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This 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 (“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: 8052)

HALF YEAR RESULTS

FOR THE PERIOD ENDED 30 JUNE 2005

Three Months Ended 30 June		2005	2004 (Restated)
• Group Turnover	+20%	HK\$515,416,000	HK\$428,411,000
• Group Profit attributable to shareholders	+15%	HK\$20,873,000	HK\$18,172,000
• Earnings Per Share (Basic)	+15%	3.1 cents	2.7 cents
• Interim Dividend Per Share	+20%	1.5 cents	1.25 cents
Six Months Ended 30 June		2005	2004 (Restated)
• Group Turnover	+17%	HK\$969,618,000	HK\$826,734,000
• Group Profit attributable to shareholders	+12%	HK\$29,787,000	HK\$26,632,000
• Earnings Per Share (Basic)	+10%	4.4 cents	4.0 cents
• Interim Dividend Per Share	+20%	1.5 cents	1.25 cents

HIGHLIGHTS

- Strong growth in turnover and profitability on the back of robust retail market growth in Hong Kong.
- Number of stores in Hong Kong increased by six to 218 during the quarter.
- Number of stores in Guangzhou increased by seven to 29 during the quarter and new store opening programme is well on track.
- Strong surge in retail rentals in Hong Kong may put pressure on net profit margin.
- Obtained business licence to incorporate 100% foreign-owned subsidiary to operate Circle K stores in Dongguan.
- Awaiting Central Government approval on the formation of 60% JV with DG Sun-High to operate franchise stores in Dongguan under an alternate brand.
- Strong cash position with HK\$566.9 million and no bank borrowings as at 30 June 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the three months ended 30 June 2005, the Group's turnover increased by 20% to HK\$515.4 million when compared to the same period last year. The increase in turnover was achieved both through the opening of new stores and an increase in turnover among comparable stores (stores in existence throughout the first and second quarter of 2004 and 2005), which registered growth of 8.7% in HK and 8.8% in Guangzhou.

Gross margin excluding interest decreased slightly from 33% in 2004 to 32.3% in 2005 during the quarter, mainly as a result of a decrease in sales of the higher-margin category, packaged beverages, which was caused by exceptionally cool and rainy weather during the second quarter.

During the quarter, store operating expenses as a percentage of sales increased from 23.1% in 2004 to 23.5% in 2005. The increase was mainly due to higher advertising and promotional spending as well as higher store operating expenses in Guangzhou.

During the quarter, distribution expenses were under control and administration expenses as a percentage of sales decreased from 3.7% in 2004 to 3.3% in 2005 as a result of increased productivity and operating leverage.

For the second quarter of 2005, net profit attributable to shareholders increased by 15% to HK\$20.9 million driven by the robust growth in turnover.

The Group had limited foreign exchange exposure in RMB related to the joint venture operation on the Chinese Mainland. The Group's financial position continues to be strong with a total cash balance of HK\$566.9 million and no borrowings. The Board of Directors has resolved to declare an interim dividend of 1.5 cents per share, an increase of 20% over the interim dividend in 2004.

In the six months ended 30 June 2005, the Group recorded a turnover of HK\$969.6 million and a net profit of HK\$29.8 million, an increase of 17% and 12% respectively when compared to the results for the six months ended 30 June 2004.

Operation Review – Hong Kong

Store Operations

With six new stores being opened during the second quarter and another six new leases committed, the store opening programme in Hong Kong has proceeded as scheduled despite the very challenging retail rental market. The Group closed the quarter with 218 stores, still maintaining the target store number at about 240 for the end of the year.

A noteworthy project launched during the quarter was a new generation of store design, code-named 3G. It involves major refitting of the cashier counter together with the cigarette display behind the counter. This design also features experimentation with a more modern colour scheme using a stylish grey to set off the red Circle K logo.

Image revamp for Circle K stores has been an ongoing, evolutionary exercise. It requires about two to three years to complete a full cycle covering all the stores in the chain. It is also a worthwhile and essential investment in order to enhance the overall customer shopping experience, widen the gap against the competition and further facilitate store operation flow.

