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



CONVENIENCE RETAIL ASIA LIMITED

利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08052)

HALF YEAR RESULTS

FOR THE PERIOD ENDED 30 JUNE 2008

Three months ended 30 June		2008	2007
• Revenue	+11.5%	HK\$810,759,000	HK\$727,136,000
• Profit attributable to shareholders of the Company	+0.4%	HK\$25,623,000	HK\$25,523,000
• Earnings per share	0%	HK3.51 cents	HK3.51 cents
Six months ended 30 June		2008	2007
• Revenue	+20.1%	HK\$1,589,376,000	HK\$1,323,901,000
• Profit attributable to shareholders of the Company	+4.8%	HK\$39,320,000	HK\$37,503,000
• Earnings per share	+1.9%	HK5.39 cents	HK5.29 cents
• Interim dividend per share	0%	HK1.7 cents	HK1.7 cents

HIGHLIGHTS

- Maintained business growth despite exceptionally wet weather and huge surge in cost and operating expenses.
- Substantial food cost inflation resulted in margin squeeze in the bakery business.
- Pilot testing of Circle K franchising business model in Guangzhou well under way.
- Net cash position of HK\$427.3 million as of 30 June 2008.

NUMBER OF STORES AS OF 30 JUNE 2008

Circle K Convenience Stores

Hong Kong	278
Guangzhou	69
Dongguan	5
Shenzhen	3
	<hr/>
Subtotal	355

Franchised Circle K Stores

Guangzhou	3
Macau	15
Zhuhai	12
	<hr/>
Subtotal	30

Total number of Circle K Stores **385**

Saint Honore Group

Hong Kong	— Cake Shop	70
	— Bread Boutique	11
		<hr/>
Subtotal		81

Macau	— Cake Shop	7
Guangzhou	— Cake Shop	14
		<hr/>

Subtotal **21**

Total number of Saint Honore Stores **102**

Total number of Stores under Convenience Retail Asia **487**

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the three months ended 30 June 2008, the Group's turnover increased by 11.5% to HK\$810.8 million compared to the same period last year. The turnover of the convenience stores business increased by 9.9% to HK\$660.1 million compared to the same period last year. These increases were mainly attributable to the opening of new stores and to an increase in sales at comparable convenience stores (stores in existence throughout the first and second quarters of both 2007 and 2008). Sales for comparable convenience stores in Hong Kong and Southern China increased by 5.4% and 13.3% respectively against the same quarter last year. The turnover of the bakery business increased by 21.4% to HK\$163.7 million compared to the same period last year, due mainly to the opening of new stores.

Gross margin and other income (excluding interest income as a percentage of turnover) decreased to 36.8% during the second quarter of 2008, compared to 37.3% achieved in the same period last year. The decrease was caused mainly by the substantial increase in food costs, which had a negative impact on the gross margin of the bakery business.

Operating expenses were carefully controlled and decreased from 33.2% to 33% of turnover for the second quarter compared to 2007.

For the six months ended 30 June 2008 and the second quarter of 2008, the operating profit of the convenience store business increased by 19.8% and 13.7% to HK\$44.6 million and HK\$26.4 million when compared to 2007. The increase was due mainly to increases in convenience stores turnover and effective control of the operating expenses. Over the same time period, the operating profit for the bakery business decreased by 28.5% and 24% to HK\$6.3 million and HK\$6.2 million compared to 2007. This decrease was due mainly to margin squeeze caused by the substantial rise in food costs.

Compared to 2007, net profit attributable to shareholders for the six months ended 30 June 2008 and the second quarter of 2008, increased by 4.8% and 0.4% to HK\$39.3 million and HK\$25.6 million. For the six months ended 30 June 2008, basic earnings per share increased by 1.9% from 5.29 HK cents to 5.39 HK cents.

The Group had limited foreign exchange exposure in Renminbi as a result of its business operations in the Chinese Mainland. The Group continued to maintain a strong financial position with net cash of HK\$427.3 million with no bank borrowings.

The Board of Directors has resolved to declare an interim dividend of 1.7 HK cents per share.

Operation Review — Hong Kong

During the second quarter, the Group opened seven new Circle K stores in Hong Kong and maintained a moderate pace of expansion in its store network as the retail rental market continued to hold up, sustained by the double-digit increase in tourist arrivals and the steady growth in domestic consumption. The Group closed the second quarter with 278 Circle K stores in Hong Kong and has revised the target number of stores to 290 by year-end.

