CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement (the "Announcement"), for which the Directors of Convenience Retail Asia Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to Convenience Retail Asia Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this Announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this Announcement misleading; and (3) all opinions expressed in this Announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CONVENIENCE RETAIL ASIA LIMITED
利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08052)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 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**

CHAIRMAN'S STATEMENT

Financial Overview

I am pleased to report that Convenience Retail Asia Limited, together with its subsidiaries (the "Group"), achieved continued sales growth and a net profit increase of 0.8% and 1.8% respectively for 2009 as compared to 2008. Basic earnings per share increased by 1.7% from 12.18 HK cents to 12.39 HK cents. The financial position of the Group remains strong with cash and bank deposits of HK$515.3 million without any bank borrowings.

Review of the Hong Kong Retail Market

During the last quarter of 2009, the recovery of the retail market accelerated. Consumer confidence rebounded due to improved job prospects and a more positive perception of personal finances as a result of the buoyant equity market and high-end property market boom. Encouraged by the sentiment that the worst of the global financial recession might be over, consumers resumed spending on discretionary categories that they had cut back on a year ago.

However, the Group's operations were unable to benefit from the retail market rebound. The operating environment for convenience stores in the last quarter of 2009 was just as challenging as in the first three due to the lingering negative impacts of the drastic increase in tobacco tax in February and the plastic bag levy implemented in July.

Since the tobacco tax increase, the proliferation of illicit retail channels for untaxed cigarettes together with duty-free retail channels across the border have created unfair and continual competition in the tobacco category. Consequently, the cigarette sales suffered a substantial drop in sales volume even though sales value was maintained due to the substantially increased unit price.

The legally permissible use of free plastic bags by newspaper vendors also disrupted the level playing field, causing serious negative impact on newspaper sales. Sales losses incurred in these two major categories carried more implications than just reductions in sales revenue. Since these were also key drivers for customer traffic, the number of transactions as well as morning purchases also suffered.

Other major categories affected by the plastic bag levy included food services, packaged ice cream, snacks and confectionery. The reduced number of items per transaction resulted in a reduction in transaction value, while the reduced number of customers for each of the affected categories added up to a significant reduction in average daily store transactions.

Company Initiatives in Hong Kong Operations

In order to arrest the decline in average daily transaction value, the Group launched a major initiative in the form of aggressive marketing promotions to stimulate customer spending. Some of these enticed customers with free premiums featuring licensed characters to fulfill the HK$20 minimum purchase requirement per transaction, successfully increasing average daily transaction value.

These fun, innovative and value-adding premium promotions featured popular icons with broad age-group appeal. By bringing new excitement to the shopping experience, they also enhanced the "Always Something New!" consumer proposition.

Other initiatives to support "Always Something New!" were executed in category management, with the introduction of a range of deli sandwiches and wraps as well as new products from the in-store bakery and steam station. These helped upgrade the overall food service offering and reinforce Circle K's positioning as the ideal stop for time-sensitive office workers. Such private label food products are also high-margin performers compared to the branded package goods.

According to a consumer study conducted by the Nielsen Company in November 2009, the Group continued to see improvement in brand preference among convenience store users that far outperforms actual outlet share[1].

Review of the Retail Market on the Chinese Mainland

The overall economy on the Chinese Mainland continued to see robust recovery, enjoying GDP growth of 8.9% at the end of the third quarter. Boosted by the 4 trillion RMB government stimulus package designed to drive local consumption, cumulative retail sales of consumer products grew 15.3%[2] compared to the same period last year.

Regrettably, the Group's Circle K operations in Guangzhou were unable to benefit directly from this buoyant consumer sentiment due to a unique factor: the implementation of the official ban on cigarette retailing. This ban, which only affects foreign-owned retailing channels such as Circle K, virtually deleted the sales revenue of a major category that also happened to be a major customer traffic builder for stores.

Review of the Guangzhou Operations

In preparation for another phase of store network growth and profit optimisation, the Group embarked on a store-by-store review of its Guangzhou operations during the year. Stores with unsatisfactory sales performance and little prospect of turning around were closed down. Hence, the Group ended the year with a smaller number of stores than at the beginning.

The Group also simultaneously consolidated infrastructure and reduced operating costs to ensure that it established the foundation for renewed growth, with higher operational efficiency as well as increased productivity and capacity for adding more stores, by the end of the year.

The Group is able to report that with the completion of the above initiatives, the operation in Guangzhou has been restructured to become a much leaner retailing enterprise, with enhanced competitiveness and momentum behind it for another phase of renewed business growth.

