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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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 2006

Three Months Ended 30 June		**2006**	2005
• Group Revenue	+9%	HK$560,851,000	HK$515,416,000
• Group Profit Attributable To Shareholders	+7%	HK$22,368,000	HK$20,873,000
• Earnings Per Share (Basic)	+6%	HK3.3 cents	HK3.1 cents
Six Months Ended 30 June		**2006**	2005
• Group Revenue	+11%	HK$1,075,239,000	HK$969,618,000
• Group Profit Attributable To Shareholders	+9%	HK$32,441,000	HK$29,787,000
• Earnings Per Share (Basic)	+9%	HK4.8 cents	HK4.4 cents
• Interim Dividend Per Share	-	HK1.5 cents	HK1.5 cents

HIGHLIGHTS

- Satisfactory growth in turnover and profitability despite startup costs incurred in Dongguan and Shenzhen.
- Number of stores in Hong Kong increased by 3 to 238 during the quarter.
- Number of stores in Guangzhou and Dongguan increased by 2 to 43 and 1 to 7 respectively during the quarter.
- First store opened in Shenzhen in May 2006 under a 100% foreign-owned subsidiary of CRA.
- Number of stores in Zhuhai and Macau increased by 2 to 20 during the quarter.
- Business licence for the Dongguan Sun-High joint venture expected to be issued in the third quarter of 2006.
- Strong cash position with HK$625.9 million and no bank borrowings as of 30 June 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the three months ended 30 June 2006, the Group's turnover increased by 8.8% to HK$560.9 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 2005 and 2006), which registered 0.5% growth in Hong Kong and 14.1% in Guangzhou.

The relatively flat comparable stores turnover growth in Hong Kong was due to a higher comparable base. This was the result of a very successful McMug promotion launched during the second quarter last year as well as price decreases of the Sun newspaper and certain magazine titles. The robust growth in comparable store turnover in Guangzhou was driven by enhanced product offerings in food services as well as the continual bullish trend in the retail market.

Gross margin excluding interest increased from 32.3% in 2005 to 33.6% in 2006 during the quarter as a result of a shifting of sales mix to higher-margin categories and increases in other income.

During the quarter, store operating expenses as a percentage of sales increased from 23.5% in 2005 to 24.2% in 2006. The increase was mainly due to higher store operating expenses in Southern China as a result of store expansion in the two new markets of Dongguan and Shenzhen.

During the quarter, distribution expenses as a percentage of sales increased from 1.6% in 2005 to 1.8% in 2006. This was due to a rise in the volume of goods flowing through the central distribution centre in Hong Kong as well as the increase in coverage for the two new markets, Dongguan and Shenzhen in Southern China. Administration expenses as a percentage of sales increased from 3.3% in 2005 to 3.7% in 2006. This was due to an increase in management staff to support the regional expansion as well as the write-off of pre-operating expenses incurred for the Shenzhen market.

For the second quarter of 2006, net profit attributable to shareholders increased by 7.2% to HK$22.4 million as a result of increases in turnover and gross margin.

The Group had limited foreign exchange exposure in RMB related to the business in the Chinese Mainland. The Group's financial position continues to be strong with a total cash balance of HK$625.9 million and no borrowings. The Board of Directors has resolved to declare an interim dividend of 1.5 HK cents per share.

For the six months ended 30 June 2006, the Group recorded a turnover of HK$1,075.2 million and a net profit of HK$32.4 million, an increase of 10.9% and 8.9% respectively when compared to the results for the six months ended 30 June 2005.

Operations Review – Hong Kong

For the first six months of 2006, sales growth of Circle K stores consistently outperformed the overall retail market, thanks to two successful premium promotions which generated substantial incremental sales during the promotion periods. These were the Garfield promotion launched in February (which continued into the second quarter) and the McMug promotion launched in May.

The wet weather in April and May affected store sales, but the World Cup event which began on June 9 created another sales peak in June, especially in the sales of related categories such as packaged drinks, beer and snack food. Category promotions also contributed to increases in turnover and gross margin, with the focus on high-margin categories.