Employees

As of 30 June 2005, the Group had a total of 2,830 employees; 78% of whom were based in Hong Kong and 22% in Guangzhou. Regular part-time staff accounted for 49% of total head count.

The Group continued to invest in the customer service training programme, which was attended by about 1,660 frontline staff during the quarter. A leadership training programme was also organized for the store management team with over 270 store managers attending these classes.

The Group offers its staff competitive remuneration schemes. In addition, share options are granted to eligible staff based on individual performance.

To promote the culture of continuous learning, a new bonus system was introduced to reward frontline staff who have obtained any of the four pre-determined skill sets. Fixed monthly allowances are given to those who have passed the specific examinations for the respective skill sets, which are conducted regularly.

Marketing and Promotion

The highlight of the marketing and promotion calendar for the quarter had to be the McMug “Spell It Out” promotion, which was launched in mid-April and continued for about 12 weeks.

For every purchase of over \$20, Circle K customers were given a free badge with the colourful design of one letter of the English alphabet together with McMug, a locally created cartoon character that has become a Hong Kong cultural icon. The 26 alphabet designs, with each letter given away randomly, not only became popular fashion accessories but also a much sought-after collector’s items, especially among loyal McMug fans.

Soon after the launch of the promotion, daily store sales increased steadily compared to the same period last year for the total chain, while the average daily transaction value also increased significantly. This momentum decelerated slightly after the first eight weeks but was sustained well into June with the introduction of new badge designs serving as a campaign booster. In providing the store staff with an attractive proposition for suggestive selling, the McMug promotion proved to be one of the most successful promotions ever run by Circle K Hong Kong.

Category Excellence

The most outstanding category performance in the second quarter was the double-digit sales growth of food services, including sub-categories like dim sum, microwavable meal boxes, sandwiches and bottled fresh fruit juices.

Another star product was the tofu flavour soft-serve ice cream, which was an instant hit and generated impressive incremental sales for the category. As a unique novelty flavour exclusive to Circle K, the product has the potential to become a destination shop item and a signature product.

Other categories reporting significant sales growth included in-store-baked fresh breads in stores offering Hot & In food services, a range of centrally delivered packaged bakery products and the dairy product category which outperformed the market in sales growth over the past 12 months.

The enhanced category of imported Japanese confectionery not only created more excitement on the shelves but also attracted new customers looking for novelty taste. In the media category, strong growth in magazine sales was recorded.

Supply Chain Management and Logistics

In order to meet growing sales volume and improve turnaround time, the Warehouse Supplementary System was implemented in the second quarter to streamline the distribution process and speed up order fulfillment. The introduction of intranet in the new system provides higher visibility of the overall work flow for daily process management, enabling improved efficiency in order-picking, stock-taking and order fulfillment.

The Distribution Centre also introduced a fleet of light goods vehicles in addition to the heavy goods vehicles for the daily delivery of fresh food, bakery products and other daily fresh merchandise. With such a specialized transport platform, fulfillment capabilities and quick response logistics have been greatly enhanced.

Operation Review – Guangzhou

Seven new stores were opened during the quarter, and the Group closed the second quarter with a total of 29 stores in Guangzhou. Another seven new stores sites have been committed to and are at different stages of renovation.

Among these new stores, a smaller store model was introduced to test out as an alternative operation model. Instead of an in-store bakery, a steamed-food station has been installed in these stores offering fish balls, steamed buns and other traditional Chinese meal solutions such as steamed rice with chicken. As a result of this modification, capital expenditure per new store has been reduced by 35-40% compared to existing stores. Since the second phase of the operation model of these new stores has yet to be implemented, i.e. the introduction of a range of packaged bread under a house brand, it is still too early to evaluate the performance of the new store model.

The earlier-than-usual rain spells at the beginning of the quarter, customer traffic loss during Golden Week due to the exodus of local residents and the extended period of heavy rainfall in June all impacted rather negatively on store traffic and average daily sales per store for the quarter. However, with consistent promotional efforts such as the Student Loyalty Programme, the average daily transaction value for comparable store sale increased by about 6%.