Review of the Saint Honore Cake Shop Operations

The Group's Saint Honore Cake Shop operations benefited from renewed consumer optimism in the last quarter.

The recovering economic environment resulted in improved sentiment, which was reflected in the robust sales growth of pound cakes for birthday parties and social gatherings. With an overall product quality upgrade programme in place since the beginning of the year, Saint Honore Cake Shop was well prepared to leverage the rebound in consumer demand and further stimulated sales by launching a premium range of Belgium chocolate cakes in the middle of the year. The launch of several free premium promotions featuring household items with licensed characters also met with enthusiastic response, primarily from housewives, and significant incremental sales were generated.

Corporate Governance and Sustainability

The Group is committed to maintaining the highest standards of corporate governance and will continue to foster a company culture that upholds the unwavering principles of transparency, accountability and independence.

The Group also recognises the risks posed by climate change and is therefore committed to operating in an environmentally responsible manner in all respects. Specifically, the Group has committed to measure and manage its greenhouse gas emissions, energy consumption and waste reduction in offices, stores and other parts of its supply chain.

In keeping with its role as a responsible retailer, the Group is introducing programmes to raise and encourage greater environmental awareness amongst the public and its consumers, such as its 4R campaign, i.e. Refrain, Reduce, Re-use and Recycle, which is backed by store displays, posters and other media. The Group is in full compliance with various government environmental directives such as the environmental levy on plastic bags implemented in Hong Kong in July 2009, and regularly consults with government and industry groups on environmental initiatives and objectives.

The Group intends to enhance and upgrade its commitment to sustainability through new programmes on these issues in 2010 and beyond.

Outlook for 2010

As of the start of 2010, the global economy seems to be headed toward gradual recovery, led by the speedy rebound of the financial markets. However, the discrepancy between the pace of financial recovery and the real economy indicates that a "return to normalcy" remains a long haul – one that will be beset with uncertainties and possible relapses.

After delivering modest business growth in 2009 despite the challenging operating conditions, the Group is prepared to renew its strategic initiative of network expansion. But with elements of uncertainty in the market, the Group will proceed with extreme caution.

The Group will also continue to optimise the profit performances of its core businesses to ensure shareholder return on investment. These initiatives will be augmented by value-adding projects such as the development of private labels. Also, the consolidation of production facilities that was successfully implemented in 2009 has paved the way for a strategic focus on achieving long-term savings. Resources will be effectively allocated in marketing and promotional campaigns, building the brand, developing people and, most importantly, giving our customers a truly satisfactory shopping experience when they shop at Circle K or Saint Honore.

In conclusion, I would like to take this opportunity to express my deep appreciation to the Board of Directors, who have made considerable efforts to provide valuable guidance and professional counsel in the Group's strategic directions and daily operational issues. I would also like to thank the management and the staff for their hard work and dedication in maintaining a stable business performance amid such a challenging market environment.

Victor FUNG Kwok King
Chairman

Hong Kong, 10 March 2010

Notes:

1 Source: Telebus Study conducted by the Nielsen Company in November 2009.

2 Published by the National Bureau of Statistics of China on 28 December 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Board is pleased to report the financial results of the Group for the year ended 31 December 2009. Despite very tough operating conditions, the Group's turnover for the year and the fourth quarter increased to HK$3,349.3 million and HK$835.8 million respectively, representing growth of 0.8% and 0.7% when compared to the corresponding period in 2008.

In 2009, the turnover of the convenience store business increased by 1.3% to HK$2,702.4 million compared to 2008. These increases were mainly attributable to the opening of new stores, but they were partly offset by a decrease in comparable convenience store sales (stores in existence throughout 2008 and 2009), which decreased by 0.7% and 9.8% in Hong Kong and Southern China respectively against 2008. Meanwhile, the turnover of the cakes and bakery business decreased by 0.2% to HK$701.6 million compared to 2008. This was mainly due to the decrease in the number of stores in 2009, although a slight increase in comparable store sales was achieved.

Gross margin and other income decreased from 37.1% of turnover to 36.8% for the year and from 38.1% of turnover to 37.1% for the fourth quarter when compared to 2008. This was mainly due to losses from sales of newspaper, which is high-margin item, after the launch of the environmental levy in July 2009.

Store expenses as a percentage of turnover were maintained at 26.9% for the year and decreased from 28.3% to 27% for the fourth quarter when compared to 2008. The decrease was mainly because of one-off disposal gain in properties but was partly offset by non-recurring expenses from the closure of stores in Southern China in 2009.

Distribution cost as a percentage of turnover was maintained at 2.5% for both the year and the fourth quarter when compared to 2008.