For the first six months of 2008, compared to the same period a year ago, convenience store comparable store sales growth was 6.3%. This was achieved despite unusually cool and wet weather in the months of May and June, which led to a slight drop in transactions per store.

Operational initiatives to reduce energy consumption were rolled out chain-wide and achieved significant savings. The introduction of interactive roster scheduling enabled the stores to maintain an optimum headcount without compromising service quality.

Mass customised store models were launched as planned, with the tactical objectives of meeting different customer needs in different neighbourhoods. Consistent efforts were devoted to updating and upgrading the stores. Store interiors were redesigned to create a modern, spacious and user-friendly shopping environment with smarter energy utilisation and smoother operation processes. Exteriors have been redesigned to make a statement about the brand and to stand out from the retail clutter.

Employees

As of 30 June 2008, the Group had a total of 6,086 employees, of whom 4,061 were based in Hong Kong and 2,025 were based in Macau, Guangzhou, Dongguan and Shenzhen. Regular part-time staff accounted for 30% of the total headcount. Total headcount of the Group includes the Saint Honore operations.

The “Speed, Tidiness and Friendliness” training programme to promote service excellence has been put to practice for the last nine years and is still going strong. In the second quarter, over 80 “Service Stars” were recruited from the frontline as role models. Over the past six years the “Service Star” leadership programme has proven to be an effective morale booster.

A new series of leadership training initiatives for Circle K frontline staff was launched. Objectives include creating a positive working environment at the stores and enabling the store managers to lead their staff to achieve outstanding performance.

For the Saint Honore operations, a training and career ladder was set up to facilitate a learning culture at the frontline and to enhance the competitiveness of the customer service standard.

Marketing and Promotion

In support of the “Always Something New” advertising platform, the Group continued its non-stop creative promotion programme in the second quarter. Initiatives included an Astro Boy premium promotion which gave away a series of colourful scotch tapes featuring a group of licensed Japanese cartoon characters.

A soccer theme EPOS lucky draw promotion was launched in June 2008 to tie in with the European Cup competition and to promote packaged drink, beer, snack and confectionery – all very much in demand for late night television viewing of the matches.

These innovative promotions were designed to enhance the shopping experience at Circle K by providing the excitement of “something new” to customers every time they visit the stores.

Category Management

Snack and confectionery registered strong category sales growth during the second quarter. The main contributor to the satisfactory sales performance was imported Japanese confectionery. The enhanced Japanese product mix was supported by prominent shelf displays and advertising communication.

During the second quarter, Hot & In food counters were introduced to another 11 Circle K stores. With a total of over 50 Hot & In counters in the Circle K chain in Hong Kong, more Circle K customers are able to enjoy over-the-counter fresh food and drink services in the stores. The introduction of a new range of high quality steamed food items greatly enhanced the competitiveness of food offerings at the Circle K stores.

On 8 May 2008, Circle K was appointed by the Disney Theme Park to be the exclusive convenience store outlet for the Park’s ticketing service. This represents a new addition to the wide range of convenient services already available at Circle K.

Supply Chain Management and Logistics

The data-processing facility and telephone system of the new call centre, launched in March 2008 to serve frontline staff and other business units, was further upgraded in the second quarter. This upgrade anticipates the ultimate integration of the internal call centre with the customer service hotline by the end of August 2008.

By the beginning of 2009, it is intended that the call centre will serve not only the Circle K operations but also the Saint Honore operations in Hong Kong, and eventually the Circle K and the Saint Honore operations in the Pearl River Delta.

A common call centre data-processing support system will provide a seamless service platform with borderless central support for the frontline. This will minimise operational issues by fostering two-way communication between the frontline and the headquarters.

Operation Review — Guangzhou

In the second quarter, the Group opened eight new Circle K stores in Guangzhou. At the close of the quarter, the Group had 77 Circle K stores in the Pearl River Delta, including Guangzhou, Dongguan and Shenzhen. To enhance overall profitability, three stores in Dongguan and two stores in Shenzhen were closed.

A significant strategic development was the conversion of three Circle K stores into franchised stores as experimental franchise prototypes. Before the end of the year, the Group expects to be able to summarise the key learning from the experiment and will proceed to prepare for a full scale launch of the franchise model.

Comparable store sales growth registered a healthy 18.2% for the first half of 2008 compared to the same period last year. The main contributors to the growth were strong category sales performance of confectionery, snacks, packaged beverages and food services.

