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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 the information contained in this Announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Announcement misleading.

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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: 08052)

HALF YEAR RESULTS

FOR THE PERIOD ENDED 30 JUNE 2010

Three months ended 30 June		2010	2009
	Change	HK\$'000	HK\$'000
• Revenue	+2.9%	838,564	815,262
• Profit attributable to shareholders of the Company	+9.1%	23,859	21,871
• Basic earnings per share (HK cents)	+9.0%	3.27	3.00
Six months ended 30 June		2010	2009
	Change	HK\$'000	HK\$'000
• Revenue	+2.3%	1,653,400	1,616,766
• Financial gain on disposal of property	N/A	17,981	Nil
• Profit attributable to shareholders of the Company	+61.3%	57,683	35,772
• Basic earnings per share (HK cents)	+61.2%	7.90	4.90
• Interim dividend per share (HK cents)	+11.8%	1.90	1.70
• Special dividend per share (HK cents)	N/A	2.40	Nil

Operation Highlights

- Satisfactory growth in turnover and profitability in the second quarter
- Number of stores increased by six to 501 during the quarter
- Saint Honore operations reported healthy growth but margins affected by higher material prices in the second quarter
- Strong cash position of HK\$565.5 million without any bank borrowings as of 30 June 2010
- Due to the one-off financial gain generated by the disposal of an old manufacturing centre in Hong Kong in the first quarter, the Board resolved to pay a special dividend of 2.4 HK cents per share in addition to the interim dividend of 1.9 HK cents per share

Number of Stores as of 30 June 2010

Circle K Stores

Hong Kong	308
Guangzhou	54
Shenzhen	1

Subtotal 363

Franchised Circle K Stores

Guangzhou	4
Macau	20
Zhuhai	12

Subtotal 36

Total number of Circle K Stores 399

Saint Honore Cake Shops

Hong Kong	83
Macau	7
Guangzhou	12

Total number of Saint Honore Cake Shops 102

Total number of Stores under Convenience Retail Asia 501

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the three months ended 30 June 2010, the Group's turnover increased by 2.9% to HK\$838.6 million compared to the same period last year.

The turnover of Circle K convenience stores operation increased by 1.9% to HK\$682.3 million compared to the same period last year. Such increase was mainly attributable to the opening of new stores and increase in comparable convenience stores sales (stores in existence throughout 2009 and 2010). Comparable convenience stores sales in Hong Kong and Southern China increased by 0.8% and 1.5% (after adjusting for a difference in tax treatments on certain sales category in Southern China) respectively over the same period last year.

The turnover of Saint Honore cake and bakery operation increased by 6.1% to HK\$170.3 million compared to the same period last year. Comparable store sales for the cake and bakery operation experienced a single digit increase when compared to the same period last year.

Gross margin and other income as a percentage of turnover increased to 37.1% during the second quarter of 2010, compared to 36.7% achieved in the same period last year.

Store expenses as a percentage of turnover increased from 26.5% to 26.7% for the second quarter when compared with 2009. The increase was mainly due to increased rental expenses and advertising and promotional expenses.

Distribution costs as a percentage of turnover decreased from 2.5% to 2.4% for the second quarter when compared with 2009.

Administrative expenses as a percentage of turnover increased from 4.2% to 4.6% for the second quarter when compared with 2009. The increase was mainly due to higher staff cost and result of one-off expenses incurred for various projects.

Compared to 2009, net profit attributable to shareholders, before the gain on the disposal of a real estate property in the first quarter of 2010, for the six months ended 30 June 2010 and the second quarter of 2010 increased by 11% and 9.1% to HK\$39.7 million and HK\$23.9 million. Including the one-off gain, the Group recorded a net profit attributable to shareholders of HK\$57.7 million during the six months ended 30 June 2010, representing an increase of 61.3% over the same period last year.

For the six months ended 30 June 2010, before the gain on the disposal of a real estate property in the first quarter of 2010, basic earnings per share increased by 11% from 4.9 HK cents to 5.44 HK cents. Including the one-off gain, basic earnings per share increased by 61.2% from 4.9 HK cents to 7.9 HK cents.