Administrative expenses as a percentage of turnover decreased from 4.3% to 4.2% for the year and increased from 4.3% to 4.6% for the fourth quarter when compared to 2008. The increase was the result of one-off legal and professional fees incurred for feasibility studies of a number of projects.

Net profit attributable to shareholders increased by 1.8% and 21.3% to HK$90.4 million and HK$26.2 million for the year and the fourth quarter when compared to 2008. Basic earnings per share increased by 1.7% from 12.18 HK cents to 12.39 HK cents for the year.

Most of the Group's cash and bank deposits were in HK dollars and deposited with major banks in Hong Kong, and 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. 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 dollars 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 2009, the Group operated a total of 299 company-owned-and-managed Circle K stores in Hong Kong, compared to 284 stores at the end of 2008.

Under the brand of Saint Honore Cake Shop, the Group operated a total of 82 company-owned-and-managed stores in Hong Kong, compared to 84 stores at the end of 2008.

Altogether the Group operated a total of 381 retail outlets under the two retailing brands in Hong Kong at the end of 2009.

Employees

As of 31 December 2009, the Group had a total of 5,702 employees, with 3,729 based in Hong Kong and 1,973 based in Guangzhou, Shenzhen and Macau. Part-time staff accounted for about 30.4% of total headcount. In 2009 the Group continued to increase the part-time ratio in order to lower its fixed staff cost and enjoy more flexibility in human resources management. Total staff costs for 2009 amounted to HK$554.8 million compared to HK$564.9 million for 2008.

The Group offers competitive remunerative schemes to its staff. In addition to salary, discretionary bonuses and share options are granted to eligible staff based on individual and company performance. Other staff incentives include career advancement opportunities, comprehensive management training and quality customer service training programmes.

A notable management training programme was leadership training for Circle K store management staff, which featured a team-building exercise with focus on on-the-job learning as well as how to cope with changes and challenges with a positive mindset.

Industry recognition for the Group as a quality customer service provider came during the 2009 Service and Courtesy Award, organised by the Hong Kong Retail Management Association. A Circle K store manager won the Supervisory Level Award for the Supermarkets/Convenience Stores category, while a Saint Honore Cake Shop frontline Service Leader won the Junior Level Award for the Food Shops category.

Marketing and Promotions

In support of the "Always Something New!" market positioning, a series of premium promotions were launched with innovative mechanisms unique to Circle K. These included "OK Fun", which added the excitement of a lucky draw to the stamp collection promotion by featuring random "Fun" points on each stamp, injecting elements of luck and surprise. Customers were pleasantly surprised when they happened to pick "Jumbo Fun" stamps by chance, which entitled them to instant prizes of Jumbo-size plush toys.

Another innovative mechanism was the instant electronic lucky draw, which made use of the electronic point of sale system to conduct a computerised lucky draw for each transaction that fulfilled the minimum purchase requirement. Customers were invited to select a lucky number on the keyboard provided to activate the electronic lucky draw. The interactive mechanism created instant excitement with customer involvement at the frontline, while the high winning ratio was designed to add value to the day-to-day shopping experience.

The instant gratification provided by these innovative promotions proved to be very much appreciated by customers and succeeded in creating a point of differentiation in the convenience store shopping experience. Record sales increases were reported during the promotion periods, together with considerable buzz on the internet when the attractive premiums became hot topics on Facebook among the respective fan groups of the various licensed characters.

Category Management

Despite the strong sales performances generated by premium promotions, the unusually cool weather that occurred earlier than normal in the last quarter, together with the extended weekend holidays during the key festivals, adversely affected overall sales performance.

In support of the various thematic promotions, extensive sourcing of trendy items and confectionery products helped strengthen the visual merchandising of the stores. These extra merchandising efforts not only served to enhance store ambience, but also to generate significant incremental sales by riding on the market awareness of the licensed characters.

The cigarette category continued to be affected by the 50% increase in the tobacco tax implemented in February 2009, as well as subsequent competition from illicit retail channels selling untaxed cigarettes. The duty free outlets across the border also provided another channel for untaxed cigarettes. The shortfall in smoker traffic resulted in a reduction in customer transactions as well as related purchases such as chewing gum, throat lozenges and herbal candies.

Impacts on shopping behaviour due to the environmental levy implemented in July 2009 also negatively affected the sales performance of several major categories, including newspapers, hot food and hot drink – both of which require some form of heat-resistant holder – packaged ice cream (which is too cold to carry by hand), as well as other impulse purchase items.

In order to mitigate these sales losses, the category management team embarked on a series of new product introductions throughout the year, especially in the area of food services as well as private label food and snack products. This managed to generate satisfactory sales, good margin and a promising growth trend.