To enhance the competitiveness of the Group's customer service standard in Guangzhou, a consulting firm was recruited to review and improve the "Mystery Shopper" programme. The programme was designed to measure the performance of the frontline staff and provide consistent tracking of customer service standards.

Improving the merchandising mix and implementing multi-tier pricing for stores in different neighbourhoods achieved a significant margin improvement for the convenience store product categories compared with last year. The Hot & In product offerings were reviewed and upgraded with the introduction of new products including meal boxes, packaged bakery products and novelty flavour cup drinks served over the counter.

In June 2008, the new government regulation banning free plastic bag was enforced. New shopping bags are being designed to comply with the regulation.

In the Group's bakery business, healthy sales growth for the Saint Honore operations was offset by the steep increase in food costs. Wheat flour, eggs, sugar and dairy products were the headline inflationary items.

Another negative variance was the increase in the labour cost of the manufacturing centre. Actions were taken immediately to review the overhead cost and to bring about drastic reductions in operation expenses.

During the first six months of 2008, the Group devoted considerable resources to upgrade the product quality and enhance the product range of the Saint Honore Cake Shop. Some very tangible incremental sales were registered with the introduction of new product lines.

Prospects

In the coming six months, uncertain prospects for the global economy and the general weakening of consumer confidence will inevitably impact on the overall retail market performance in Hong Kong.

However, both the convenience stores and the bakery chains are engaged in retailing consumer products that are basic daily necessities with low transaction value, so it is anticipated that the Group's operations will be less affected than most other retail trades. But the main challenges for the Group are to control cost, minimise margin erosion and improve profitability.

Aggressive marketing and promotion programme, together with enhanced category management, superior products and quality customer service will help to achieve the sales target set for 2008.

To improve margin and profitability, the Group has to tackle persistent, global issues such as price inflation, labour and logistics cost increases, escalating retail rental and other rising operating expenses. These issues will remain part of the operating environment in the second half of 2008.

As of 30 June 2008, there were 77 company-owned and -managed Circle K stores outside Hong Kong, together with 3 franchised stores in Guangzhou, 27 licensed stores in Macau and Zhuhai – giving a total of 107 Circle K stores outside Hong Kong. Adding these to the 278 stores in Hong Kong, the Group operates a total of 385 Circle K stores in the Pearl River Delta. Together with the Saint Honore chain, which currently has a total of 102 stores in Hong Kong, Macau and Guangzhou, the Group operates a total store network of 487 outlets as at the end of the second quarter of 2008.

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2008**

		(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	<i>Note</i>	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Revenue	2	810,759	727,136	1,589,376	1,323,901
Cost of sales	3	(571,201)	(505,490)	(1,120,496)	(946,250)
Gross profit		<u>239,558</u>	<u>221,646</u>	<u>468,880</u>	<u>377,651</u>
Other income	2	60,640	51,212	107,661	103,340
Store expenses	3	(215,270)	(192,507)	(419,661)	(349,076)
Distribution costs	3	(20,351)	(16,604)	(40,371)	(28,237)
Administrative expenses	3	(32,001)	(32,391)	(65,651)	(57,674)
Operating profit		<u>32,576</u>	<u>31,356</u>	<u>50,858</u>	<u>46,004</u>
Finance costs	4	-	(445)	-	(745)
Profit before income tax		<u>32,576</u>	<u>30,911</u>	<u>50,858</u>	<u>45,259</u>
Income tax expenses	5	(6,953)	(6,659)	(11,538)	(10,325)
Profit for the period		<u>25,623</u>	<u>24,252</u>	<u>39,320</u>	<u>34,934</u>
Profit attributable to:					
Shareholders of the Company		25,623	25,523	39,320	37,503
Minority interests		-	(1,271)	-	(2,569)
		<u>25,623</u>	<u>24,252</u>	<u>39,320</u>	<u>34,934</u>
Dividend	6	<u>12,409</u>	<u>12,384</u>	<u>12,409</u>	<u>12,384</u>
Earnings per share for profit attributable to the shareholders of the Company					
- Basic earnings per share	7	<u>HK3.51 cents</u>	<u>HK3.51 cents</u>	<u>HK5.39 cents</u>	<u>HK5.29 cents</u>
- Diluted earnings per share	7	<u>HK3.51 cents</u>	<u>HK3.50 cents</u>	<u>HK5.39 cents</u>	<u>HK5.27 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