Prospects

Consumer spending should continue to be underpinned by buoyant inbound tourism, improvement in employment income, and a generally positive economic outlook as economic recovery becomes more entrenched in Hong Kong in the coming months.

Incremental sales trends in the Group's operations will be sustained against the backdrop of strong consumer confidence and favourable market trends. Strategically planned marketing promotions together with target-driven category management will focus on driving top-line sales volume growth. With more new stores being added to the chain, the improved economy of scale will also have a positive effect on merchandising efficiency and margin opportunity.

Operational costs will be under some severe pressure due to the optimism prevalent in the retail market, which will create higher expectations in salary reviews as well as in retail rental reviews.

In Guangzhou, the steadily growing economy will continue to provide a favourable backdrop for business expansion, while the flexibility of having a smaller store model, once tested and refined, will certainly help to facilitate the process of new store site acquisition.

In Dongguan, as soon as the Central Government's approval for the joint venture with DG Sun-High comes through, the Group will allocate appropriate resources to develop the franchising business under an alternate brand. With Government approval for Circle K operations in Dongguan already in hand, the Group will proceed to open Circle K convenience stores as a 100% company owned and managed convenience chain. This dual-brand approach should enable us to expand very quickly into the Dongguan market.

The Group sees no reason to deviate from the strategic direction of aggressive expansion in the Pearl River Delta markets as set by the three-year plan at the beginning of the year. To date, there are a total of over 250 Circle K stores in the Pearl River Delta including Hong Kong, Guangzhou, Macau and Zhuhai. The Group expects that the number will increase to around 300 by the end of 2005. Together with the acquisition of the franchised convenience store chain operated by DG Sun-High, there will be a total of close to 400 convenience stores within the Group in the Pearl River Delta by the end of 2005.

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2005**

	<i>Note</i>	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i> (Restated)	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i> (Restated)
Turnover	3	515,416	428,411	969,618	826,734
Cost of sales		(390,525)	(321,380)	(740,981)	(626,439)
Gross profit		<u>124,891</u>	<u>107,031</u>	<u>228,637</u>	<u>200,295</u>
Other revenues	3	45,071	35,896	81,273	65,034
Store expenses		(121,339)	(99,177)	(229,542)	(190,394)
Distribution costs		(8,274)	(6,839)	(15,977)	(13,696)
Administrative expenses		(17,037)	(15,863)	(31,680)	(30,601)
Profit before taxation	4	<u>23,312</u>	<u>21,048</u>	<u>32,711</u>	<u>30,638</u>
Taxation	5	(3,905)	(4,199)	(5,682)	(6,561)
Profit after taxation		<u><u>19,407</u></u>	<u><u>16,849</u></u>	<u><u>27,029</u></u>	<u><u>24,077</u></u>
Attributable to:					
Shareholders of the Company		20,873	18,172	29,787	26,632
Minority interests		(1,466)	(1,323)	(2,758)	(2,555)
		<u>19,407</u>	<u>16,849</u>	<u>27,029</u>	<u>24,077</u>
Dividend	6	<u><u>10,091</u></u>	<u><u>8,385</u></u>	<u><u>10,091</u></u>	<u><u>8,385</u></u>
Earnings per share for profit attributable to the shareholders of the Company during the period					
- Basic	7	<u><u>3.1 cents</u></u>	<u><u>2.7 cents</u></u>	<u><u>4.4 cents</u></u>	<u><u>4.0 cents</u></u>