Customer Service Excellence

The Group's credo for quality customer service – "Speed, Tidiness and Friendliness" – has just reached its 10th year milestone since its inception.

During 2009, the Group took this mentality into the next level of excellence with the new concept of "customised service" in order to integrate into local communities even more and better serve neighbourhood customers. It heralded a new phase of quality service culture by embracing the diversity of customer needs.

Progress was also made with the introduction of the "Home" concept. This literally means that frontline staff will attempt to treat every customer like their own family members and provide a feeling of home at every Circle K store. This includes warm, welcoming smiles, a ready-to-help attitude and attention to detail in all touchpoints of customer engagement.

Supply Chain Management and Logistics

Key initiatives in 2009 included the upgrade of the Warehouse Support System, the Warehouse Management System and the launch of the new Store Service System. With the continual roll-out of these dedicated programmes, the Group was able to greatly improve physical distribution logistics and store communication efficiency. It is anticipated that with the completion of these programmes, operational capacity and execution accuracy will be greatly enhanced.

In line with the corporate initiative to reduce greenhouse gas emissions and meet energy saving objectives, the Distribution Centre has switched to energy-efficient T5 fluorescent tubes since May 2009. Staff are also being encouraged to form the habit of switching off lights by specific light zones in the operating area.

Operations Review - Guangzhou

During the last quarter the Group went through a restructuring, closing 8 stores as well as reducing headcount by 10%. The combined results of all these initiatives will help reduce fixed overhead and position the Group to renew its expansion of its quality store network again in 2010.

The Group proceeded to outsource all local production facilities in Guangzhou according to plan in 2009 and achieved better operational efficiency, cost effectiveness and improved food quality as a result.

Work improvement teams were formed to introduce a quality culture by improving administrative efficiency in the office, enhancing the working environment and instilling a "green" culture with a communication programme that provides green tips to office staff.

Customer service training programmes were rolled out based on the Hong Kong modules. Incentives for frontline staff in the form of reward and recognition were provided, in addition to career ladder opportunities.

The Saint Honore Operations

The Saint Honore Operations in Hong Kong and Macau maintained stable turnover growth amidst the turbulent economic environment.

This could be attributed to the intensive programme to upgrade product quality as well as the introduction of the "Auto Forecasting and Ordering System", which considerably streamlined the product replenishment process and directly improved taste and quality with products arriving at the stores in a fresher state.

Restructuring and consolidation of the production facilities were the other key initiatives implemented during the year, resulting in better utilisation of management time and manpower resources. Production equipment was better utilised, enabling better support for all markets.

The highlight of the year's new product development programme was the launch of the Belgium 55° and 75° chocolate cake collection, which has become the number one seller among pound cakes.

Corporate Social Responsibility

The Group continued to partner with Heifer International Hong Kong for key charity projects, including the Race to Feed 2009, where it won the major awards for the day. These included Overall Champion and Top Fundraising Team Champion, both for the third consecutive year, together with the Top Fundraising Individual Champion for the second consecutive year. In order to further support this worthy cause, donation boxes for Heifer International were placed at Circle K stores during the months of October and November 2009.

The Group also contributed to the Tung Wah Group's Food Bank Project with special redemption arrangements for meal box combos and donations of toy premiums for their Charity Sale.

Among the Group's many sustainability initiatives, Circle K participated in "Earth Hour", organised by the World Wide Fund for Nature (WWF), and switched off all signage lights and non-essential lights inside stores on 28 March from 8:00 pm to 9:00 pm. On 21 June from 8:00 pm to 10:00 pm, Circle K also participated in the "Dim it!" campaign organised by "Friends of the Earth" in the same manner. A sustainability task force was formed to promote, educate and train all the staff on the importance of taking good care of our environment and reducing our carbon footprint.

For the seventh consecutive year, Circle K Hong Kong was awarded the Caring Company nomination by the Hong Kong Council of Social Service in recognition of its community involvement and commitment as a responsible corporate citizen.

Future Prospects

Looking ahead, 2010 appears to be another year of uncertainty and challenges. Even though the economic rebound in the last quarter of 2009 was quite encouraging and took place sooner than anticipated, it would be highly risky to assume that such a trend will continue unabated in 2010.

Due to the volatility of the financial markets and the possibility of a bubble in the high-end property market in Hong Kong, the Group will maintain a cautious yet long-term view for its strategic planning in 2010.

As the plastic bag levy was introduced in July 2009, its unfavourable impact will continue to put pressure on Circle K Hong Kong's comparable store sales during the first half of 2010. We also expect the same pressures for Circle K Guangzhou's comparable store sales during the first six months of 2010 due to the loss of cigarette sales. However, there might be a better chance for the comparable store sales growth to resume its normal growth momentum in the second half of 2010.