The impact of the cigarette price reduction on total sales value was somewhat neutralised by the success of concurrent promotions in other product categories. Subsequent price adjustments by leading brands, which increased retail pricing by HK$2 per pack, also helped mitigate the negative effect on category sales.

The rate of retail rental increases in the property market has slightly decelerated, but its impact is still felt during lease renewals, which put considerable pressure on operation costs. To neutralise this, the Group has focused on increasing productivity per store in order to minimise the impact on the bottom line.

Employees

As of 30 June 2006, the Group had a total of 3,215 employees, of whom 2,169 were based in Hong Kong and 1,046 were based in Guangzhou, Dongguan and Shenzhen. Regular part-time staff accounted for 48% of the total headcount.

During the quarter, consistent efforts and dedicated resources were devoted to the recruitment, training and retention of frontline staffs as well as the functional support team with very tangible results.

A series of Leadership Training Programs was launched in the first six months of 2006, which was attended by about 300 store managers who aimed to improve their performance effectiveness through better communications. The Group also launched a "Buddy Scheme", which aims to help newly joined store staff adapt to a new working environment and to improve staff retention. About 80 "Buddies" have been successfully recruited from the frontline thus far, each of whom has been assigned to coach new staff and serve as a point of contact.

Marketing and Promotion

Thematic free premium promotions formed the backbone of promotional activities for the quarter, with encouraging sales results.

The Garfield promotion started in February and was still going strong in April, generating double-digit increases in weekly sales during the promotion period. After a three-week hiatus, the McMug promotion was launched in May and helped sustain the momentum of weekly sales growth.

Peak sales period for the quarter actually started in June, when the hot weather together with the World Cup generated tremendous demand for packaged drinks, snack food and beer. Extending the McMug theme by introducing licensed characters wearing football uniforms helped capitalise on the popularity of the World Cup by creating an appropriate store atmosphere and injecting new excitement into the ongoing promotion.

Joint promotions with leading newspaper titles involving coupon redemption at the Circle K store chain proved to be very effective, with significant number of redemptions per day for the most popular items during the redemption periods. Such a promotion mechanic not only helped increase newspaper sales, but also generated incremental traffic at the stores.

Another major marketing initiative during the quarter was the upgrading of all point-of-purchase materials with new, improved designs and arrangements to ensure more effective communication with customers.

Category Management Excellence

Thanks to the Group's consistent efforts in enhancing category management, most categories reported healthy sales growth, with the top three performing categories being on-site bakery products, beer and cigarettes. The range of on-site baked bread has been rotated constantly with the introduction of new products and stringent quality control. A range of packaged fresh fruit juices under the Hot & In brand also contributed to the sales growth of the food services category.

In the media category, the threat of free newspaper titles turned out to be less damaging than what was originally anticipated. Even though 14% of all newspaper readers only read free titles, 26% only read paid titles and 60% read both. Based on research findings, it is quite possible that "free newspaper only" readers are mainly younger people who do not normally read newspapers.

The online game card category reported promising growth thanks to enhanced shelf display, just-in-time inventory management and affinity group building through a specially designed website. As a result of these efforts, the commission fee of the category doubled over the past two years.

Supply Chain Management and Logistics

As a company initiative to simplify the ordering and receiving process, the Group extended the Hong Kong operations' Electronic Data Interchange for order information to include more suppliers with an efficient direct system link. This helped us achieve quick response to replenishment orders and goods return, and allowed us to simplify data entry and accounting reconciliation.

Preparation is underway for the launch of Phase One of the Category Management System in the third quarter, which is designed to further upgrade product and price management.

Operations Review – Guangzhou

With rising temperatures and bullish market sentiments, the Group's Circle K store chain in Guangzhou continued to register steady increases in average daily transactions and average daily transaction value in comparable stores.

Despite inflation pressure on energy and raw food material costs, the Group was able to maintain a margin performance comparable to last year's during the reported period. This was a result of vigilant control over operational expenses and maximising gross margin in category management.

A new product introduction programme through Hot & In - our established house brand of food services - allowed us to extend our offerings and proved to be the most effective means of achieving sales growth and maintaining margin. A typical success story during the quarter was the launch of the Chinese meal box, which instantly attracted new customers during lunchtime and broadened the appeal of the Hot & In food services as a whole. The incremental lunch traffic actually benefited other related categories such as packaged drinks, snacks and confectionery.

