



For Immediate Release

**Network expansion, incremental sales and Saint Honore acquisition spur
Convenience Retail Asia's third quarter results**

Ongoing strategic initiatives and marketing programmes continue to drive future growth

Hong Kong, 1 November 2007 – Convenience Retail Asia Limited ("CRA" or "the Group"; SEHK: 8052), operator of the Circle K convenience stores and Saint Honore cake shops in Hong Kong and on the Chinese Mainland, announced healthy increases in turnover and profit for the third quarter of 2007. The results reflect the Group's successful network expansion and incremental sales from a multi-media branding campaign as well as consolidation of the Saint Honore operations.

During the third quarter of 2007, the Group's turnover increased by 37.5% to HK\$810.7 million when compared to the same period last year. The Group recorded a net profit attributable to shareholders of HK\$27.8 million during the quarter, representing an increase of 20.3% over the same period last year. Basic earnings per share were 3.82 HK cents.

For the nine months ended 30 September 2007, the Group recorded a turnover of HK\$2,134.3 million and net profit attributable to shareholders of HK\$65.3 million, representing an increase of 28.2% and 17.6% respectively year on year.

Mr. Richard Yeung, Chief Executive Officer of CRA, said, "During the period, the strong economic fundamentals underpinned by an overall thriving stock market and further expansion in inbound tourism, provided a favourable market environment for our operations in Hong Kong. In order to maximise positive consumer sentiments and to support the Group's brand building strategic initiative, a multi-media branding campaign was launched in September 2007 and has since successfully generated incremental sales."

"The rise in profits was largely due to the contribution of the Saint Honore operations after consolidation." Mr. Yeung added.

Business Review

For the quarter ended 30 September 2007, the Group achieved an increase in turnover by the addition of new stores, an increase in sales at comparable stores (stores in existence throughout the first, second and third quarters of both 2006 and 2007) as well as consolidation of the Saint Honore operations. The seasonal impact of mooncake sales in Saint Honore stores also contributed positively to turnover during the period.

Comparable store sales in Hong Kong increased by 2.7% over the same quarter last year, mainly attributable to aggressive advertising and promotion, as well as category management initiatives.

The Group's newly launched multi-media branding campaign with the theme "Always Something New!" positions Circle K as the convenience store chain that offers a novel, interesting shopping experience to customers providing new product offerings, new promotional ideas and new service innovations. Supported by a concurrent programme of innovative promotions, the campaign was highly effective in generating incremental customer traffic and sales.

In Guangzhou, the Group continued to report satisfactory comparable store sales growth with an 10.3% increase for the Circle K chain.

In light of new legislation prohibiting the wholesale and retail of tobacco by foreign companies, the Group elected not to proceed with the acquisition of a 60% equity stake in Dongguan Sunhigh Trading Co. Ltd ("DG Sunhigh"), the operator of a franchised convenience store chain in Dongguan. Had the acquisition been completed, DG Sunhigh would have legally become a foreign enterprise and been required to forfeit its tobacco retail business licence, resulting in an instant loss of substantial sales turnover. In view of the unforeseen turn of events, the decision to terminate the acquisition deal was mutually agreed.

The cancellation of the DG Sunhigh acquisition will have no adverse effect on the Group's overall strategic plan for network expansion. After obtaining a franchising business licence at the beginning of the year, the Group started testing a store-by-store franchising model under the Circle K brand name in Guangzhou.

As of 30 September 2007, there were 72 company-owned-and-managed Circle K stores in the Pearl River Delta, together with 25 licensed stores in Macau and Zhuhai – a total of 97 Circle K stores outside Hong Kong. Adding these to the 265 Circle K stores in Hong Kong, the Group operated a total of 362 Circle K stores in the Pearl River Delta. After the acquisition of Saint Honore, which had a total of 92 outlets in Hong Kong, Macau and Guangzhou, the Group operated a store network of 454 outlets as at the end of the third quarter in 2007.

Outlook

In the future, Mr. Yeung commented, “With sustainable economic growth in Hong Kong and on the Chinese Mainland likely to continue, the Group is relatively confident that overall turnover sales will maintain growth momentum.”

When taken on an annual basis, the acquisition and integration of Saint Honore has given the Group a major boost in terms of both turnover and profitability. However, it is likely that growth will continue at a more modest rate in the fourth quarter, as the significant increases in sales reported in the second and third quarters were largely due to festive products.