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2005**

	(Unaudited) 30 June 2005 HK\$ '000	(Audited) 31 December 2004 HK\$ '000 (Restated)
Non-current assets		
Intangible assets	-	19
Fixed assets	82,581	81,339
Lease premium for land	15,262	15,450
Rental deposits	20,919	22,413
Deferred tax assets	1,371	1,651
	<u>120,133</u>	<u>120,872</u>
Current assets		
Inventories	76,273	67,361
Rental deposits	13,334	8,672
Trade receivables	15,410	19,828
Other receivables, deposits and prepayments	25,960	30,605
Lease premium for land	422	422
Bank balances and cash	566,934	531,360
	<u>698,333</u>	<u>658,248</u>
Current liabilities		
Amount due to immediate holding company	1,256	676
Trade payables	313,015	270,730
Other payables and accruals	46,332	58,647
Taxation payable	9,225	4,389
	<u>369,828</u>	<u>334,442</u>
Net current assets	<u>328,505</u>	<u>323,806</u>
Total assets less current liabilities	<u>448,638</u>	<u>444,678</u>
Financed by:		
Share capital	67,271	67,202
Reserves	371,256	350,098
Proposed dividend	10,091	25,205
	<u>448,618</u>	<u>442,505</u>
Minority interests	(9,358)	(6,613)
Total equity	<u>439,260</u>	<u>435,892</u>
Non-current liabilities		
Long service payment liabilities	7,748	7,721
Deferred tax liabilities	1,630	1,065
	<u>448,638</u>	<u>444,678</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2005

	(Unaudited)							Minority interests	Total equity
	Attributable to shareholders of the Company								
	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 2004,									
as previously reported as equity	66,921	115,076	177,087	13,433	-	43	28,688	-	401,248
At 1 January 2004, as previously separately reported as minority interests	-	-	-	-	-	-	-	(1,560)	(1,560)
Effect of changes in accounting policies									
- employee share option benefits	-	-	-	-	118	-	(118)	-	-
- amortisation of lease premium for land	-	-	-	-	-	-	(88)	-	(88)
At 1 January 2004, as restated	66,921	115,076	177,087	13,433	118	43	28,482	(1,560)	399,600
Issue of shares	155	1,325	-	-	-	-	-	-	1,480
Employee share option benefits	-	-	-	-	287	-	-	-	287
Exchange differences	-	-	-	-	-	35	-	20	55
Profit/(loss) for the period	-	-	-	-	-	-	26,632	(2,555)	24,077
Dividend	-	-	-	-	-	-	(20,106)	-	(20,106)
At 30 June 2004	67,076	116,401	177,087	13,433	405	78	35,008	(4,095)	405,393
At 1 July 2004	67,076	116,401	177,087	13,433	405	78	35,008	(4,095)	405,393
Issue of shares	126	1,159	-	-	-	-	-	-	1,285
Employee share option benefits	-	-	-	-	551	-	-	-	551
Exchange differences	-	-	-	-	-	(78)	-	(42)	(120)
Profit/(loss) for the period	-	-	-	-	-	-	39,644	(2,476)	37,168
Dividend	-	-	-	-	-	-	(8,385)	-	(8,385)
At 31 December 2004	67,202	117,560	177,087	13,433	956	-	66,267	(6,613)	435,892
At 1 January 2005, as previously reported as equity	67,202	117,560	177,087	13,433	-	-	67,156	-	442,438
At 1 January 2005, as previously separately reported as minority interests	-	-	-	-	-	-	-	(6,613)	(6,613)
Effect of changes in accounting policies									
- employee share option benefits	-	-	-	-	956	-	(956)	-	-
- amortisation of lease premium for land	-	-	-	-	-	-	67	-	67
At 1 January 2005, as restated	67,202	117,560	177,087	13,433	956	-	66,267	(6,613)	435,892
Issue of shares	69	914	-	-	-	-	-	-	983
Employee share option benefits	-	80	-	-	455	-	-	-	535
Exchange differences	-	-	-	-	-	24	-	13	37
Profit/(loss) for the period	-	-	-	-	-	-	29,787	(2,758)	27,029
Dividend	-	-	-	-	-	-	(25,216)	-	(25,216)
At 30 June 2005	67,271	118,554	177,087	13,433	1,411	24	70,838	(9,358)	439,260

Notes:

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim accounts are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange of Hong Kong (“the GEM Listing Rules”).

These condensed consolidated interim accounts should be read in conjunction with the 2004 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed consolidated interim accounts are consistent with those used in the annual accounts for the year ended 31 December 2004 except that the Group has changed certain of its accounting policies following its adoption of new / revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRS”) which are effective for accounting periods commencing on or after 1 January 2005.