Therefore, the Group will continue to create shareholder value by maximising profit opportunities in its core businesses with the well established retail networks in the markets where the Group operates. In fact, with a total of over 380 outlets in Hong Kong, the Group has already achieved a significant market presence on a par with the top retailing operators in the market.

The Group will continue to invest in nurturing the brand equities of the two retailing brands to ensure growing brand preference and market competitiveness.

At the back end, cost-saving initiatives together with continuous upgrades in productivity will be ongoing exercises in the coming year. The Group will also conduct constant reviews of supporting infrastructure, and reviews of individual store performances will also be conducted to enhance business competitiveness.

We forecast that for the convenience store business, the first six months will continue to be challenging, but the second half may show improvement if the economic recovery does not suffer any setbacks. The management team has developed a solid plan to tackle the challenges facing the Group and place focus on providing a fun, satisfactory shopping experience for Circle K and Saint Honore customers with cost-effective execution. We are confident that we will finish 2010 with better results than 2009, across all operating units.

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 2009, together with the audited comparative figures for the corresponding year ended 31 December 2008 as follows:

	Note	**2009 HK$'000**	2008 HK$'000
Revenue	*2*	3,349,326	3,322,665
Cost of sales	*3*	(2,348,306)	(2,315,890)
Gross profit		1,001,020	1,006,775
Other income	*2*	233,162	224,379
Store expenses	*3*	(899,488)	(895,185)
Distribution costs	*3*	(83,376)	(82,934)
Administrative expenses	*3*	(145,129)	(144,012)
Operating profit		106,189	109,023
Interest income	*4*	3,354	5,083
Profit before income tax		109,543	114,106
Income tax expenses	*5*	(19,094)	(25,233)
Profit attributable to shareholders of the Company		90,449	88,873
Dividends	*6*	56,204	52,554
Earnings per share			
Basic (HK cents)	*7*	12.39	12.18
Diluted (HK cents)	*7*	12.39	12.18

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

	2009 **HK$'000**	2008 HK$'000
Profit attributable to shareholders of the Company	90,449	88,873
Other comprehensive income/(loss) for the year, net of tax		
Actuarial losses on post employment benefit obligation	-	(7,991)
Exchange differences	(16)	4,100
Total comprehensive income for the year	90,433	84,982
Attributable to:		
Shareholders of the Company	90,433	85,284
Minority interests	-	(302)
	90,433	84,982

CONSOLIDATED BALANCE SHEET
As at 31 December 2009

	Note	**2009** **HK$'000**	2008 HK$'000
Non-current assets			
Fixed assets		213,963	248,632
Lease premium for land		119,271	174,874
Intangible assets		357,465	357,465
Available-for-sale financial asset		1,895	1,895
Rental and other long-term deposits		43,597	59,584
Bank deposits		149,400	-
Deferred tax assets		9,754	8,280
		895,345	850,730
Current assets			
Inventories		127,920	118,255
Rental deposits		28,178	21,068
Trade receivables	*8*	29,531	35,066
Other receivables, deposits and prepayments		56,153	74,650
Taxation recoverable		1,039	82
Asset held for sale		20,537	-
Cash and cash equivalents		365,888	418,490
		629,246	667,611
Current liabilities			
Trade payables	*9*	432,696	438,442
Other payables and accruals		143,194	143,400
Taxation payable		9,585	12,848
Cake coupons		124,228	125,398
		709,703	720,088
Net current liabilities		(80,457)	(52,477)
Total assets less current liabilities		814,888	798,253
Financed by:			
Share capital		72,992	72,992
Reserves		665,219	653,197
Proposed dividend		43,795	40,145
Shareholders' funds		782,006	766,334
Minority interests		-	(8,256)
		782,006	758,078
Non-current liabilities			
Long service payment liabilities		20,993	22,533
Deferred tax liabilities		11,889	17,642
		814,888	798,253

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to shareholders of the Company							Minority interests	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Employee share-based compensation reserve	Exchange reserve	Retained earnings		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2008	72,907	280,035	177,087	13,433	7,652	4,276	172,212	(7,954)	719,648
Profit attributable to shareholders of the Company	-	-	-	-	-	-	88,873	-	88,873
Actuarial losses on post employment benefit obligation									
gross	-	-	-	-	-	-	(9,561)	-	(9,561)
tax	-	-	-	-	-	-	1,570	-	1,570
Exchange differences	-	-	-	-	-	4,402	-	(302)	4,100
Total comprehensive income for the year	-	-	-	-	-	4,402	80,882	(302)	84,982
Issue of new shares	85	1,397	-	-	-	-	-	-	1,482
Employee share option benefit	-	182	-	-	4,077	-	259	-	4,518
Dividends	-	-	-	-	-	-	(52,552)	-	(52,552)
	85	1,579	-	-	4,077	-	(52,293)	-	(46,552)
At 31 December 2008	72,992	281,614	177,087	13,433	11,729	8,678	200,801	(8,256)	758,078

