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.

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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 2007

Three Months Ended 30 June		**2007**	2006
• Revenue	+29.6%	HK$726,839,000	HK$560,851,000
• Profit attributable to shareholders of the Company	+14.1%	HK$25,523,000	HK$22,368,000
• Earnings per share	+6.0%	HK3.51 cents	HK3.31 cents
Six Months Ended 30 June		**2007**	2006
• Revenue	+23.1%	HK$1,323,594,000	HK$1,075,239,000
• Profit attributable to shareholders of the Company	+15.6%	HK$37,503,000	HK$32,441,000
• Earnings per share	+10.2%	HK5.29 cents	HK4.80 cents
• Interim dividend per share	+13.3%	HK1.7 cents	HK1.5 cents

HIGHLIGHTS

- Strong growth in turnover and profit after consolidation with Saint Honore
- Continual trend of gross margin expansion
- Integration of Saint Honore will be completed in the third quarter of 2007
- Net cash position of HK$323.4 million as of 30 June 2007

NUMBER OF OUTLETS AS OF 30 JUNE 2007

Circle K Convenience Stores	
Hong Kong	262
Guangzhou	56
Dongguan	8
Shenzhen	3
Subtotal	**329**
Franchised Circle K Stores	
Macau	16
Zhuhai	7
Subtotal	**23**
Total Number of Circle K Outlets	**352**
Saint Honore Group	
Hong Kong – Cake Shop	60
– Bread Boutique	14
	74
Macau – Cake Shop	7
Guangzhou – Cake Shop	7
	14
Total Number of Saint Honore Outlets	**88**

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the three months ended 30 June 2007, the Group's turnover increased by 29.6% to HK$726.8 million when compared to the same period last year. The increase in turnover was achieved through the opening of new stores and the consolidation of the Saint Honore operations.

Turnover of comparable stores (stores in existence throughout the first and second quarters of 2006 and 2007) remained stagnant in Hong Kong for the three months ended 30 June 2007. This was due to the drop in cigarette sales as a result of new legislation to ban cigarette smoking in public places and the favourable impact on turnover last year caused by the World Cup football match. However, comparable store turnover in Southern China continued its fast growth momentum and recorded an increase of 12.7% for the three months ended 30 June 2007.

Gross margin excluding interest increased from 33.6% in 2006 to 37.3% in 2007 during the quarter. The increase was due to a shift in the sales mix, as a result of the decrease in lower margin cigarette sales, an increase in higher margin packaged beverage sales and in store bakery sales. The consolidation of the higher margin Saint Honore bakery business also lifted the gross margin of the Group.

During the quarter, store operating expenses as a percentage of sales increased from 24.2% in 2006 to 26.7% in 2007. The increase was mainly due to the consolidation of Saint Honore operations, which had a higher store operating cost structure and the higher rental expenses for Circle K stores. As a result, store-operating expenses as a percentage of sales increased after the consolidation. The higher distribution and administrative costs was also due to the same consolidation.

For the second quarter of 2007, net profit attributable to shareholders increased by 14.1% to HK$25.5 million as a result of increases in turnover and gross margin, despite higher store operating, distribution and administrative expenses.

The Group had limited foreign exchange exposure in RMB related to the business on the Chinese Mainland. The Group's financial position continues to be strong with a total cash balance of HK$323.4 million without any bank borrowings. The Board of Directors has resolved to declare an interim dividend of 1.7 HK cents per share.

For the six months ended 30 June 2007, the Group recorded a turnover of HK$1,323.6 million and a net profit attributable to shareholders of HK$37.5 million, an increase of 23.1% and 15.6% respectively when compared to the results for the six months ended 30 June 2006.

Operation Review - Hong Kong

Despite signs of the retail rental market peaking at the beginning of the year, retail rental in Hong Kong continued to be sustained at a high level, exerting pressure on operational costs as well as the pace of new store openings. However, the Group still managed to open six new stores during the quarter as planned but lease renewals with steep upward adjustments continued to pose some real challenges to the operation team.

During the second quarter, integration of the Saint Honore operations was a key management initiative. After three months of dedicated effort, the integration processes are well underway and business performance will soon demonstrate that synergies are being achieved.

Since the acquisition, three new Saint Honore cake shops have been opened in Hong Kong and one in Macau, offering opportunities for experimentation in store design upgrade. The design of the next generation of Saint Honore cake shops is close to completion and currently pilot testing. Market acceptance of these new Saint Honore cake shops with a new look were quite positive, an observation supported by satisfactory sales performance.