Prospects

Optimistic consumer sentiment seems to prevail in the markets where the Group operates. Major challenges in the future are not so much in generating incremental sales volume, but in effective cost control and productivity enhancement.

Even though the long-anticipated peaking of the retail rental market in Hong Kong has yet to materialise, the Group is looking at secondary retail areas and commuting points such as the MTR and KCRC stations for potential new store sites. Renewal of store leases is also likely to exert pressure on overall operation costs.

In Guangzhou, the pace of new store openings will still be guided by prudence. Hence it seems unlikely that the Group will embark on an escalated expansion programme in the next six months.

In Dongguan, it is expected that the issuance of the business licence for the DG Sun-High joint venture will take place in the third quarter of 2006.

After the opening of the first Circle K store in Shenzhen in May, it is expected that more new stores will be opened in Shenzhen in the next six months. The infrastructure of the support team, which will take the form of a local market office, has already been set up and is ready for a higher level of operational activity.

The geographical proximity of Shenzhen to Hong Kong means that in due course the Shenzhen office may also serve as a service support centre for the Circle K chain in Hong Kong to achieve borderless operation.

As of 30 June 2006 there were 51 company-owned-and-managed Circle K stores in the Pearl River Delta, together with 20 licensed stores in Macau and Zhuhai - a total of 71 Circle K stores outside of Hong Kong. Adding these to the 238 Circle K stores in Hong Kong, the Group operates a total of 309 stores in the Pearl River Delta as of the end of the second quarter in 2006. After the official completion of the DG Sun-High acquisition in Dongguan, the total store number will be close to 500 by the end of 2006.

The Group is well on track to roll out its multi-city strategic entry plan in the Pearl River Delta in accordance with the three-year plan. The Group is also aggressively building business volume with existing stores by maximising sales and margin opportunities to achieve organic growth.

In addition to the objectives set out in the three-year strategic plan, new business opportunities outside the Pearl River Delta will also be studied and pursued cautiously when they arise.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2006

		(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2006	2005	**2006**	2005
	Note	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	*2*	560,851	515,416	1,075,239	969,618
Cost of sales		(418,162)	(390,525)	(811,231)	(740,981)
Gross profit		142,689	124,891	264,008	228,637
Other income	*2*	50,084	45,071	94,623	81,273
Store expenses	*3*	(135,710)	(121,339)	(263,867)	(229,542)
Distribution costs	*3*	(9,854)	(8,274)	(18,590)	(15,977)
Administrative expenses	*3*	(20,766)	(17,037)	(39,490)	(31,680)
Profit before income tax		26,443	23,312	36,684	32,711
Income tax expenses	*4*	(5,272)	(3,905)	(7,275)	(5,682)
Profit for the period		21,171	19,407	29,409	27,029
Profit attributable to:					
Shareholders of the Company		22,368	20,873	32,441	29,787
Minority interests		(1,197)	(1,466)	(3,032)	(2,758)
		21,171	19,407	29,409	27,029
Dividend	*5*	10,138	10,091	10,138	10,091
Earnings per share for profit attributable to the shareholders of the Company					
- Basic earnings per share	*6*	HK3.3 cents	HK3.1 cents	HK4.8 cents	HK4.4 cents
- Diluted earnings per share	*6*	HK3.3 cents	HK3.1 cents	HK4.8 cents	HK4.4 cents

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2006

	(Unaudited) 30 June 2006 HK$'000	(Audited) 31 December 2005 HK$'000
Non-current assets		
Fixed assets	95,620	89,827
Lease premium for land	14,973	15,142
Available-for-sale financial assets	1,895	-
Rental deposits	26,248	25,523
Deferred tax assets	851	1,361
	139,587	131,853
Current assets		
Inventories	82,030	79,065
Rental deposits	13,947	11,680
Trade receivables	19,311	26,647
Other receivables, deposits and prepayments	30,256	32,469
Lease premium for land	426	425
Bank balances and cash	625,899	597,310
	771,869	747,596
Current liabilities		
Amount due to immediate holding company	879	177
Trade payables	351,059	321,936
Other payables and accruals	57,698	66,224
Taxation payable	6,797	1,665
	416,433	390,002
Net current assets	355,436	357,594
Total assets less current liabilities	495,023	489,447
Financed by:		
Share capital	67,584	67,367
Reserves	413,497	386,738
Proposed dividend	10,138	30,392
Shareholders' funds	491,219	484,497
Minority interests	(5,795)	(2,912)
	485,424	481,585
Non-current liabilities		
Long service payment liabilities	7,967	7,862
Deferred tax liabilities	1,632	-
	495,023	489,447