	<i>Note</i>	(Unaudited) 30 June 2008 HK\$'000	(Audited) 31 December 2007 HK\$'000
Non-current assets			
Fixed assets		246,560	241,355
Lease premium for land		176,967	180,680
Intangible assets		357,465	357,465
Available-for-sale financial assets		1,895	1,895
Rental deposits		40,537	37,244
Bank deposits		50,000	50,000
Deferred tax assets		4,805	3,613
		878,229	872,252
Current assets			
Inventories		104,637	110,450
Amount due from immediate holding company		888	227
Rental deposits		25,521	25,797
Trade receivables	9	29,769	30,688
Other receivables, deposits and prepayments		56,350	53,048
Taxation recoverable		685	2,091
Cash and cash equivalents		377,260	392,844
		595,110	615,145
Current liabilities			
Trade payables	10	446,254	455,352
Other payables and accruals		124,062	140,660
Taxation payable		20,811	10,935
Cake coupons		124,270	127,613
		715,397	734,560
Net current liabilities		(120,287)	(119,415)
Total assets less current liabilities		757,942	752,837
Financed by:			
Share capital		72,992	72,907
Reserves		649,691	614,584
Proposed dividend		12,409	40,111
Shareholders' funds		735,092	727,602
Minority interests		(8,256)	(7,954)
		726,836	719,648
Non-current liabilities			
Long service payment liabilities		12,783	14,180
Deferred tax liabilities		18,323	19,009
		757,942	752,837

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2008

	(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 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	<u>72,829</u>	<u>277,809</u>	<u>177,087</u>	<u>13,433</u>	<u>5,514</u>	<u>2,449</u>	<u>135,224</u>	<u>(5,404)</u>	<u>678,941</u>
At 1 July 2007	72,829	277,809	177,087	13,433	5,514	2,449	135,224	(5,404)	678,941
Issue of shares	78	1,784	-	-	-	-	-	-	1,862
Employee share option benefit	-	442	-	-	2,138	-	8	-	2,588
Exchange differences	-	-	-	-	-	1,827	-	202	2,029
Profit/(loss) for the period	-	-	-	-	-	-	49,364	(2,752)	46,612
Dividend	-	-	-	-	-	-	(12,384)	-	(12,384)
At 31 December 2007	<u>72,907</u>	<u>280,035</u>	<u>177,087</u>	<u>13,433</u>	<u>7,652</u>	<u>4,276</u>	<u>172,212</u>	<u>(7,954)</u>	<u>719,648</u>
At 1 January 2008	72,907	280,035	177,087	13,433	7,652	4,276	172,212	(7,954)	719,648
Issue of shares	85	1,397	-	-	-	-	-	-	1,482
Employee share option benefit	-	182	-	-	2,129	-	74	-	2,385
Exchange differences	-	-	-	-	-	4,446	-	(302)	4,144
Profit for the period	-	-	-	-	-	-	39,320	-	39,320
Dividend	-	-	-	-	-	-	(40,143)	-	(40,143)
At 30 June 2008	<u>72,992</u>	<u>281,614</u>	<u>177,087</u>	<u>13,433</u>	<u>9,781</u>	<u>8,722</u>	<u>171,463</u>	<u>(8,256)</u>	<u>726,836</u>

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 Enterprise Market of The Stock Exchange of Hong Kong Limited (“the GEM Listing Rules”).

These condensed consolidated interim accounts should be read in conjunction with the 2007 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 2007. The Group has adopted new/revised standards and interpretations of Hong Kong Financial Reporting Standards which are effective for accounting periods commencing on or after 1 January 2008. The adoption of such new/revised standards and interpretations does not have material impact on the accounts and does not result in substantial changes to the Group’s accounting policies.

2. Revenue, other income and segment information

The Group is principally engaged in the operation of a chain of convenience stores and bakeries. Revenues recognised during the three months and six months ended 30 June 2008 are as follows:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2008 HK\$’000	2007 HK\$’000	2008 HK\$’000	2007 HK\$’000
Revenue				
Merchandise sales revenue	660,096	600,885	1,287,839	1,155,017
Bakery sales revenue	150,663	126,251	301,537	168,884
	<u>810,759</u>	<u>727,136</u>	<u>1,589,376</u>	<u>1,323,901</u>
Other income				
Supplier rebate and promotion fees	41,784	39,012	75,864	77,070
Service items and miscellaneous income	15,195	10,838	26,745	21,655
Interest income	1,459	1,362	2,850	4,615
Gain on disposal of properties	2,202	-	2,202	-
	<u>60,640</u>	<u>51,212</u>	<u>107,661</u>	<u>103,340</u>