The Group continued to maintain a strong financial position with net cash of HK\$565.5 million without bank borrowings. The Group's cash balances were mainly deposits in HK dollars with major banks in Hong Kong. Most of the Group's assets, liabilities, revenues and payments were held in either HK dollars or Renminbi. The Group had limited foreign exchange exposure in Renminbi as a result of its business operations on the Chinese Mainland. The Group is subject to interest rate risks on the interest income earned from short-term bank deposits. The Group will continue its policy of placing surplus cash in short-term HK dollars or Renminbi bank deposits in order to be prepared for funding requirements of any future acquisition projects.

The Board of Directors has resolved to declare an interim dividend of 1.9 HK cents per share. Due to the one-off financial gain generated by the disposal of an old manufacturing centre in Hong Kong in the first quarter, the Board has further resolved to pay a special dividend of 2.4 HK cents per share.

Operation Review – Hong Kong

In the second quarter of 2010, the Group opened seven new stores and closed two stores, taking the total number of Circle K stores in Hong Kong to 308, an addition of 16 stores when compared to the same period in 2009.

Employees

As of 30 June 2010, the Group had a total of 5,791 employees, of whom 3,812 were based in Hong Kong and 1,979 were based in Macau, Guangzhou and Shenzhen. Regular part-time staff accounted for 34% of the Group's total headcount.

Total staff costs for the six months ended 30 June 2010 were HK\$285 million compared with HK\$277 million for the same period last year.

The Group offers competitive remuneration schemes to staff, with discretionary bonus and share options granted to eligible staff based on individual and company performance.

Service Excellence

People development has always been an important element of the Group's service excellence initiative. A leadership training programme "CARE for your staff, be a Credible Leader" was created for the Circle K store managers in the first six months of 2010.

In order to groom and retain the selected frontline talents, another newly designed “Second Tier Development Programme” was introduced. Target participants were the potential store supervisors. The main objective was to enhance their retail operation knowledge, coaching ability and service skills.

The Circle K operations in Hong Kong was the Service Category Leader – Convenience Stores Category of the Mystery Shoppers Programme organised by the Hong Kong Retail Management Association in March 2010 – May 2010, a timely recognition of the high standard of service excellence offered by the frontline staff.

Circle K Hong Kong also won the Silver and Copper Prize of the inaugural Hong Kong Coffee Making Competition organised by the Association of Coffee and Tea of Hong Kong. It was an unexpected honour – one that totally changed the general perception of coffee connoisseurs who normally would not expect to be served quality coffee at a convenience store outlet.

Marketing and Promotion

With a proprietary promotion mechanic under the theme of “OK Fun”, a Winnie-the-Pooh plush premium promotion was launched in the second quarter. The promotion proved to be quite effective in inducing regular Circle K customers to increase their purchases to over \$20 per transaction, which would then entitle them to a “Fun” stamp.

The promotion not only succeeded in generating considerable incremental sales but also became a hot topic in the social media by generating a lot of online discussion and dialogue among Circle K customers on the promotion theme of Winnie-the-Pooh as a travel mate.

To promote sales during the World Cup event, an electronic lucky draw promotion was launched and customers were pleasantly surprised with the instant win prizes of the draw.

Category Management

During the second quarter of 2010, an important initiative undertaken by the category management team was the enhancement of the meal solution offering to position Circle K as the destination for take away lunch. The launch of a range of gourmet sandwiches was very popular with customers. New microwavable pasta dishes were also introduced to add variety to the meal boxes available in the chilled open case.

The scope of convenience services offered by Circle K was further expanded with new service introductions such as the sale of Turbo Jet tickets, retailing of Octopus card accessories and pre-ordering of festive items including red wine, flowers and health care products for Mother’s Day proving popular.

A thematic “World Mug” promotion was launched at the start of the televised World Cup soccer events using giant-sized beer mugs as the key prizes for an instant electronic lucky draw. Supported by the very hot weather during the promotion period, packaged drink categories, ice cream and snack food categories enjoyed significant incremental sales.

Supply Chain Management and Logistics

The Group undertook a major project of removing the distribution centre from Shatin to a new location in Kowloon Bay in the second quarter. It was an effort to maximise operation efficiency and reduce logistic costs for the Circle K operations in Hong Kong.

To further improve operation efficiency and achieve higher accuracy in goods receiving at the frontline, a WiFi-based handheld terminal device was introduced and pilot-tested, targeting for a full scale chain-wide launch of the Phase One implementation by the end of 2010.