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2006

	(Unaudited)								
	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 2005	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
At 1 July 2005	67,271	118,554	177,087	13,433	1,411	24	70,838	(9,358)	439,260
Issue of shares	96	890	-	-	-	-	-	-	986
Employee share option benefits	-	13	-	-	1,055	-	29	-	1,097
Exchange differences	-	-	-	-	-	99	-	54	153
Profit/(loss) for the period	-	-	-	-	-	-	43,791	(3,206)	40,585
Dividend	-	-	-	-	-	-	(10,094)	-	(10,094)
Capital contribution from a minority shareholder	-	-	-	-	-	-	-	9,598	9,598
At 31 December 2005	67,367	119,457	177,087	13,433	2,466	123	104,564	(2,912)	481,585
At 1 January 2006	67,367	119,457	177,087	13,433	2,466	123	104,564	(2,912)	481,585
Issue of shares	217	2,478	-	-	-	-	-	-	2,695
Employee share option benefits	-	170	-	-	1,447	-	24	-	1,641
Exchange differences	-	-	-	-	-	344	-	149	493
Profit/(loss) for the period	-	-	-	-	-	-	32,441	(3,032)	29,409
Dividend	-	-	-	-	-	-	(30,399)	-	(30,399)
At 30 June 2006	67,584	122,105	177,087	13,433	3,913	467	106,630	(5,795)	485,424

NOTES TO CONDENSED INTERIM ACCOUNTS

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 2005 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 2005 except that the Group has changed certain of its accounting policies following its adoption of revised Hong Kong Financial Reporting Standards ("HKFRS") which are effective for accounting periods commencing on or after 1 January 2006.

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.

In 2006, the Group adopted HKAS 21 Amendment "The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation", which is relevant to its operations.

The adoption of HKAS 21 Amendment has resulted in a change in the accounting policy for the treatment of exchange differences arising on a monetary item that forms part of the net investment in a foreign operation of the Company. Effective on 1 January 2006, the revised standard allows the Company to include inter-company loans as part of the Company's net investment in foreign operation. Exchange differences arising from these inter-company loans are taken to equity in the consolidated accounts. In prior years, such exchange differences were recognised in the consolidated profit and loss account. HKAS 21 Amendment has been applied retrospectively and its effect is insignificant to the Group's results.

2. Revenue, other income 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 2006 are as follows:

	(Unaudited) Three months ended 30 June		**(Unaudited) Six months ended 30 June**	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue				
Merchandise sales revenue	560,851	515,416	1,075,239	969,618
Other income				
Supplier rebate and promotion fees	35,964	34,521	67,585	61,263
Service items and miscellaneous income	9,563	7,080	18,050	13,693
Interest income	4,557	3,470	8,988	6,317
	50,084	45,071	94,623	81,273

Primary reporting format – geographical segments

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

	Hong Kong	(Unaudited) Chinese Mainland	Group
	Three months ended 30 June		
	2006	**2006**	**2006**
	HK$'000	HK$'000	HK$'000
Revenue	537,681	23,170	560,851
Other income	43,418	2,109	45,527
	581,099	25,279	606,378
Segment results	28,505	(6,619)	21,886
Interest income			4,557
Profit before income tax			26,443
Income tax expenses			(5,272)
Profit for the period			21,171

	Hong Kong	(Unaudited) Chinese Mainland	Group
	Six months ended 30 June		
	2006	**2006**	**2006**
	HK$'000	HK$'000	HK$'000
Revenue	1,033,098	42,141	1,075,239
Other income	81,743	3,892	85,635
	1,114,841	46,033	1,160,874
Segment results	40,289	(12,593)	27,696
Interest income			8,988
Profit before income tax			36,684
Income tax expenses			(7,275)
Profit for the period			29,409