In Hong Kong, the Group will continue to build on the momentum of the high profile media campaign launched in the third quarter, committing to provide customers with “Always Something New!” in their shopping experience.

Mr. Yeung said, “With substantial cash reserves and a healthy cash flow, we are constantly looking for new acquisition opportunities. Any future acquisitions must be adjacent to the Group’s existing retail business models, provide shopping convenience that justifies premium retail pricing and deliver an economy of scale that could be further enhanced by the Group’s core competency in supply chain management. The Saint Honore acquisition has been a good example of the perfect strategic fit, meeting all the above criteria.”

“Our ongoing strategic initiatives, as well as marketing and promotional plans, will ensure that we are in a good position to achieve future growth.” 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 comprised 265 company-owned-and-managed stores as of 30 September 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 30 September 2007, 60 Circle K stores were in operation in Guangzhou and nine stores in Dongguan and three stores in Shenzhen. In Macau and Zhuhai, there were a total of 25 licensed Circle K stores in operation. Excluding Hong Kong, there were 97 stores in the Pearl River Delta Region.

In February 2007, CRA successfully acquired the Saint Honore Cake Shop. Including Saint Honore's 92 stores, CRA's store network increased to a total of 454 stores as of 30 September 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 convenience store chain Circle K, Saint Honore cake shops, toys and children product specialty chain store Toys“R”Us and fashion retailing business Branded Lifestyle which manages retail outlets for brands like Calvin Klein Jeans, Mango and Gant. Li & Fung Retailing's businesses extend from Greater China to Korea, Singapore, Malaysia, Thailand 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)

THIRD QUARTERLY RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2007

Three Months Ended 30 September		2007	2006
• Revenue	+37.5%	HK\$810,701,000	HK\$589,777,000
• Profit attributable to shareholders of the Company	+20.3%	HK\$27,838,000	HK\$23,138,000
• Earnings per share	+11.7%	HK3.82 cents	HK3.42 cents

Nine Months Ended 30 September		2007	2006
• Revenue	+28.2%	HK\$2,134,295,000	HK\$1,665,016,000
• Profit attributable to shareholders of the Company	+17.6%	HK\$65,341,000	HK\$55,579,000
• Earnings per share	+10.9%	HK9.13 cents	HK8.23 cents
• Interim dividend per share	+13.3%	HK1.7 cents	HK1.5 cents

HIGHLIGHTS

- Strong growth in turnover and net profit after consolidation with Saint Honore.
- Comparable store sales in Southern China maintained positive momentum growing by 10.3% during the third quarter.
- Net cash position of HK\$406.5 million as of 30 September 2007.

Number of Outlets as of 30 September 2007

Circle K Convenience Stores

Hong Kong	265
Guangzhou	60
Dongguan	9
Shenzhen	3
Subtotal	337

Franchised Circle K Stores

Macau	15
Zhuhai	10
Subtotal	25
Total Number of Circle K Outlets	<u>362</u>

Saint Honore Group

Hong Kong - Cake Shop	62
- Bread Boutique	14
Subtotal	76
Macau - Cake Shop	7
Guangzhou - Cake Shop	9
Subtotal	16
Total Number of Saint Honore Outlets	<u>92</u>

Convenience Retail Asia Limited

Unaudited Consolidated Profit & Loss Account

Nine months ended 30 September

	2007 HK\$'000	2006 HK\$'000
Revenue	2,134,295	1,665,016
Cost of sales	(1,505,379)	(1,252,617)
Gross profit	628,916	412,399
Other income	152,893	146,442
Store expenses	(563,640)	(406,191)
Distribution costs	(45,103)	(29,155)
Administrative expenses	(92,922)	(59,628)
Operating profit	80,144	63,867
Finance costs	(745)	-
Profit before income tax	79,399	63,867
Income tax expenses	(17,897)	(12,670)
Profit for the period	61,502	51,197
Profit attributable to:		
Shareholders of the Company	65,341	55,579
Minority interests	(3,839)	(4,382)
	61,502	51,197
Dividend	12,384	10,138
Earnings per share for profit attributable to the shareholders of the Company		
- Basic earnings per share	HK9.13 cents	HK8.23 cents
- Diluted earnings per share	HK9.10 cents	HK8.21 cents