Operation Review – Guangzhou

Encouraged by the favourable profit performance of the franchised stores in Guangzhou, the Group continued to roll out the experiment of converting self owned stores into franchised stores during the second quarter.

Another experiment being conducted at the frontline was a mini-store model which was customised as a kiosk at the lobby of office buildings, offering food services, packaged drinks, snack and confectionery as the core product categories. After the launch of a couple of mini-stores a financial analysis will be conducted to determine the feasibility of adopting such a store model.

Over the years the operation team in Guangzhou has consistently worked at reducing the capital expenditure for new store openings. With its cumulative learning, the Group is able to open new stores in Guangzhou with a drastically reduced capital expenditure.

The Saint Honore Operations in Hong Kong

The key initiatives of the Saint Honore Cake Shop operations in Hong Kong in the past six months were to enhance the brand image and customer loyalty with the continuous upgrade of product quality and expansion of the product range.

A new set of packaging design for cake boxes and shopping bags was introduced in the second quarter to project a contemporary, elegant and vibrant image for the Saint Honore brand.

A loyalty programme in the form of a VIP discount card was launched at the frontline which enlisted a significant number of loyal customer members. Through social media marketing, a Saint Honore affinity Facebook group was formed which provided an online platform for the communication of new product information as well as promotion mechanics.

Riding on the success of the Belgium 55° and 75° chocolate cakes, the “Belgium Banana Chocolate Cake” was introduced in the second quarter as a line extension and quickly became the best selling birthday cake. New varieties of oriental buns were also launched with notable sales success as well as margin improvement.

A main driver of the Saint Honore’s comparable store sales growth in the past six months was the continual use of innovative promotions, such as the Rilakuma Happy Cups and Happy Plates free premium giveaways. These promotions created additional value and motivated consumers to make purchases.

In order to improve operational efficiency, an auto-forecasting model was introduced to facilitate product ordering at the frontline and ensure accuracy in sales projection. An electronic attendance and roster system was installed to manage human resource allocation and maximise store productivity.

Future Prospects

In Hong Kong, as long as the strong trend in the growth of inbound tourism continues, it will render support for the retail business growth. However, it is also generally anticipated that the high double digit retail sales growth registered in the first five months of 2010 may not be sustainable in the coming months as a result of the uncertainties in the Eurozone and the global economic environment, as well as the renewed increase in unemployment rate locally, from 4.4%¹ in February-April 2010 to 4.6%¹ in March-May 2010.

In view of these market uncertainties, the Group will maintain a conservative projection in the overall business performance for the operations in Hong Kong.

However, the potential pressure for an increase in rental and labour costs in both Hong Kong and the Chinese Mainland operations might pose a serious threat to the Group’s operating margin. Another cost component facing a possible inflationary challenge would be the food costs which have always been a major cost of good sold in some of the Group’s operations, particularly as raw material cost for the Saint Honore Cake Shop and the food services of Circle K.

In order to neutralise these negative impacts on margin, the Group will undertake initiatives to review the pricing and operation cost structure in both markets and implement rational pricing adjustments for the right products at the appropriate time and circumstances.

Note:

1 Published by the Census and Statistics Department, the Government of the Hong Kong Special Administrative Region on 17 June 2010.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the three months and six months ended 30 June 2010

	<i>Note</i>	(Unaudited)		(Unaudited)	
		Three months ended		Six months ended	
		30 June		30 June	
		2010	2009	2010	2009
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	2	838,564	815,262	1,653,400	1,616,766
Cost of sales	3	(547,119)	(532,968)	(1,088,439)	(1,059,563)
Gross profit		291,445	282,294	564,961	557,203
Other income	2	19,631	16,739	37,756	33,362
Other gain/(loss), net	4	(415)	(1,239)	16,748	(3,654)
Store expenses	3	(223,711)	(216,376)	(438,615)	(433,009)
Distribution costs	3	(20,515)	(20,508)	(40,213)	(40,739)
Administrative expenses	3	(37,925)	(33,670)	(74,710)	(67,574)
Operating profit		28,510	27,240	65,927	45,589
Interest income	5	1,514	628	2,872	1,359
Profit before income tax		30,024	27,868	68,799	46,948
Income tax expenses	6	(6,165)	(5,997)	(11,116)	(11,176)
Profit attributable to shareholders of the Company		23,859	21,871	57,683	35,772
Earnings per share					
Basic (HK cents)	7	3.27	3.00	7.90	4.90
Diluted (HK cents)	7	3.27	3.00	7.90	4.90
Dividends	8	31,386	12,409	31,386	12,409