	Hong Kong	(Unaudited) Chinese Mainland	Group
	Three months ended 30 June		
	2005	2005	2005
	HK$'000	HK$'000	HK$'000
Revenue	502,305	13,111	515,416
Other income	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 income tax			23,312
Income tax expenses			(3,905)
Profit for the period			19,407

	Hong Kong	(Unaudited) Chinese Mainland	Group
	Six months ended 30 June		
	2005	2005	2005
	HK$'000	HK$'000	HK$'000
Revenue	946,149	23,469	969,618
Other income	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 income tax			32,711
Income tax expenses			(5,682)
Profit for the period			27,029

There were no sales between the geographical segments.

3. Expenses by nature

Expenses included in store expenses, distribution costs and administrative expenses are analysed as follows:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	HK$'000	HK$'000
Amortisation of lease premium for land	107	105	213	211
Depreciation of owned fixed assets	9,638	9,478	18,827	18,476
Loss on disposal of fixed assets	430	69	720	122

4. Income tax expenses

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 2006 and 2005. No provision for overseas profits tax has been made as the Group has no overseas estimated assessable profit for the three months and six months ended 30 June 2006 and 2005.

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

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	HK$'000	HK$'000
Current income tax - Hong Kong profits tax	4,939	4,221	5,132	4,836
Deferred income tax	333	(316)	2,143	846
	5,272	3,905	7,275	5,682

5. **Dividend**

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	HK$'000	HK$'000
Interim dividend - proposed after balance sheet date of 1.5 HK cents (2005: 1.5 HK cents) per share	10,138	10,091	10,138	10,091

This proposed dividend is not reflected as a dividend payable in these condensed accounts.

6. **Earnings per share**

The calculation of the Group's basic earnings per share for the three months and six months ended 30 June 2006 and 2005 is based on the respective unaudited consolidated profit attributable to shareholders of HK$22,368,000 (2005: HK$20,873,000) and HK$32,441,000 (2005: HK$29,787,000).

The basic earnings per share is based on the weighted average of 675,671,957 (2005: 672,579,143) and 675,477,744 (2005: 672,361,635) shares of HK$0.10 each (the "Shares") in issue during the three months and six months ended 30 June 2006 and 2005 respectively.

There is no dilutive effect arising from the share options granted by the Company.

7. **Loss attributable to shareholders from Chinese Mainland operations**

Included in profit attributable to shareholders of the Company, there is a loss of HK$9,514,000 (2005: HK$4,838,000) from the Group's Chinese Mainland operations.

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 consistent with prudent enhancement and management of shareholder 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 Director and the majority of the Committee members are independent non-executive Directors. All Committee members possess appropriate industry and financial experience to advise on Company's strategy and other matters.

The Committee met three times to date in 2006 (with an average attendance rate of 93%) 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, to review the scope and role of internal and external auditors and to discuss internal controls, risk management and financial reporting matters (including the quarterly, half-year and annual accounts before recommending to the Board for approval).

Internal Control

The Board is responsible for maintaining an adequate system of internal controls in the Company and reviewing, at least annually, its effectiveness through the Audit Committee. Based on the assessment made by senior management and the Group's Corporate Governance Division (Internal Audit) for the six months ended 30 June 2006, the Audit Committee is satisfied that the internal controls and accounting systems of the Group are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management's authorisation and the accounts are reliable for publication; and there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

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 2006.

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 been in compliance with the provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules during the six-month period ended 30 June 2006.

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 2 August 2006, the Board of Directors has resolved to declare an interim dividend of 1.5 HK cents (2005: 1.5 HK cents) per Share for the six months ended 30 June 2006 absorbing a total of HK$10,137,930 (2005: HK$10,091,070) on 675,862,000 Shares issued as at 2 August 2006.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 18 August 2006 to 23 August 2006, 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 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 17 August 2006. Dividend warrants will be despatched on 25 August 2006.

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

Hong Kong, 2 August 2006

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.*