These interim accounts have been prepared in accordance with those HKFRS standards and interpretations issued and effective as at the time of preparing these information.

The changes to the Group’s accounting policies and the effect of adopting these new policies are set out in note 2 below.

2. Changes in accounting policies

(a) Effect of adopting new HKFRS

In 2005, the Group adopted the new / revised standards of HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS – Int 15	Operating Leases - Incentives
HKFRS 2	Share-based Payments

The adoption of new / revised HKASs 1, 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 24, 27, 33, 36, 37 and 38 and HKAS – Int 15 did not result in substantial changes to the Group's accounting policies and they are adopted by the Group retrospectively. In summary:

- HKAS 1 has affected the presentation of minority interests and other disclosures.
- HKASs 2, 7, 8, 10, 12, 14, 16, 18, 19, 27, 33, 36, 37 and 38 and HKAS – Int 15 had no material effect on the Group's policies.
- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.
- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of lease premium for land from fixed assets to operating leases. The up-front prepayments made for the lease premium for land are expensed in the profit and loss account on a straight-line basis over the period of the leases or when there is impairment, the impairment is expensed in the profit and loss account. In prior years, the lease premium for land was accounted for at cost less accumulated depreciation and accumulated impairment and included in properties of fixed assets. HKAS 17 has been applied retrospectively.

The adoption of HKFRS 2 has resulted in a change in the accounting policy for employee share option benefits. Until 31 December 2004, the provision of share options to employees did not result in an expense in the profit and loss account. Effective on 1 January 2005, the Group expenses the cost of share options in the profit and loss account. As a transitional provision, the cost of share options granted after 7 November 2002 and had not yet vested on 1 January 2005 was expensed retrospectively in the profit and loss account of the respective periods.

The effect of adopting HKAS 17 and HKFRS 2 on the condensed consolidated profit and loss account for the periods ended 30 June 2005 and 30 June 2004 and on the condensed consolidated balance sheet as at 30 June 2005 and 31 December 2004 are shown below:

Effect of adopting HKAS 17 and HKFRS 2 on the condensed consolidated profit and loss account are as follows:

	(Unaudited) Six months ended 30 June 2005		(Unaudited) Six months ended 30 June 2004	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Decrease/(Increase) in store expenses	88	(300)	60	(158)
Increase in distribution costs	-	(20)	-	(11)
Increase in administrative expenses	-	(215)	-	(118)
Total increase/(decrease) in profit	88	(535)	60	(287)
Increase/(decrease) in basic earnings per share	0.01 cent	(0.08 cents)	0.01 cent	(0.04 cents)

Effect of adopting HKAS 17 and HKFRS 2 on the condensed consolidated balance sheet are as follows:

	(Unaudited)		(Audited)	
	30 June		31 December	
	2005		2004	
	<i>HKAS 17</i>	<i>HKFRS 2</i>	<i>HKAS 17</i>	<i>HKFRS 2</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Increase/(decrease) in assets</u>				
Fixed assets	(15,529)	-	(15,805)	-
Lease premium for land (current and non-current)	15,684	-	15,872	-
<u>Increase/(decrease) in liabilities/equity</u>				
Share premium	-	80	-	-
Employee share-based compensation reserve	-	1,411	-	956
Retained earnings	155	(1,491)	67	(956)

(b) New Accounting Policies

The accounting policies used for the condensed consolidated interim accounts for the six months ended 30 June 2005 are the same as those set out in the notes to the 2004 annual accounts except for the following:

2.1 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

2.2 Share-based compensation

The Group operates an equity settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

3. Turnover, other revenues and segment information

The Group is principally engaged in the operation of a chain of convenience stores. Revenues recognised during the three months and six months ended 30 June 2005 are as follows:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i> (Restated)	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i> (Restated)
Turnover				
Merchandise sales revenue	515,416	428,411	969,618	826,734
	-----	-----	-----	-----
Other revenues				
Supplier rebate and promotion fees	34,521	29,909	61,263	53,073
Service items income	7,080	4,342	13,693	8,716
Interest income	3,470	1,645	6,317	3,245
	-----	-----	-----	-----
	45,071	35,896	81,273	65,034
	-----	-----	-----	-----
Total revenues	560,487	464,307	1,050,891	891,768
	=====	=====	=====	=====

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when goods are delivered to customers and the title has passed.