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months and six months ended 30 June 2010

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 June		30 June	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit attributable to shareholders of the Company	23,859	21,871	57,683	35,772
Other comprehensive income/(loss) for the period, net of tax				
Exchange differences	124	42	194	(38)
Total comprehensive income attributable to shareholders of the Company	<u>23,983</u>	<u>21,913</u>	<u>57,877</u>	<u>35,734</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2010

		(Unaudited) 30 June 2010 HK\$'000	(Restated) 31 December 2009 HK\$'000
	<i>Note</i>		
Non-current assets			
Fixed assets		287,065	300,717
Lease premium for land		33,479	32,517
Intangible assets		357,465	357,465
Available-for-sale financial asset		1,895	1,895
Rental and other long-term deposits		51,750	43,597
Bank deposits		149,400	149,400
Deferred tax assets		11,193	9,754
		<hr/>	<hr/>
		892,247	895,345
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Current assets			
Inventories		124,194	127,920
Rental deposits		26,909	28,178
Trade receivables	9	32,627	29,531
Other receivables, deposits and prepayments		55,765	56,153
Taxation recoverable		382	1,039
Asset held for sale		-	20,537
Cash and cash equivalents		416,109	365,888
		<hr/>	<hr/>
		655,986	629,246
		-----	-----
Current liabilities			
Trade payables	10	445,022	432,696
Other payables and accruals		132,051	143,194
Taxation payable		21,239	9,585
Cake coupons		120,218	124,228
		<hr/>	<hr/>
		718,530	709,703
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Net current liabilities		(62,544)	(80,457)
		<hr/> <hr/>	<hr/> <hr/>
Total assets less current liabilities		829,703	814,888
		<hr/> <hr/>	<hr/> <hr/>
Financed by:			
Share capital		72,992	72,992
Reserves		692,827	665,219
Proposed dividends		31,386	43,795
		<hr/>	<hr/>
Total equity		797,205	782,006
Non-current liabilities			
Long service payment liabilities		21,377	20,993
Deferred tax liabilities		11,121	11,889
		<hr/>	<hr/>
		829,703	814,888
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

(Unaudited)

	Attributable to shareholders of the Company							Minority	Total
								interests	equity
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	HK\$'000	HK\$'000
At 1 January 2009	72,992	281,614	177,087	13,433	11,729	8,678	200,801	(8,256)	758,078
Profit attributable to shareholders of the Company	-	-	-	-	-	-	35,772	-	35,772
Exchange differences	-	-	-	-	-	(38)	-	-	(38)
Total comprehensive income for the period	-	-	-	-	-	(38)	35,772	-	35,734
Employee share option benefit	-	-	-	-	1,158	-	640	-	1,798
Dividend	-	-	-	-	-	-	(40,145)	-	(40,145)
	-	-	-	-	1,158	-	(39,505)	-	(38,347)
At 30 June 2009	72,992	281,614	177,087	13,433	12,887	8,640	197,068	(8,256)	755,465
At 1 July 2009	72,992	281,614	177,087	13,433	12,887	8,640	197,068	(8,256)	755,465
Profit attributable to shareholders of the Company	-	-	-	-	-	-	54,677	-	54,677
Exchange differences	-	-	-	-	-	22	-	-	22
Total comprehensive income for the period	-	-	-	-	-	22	54,677	-	54,699
Employee share option benefit	-	-	-	-	874	-	364	-	1,238
Dividend	-	-	-	-	-	-	(12,409)	-	(12,409)
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	(25,243)	8,256	(16,987)
	-	-	-	-	874	-	(37,288)	8,256	(28,158)
At 31 December 2009	72,992	281,614	177,087	13,433	13,761	8,662	214,457	-	782,006
At 1 January 2010	72,992	281,614	177,087	13,433	13,761	8,662	214,457	-	782,006
Profit attributable to shareholders of the Company	-	-	-	-	-	-	57,683	-	57,683
Exchange differences	-	-	-	-	-	194	-	-	194
Total comprehensive income for the period	-	-	-	-	-	194	57,683	-	57,877
Employee share option benefit	-	-	-	-	45	-	1,072	-	1,117
Dividend	-	-	-	-	-	-	(43,795)	-	(43,795)
	-	-	-	-	45	-	(42,723)	-	(42,678)
At 30 June 2010	72,992	281,614	177,087	13,433	13,806	8,856	229,417	-	797,205

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial information has been 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.