Primary reporting format - business segments

	(Unaudited)			(Unaudited)		
	Three months ended 30 June 2008			Three months ended 30 June 2007		
	Convenience Store HK\$'000	Bakery HK\$'000	Group HK\$'000	Convenience Store HK\$'000	Bakery HK\$'000	Group HK\$'000
Total segment revenue	660,096	163,662	823,758	600,885	134,856	735,741
Inter-segment revenue	-	(12,999)	(12,999)	-	(8,605)	(8,605)
	<u>660,096</u>	<u>163,662</u>	<u>823,758</u>	<u>600,885</u>	<u>134,856</u>	<u>735,741</u>
Revenue	660,096	150,663	810,759	600,885	126,251	727,136
Other income	56,941	2,240	59,181	49,529	321	49,850
	<u>717,037</u>	<u>152,903</u>	<u>869,940</u>	<u>650,414</u>	<u>126,572</u>	<u>776,986</u>
Segment results	<u>25,474</u>	<u>5,643</u>	<u>31,117</u>	<u>22,055</u>	<u>7,939</u>	<u>29,994</u>
Interest income			1,459			1,362
Finance costs			-			(445)
Profit before income tax			<u>32,576</u>			<u>30,911</u>
Income tax expenses			(6,953)			(6,659)
Profit for the period			<u>25,623</u>			<u>24,252</u>

	(Unaudited)			(Unaudited)		
	Six months ended 30 June 2008			Six months ended 30 June 2007		
	Convenience Store HK\$'000	Bakery HK\$'000	Group HK\$'000	Convenience Store HK\$'000	Bakery HK\$'000	Group HK\$'000
Total segment revenue	1,287,839	324,733	1,612,572	1,155,017	179,662	1,334,679
Inter-segment revenue	-	(23,196)	(23,196)	-	(10,778)	(10,778)
	<u>1,287,839</u>	<u>324,733</u>	<u>1,612,572</u>	<u>1,155,017</u>	<u>179,662</u>	<u>1,334,679</u>
Revenue	1,287,839	301,537	1,589,376	1,155,017	168,884	1,323,901
Other income	102,270	2,541	104,811	98,319	406	98,725
	<u>1,390,109</u>	<u>304,078</u>	<u>1,694,187</u>	<u>1,253,336</u>	<u>169,290</u>	<u>1,422,626</u>
Segment results	<u>42,489</u>	<u>5,519</u>	<u>48,008</u>	<u>32,945</u>	<u>8,444</u>	<u>41,389</u>
Interest income			2,850			4,615
Finance costs			-			(745)
Profit before income tax			<u>50,858</u>			<u>45,259</u>
Income tax expenses			(11,538)			(10,325)
Profit for the period			<u>39,320</u>			<u>34,934</u>

Secondary reporting format - geographical segments

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Revenue and other income				
Hong Kong and others	819,994	738,730	1,598,318	1,353,459
Chinese Mainland	52,843	39,287	101,992	70,461
	<hr/>	<hr/>	<hr/>	<hr/>
	872,837	778,017	1,700,310	1,423,920
Inter-segment revenue	(2,897)	(1,031)	(6,123)	(1,294)
	<hr/>	<hr/>	<hr/>	<hr/>
	869,940	776,986	1,694,187	1,422,626
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Segment results				
Hong Kong and others	43,975	36,445	70,051	54,497
Chinese Mainland	(12,858)	(6,451)	(22,043)	(13,108)
	<hr/>	<hr/>	<hr/>	<hr/>
	31,117	29,994	48,008	41,389
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

3. Expenses by nature

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 June		30 June	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of lease premium for land	961	1,050	2,010	1,474
Depreciation of owned fixed assets	18,250	16,292	36,069	28,849
Loss on disposal of fixed assets	1,244	759	1,897	904
Other expenses	818,368	728,891	1,606,203	1,350,010
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total cost of sales, store expenses, distribution costs and administrative expenses	838,823	746,992	1,646,179	1,381,237
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4. Finance costs

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 June		30 June	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest expenses on bank loans	-	445	-	745
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. Income tax expenses

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the three months and six months ended 30 June 2008. Taxation on overseas profits has been calculated on the estimated assessable profits for the three months and six months ended 30 June 2008 and 2007 at the rates prevailing in the countries in which the Group operates.