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to shareholders of the Company							Minority interests	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Employee share-based compensation reserve	Exchange reserve	Retained earnings		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2009	72,992	281,614	177,087	13,433	11,729	8,678	200,801	(8,256)	758,078
Profit attributable to shareholders of the Company	-	-	-	-	-	-	90,449	-	90,449
Exchange differences	-	-	-	-	-	(16)	-	-	(16)
Total comprehensive income for the year	-	-	-	-	-	(16)	90,449	-	90,433
Employee share option benefit	-	-	-	-	2,032	-	1,004	-	3,036
Dividends	-	-	-	-	-	-	(52,554)	-	(52,554)
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	(25,243)	8,256	(16,987)
	-	-	-	-	2,032	-	(76,793)	8,256	(66,505)
At 31 December 2009	72,992	281,614	177,087	13,433	13,761	8,662	214,457	-	782,006

Notes:

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 new and amended standards and interpretations of HKFRS which are mandatory for accounting periods beginning on or after 1 January 2009 and relevant to its operations:

HKAS 1 (Revised)	Presentation of Financial Statements
HKFRS 1 and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendment	Vesting Conditions and Cancellations
HKFRS 7 Amendment	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 13	Customer Loyalty Programmes
Annual Improvements Project	Improvements to HKFRSs

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

HKAS 1 (Revised), "Presentation of Financial Statements", requires all non-owner changes in equity to be shown in a performance statement, but entities can choose whether to present one performance statement (a statement of comprehensive income) or two statements (a profit and loss account and a statement of comprehensive income). The Group has elected to present two statements: the consolidated profit and loss account and the consolidated statement of comprehensive income.

HKFRS 7 Amendment, "Improving Disclosures about Financial Instruments", requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The change in accounting policy only results in additional disclosures.

HKFRS 8, "Operating Segments", requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the board of directors that makes strategic decisions. Goodwill is allocated by management to groups of cash-generating units on a segment level. Goodwill relating to a previous acquisition within Hong Kong bakery segment remains in that segment. There has been no further impact on the measurement of the Group's assets and liabilities.

The following new and amended standards and interpretations of HKFRS are mandatory for accounting periods beginning on or after 1 January 2009 but they are not relevant to the Group's operations:

HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

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 2010. 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.

HKAS 24 (Revised)	Related party disclosures
HKAS 32 Amendment	Classification of Rights Issues
HKAS 39 Amendment	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 1 Amendment	Additional Exemptions for First-time Adopters
HKFRS 2 Amendment	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised) and HKAS 27 (Revised)	Business Combinations and Consolidated and Separate Financial Statements
HKFRS 9	Financial Instruments
HK(IFRIC)- Int 9 and HKAS 39 Amendments	Embedded Derivatives
HK(IFRIC)-Int 14 Amendment	Prepayment of Minimum Funding Requirements
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC)-Int 18	Transfer of Assets from Customers
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Annual Improvements Project	Improvements to HKFRSs 2009

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	
	2009	2008
	HK$'000	HK$'000
Revenue		
Merchandise sales revenue	2,702,403	2,667,513
Bakery sales revenue	646,923	655,152
	3,349,326	3,322,665
Other income		
Supplier rebate and promotion fees	179,261	168,410
Service items and miscellaneous income	53,901	55,969
	233,162	224,379

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 2009 and 2008 are as follows:

	2009				
	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	2,568,163	134,249	672,614	43,645	3,418,671
Inter-segment revenue	(9)	-	(67,450)	(1,886)	(69,345)
Revenue from external customers	2,568,154	134,249	605,164	41,759	3,349,326
Total segment other income	222,980	11,491	2,950	20	237,441
Inter-segment other income	(1,692)	(91)	(2,496)	-	(4,279)
Other income	221,288	11,400	454	20	233,162
	2,789,442	145,649	605,618	41,779	3,582,488
Profit/(loss) after tax	102,948	(41,689)	31,184	(1,994)	90,449
Profit/(loss) after tax includes:					
Depreciation	(30,095)	(11,319)	(30,181)	(2,427)	(74,022)
Amortisation	-	(447)	(3,667)	-	(4,114)
Interest income	3,179	26	123	26	3,354
Income tax (expenses)/credit	(21,886)	-	2,131	661	(19,094)