Employees

As of 30 June 2007, the Group had a total of 5,370 employees, of whom 3,400 were based in Hong Kong and 1,970 were based in Macau, Guangzhou, Dongguan and Shenzhen. Regular part-time staff accounted for 32% of the total headcount. The increase of headcount was due to the acquisition of the Saint Honore operations.

A three-year training programme for more than 300 store managers was successfully concluded with the last module designed to promote team cohesion with effective communication and mutual support being rolled out in the last quarter.

The "Buddy" system, successfully launched in 2006, continued to work very well in terms of staff retention and a total of 185 buddies were recruited through the frontline staff.

Marketing and Promotion

The sales performance during the second quarter of 2007 was boosted by two successful thematic promotions: the free giveaway of Sesame Street figures as chess pieces for a Flying Chess set for purchases over HK$20, and a scratch card promotion to draw on the release of the Hollywood blockbuster, "Pirates of the Caribbean: At World's End".

These promotions not only generated incremental transactions and increased transaction values but also created fun and excitement at the storefront and enriched the overall shopping experience.

Category Management

The Circle K chain in Hong Kong was the first convenience store chain to introduce the Easy Cash concept with the EPS (Electronic Payment System), which enables customers to withdraw cash during purchase transactions with their EPS card. This innovative service was yet another initiative to provide greater convenience for Circle K customers and add value to the package of services already provided by Circle K stores, such as sales of stamps, phone cards, SIM cards, online game cards, bill payment and special event ticketing.

The Group also introduced an innovative product line offering fun, novelty and good value in the form of a range of popular licensed characters directly imported from Japan, selling at the retail price of HK$10 each.

Supply Chain Management and Logistics

The Group launched an important initiative in supply chain management after the acquisition of Saint Honore, which was to explore the potential synergy of the logistic support between the two operations. The objective was to operate a synchronized fleet management system optimizing the utilization of resources.

A feasibility study to improve the warehouse management system with radio frequency equipment was conducted to see whether it could provide the Circle K Distribution Centre with tangible benefits such as improved efficiency and minimized labour, in preparation for a new system launch in 2008.

Operations Review - Guangzhou

During the second quarter, the Group conducted a management review of the administrative infrastructure of the Pearl River Delta operations with the objective of reducing head office overheads and increasing operational efficiency. The consequent consolidation of resources has resulted in considerable saving in operational costs.

The store opening capital expenditure budget was also reviewed and effectively rationalized to pave the way for a more aggressive pace of store opening in due course.

The Group is proud to announce that the Food Commissary of the Convenience Retail Southern China Limited in Guangzhou has recently been awarded the Certificate of Food Safety Management System, meaning that it was assessed and registered to be in compliance with the Hazard Analysis and Critical Control Point: HACCP-EC-01 (equivalent to the ISO/DIS22000).

The scope of certification broadly covers the range of food and drink products under the Hot & In house brand: namely the on-site baked breads and the baked rice lunch boxes. This is an official endorsement of the high degree of food safety standard attained by the Group's food manufacturing operations in Guangzhou.

The highlight of category sales performance is the Hot & In product range, which continued to register healthy sales growth with an enhanced product mix and aggressive promotional tactics. Packaged drinks are another major growth category. The importance of all food and drink categories is reflected in the fact that they accounted for almost 80% of total revenue. This is also a good indication that consumers' demand for convenience store services is mostly driven by the need to satisfy thirst and hunger instantly.

It is noteworthy that Family Mart has made a new entry into the convenience store market in Guangzhou, with about five stores in operation currently. With the acquisition of the Quik convenience store chain, 7-Eleven has added about 80 stores to the brand. C-store has not opened any new stores in the past quarter. Even with these new developments, which have little impact on the Group's operation, the total number of convenience stores in the market has remained quite stable, allowing plenty of room for growth.

Prospects

The upbeat consumer sentiment prevailing in Hong Kong and the Chinese Mainland bodes well for the Group's sales performance in the coming six months.

Key challenges to the Group's operations will be found in the areas of operational cost control, margin improvement, difficulty in obtaining cigarette licenses for new stores on the Chinese Mainland and new store openings.

The foreseeable trend of the RMB appreciation will inevitably lead to cost increases in food, raw materials and product sourcing, setting the scene for an inflationary environment. The Group's proactive response to these imminent market changes is a management review of the overall product cost structure and pricing strategy.

