



For Immediate Release

Convenience Retail Asia reports robust growth in turnover and profit for Q1 2007

Integration of Saint Honore offers great potential for further business expansion

Hong Kong, 2 May 2007 – Convenience Retail Asia Limited (“CRA” or “the Group”; SEHK: 8052), operator of the Circle K convenience stores in Hong Kong and on the Chinese Mainland, announced strong increases in turnover and profit as a result of very healthy growth in the Circle K business and the consolidation of Saint Honore’s results from 23 February 2007.

For the three-month period ended 31 March 2007, the Group’s turnover was HK\$596.8 million, an increase of 16.0% when compared to the same period last year. The combination of a 15.2% increase in quarterly net profit from the convenience store business and the inclusion of Saint Honore’s net results from 23 February 2007 led to an increase in consolidated net profit of 18.9% to HK\$12 million during the quarter when compared to the same period last year. Basic earnings per share were 1.73 HK cents, compared to 1.50 HK cents in first quarter of 2006.

Mr. Richard Yeung, Chief Executive Officer of CRA, said, “An exciting new development in the first quarter of 2007 was the Group’s acquisition of the Saint Honore which has very positive strategic implications. As a well-established bakery chain and a household brand name, Saint Honore offers great potential for further business expansion and margin improvement. Most importantly, the forward integration of a previous supplier of chilled dough used in all the Circle K on-site bakeries also means ample opportunities for cost savings, cross-promotion and new product development.”

Business Review

The buoyant economy and positive consumer sentiment of 2006 were well sustained in the first quarter of 2007. Comparable convenience store sales (stores in existence throughout the first quarter of 2006 and 2007) in Hong Kong and Southern China increased by 0.4% and 14.7% respectively over the first quarter of 2006.

In Hong Kong, the Group's highlight for the first quarter was the official completion of the acquisition and privatisation of the Saint Honore on 22 February 2007. With over 80 outlets and four production facilities in Hong Kong, Shenzhen and Guangzhou, Saint Honore instantly enhances the Group's store network, food production capability, turnover sales and profitability. The Group has already initiated the process of integrating the Saint Honore business into its day-to-day operations. It is anticipated that the process will be completed by the end of the second quarter.

In Guangzhou, the retail market continued to register double-digit growth after the outstanding sales performance in 2006, underpinned by strong economic growth and an increase in disposable income. The Group's application for a franchising business licence, officially submitted in the first quarter, is currently under review. This licence will be another major strategic step toward accelerating the Group's expansion plan and achieving a critical mass on the Chinese Mainland with the option of rolling out the franchising model.

At the end of the first quarter of 2007, there were a total of 259 stores in Hong Kong, 52 stores in Guangzhou, 8 stores in Dongguan and 3 stores in Shenzhen compared to 235 stores in Hong Kong, 41 stores in Guangzhou and 6 stores in Dongguan as of the end of the first quarter of 2006. Under the franchising arrangement, the total number of Circle K stores in Macau and Zhuhai remained as 22 during the quarter. Including Saint Honore's 87 stores, CRA's store network increased to a total of 431 stores.

Outlook

Going forward, Mr. Yeung said, "The first-quarter performance so far indicated that 2007 will be favourable for the Group's business growth in Hong Kong and expansion plans in the Pearl River Delta. More potential store sites became available in Hong Kong and we were able to increase nine new stores during the first quarter."

With Saint Honore now on board as a member of the Group, plans are in place to add another 10 new shops in Hong Kong. Renovation and refitting of some of the old premises are also being scheduled in order to rejuvenate the store image and upgrade the customer shopping experience.

The Group's operations in the Pearl River Delta, including Guangzhou, Dongguan and Shenzhen, will continue to ride on the current positive consumer sentiment. Potential threats to future business growth are policy risks such as complications regarding the cigarette retail licence for foreign investors.

“Considering the strategic initiatives that the Group plans on implementing, as well as our plans for network expansion, it is anticipated that 2007 will be another year for investment in the Pearl River Delta,” Mr. Yeung concluded.