	2008				
	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	2,499,601	167,912	677,259	38,928	3,383,700
Inter-segment revenue	-	-	(60,631)	(404)	(61,035)
Revenue from external customers	2,499,601	167,912	616,628	38,524	3,322,665
Total segment other income	212,260	12,038	1,377	34	225,709
Inter-segment other income	(1,330)	-	-	-	(1,330)
Other income	210,930	12,038	1,377	34	224,379
	2,710,531	179,950	618,005	38,558	3,547,044
Profit/(loss) after tax	110,361	(41,241)	21,567	(1,814)	88,873
Profit/(loss) after tax includes:					
Depreciation	(28,363)	(13,335)	(28,562)	(2,352)	(72,612)
Amortisation	-	(439)	(3,731)	-	(4,170)
Interest income	4,530	102	392	59	5,083
Income tax (expenses)/credit	(22,732)	-	(3,154)	653	(25,233)

Revenue between segments is carried out at arm's length. 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 2009 and 2008 are as follows:

	As at 31 December 2009				
	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	412,369	64,966	733,650	20,142	1,231,127
Total segment assets include:					
Additions to segment non-current assets	20,455	3,075	35,108	442	59,080
Total segment liabilities	475,036	29,820	210,993	5,262	721,111

	As at 31 December 2008				
	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	382,967	93,092	772,971	30,349	1,279,379
Total segment assets include:					
Additions to segment non-current assets	39,879	14,775	47,373	5,444	107,471
Total segment liabilities	477,936	36,713	209,076	6,048	729,773

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:

	2009	2008
	HK$'000	HK$'000
Segment assets for reportable segments	1,231,127	1,279,379
Unallocated:		
Deferred tax assets	9,754	8,280
Taxation recoverable	1,039	82
Corporate bank deposits	282,671	230,600
Total assets per consolidated balance sheet	1,524,591	1,518,341

Reportable segment liabilities are reconciled to total liabilities as follows:

	2009	2008
	HK$'000	HK$'000
Segment liabilities for reportable segments	721,111	729,773
Unallocated:		
Deferred tax liabilities	11,889	17,642
Taxation payable	9,585	12,848
Total liabilities per consolidated balance sheet	742,585	760,263

The Group is domiciled in Hong Kong. The result of its revenue from external customers in Hong Kong is HK$3,106,979,000 (2008: HK$3,053,866,000), and the total of revenue from external customers from other countries is HK$242,347,000 (2008: HK$268,799,000) for the year ended 31 December 2009.

The total of non-current assets other than financial instruments and deferred tax assets located in Hong Kong is HK$664,270,000 (2008: HK$746,796,000), and the total of these non-current assets located in other countries is HK$70,026,000 (2008: HK$93,759,000) as at 31 December 2009.

3. Expenses by nature

	Group	
	2009	2008
	HK$'000	HK$'000
Amortisation of lease premium for land	4,114	4,170
Auditor's remuneration		
Charge for the year	1,749	1,842
Over provision in prior year	(17)	-
Changes in inventories	2,250,498	2,221,812
Depreciation of owned fixed assets	74,022	72,612
Employee benefit expense	554,803	564,903
Fair value loss on financial assets at fair value through profit or loss	600	-
Loss on disposal of fixed assets and lease premium for land *(note)*	2,177	2,703
Operating leases rental for land and buildings		
Minimum lease payment	305,672	292,543
Contingent lease payment	5,369	4,162
Other expenses	277,312	273,274
Total cost of sales, store expenses, distribution costs and administrative expenses	3,476,299	3,438,021

Note:

Loss on disposal of fixed assets and lease premium for land includes gain on disposal of properties amounting to HK$8,918,000 (2008: HK$2,202,000).

4. Interest income

	Group	
	2009	2008
	HK$'000	HK$'000
Interest income on bank deposits	3,354	5,083

5. Income tax expenses

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for 2009 and 2008. 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	
	2009	2008
	HK$'000	HK$'000
Current income tax		
Hong Kong profits tax	23,113	27,114
Overseas profits tax	3,205	2,583
Deferred income tax	(7,224)	(4,464)
	19,094	25,233

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 Company as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Profit before income tax	109,543	114,106
Calculated at a taxation rate of 16.5%	18,075	18,827
Effect of different taxation rates in other jurisdiction	(3,988)	(3,788)
Income not subject to taxation	(2,180)	(1,848)
Expenses not deductible for tax purposes	2,405	2,262
Tax losses not recognised	10,382	10,307
Effect of previously unrecognised tax losses	(602)	-
Effect of previously unrecognised temporary differences	317	(3)
Reversal of previously recognised temporary differences	(5,382)	-
Over provision in prior year	(265)	(213)
Remeasurement of deferred tax - change in tax rate	332	(311)
	19,094	25,233