The new store opening programme will be directly influenced by supply and demand market dynamics. Since it is highly unlikely that the demand for prime retail store sites will decrease, the Group's solution is to increase flexibility in its store size requirements and to search for affordable premises in the secondary retail areas, which have reasonable traffic density of the target customer groups.

As of 30 June 2007, there were 67 company-owned-and-managed Circle K stores in the Pearl River Delta, together with 23 licensed stores in Macau and Zhuhai - a total of 90 Circle K stores outside Hong Kong. Adding these to the 262 Circle K stores in Hong Kong, the Group operates a total of 352 Circle K stores in the Pearl River Delta. With the acquisition of the Saint Honore chain, which currently has a total of 88 outlets in Hong Kong, Macau and Guangzhou, the Group operates a total store network of 440 outlets as at the end of the second quarter in 2007.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2007

		(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2007	2006	**2007**	2006
	Note	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	*2*	726,839	560,851	1,323,594	1,075,239
Cost of sales	*3*	(505,693)	(418,162)	(946,494)	(811,231)
Gross profit		221,146	142,689	377,100	264,008
Other income	*2*	51,143	50,084	103,199	94,623
Store expenses	*3*	(193,968)	(135,710)	(349,725)	(263,867)
Distribution costs	*3*	(16,407)	(9,854)	(27,976)	(18,590)
Administrative expenses	*3*	(30,599)	(20,766)	(56,519)	(39,490)
Operating profit		31,315	26,443	46,079	36,684
Finance costs	*4*	(445)	-	(745)	-
Profit before income tax		30,870	26,443	45,334	36,684
Income tax expenses	*5*	(6,618)	(5,272)	(10,400)	(7,275)
Profit for the period		24,252	21,171	34,934	29,409
Profit attributable to:					
Shareholders of the Company		25,523	22,368	37,503	32,441
Minority interests		(1,271)	(1,197)	(2,569)	(3,032)
		24,252	21,171	34,934	29,409
Dividend	*6*	12,384	10,138	12,384	10,138
Earnings per share for profit attributable to the shareholders of the Company					
- Basic earnings per share	*7*	HK3.51 cents	HK3.31 cents	HK5.29 cents	HK4.80 cents
- Diluted earnings per share	*7*	HK3.50 cents	HK3.30 cents	HK5.27 cents	HK4.79 cents

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007

	Note	(Unaudited) 30 June 2007 HK$'000	(Audited) 31 December 2006 HK$'000
Non-current assets			
Intangible assets		357,465	-
Fixed assets		233,873	99,093
Lease premium for land		182,656	15,284
Available-for-sale financial assets		23,560	22,570
Rental deposits		37,679	28,639
Bank deposits		70,000	120,000
Deferred tax assets		1,273	404
		906,506	285,990
Current assets			
Inventories		94,691	82,308
Amount due from immediate holding company		-	48
Rental deposits		22,767	14,786
Trade receivables	*9*	29,762	24,108
Other receivables, deposits and prepayments		49,484	49,112
Other financial assets		7,142	7,142
Cash and cash equivalents		253,394	514,785
		457,240	692,289
Current liabilities			
Amount due to immediate holding company		1,903	-
Trade payables	*10*	395,286	357,199
Other payables and accruals		122,154	90,586
Taxation payable		9,747	1,135
Cake coupon liabilities		122,475	-
		651,565	448,920
Net current (liabilities)/assets		(194,325)	243,369
Total assets less current liabilities		712,181	529,359
Financed by:			
Share capital		72,829	67,714
Reserves		599,132	425,116
Proposed dividend		12,384	36,200
Shareholders' funds		684,345	529,030
Minority interests		(5,404)	(8,173)
		678,941	520,857
Non-current liabilities			
Long service payment liabilities		14,583	8,091
Deferred tax liabilities		18,657	411
		712,181	529,359

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2007

	(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 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 benefit	-	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
At 1 July 2006	67,584	122,105	177,087	13,433	3,913	467	106,630	(5,795)	485,424
Issue of shares	130	3,210	-	-	-	-	-	-	3,340
Employee share option benefit	-	241	-	-	733	-	45	-	1,019
Exchange differences	-	-	-	-	-	978	-	207	1,185
Profit/(loss) for the period	-	-	-	-	-	-	42,613	(2,585)	40,028
Dividend	-	-	-	-	-	-	(10,139)	-	(10,139)
At 31 December 2006	67,714	125,556	177,087	13,433	4,646	1,445	139,149	(8,173)	520,857
At 1 January 2007	67,714	125,556	177,087	13,433	4,646	1,445	139,149	(8,173)	520,857
Issue of shares	451	11,853	-	-	-	-	-	-	12,304
Acquisition of subsidiaries	4,664	139,914	-	-	-	-	-	-	144,578
Employee share option benefit	-	486	-	-	868	-	-	-	1,354
Exchange differences	-	-	-	-	-	1,004	-	255	1,259
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	(5,212)	5,083	(129)
Profit/(loss) for the period	-	-	-	-	-	-	37,503	(2,569)	34,934
Dividend	-	-	-	-	-	-	(36,216)	-	(36,216)
At 30 June 2007	72,829	277,809	177,087	13,433	5,514	2,449	135,224	(5,404)	678,941