This condensed consolidated interim financial information presented in Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 2 August 2010.

This condensed consolidated interim financial information should be read in conjunction with the 2009 consolidated financial statements. The accounting policies and methods of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in the consolidated financial statements for the year ended 31 December 2009.

The Group has adopted new and amended standards and interpretations of Hong Kong Financial Reporting Standards which are mandatory for accounting periods beginning on or after 1 January 2010. The adoption of such new and amended standards and interpretations does not have material impact on the condensed consolidated interim financial information and does not result in substantial changes to the Group’s accounting policies except the reclassification of leasehold premium for land.

HKAS 17 (Amendment), “Leases”, requires leasehold land to be classified as a finance lease and stated at cost less accumulated depreciation if substantially all risks and rewards of the leasehold land have been transferred to the Group. As the present value of the minimum lease payments (i.e. the transaction price) of certain land held by the Group amounted to substantially all of the fair value of the land as if it were freehold, it has been classified as a finance lease. The amendment has been applied retrospectively to unexpired leases at the date of adoption of the amendment on the basis of information existing at the inception of the leases.

Effect of adopting HKAS 17 (Amendment) on the consolidated balance sheet and condensed consolidated profit and loss account are as follows:

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
<u>Increase/(decrease) in assets</u>		
Fixed assets	85,628	86,754
Lease premium for land	(85,628)	(86,754)
	Six months ended 30 June 2010 HK\$'000	2009 HK\$'000
<u>Increase/(decrease) in expenses</u>		
Depreciation	1,126	1,570
Amortisation	(1,126)	(1,570)

Certain comparative information in the condensed consolidated interim financial information has been reclassified to conform to the current period's presentation.

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 2010 are as follows:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Revenue				
Merchandise sales revenue	682,266	669,511	1,341,475	1,317,415
Bakery sales revenue	156,298	145,751	311,925	299,351
	<u>838,564</u>	<u>815,262</u>	<u>1,653,400</u>	<u>1,616,766</u>
Other income				
Service items and miscellaneous income	<u>19,631</u>	<u>16,739</u>	<u>37,756</u>	<u>33,362</u>

Segment information

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions.

The management considers the business from both a product and geographic perspective. From a product perspective, management assesses the performance of convenience store and bakery business. For convenience store segment, revenues are mainly derived from a broad range of merchandise sales. For bakery segment, revenues are mainly comprised of bakery and festival products. Geographically, the management considers the performance of retailing business in Hong Kong and others, and the Chinese Mainland.

The segment information provided to the management for the reportable segments for the three months and six months ended 30 June 2010 is as follows:

(Unaudited)					
Three months ended 30 June 2010					
	Convenience Store		Bakery		Group HK\$'000
	HK & Others HK\$'000	Chinese Mainland HK\$'000	HK & Others HK\$'000	Chinese Mainland HK\$'000	
Total segment revenue	654,252	28,015	160,807	9,445	852,519
Inter-segment revenue	(1)	-	(13,867)	(87)	(13,955)
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Revenue from external customers	654,251	28,015	146,940	9,358	838,564
<hr/>					
Total segment other income	19,000	293	892	47	20,232
Inter-segment other income	-	(37)	(564)	-	(601)
<hr/>					
Other income	19,000	256	328	47	19,631
<hr/>					
	<u>673,251</u>	<u>28,271</u>	<u>147,268</u>	<u>9,405</u>	<u>858,195</u>
<hr/>					
Profit/(loss) after tax	29,659	(6,389)	506	83	23,859
Profit/(loss) after tax includes:					
Depreciation	(7,135)	(1,903)	(7,536)	(407)	(16,981)
Amortisation	-	(127)	(146)	-	(273)
Interest income	1,426	7	67	14	1,514
Income tax (expenses)/credit	(6,357)	-	220	(28)	(6,165)
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	<u>29,659</u>	<u>(6,389)</u>	<u>506</u>	<u>83</u>	<u>23,859</u>
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	(Unaudited)				
	Three months ended 30 June 2009				
	Convenience Store		Bakery		Group HK\$'000
	HK & Others HK\$'000	Chinese Mainland HK\$'000	HK & Others HK\$'000	Chinese Mainland HK\$'000	
Total segment revenue	635,084	34,430	151,000	9,431	829,945
Inter-segment revenue	(3)	-	(14,680)	-	(14,683)
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Revenue from external customers	635,081	34,430	136,320	9,431	815,262
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Total segment other income	15,704	1,034	621	8	17,367
Inter-segment other income	-	(88)	(540)	-	(628)
<hr/>					
Other income	15,704	946	81	8	16,739
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	<u>650,785</u>	<u>35,376</u>	<u>136,401</u>	<u>9,439</u>	<u>832,001</u>
<hr/>					
Profit/(loss) after tax	29,866	(7,904)	595	(686)	21,871
Profit/(loss) after tax includes:					
Depreciation	(7,686)	(2,881)	(8,216)	(614)	(19,397)
Amortisation	-	(113)	(146)	-	(259)
Interest income	601	6	18	3	628
Income tax (expenses)/credit	(6,119)	-	(106)	228	(5,997)
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(Unaudited)
Six months ended 30 June 2010