Supplier rebate and promotion fees are recognised when the rights to receive payments are established in accordance with the terms of agreements with the vendors.

Revenue from provisions of services is recognised when the services are rendered.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Primary reporting format – geographical segments

The Group operates in two geographical areas: Hong Kong and Chinese Mainland.

	(Unaudited)		
	Chinese		
	Hong Kong	Mainland	Group
	Three months ended 30 June		
	2005	2005	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover from external customers	502,305	13,111	515,416
Other revenues from external customers	40,392	1,209	41,601
	-----	-----	-----
	542,697	14,320	557,017
	=====	=====	=====
Segment results	23,873	(4,031)	19,842
	=====	=====	
Interest income			3,470

Profit before taxation			23,312
Taxation			(3,905)

Profit after taxation			19,407
			=====

	(Unaudited)		
	Chinese		
	Hong Kong	Mainland	Group
	Six months ended 30 June		
	2005	2005	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover from external customers	946,149	23,469	969,618
Other revenues from external customers	72,727	2,229	74,956
	-----	-----	-----
	1,018,876	25,698	1,044,574
	=====	=====	=====
Segment results	33,998	(7,604)	26,394
	=====	=====	
Interest income			6,317

Profit before taxation			32,711
Taxation			(5,682)

Profit after taxation			27,029
			=====

	(Unaudited)		
	Hong Kong	Chinese Mainland	Group
	Three months ended 30 June		
	2004	2004	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Restated)	(Restated)	(Restated)
Turnover from external customers	421,593	6,818	428,411
Other revenues from external customers	33,659	592	34,251
	-----	-----	-----
	455,252	7,410	462,662
	=====	=====	=====
Segment results	23,194	(3,791)	19,403
	=====	=====	
Interest income			1,645

Profit before taxation			21,048
Taxation			(4,199)

Profit after taxation			16,849
			=====

	(Unaudited)		
	Hong Kong	Chinese Mainland	Group
	Six months ended 30 June		
	2004	2004	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Restated)	(Restated)	(Restated)
Turnover from external customers	815,327	11,407	826,734
Other revenues from external customers	60,743	1,046	61,789
	-----	-----	-----
	876,070	12,453	888,523
	=====	=====	=====
Segment results	34,719	(7,326)	27,393
	=====	=====	
Interest income			3,245

Profit before taxation			30,638
Taxation			(6,561)

Profit after taxation			24,077
			=====

There are no sales between the geographical segments.

4. Profit before taxation

Profit before taxation is stated after charging the following:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i> (Restated)	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i> (Restated)
Amortisation of franchise licence (included in administrative expenses)	-	20	19	39
Amortisation of lease premium for land	105	101	211	206
Depreciation of owned fixed assets	9,478	9,267	18,476	19,006
Loss on disposal of fixed assets	69	-	122	15
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

5. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the three months and six months ended 30 June 2005 and 2004. No provision for taxation outside Hong Kong has been made as the Group has no estimated assessable profit outside Hong Kong for the three months and six months ended 30 June 2005 and 2004.

The amount of taxation charged to the condensed consolidated profit and loss account represents:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Current taxation – Hong Kong profits tax	4,221	4,635	4,836	5,972
Deferred taxation relating to the origination and reversal of temporary differences	(316)	(436)	846	589
Taxation	<u>-----</u> 3,905	<u>-----</u> 4,199	<u>-----</u> 5,682	<u>-----</u> 6,561
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

6. Dividend

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 June		30 June	
	2005	2004	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend – proposed after balance sheet date of 1.5 HK cents (2004: 1.25 HK cents) per share	10,091	8,385	10,091	8,385
	=====	=====	=====	=====

This proposed dividend is not reflected as a dividend payable in these condensed accounts, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2005.