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About CRA

Convenience Retail Asia Limited (CRA, SEHK stock code: 8052), a member of Li & Fung Retailing, is engaged in the operation of one of the leading convenience store chains in Hong Kong under the brand name of Circle K. The Circle K store chain in Hong Kong comprises 259 company-owned-and-managed stores as of 31 March 2007.

In October 2002, CRA established Convenience Retail Southern China Limited in joint venture with Guangzhou Grain Group Limited and Shanghai Shenhong Corporation to develop the South China market. As of 31 March 2007, 52 Circle K stores were in operation in Guangzhou and eight stores in Dongguan and three stores in Shenzhen. In Macau and Zhuhai, there were a total of 22 sublicensed Circle K stores in operation. Excluding Hong Kong, there were 85 stores in the Pearl River Delta Region.

In February 2007, CRA successfully acquired the Saint Honore Cake Shop. Including Saint Honore's 87 stores, CRA's store network increased to a total of 431 stores as of 31 March 2007. (CRA website: www.cr-asia.com)

About Li & Fung Retailing

Li & Fung (Retailing) Limited, the holding company of Convenience Retail Asia, was formed in 1985 as a company wholly owned by Li & Fung (1937) Limited. Under Li & Fung Retailing, there are Circle K and Toys “R” Us; fashion retailing business Branded Lifestyle which manages retail sales of Country Road, Mango and Calvin Klein Jeans, among other international brands in key markets in Asia. Li & Fung Retailing's business extends from Korea, Hong Kong to Taiwan, Singapore, Malaysia, Thailand and Indonesia with plans for expansion into the Chinese Mainland and other South East Asian countries. (Li & Fung Group website: www.lifunggroup.com)

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Convenience Retail Asia Limited

利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8052)

FIRST QUARTERLY RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2007

		2007	2006
• Revenue	+16.0%	HK\$596,755,000	HK\$514,388,000
• Profit attributable to shareholders of the Company	+18.9%	HK\$11,980,000	HK\$10,073,000
• Earnings per share	+15.3%	HK1.73 cents	HK1.50 cents

HIGHLIGHTS

- Strong sales riding on the back of buoyant Hong Kong and Chinese Mainland economies.
- Consolidation of Saint Honore's results from 23 February 2007.
- Integration of Saint Honore business expected to be completed by the second quarter of 2007, boosting revenue and profitability growth in the second half of 2007.
- Group maintained strong net cash position of HK\$293.6 million as of 31 March 2007.

Number of Outlets as of 31 March 2007

Circle K Convenience Stores

Hong Kong	259
Guangzhou	52
Dongguan	8
Shenzhen	3
Subtotal	322

Franchised Circle K Stores

Macau	16
Zhuhai	6
Subtotal	22
Total Number of Circle K Outlets	<u>344</u>

Saint Honore Group

Hong Kong - Cake Shop	60
- Bread Boutique	14
Subtotal	74
Macau - Cake Shop	6
Guangzhou - Cake Shop	7
Total Number of Saint Honore Outlets	<u>87</u>

Convenience Retail Asia Limited

Unaudited Consolidated Profit & Loss Account

	Three months ended 31 March	
	2007	2006
	HK\$'000	HK\$'000
Revenue	596,755	514,388
Cost of sales	(440,801)	(393,069)
Gross profit	<u>155,954</u>	<u>121,319</u>
Other income	52,056	44,539
Store expenses	(155,757)	(128,157)
Distribution costs	(11,569)	(8,736)
Administrative expenses	(25,920)	(18,724)
Operating profit	<u>14,764</u>	<u>10,241</u>
Finance costs	(300)	-
Profit before income tax	<u>14,464</u>	<u>10,241</u>
Income tax expenses	(3,782)	(2,003)
Profit for the period	<u><u>10,682</u></u>	<u><u>8,238</u></u>
Profit attributable to:		
Shareholders of the Company	11,980	10,073
Minority interests	(1,298)	(1,835)
	<u><u>10,682</u></u>	<u><u>8,238</u></u>
Earnings per share for profit attributable to the shareholders of the Company		
- Basic earnings per share	<u><u>HK1.73 cents</u></u>	<u><u>HK 1.50 cents</u></u>