	Convenience Store		Bakery		Group HK\$'000
	HK & Others HK\$'000	Chinese Mainland HK\$'000	HK & Others HK\$'000	Chinese Mainland HK\$'000	
Total segment revenue	1,287,477	54,000	322,152	18,299	1,681,928
Inter-segment revenue	(2)	-	(28,342)	(184)	(28,528)
Revenue from external customers	1,287,475	54,000	293,810	18,115	1,653,400
Total segment other income	36,839	518	1,530	57	38,944
Inter-segment other income	-	(59)	(1,129)	-	(1,188)
Other income	36,839	459	401	57	37,756
	1,324,314	54,459	294,211	18,172	1,691,156
Profit/(loss) after tax	47,979	(13,461)	22,936	229	57,683
Profit/(loss) after tax includes:					
Depreciation	(14,556)	(3,858)	(15,403)	(879)	(34,696)
Amortisation	-	(244)	(292)	-	(536)
Interest income	2,694	21	134	23	2,872
Income tax expenses	(10,344)	-	(697)	(75)	(11,116)

(Unaudited)
Six months ended 30 June 2009

	Convenience Store		Bakery		Group HK\$'000
	HK & Others HK\$'000	Chinese Mainland HK\$'000	HK & Others HK\$'000	Chinese Mainland HK\$'000	
Total segment revenue	1,249,662	67,757	307,383	18,595	1,643,397
Inter-segment revenue	(4)	-	(26,627)	-	(26,631)
Revenue from external customers	1,249,658	67,757	280,756	18,595	1,616,766
Total segment other income	31,006	2,237	1,274	13	34,530
Inter-segment other income	-	(88)	(1,080)	-	(1,168)
Other income	31,006	2,149	194	13	33,362
	1,280,664	69,906	280,950	18,608	1,650,128
Profit/(loss) after tax	51,429	(16,575)	2,193	(1,275)	35,772
Profit/(loss) after tax includes:					
Depreciation	(15,372)	(6,014)	(16,342)	(1,272)	(39,000)
Amortisation	-	(224)	(292)	-	(516)
Interest income	1,278	11	56	14	1,359
Income tax (expenses)/credit	(10,608)	-	(1,013)	445	(11,176)

Revenue between segments is carried out at arm's length. The revenue from external parties is derived from numerous external customers and the revenue reported to the management is measured in a manner consistent with that of the consolidated profit and loss account. The management assesses the performance of the operating segments based on a measure of profit after tax.

3. Expenses by nature

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 June		30 June	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of lease premium for land	273	259	536	516
Depreciation of owned fixed assets	16,981	19,397	34,696	39,000
Other expenses	812,016	783,866	1,606,745	1,561,369
	<hr/>	<hr/>	<hr/>	<hr/>
Total cost of sales, store expenses, distribution costs and administrative expenses	829,270	803,522	1,641,977	1,600,885
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4. Other gain/(loss), net

Other gain/(loss), net represents the net gain/loss on disposal of fixed assets. For the six months ended 30 June 2010, other gain, net includes gain on disposal of a real estate property amounting to HK\$17,633,000.

5. Interest income

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 June		30 June	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income on bank deposits	1,514	628	2,872	1,359
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6. Income tax expenses

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the three months and six months ended 30 June 2010 and 2009. Taxation on overseas profits has been calculated on the estimated assessable profits for the three months and six months ended 30 June 2010 and 2009 at the rates prevailing in the countries in which the Group operates.