7. Earnings per share

The calculation of the Group's basic and diluted earnings per share for the three months and six months ended 30 June 2005 and 2004 is based on the respective unaudited consolidated profit attributable to shareholders of HK\$20,873,000 (2004: HK\$18,172,000 (restated)) and HK\$29,787,000 (2004: HK\$26,632,000 (restated)).

The basic earnings per share is based on the weighted average of 672,579,143 (2004: 670,410,220) and 672,361,635 (2004: 669,978,956) shares of HK\$0.10 each (the "Shares") in issue during the three months and six months ended 30 June 2005 and 2004 respectively.

Diluted earnings per share for the three months and six months ended 30 June 2005 and 2004 respectively are not shown as there is no dilutive effect arising from the share options granted by the Company.

8. Comparative figures

Certain comparative figures have been re-classified to conform with current period's presentation.

COMPETING INTERESTS

During the period under review, none of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed or might compete with the business of the Group.

CORPORATE GOVERNANCE

The Board of the Company is committed to principles of good corporate governance in enhancing shareholders' value. These principles include independence, accountability and transparency.

In order to reinforce independence, accountability and responsibility, the role of the Group Chairman is separate from that of the Chief Executive Officer with their respective responsibilities endorsed by the Board in writing. The Board has established the Audit Committee and Remuneration Committee 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 of the GEM Listing Rules.

Audit Committee

The Audit Committee is chaired by an independent non-executive directors and the majority of the Committee are independent non-executive directors. All Committee members possess appropriate industry and financial experience to advise on the Company's strategy and other matters.

The Committee met three times to date in 2005 (with an average attendance rate of 75%) to review with senior management and the Company's auditors the significant internal and external audit findings, the accounting principles and practices adopted by the Group, GEM Listing Rules and statutory compliance, and to review the scope and role of internal and external auditors and to discuss internal control, risk management and financial reporting matters (including the interim accounts for the six months ended 30 June 2005 before recommending to the Board for approval).

Directors' Securities Transactions

The Group has adopted stringent procedures governing directors' securities transactions in compliance with Rules 5.48 to 5.67 of the GEM Listing Rules. Specific confirmation has been obtained from all directors to confirm compliance with the Rules. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with guidelines on no less exacting terms than those set out in the Rules. No incidence of non-compliance was noted for the six-month period ended 30 June 2005.

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

The Hong Kong Stock Exchange has promulgated a new Code on Corporate Governance Practices (the "Code") which came into effect in January 2005, and replaced the "Broad Practices and Procedures" as set out in Rules 5.34 to 5.45 of the GEM Listing Rules. The Company has put in place corporate governance practices to meet all the provisions and most of the recommended best practices as set out in the Code.

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has full compliance with the Code as set out in Appendix 15 of the GEM Listing Rules for the six-month period ended 30 June 2005.

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

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

INTERIM DIVIDEND

At a meeting held on 3 August 2005, the Board of Directors has resolved to declare an interim dividend of 1.5 HK cents (2004: 1.25 HK cents) per Share for the six months ended 30 June 2005 absorbing a total of HK\$10,091,070 (2004: HK\$ 8,385,275) on 672,738,000 Shares issued as at 3 August 2005.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 19 August 2005 to 24 August 2005, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrars, Abacus Share Registrars Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 18 August 2005. Dividend warrants will be despatched on 26 August 2005.

On behalf of the Board

Fung Kwok King, Victor

Chairman

Hong Kong, 3 August 2005

As at the date of this announcement, the executive Directors of the Company are Yeung Lap Bun, Richard and Li Kwok Ho, Bruno, the non-executive Directors are Dr. Fung Kwok King, Victor, Dr. Fung Kwok Lun, William, Jeremy Paul Egerton Hobbins, Wong Yuk Nor, Louisa and Godfrey Ernest Scotchbrook, the independent non-executive Directors are Dr. Ch'ien Kuo Fung, Raymond, Au Man Chung, Malcolm and Lo Kai Yiu, Anthony.

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