



For Immediate Release

Convenience Retail Asia maintains growth momentum in turnover and profit for first half

Saint Honore integration well underway and synergies being achieved

Hong Kong, 2 August 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 that the Group continued to register satisfactory growth in both turnover and profit with the first full quarter consolidation of Saint Honore operations.

For the three-month period ended 30 June 2007, the Group’s turnover increased by 29.6% to HK\$726.8 million when compared to the corresponding period last year. Net profit attributable to shareholders rose by 14.1% to HK\$25.5 million. Basic earnings per share were 3.51 HK cents.

For the six months ended 30 June 2007, the Group recorded a turnover of HK\$1,323.6 million and a net profit 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. Basic earnings per share were 5.29 HK cents. In view of the Group’s profitability and cash position, the Board of Directors has resolved to declare an interim dividend of 1.7 HK cents per share, an increase of 13.3% when compared to the interim dividend of 2006.

Mr. Richard Yeung, Chief Executive Officer of CRA, said, “Given the strong domestic consumption as well as the booming economies in both Hong Kong and Chinese Mainland, our growth momentum continued throughout the period.

“Integration of the Saint Honore Cake Shop was a key management initiative during the second quarter. After three months of dedicated effort, the integration processes are well underway and synergies are being achieved. With the first full quarter consolidation of Saint Honore operations, the Group is pleased to report robust sales performance with a satisfactory margin improvement.”

Business Review

During the second quarter of 2007, the Group's turnover increase was achieved through the opening of new stores and the consolidation of 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. 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.

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 Group.

At the end of the first quarter, the Group officially completed the acquisition of the Saint Honore Cake Shop and proceeded with the total integration of the cake shop operations within the Circle K infrastructure during the second quarter. It is anticipated that the integration process will be completed by the end of the third quarter.

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. Market acceptance of these new look Saint Honore Cake Shops was positive, an observation supported by satisfactory sales.

In Guangzhou, the Group's application for the requisite licence to start franchising was successfully concluded and experimentation of the franchising model will soon begin.

During the quarter, gross margin excluding interest increased 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.

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. After the acquisition of Saint Honore, which currently has a total of 88 outlets in Hong Kong, Macau and Guangzhou, the Group operates a store network of 440 outlets as at the end of the second quarter in 2007.

Outlook

Looking ahead, Mr. Yeung commented, “We believe that 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.

“Business synergies with the Saint Honore Cake Shop operations will continue to kick in during the coming months. The Group expects that its sales and profit contribution will be a major boost to the Group’s total sales turnover and profitability at the end of the year when the Saint Honore chains in Hong Kong, Macau and Guangzhou are expected to achieve a target number of 100 stores.”

The incremental sales generated by the seasonal products such as the Dragon Boat Festival dumplings and the upcoming moon cake sales during the Mid-Autumn Festival are also expected to contribute to the overall margin performance.

“In the future, we will remain vigilant in seeking acquisition and merger opportunities which would provide strategic synergy with our current business models.” 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 262 company-owned-and-managed stores as of 30 June 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 June 2007, 56 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 23 sublicensed Circle K stores in operation. Excluding Hong Kong, there were 90 stores in the Pearl River Delta Region.

In February 2007, CRA successfully acquired the Saint Honore Cake Shop. Including Saint Honore's 88 stores, CRA's store network increased to a total of 440 stores as of 30 June 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, Indonesia 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)

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	+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	+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
- Net cash position of HK\$323.4 million

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

Subtotal **74**

Macau - Cake Shop	7
Guangzhou - Cake Shop	7

Total Number of Saint Honore Outlets **88**

Convenience Retail Asia Limited

Unaudited Consolidated Profit & Loss Account

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Revenue	1,323,594	1,075,239
Cost of sales	(946,494)	(811,231)
Gross profit	<u>377,100</u>	<u>264,008</u>
Other income	103,199	94,623
Store expenses	(349,725)	(263,867)
Distribution costs	(27,976)	(18,590)
Administrative expenses	(56,519)	(39,490)
Operating profit	<u>46,079</u>	<u>36,684</u>
Finance costs	(745)	-
Profit before income tax	<u>45,334</u>	<u>36,684</u>
Income tax expenses	(10,400)	(7,275)
Profit for the period	<u><u>34,934</u></u>	<u><u>29,409</u></u>
Profit attributable to:		
Shareholders of the Company	37,503	32,441
Minority interests	(2,569)	(3,032)
	<u><u>34,934</u></u>	<u><u>29,409</u></u>
Dividend	<u><u>12,384</u></u>	<u><u>10,138</u></u>
Earnings per share for profit attributable to the shareholders of the Company		
- Basic earnings per share	<u><u>HK5.29 cents</u></u>	<u><u>HK4.80 cents</u></u>
- Diluted earnings per share	<u><u>HK5.27 cents</u></u>	<u><u>HK4.79 cents</u></u>