in which the Group operates.

The amount of income tax expenses charged/(credited) to the consolidated profit and loss account represents:

	Group	
	2011	2010
	HK$'000	HK$'000
Current income tax		
Hong Kong profits tax	29,085	25,446
Overseas profits tax	4,742	3,841
Deferred income tax	1,373	(538)
	35,200	28,749

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of the home country of the consolidated entities as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Profit before income tax	201,520	165,108
Calculated at a taxation rate of 16.5%	33,251	27,243
Effect of different taxation rates in other jurisdiction	(2,275)	(2,261)
Income not subject to taxation	(3,323)	(3,787)
Expenses not deductible for tax purposes	1,925	2,881
Tax losses not recognised	5,355	5,726
Effect of previously unrecognised tax losses	-	(1,106)
Effect of previously unrecognised temporary differences	344	11
Reversal of previously recognised temporary differences	-	(534)
(Over)/under provision in prior year	(385)	299
Remeasurement of deferred tax - change in tax rate	308	277
	35,200	28,749

7. Earnings per share

The calculation of the Group's basic and diluted earnings per share is based on the profit attributable to shareholders of the Company for the corresponding year.

The basic earnings per share is based on the weighted average number of ordinary shares in issue during the corresponding year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options as dilutive potential ordinary shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2011 HK$'000	2010 HK$'000
Profit attributable to shareholders of the Company	166,320	136,359
	Number of Shares	Number of shares
Weighted average number of ordinary shares in issue	733,016,859	730,421,437
Adjustments for:		
Share options	403,630	125,241
Weighted average number of ordinary shares for diluted earnings per share	733,420,489	730,546,678

8. Dividends

	2011	2010
	HK$'000	HK$'000
Interim dividend, paid of 3.8 HK cents (2010: 1.9 HK cents) per share	27,883	13,868
Special dividend, paid of nil (2010: 2.4 HK cents) per share	-	17,518
Final dividend, proposed of 11 HK cents (2010: 8.5 HK cents) per share	80,731	62,197
	108,614	93,583

At a meeting held on 7 March 2012, the Directors proposed a final dividend of 11 HK cents per share. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements.

9. Trade receivables

Majority of the Group's revenue are retail cash sales. The Group's credit terms on trade receivables on income from suppliers mainly range from 30 days to 60 days. Trade receivables are non-interest bearing. The carrying amounts of trade receivables approximate their fair values. At 31 December 2011, the aging analysis of trade receivables is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
0-30 days	37,856	28,265
31-60 days	3,606	2,624
61-90 days	1,495	1,514
Over 90 days	3,834	1,767
	46,791	34,170

10. Trade payables

At 31 December 2011, the aging analysis of the trade payables is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
0-30 days	293,215	246,858
31-60 days	145,728	127,358
61-90 days	49,133	46,912
Over 90 days	47,944	47,127
	536,020	468,255

11. Event after the balance sheet date

On 24 February 2012, the Group has entered into sale and purchase agreements with the Urban Renewal Authority for transferring a Saint Honore property for a total sum of HK$60,791,000. Completion of the transfer is expected to take place in the second quarter of 2012 and a gain, net of tax of approximately HK$38,548,000 will be recognised by the Group.

CORPORATE GOVERNANCE

The Board of Directors and management are committed to principles of good corporate governance consistent with prudent enhancement and management of shareholder value. These principles emphasise transparency, accountability and independence.

In order to enhance independence, accountability and responsibility, the role of the Chairman is separate from that of the Chief Executive Officer. Their respective responsibilities are clearly established and defined by the Board in writing.

The Board has established the Audit Committee and Remuneration Committee (all chaired by Non-executive Directors) with defined terms of reference (available to shareholders upon request), which are of no less exacting terms than those set out in the Code on Corporate Governance Practices contained in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of the Stock Exchange (the "GEM Listing Rules") and, where appropriate, the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") subsequent to the transfer of listing of the Company's shares from GEM to the Main Board on 20 June 2011 (the "Transfer"). To further reinforce independence, both committees have been structured to include a majority of Independent Non-executive Directors.