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

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 June		30 June	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current income tax				
Hong Kong profits tax	8,037	7,895	12,528	12,157
Overseas profits tax	230	416	733	572
Deferred income tax	(2,102)	(2,314)	(2,145)	(1,553)
	<hr/>	<hr/>	<hr/>	<hr/>
	6,165	5,997	11,116	11,176
	<hr/>	<hr/>	<hr/>	<hr/>

7. Earnings per share

The calculation of the Group's basic and diluted earnings per share is based on the unaudited profit attributable to shareholders of the Company for the corresponding periods.

The basic earnings per share is based on the weighted average number of ordinary shares in issue during the corresponding periods.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options as dilutive potential ordinary shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Profit attributable to shareholders of the Company	23,859	21,871	57,683	35,772
	Number of shares	Number of shares	Number of shares	Number of shares
Weighted average number of ordinary shares in issue equal to the weighted average number of ordinary shares for diluted earnings per share	729,915,974	729,915,974	729,915,974	729,915,974

Diluted earnings per share for the three months and six months ended 30 June 2010 and 2009 equal to the basic earnings per share as the potential ordinary shares outstanding during the respective periods have no dilutive effect on the basic earnings per share for the corresponding periods.

8. Dividends

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Interim dividend, proposed of 1.9 HK cents (2009: 1.7 HK cents) per share	13,868	12,409	13,868	12,409
Special dividend, proposed of 2.4 HK cents (2009: nil) per share	17,518	-	17,518	-
	31,386	12,409	31,386	12,409

These proposed dividends have not been reflected as dividend payable in the condensed consolidated balance sheet.

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 2010, the aging analysis of trade receivables is as follows:

	(Unaudited) 30 June 2010 HK\$'000	(Audited) 31 December 2009 HK\$'000
0-30 days	27,691	24,102
31-60 days	1,841	2,676
61-90 days	1,617	1,431
Over 90 days	1,478	1,322
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	32,627	29,531
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10. Trade payables

At 30 June 2010, the aging analysis of the trade payables is as follows:

	(Unaudited) 30 June 2010 HK\$'000	(Audited) 31 December 2009 HK\$'000
0-30 days	234,022	209,726
31-60 days	121,209	120,347
61-90 days	49,241	58,894
Over 90 days	40,550	43,729
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	445,022	432,696
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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 their respective 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 governance matters covering risk management and compliance issues relating to business operations, mergers and acquisitions, accounting and financial reporting.

Corporate governance practices adopted by the Company during the six months ended 30 June 2010 are in line with those practices set out in the Company's 2009 Annual Report.

Audit Committee

The Audit Committee met three times to date in 2010 (with an average attendance rate of 80%) 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 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, listing rules and statutory compliance, connected transactions, internal controls, risk management and financial reporting matters. The Committee's review also considers the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The Audit Committee has reviewed with the management the unaudited half year report for the six months ended 30 June 2010 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 2010. 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 2010.

Internal Control and Risk Management

The Board is responsible for ensuring that the Group maintains a sound and effective system of internal controls, and for reviewing the adequacy and effectiveness of such system through the Audit Committee.

The Board has delegated to executive management the design, implementation and ongoing monitoring of the 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), the Audit Committee considered that for the six months ended 30 June 2010:

- the internal controls and accounting systems of the Group were in place and functioning effectively and were designed to provide reasonable assurance that material assets were protected, business risks attributable to the Group were identified and monitored, material transactions were executed in accordance with management's authorisation and the financial statements were reliable for publication.
- there was 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 throughout the six months ended 30 June 2010.

DIRECTORS' INTEREST 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

The Board of Directors has resolved to declare an interim dividend of 1.9 HK cents (2009: 1.7 HK cents) per share to the shareholders for the six months ended 30 June 2010.

SPECIAL DIVIDEND

Due to the one-off financial gain generated by the disposal of an old manufacturing centre in Hong Kong in the first quarter, the Board of Directors has further resolved to pay a special dividend of 2.4 HK cents per share to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 23 August 2010 to 27 August 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim and special dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 20 August 2010. Dividend warrants will be despatched on 31 August 2010.

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

Hong Kong, 2 August 2010

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

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.