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 2006 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 2006 except the Group has changed its accounting policy for transactions with minority interest. Moreover, the Group has adopted new/revised standards and interpretations of Hong Kong Financial Reporting Standard which are effective for accounting periods commencing on or after 1 January 2007.

Change in accounting policy for transactions with minority interest

In prior years, the Group treated transactions with minority interest as transactions with parties external to the Group. Purchase from minority interest result in goodwill, being the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired. Disposals to minority interest result in gains and losses for the Group that are recorded in the consolidated profit and loss account.

With effect from 1 January 2007, the Group no longer accounts for transactions with minority interest as transactions with parties external to the Group but as transactions with equity owners of the Group. For purchases from minority interest, the difference between any consideration paid and the relevant share of the carrying value of net assets of the relevant subsidiary is credited/charged to equity. For disposals to minority interest, differences between any proceeds received and the relevant share of minority interest are also recorded in equity. The Group regards the change is appropriate as under this new treatment, the Group only recognises goodwill in the balance sheet and gain/loss on disposal in the profit and loss account from the purchase and disposal of interest of a subsidiary when there is a change in control in the subsidiary.

Adoption of this new treatment has no significant impact to the consolidated financial statements in prior years and had this not been applied for the Group's purchase of additional interest in a subsidiary from a minority shareholder during the period, the Group's retained earnings and goodwill as at 30 June 2007 would have been increased by HK$5,212,000 respectively.

New standards/amendments to standards effective in 2007

HKFRS 7, Financial instruments: Disclosures, and the complementary Amendment to HKAS 1, Presentation of Financial Statements - Capital Disclosures is mandatory for accounting periods beginning on or after 1 January 2007. HKFRS 7 and Amendments to HKAS 1 introduce new disclosures relating to financial instruments and capital in the Company's annual financial statements. The adoption does not have any impact on the condensed consolidated interim accounts.

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 three months and six months ended 30 June 2007 are as follows:

	(Unaudited) Three months ended 30 June		**(Unaudited) Six months ended 30 June**	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue				
Merchandise sales revenue	600,885	560,851	1,155,017	1,075,239
Bakery sales revenue	125,954	-	168,577	-
	726,839	560,851	1,323,594	1,075,239
Other income				
Supplier rebate and promotion fees	39,012	35,964	77,070	67,585
Service items and miscellaneous income	10,827	9,563	21,606	18,050
Interest income	1,304	4,557	4,523	8,988
	51,143	50,084	103,199	94,623

Primary reporting format - business segments

	(Unaudited) Three months ended 30 June 2007			(Unaudited) Three months ended 30 June 2006		
	Convenience Store	**Bakery**	**Group**	Convenience Store	Bakery	Group
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	600,885	125,954	726,839	560,851	-	560,851
Other income	49,529	310	49,839	45,527	-	45,527
	650,414	126,264	776,678	606,378	-	606,378
Segment results	22,055	7,956	30,011	21,886	-	21,886
Interest income			1,304			4,557
Finance costs			(445)			-
Profit before income tax			30,870			26,443
Income tax expenses			(6,618)			(5,272)
Profit for the period			24,252			21,171

	(Unaudited) Six months ended 30 June 2007			(Unaudited) Six months ended 30 June 2006		
	Convenience Store	**Bakery**	**Group**	Convenience Store	Bakery	Group
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	1,155,017	168,577	1,323,594	1,075,239	-	1,075,239
Other income	98,319	357	98,676	85,635	-	85,635
	1,253,336	168,934	1,422,270	1,160,874	-	1,160,874
Segment results	32,945	8,611	41,556	27,696	-	27,696
Interest income			4,523			8,988
Finance costs			(745)			-
Profit before income tax			45,334			36,684
Income tax expenses			(10,400)			(7,275)
Profit for the period			34,934			29,409