6. Dividends

	2009 **HK$'000**	2008 HK$'000
Interim dividend, paid of 1.7 HK cents (2008: 1.7 HK cents) per share	12,409	12,409
Dividend, proposed of 6 HK cents (2008: 5.5 HK cents) per share	43,795	40,145
	56,204	52,554

At a meeting held on 10 March 2010, the Directors proposed a dividend of 6 HK cents per share. This proposed dividend is not reflected as a dividend payable in these financial statements.

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 of HK$90,449,000 (2008: HK$88,873,000).

The basic earnings per share is based on the weighted average number of 729,915,974 (2008: 729,748,411) shares in issue during the 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.

	2009 HK$'000	2008 HK$'000
Profit attributable to shareholders of the Company	90,449	88,873

	Number of shares	Number of shares
Weighted average number of ordinary shares in issue	729,915,974	729,748,411
Adjustments for:		
Share options	-	11,564
Weighted average number of ordinary shares for diluted earnings per share	729,915,974	729,759,975

Diluted earnings per share for the year ended 31 December 2009 and 2008 equal to the basic earnings per share as the potential ordinary shares outstanding during the respective year has an anti-dilutive effect on the basic earnings per share for the corresponding year.

8. 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 2009, the aging analysis of trade receivables is as follows:

	Group	
	2009 HK$'000	2008 HK$'000
0-30 days	24,102	27,179
31-60 days	2,676	4,112
61-90 days	1,431	1,510
Over 90 days	1,322	2,265
	29,531	35,066

9. Trade payables

At 31 December 2009, the aging analysis of the trade payables is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
0-30 days	209,726	227,519
31-60 days	120,347	122,619
61-90 days	58,894	53,761
Over 90 days	43,729	34,543
	432,696	438,442

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 reinforce their respective 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 GEM Listing Rules.

Full details of the Company's corporate governance practices are set out in the Company's 2009 Annual Report.

Audit Committee

The Audit Committee met four times in 2009 (with an average attendance rate of 95%) to review with senior management and the Company's internal (Corporate Governance Division) and external auditors the Group's significant internal control and financial matters as set out in the Committee's terms of reference.

In 2009, the Committee's review covered the audit plans and findings of internal and external auditors, external auditor's independence, the Group's accounting principles and practices, listing rules and statutory compliance, connected transactions, internal controls, risk management and financial reporting matters (including the annual, half year and quarterly financial statements before recommending to the Board for approval). The Committee's review also considered the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The Group's annual results for the year ended 31 December 2009 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 assessments made by senior management, Corporate Governance Division (Internal Audit) and the external auditor for the year ended 31 December 2009, the Audit Committee considered that 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; and that the resources, qualifications, experience, training programmes and budget of the staff of the Group's accounting and financial reporting function were adequate.

Directors' 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. 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 guidelines which are of no less exacting terms than those set out in the GEM Listing Rules. No incident of non-compliance was noted by the Company in 2009.

Compliance with the Code on Corporate Governance Practices of the GEM Listing Rules

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 Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 December 2009.

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 Monday, 10 May 2010 at the Auditorium, 1st Floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong. Notice of the Annual General Meeting will be sent to the shareholders of the Company shortly.

FINAL DIVIDEND

The Board of Directors recommended paying the shareholders a final dividend of 6 HK cents (2008: 5.5 HK cents) per share for the year ended 31 December 2009. Together with the interim dividend of 1.7 HK cents (2008: 1.7 HK cents) per share paid by the Company on 31 August 2009, the proposed final dividend makes a total dividend of 7.7 HK cents (2008: 7.2 HK cents) per share for the year.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 5 May 2010 to 10 May 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch registrar, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong not later than 4:30 p.m. on 4 May 2010. Dividend warrants will be despatched on 11 May 2010, subject to shareholders’ approval of payment of the final dividend at the Annual General Meeting on 10 May 2010.

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

Hong Kong, 10 March 2010

As at the date of this Announcement, executive Director of the Company is Mr. Richard Yeung Lap Bun; non-executive Directors are Dr. Victor Fung Kwok King, Dr. William Fung Kwok Lun, Mr. Jeremy Paul Egerton Hobbins, Ms. Louisa Wong Yuk Nor 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.

This Announcement will be available from the Company's website at www.cr-asia.com and will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for 7 days from the date of its posting.