In this announcement, the "CG Code" refers to Appendix 15 of the GEM Listing Rules for the period from 1 January 2011 to 19 June 2011, and to Appendix 14 of the Listing Rules for the period from 20 June 2011 to 31 December 2011.

Full details of the Company's corporate governance practices are set out in the Company's 2011 Annual Report.

Audit Committee

The Audit Committee met four times in 2011 (with an average attendance rate of 90%) to consider and review with senior management, the Company's Corporate Governance Division ("CGD") and external auditor various matters as set out in the Audit Committee's terms of reference, which included the following:

- Audit plans, findings and reports of CGD and external auditor;

- Independence of external auditor, their related terms of engagement and fees;

- The Group's accounting policies and practices, compliance with applicable listing rules and statutory requirements, connected transactions, internal controls, corporate governance, risk management and financial reporting matters (including the annual and interim financial statements before recommending to the Board for approval); and

- Adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, as well as their training programmes and budget.

The Group's annual results for the year ended 31 December 2011 have been reviewed by the Audit Committee.

Internal Control and Risk Management

The Board is responsible for ensuring that the Group maintains a sound and effective system of internal controls, and for reviewing the adequacy and effectiveness of such system through the Audit Committee.

Based on the respective assessments made by senior management and CGD, and also taking into account the results of the work conducted by the external auditor for the purpose of their audit, the Audit Committee considered that for the year ended 31 December 2011:

- The internal controls and accounting systems of the Group were in place and functioning effectively and were designed to provide reasonable assurance that material assets were protected, business risks attributable to the Group were identified and monitored, material transactions were executed in accordance with management's authorisation and the financial statements were reliable for publication.

- There was an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

- The resources, qualifications, experience, training programmes and budget of the staff of the Group's accounting and financial reporting function were adequate.

Directors' and Relevant Employees' Securities Transactions

The Group has adopted procedures governing Directors' securities transactions in compliance with Rules 5.48 to 5.67 of the GEM Listing Rules and, where appropriate, the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") subsequent to the Transfer. Specific confirmation of compliance has been obtained from all Directors.

Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines on no less exacting terms than those set out in the GEM Listing Rules and, where appropriate, the Model Code subsequent to the Transfer. No incident of non-compliance by Directors and relevant employees was noted by the Company in 2011.

Compliance with the Code on Corporate Governance Practices

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the CG Code throughout the year ended 31 December 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 4:00 p.m. on Friday, 4 May 2012 at the Auditorium, 1st Floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong. In order to be entitled to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 3 May 2012. The Notice of Annual General Meeting will be published on the Company's website at *www.cr-asia.com* and HKExnews website at *www.hkexnews.hk*, and despatched to the shareholders of the Company shortly.

FINAL DIVIDEND

The Board of Directors recommended to pay to the shareholders a final dividend of 11 HK cents (2010: 8.5 HK cents) per share for the year ended 31 December 2011. Together with the interim dividend of 3.8 HK cents (2010: 1.9 HK cents plus a special dividend of 2.4 HK cents) per share paid by the Company on 19 August 2011, the proposed final dividend makes a total dividend of 14.8 HK cents (2010: 12.8 HK cents) per share for the year.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 10 May 2012 to 11 May 2012, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 9 May 2012. Dividend warrants will be despatched on 17 May 2012, subject to shareholders' approval of payment of the final dividend at the Annual General Meeting to be held on 4 May 2012.

On behalf of the Board
Convenience Retail Asia Limited
Victor FUNG Kwok King
Chairman

Hong Kong, 7 March 2012

As at the date of this announcement, Executive Directors of the Company are Mr. Richard Yeung Lap Bun and Mr. Pak Chi Kin; Non-executive Directors are Dr. Victor Fung Kwok King, Dr. William Fung Kwok Lun, Mr. Jeremy Paul Egerton Hobbins and Mr. Godfrey Ernest Scotchbrook; Independent Non-executive Directors are Dr. Raymond Ch'ien Kuo Fung, Mr. Malcolm Au Man Chung and Mr. Anthony Lo Kai Yiu.