Secondary reporting format - geographical segments

	(Unaudited) Three months ended 30 June 2007			(Unaudited) Three months ended 30 June 2006		
	Hong Kong and Macau	**Chinese Mainland**	**Group**	Hong Kong and Macau	Chinese Mainland	Group
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	689,767	37,072	726,839	537,681	23,170	560,851
Other income	47,519	2,320	49,839	43,418	2,109	45,527
	737,286	39,392	776,678	581,099	25,279	606,378
Segment results	35,800	(5,789)	30,011	28,505	(6,619)	21,886
Interest income			1,304			4,557
Finance costs			(445)			-
Profit before income tax			30,870			26,443
Income tax expenses			(6,618)			(5,272)
Profit for the period			24,252			21,171

	(Unaudited) Six months ended 30 June 2007			(Unaudited) Six months ended 30 June 2006		
	Hong Kong and Macau	**Chinese Mainland**	**Group**	Hong Kong and Macau	Chinese Mainland	Group
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	1,257,562	66,032	1,323,594	1,033,098	42,141	1,075,239
Other income	94,156	4,520	98,676	81,743	3,892	85,635
	1,351,718	70,552	1,422,270	1,114,841	46,033	1,160,874
Segment results	54,339	(12,783)	41,556	40,289	(12,593)	27,696
Interest income			4,523			8,988
Finance costs			(745)			-
Profit before income tax			45,334			36,684
Income tax expenses			(10,400)			(7,275)
Profit for the period			34,934			29,409

3. Expenses by nature

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	HK$'000	HK$'000
Amortisation of lease premium for land	1,050	107	1,474	213
Depreciation of owned fixed assets	16,292	9,638	28,849	18,827
Loss on disposal of fixed assets	759	430	904	720
Other expenses	728,566	574,317	1,349,487	1,113,418
Total cost of sales, store expenses, distribution costs and administrative expenses	746,667	584,492	1,380,714	1,133,178

4. Finance costs

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	HK$'000	HK$'000
Interest expenses on bank loans	445	-	745	-

On 2 March 2007, the Group had drawn bank loan amounting to HK$80 million to facilitate the acquisition of Saint Honore. As at 30 June 2007, the bank loan was fully repaid.

5. 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 2007 and 2006. Taxation on overseas profits has been calculated on the estimated assessable profits for the three months and six months ended 30 June 2007 at the rates prevailing in the countries in which the Group operates (2006: Nil).

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

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	HK$'000	HK$'000
Current income tax				
- Hong Kong profits tax	7,650	4,939	10,302	5,132
- Overseas profits tax	349	-	434	-
- Over provision in prior year	(164)	-	(164)	-
Deferred income tax	(1,217)	333	(172)	2,143
	6,618	5,272	10,400	7,275

6. **Dividend**

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	HK$'000	HK$'000
Interim dividend - proposed after balance sheet date of 1.7 HK cents (2006: 1.5 HK cents) per share	12,384	10,138	12,384	10,138
	========	========	========	========

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

7. **Earnings per share**

The calculation of the Group's basic earnings per share for the three months and six months ended 30 June 2007 is based on the unaudited consolidated profit attributable to shareholders of the Company of HK$25,523,000 (2006: HK$22,368,000) and HK$37,503,000 (2006: HK$32,441,000) respectively.

The basic earnings per share is based on the weighted average of 726,325,206 (2006: 675,671,957) and 708,946,611 (2006: 675,477,744) shares of HK$0.10 each (the "Shares") in issue during the three months and six months ended 30 June 2007 respectively.

The diluted earnings per share is based on 729,048,906 (2006: 677,422,995) and 711,352,673 (2006: 676,891,427) shares which is the weighted average number of 726,325,206 (2006: 675,671,957) and 708,946,611 (2006: 675,477,744) shares in issue plus the weighted average of 2,723,700 (2006: 1,751,038) and 2,406,062 (2006: 1,413,683) shares deemed to be issued at no consideration if all outstanding options granted by the Company had been exercised during the three months and six months ended 30 June 2007 respectively.

8. **Loss attributable to shareholders from convenience store operations in Chinese Mainland**

Included in profit attributable to shareholders of the Company, there is a loss of HK$11,284,000 (2006: HK$9,514,000) from the Group's convenience store operations in Chinese Mainland.