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

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Current income tax				
- Hong Kong profits tax	8,473	7,705	13,146	10,278
- Overseas profits tax	25	(303)	270	(360)
Deferred income tax	(1,545)	(743)	(1,878)	407
	<u>6,953</u>	<u>6,659</u>	<u>11,538</u>	<u>10,325</u>

6. Dividend

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Interim dividend - proposed after balance sheet date of 1.7 HK cents (2007: 1.7 HK cents) per share	<u>12,409</u>	<u>12,384</u>	<u>12,409</u>	<u>12,384</u>

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 2008 is based on the unaudited consolidated profit attributable to shareholders of the Company of HK\$25,623,000 (2007: HK\$25,523,000) and HK\$39,320,000 (2007: HK\$37,503,000) respectively.

The basic earnings per share is based on the weighted average number of 729,882,656 (2007: 726,325,206) and 729,579,006 (2007: 708,946,611) shares in issue during the three months and six months ended 30 June 2008 respectively.

The diluted earnings per share is based on 729,900,785 (2007: 729,048,906) and 729,791,660 (2007: 711,352,673) shares which is the weighted average number of 729,882,656 (2007: 726,325,206) and 729,579,006 (2007: 708,946,611) shares in issue plus the weighted average number of 18,129 (2007: 2,723,700) and 212,654 (2007: 2,406,062) 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 2008 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\$20,833,000 (2007: HK\$11,284,000) 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 receivable 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 2008, the aging analysis of trade receivables is as follows:

	(Unaudited) 30 June 2008 HK\$'000	(Audited) 31 December 2007 HK\$'000
0-30 days	25,595	23,434
31-60 days	1,460	3,784
61-90 days	928	1,886
Over 90 days	1,786	1,584
	<hr/> 29,769 <hr/> <hr/>	<hr/> 30,688 <hr/> <hr/>

10. Trade payables

At 30 June 2008, the aging analysis of the trade payables is as follows:

	(Unaudited) 30 June 2008 HK\$'000	(Audited) 31 December 2007 HK\$'000
0-30 days	247,125	231,973
31-60 days	117,944	133,527
61-90 days	51,094	62,322
Over 90 days	30,091	27,530
	<hr/> 446,254 <hr/> <hr/>	<hr/> 455,352 <hr/> <hr/>

CORPORATE GOVERNANCE

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

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

The Board has established the Audit Committee and Remuneration Committee (all chaired by non-executive Directors) with defined terms of reference (available to shareholders upon request), which are of no less exacting terms than those set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

The Group Chief Compliance Officer, as appointed by the Board, attends all Board and committee meetings to advise on corporate compliance matters covering risk management and compliance issues relating to mergers and acquisitions, secretarial, accounting and financial reporting.

Corporate governance practices adopted by the Company during the six months ended 30 June 2008 are in line with those practices set out in the Company's 2007 Annual Report.

Audit Committee

The Audit Committee met three times to date in 2008 (with an average attendance rate of about 93%) to review with senior management and the Company's internal (Corporate Governance Division) and external auditors the Group's significant internal control and financial matters as set out in the Audit Committee's terms of reference. The Committee's review covers the audit plans and findings of internal and external auditors, external auditor's independence, the Group's accounting principles and practices, the GEM Listing Rules and statutory compliance, internal controls, risk management and financial reporting matters.

The Audit Committee has reviewed with the management this unaudited half year report for the six months ended 30 June 2008 before recommending it to the Board for approval.

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 months ended 30 June 2008. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with guidelines which are of no less exacting terms than those set out in the GEM Listing Rules. No incident of non-compliance was noted by the Company for the six months ended 30 June 2008.

Internal Control and Risk Management

The Board assumes the overall responsibility for reviewing the adequacy and effectiveness of the Group's system of internal controls and risk management through the Audit Committee. The Board has delegated to executive management the design, implementation and ongoing monitoring of such system of internal controls covering financial, operational and compliance controls and risk management procedures.

Based on the assessments made by senior management and Corporate Governance Division (Internal Audit) for the six months ended 30 June 2008, the Audit Committee is satisfied that:

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

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

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules during the six months ended 30 June 2008.

INTERESTS IN COMPETING BUSINESS

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.

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 4 August 2008, the Board of Directors has resolved to declare an interim dividend of 1.7 HK cents (2007: 1.7 HK cents) per share to the shareholders for the six months ended 30 June 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 25 August 2008 to 29 August 2008, 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 at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 22 August 2008. Dividend warrants will be despatched on 1 September 2008.

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

Hong Kong, 4 August 2008

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

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