9. Trade receivables

Majority of the Group's revenue are retail cash sales. The Group's credit terms on trade receivables on income from suppliers mainly range from 30 days to 60 days. Trade receivables are non-interest bearing. The carrying amounts of trade receivables approximate their fair values. At 30 June 2007, the ageing analysis of trade receivables was as follows:

	(Unaudited) 30 June 2007 HK$'000	(Audited) 31 December 2006 HK$'000
0-30 days	26,159	20,943
31-60 days	1,623	1,351
61-90 days	673	1,124
Over 90 days	1,307	690
	29,762	24,108

10. Trade payables

At 30 June 2007, the ageing analysis of the trade payables was as follows:

	(Unaudited) 30 June 2007 HK$'000	(Audited) 31 December 2006 HK$'000
0-30 days	209,055	173,012
31-60 days	98,467	99,804
61-90 days	51,935	51,370
Over 90 days	35,829	33,013
	395,286	357,199

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 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 independence, accountability and responsibility, the role of the Group Chairman is separate from that of the Chief Executive Officer with their respective responsibilities 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 written 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. The Group Chief Compliance Officer as appointed by the Board attends all Board and Committee meetings to advise on corporate governance, risk management, statutory compliance and accounting and financial matters.

Audit Committee

The Audit Committee was established in January 2001 to review the Group's financial reporting, internal controls, and corporate governance and risk management matters and to make relevant recommendations to the Board.

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 professional qualifications, accounting and related financial management expertise as required under the GEM Listing Rules.

The Committee met three times to date in 2007 (with an average attendance rate of 93%) to review with senior management and the Company's internal and external auditors the Group's significant internal controls and financial matters as set out in the Audit Committee's terms of reference. The Committee's review covers the audit plans, audit findings of internal and external auditors, external auditors' independence, the Group's accounting principles and practices, GEM Listing Rules and statutory compliance, internal controls, risk management and financial reporting matters (including the annual, interim and quarterly accounts before recommending to the Board for approval).

Remuneration Committee

The Remuneration Committee was established on 1 January 2005 and is chaired by the non-executive Group Chairman. The Committee is responsible for the review of the Group's remuneration and human resources policy and the approving of the remuneration policy for all executive Directors, including the allocation of share options to employees under the Company's Share Option Scheme. The Committee met once to date with attendance rate of 100% to review the grant of share options to employees.

Internal Control and Risk Management

The Board is responsible for maintaining an adequate system of internal controls in the Group and reviewing its effectiveness through the Audit Committee. Such system is aim to provide reasonable but not absolute assurance against material misstatement, loss or fraud. The Board has delegated to executive management the implementation of such systems of internal controls and the review of relevant financial, operational and compliance controls and risk management procedures.

Qualified personnel throughout the Group maintain and monitor these systems of controls on an ongoing basis. The Group's Internal Audit team within the Corporate Governance Division ("CGD"), under the supervision of the Group Chief Compliance Officer, independently reviews these controls, and evaluates their adequacy, effectiveness and compliance. Summary of major findings and recommendations is reported to the Audit Committee on a quarterly basis. Follow up on all recommendations is also performed on a periodic basis to ensure all agreed recommendations have been satisfactorily and timely implemented.

Based on the assessments made by senior management and the CGD (Internal Audit team) for the six-month period ended 30 June 2007, the Audit Committee is satisfied that:

- the internal controls and accounting systems of the Group have been in place and 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.

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

Code of Conduct and Business Ethics

Guidelines of the Group's business ethical practices as endorsed by the Board are set out in the Company's Code of Conduct and Business Ethics for all Directors and staff. For ease of reference and as a constant reminder to all staff, a copy of the guidelines is posted in the Company's internal electronic Bulletin Board.

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 for the six-month period ended 30 June 2007. 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 GEM Listing Rules. No incident of non-compliance was noted by the Company for the six-month period ended 30 June 2007.

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 code provisions as set out in the Code of Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules during the six-month period ended 30 June 2007.

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 2007, the Board of Directors has resolved to declare an interim dividend of 1.7 HK cents (2006: 1.5 HK cents) per Share for the six months ended 30 June 2007 absorbing a total of HK$12,383,582 (2006: HK$ 10,137,930) on 728,445,974 Shares issued as at 2 August 2007.

CLOSURE OF REGISTER of MEMBERS

The Register of Members will be closed from 17 August 2007 to 23 August 2007, 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, Tricor Abacus Limited (formerly known as Abacus Share Registrars Limited) at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 16 August 2007. Dividend warrants will be despatched on 24 August 2007.

On behalf of the Board
Convenience Retail Asia Limited
Yeung Lap Bun, Richard
Executive Director

Hong Kong, 2 August 2007

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.*