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This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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)

HALF YEAR RESULTS FOR THE PERIOD ENDED 30 JUNE 2001

Three Months Ended 30 June	2001	2000
Group Turnover	+14% HK\$326.5 M	HK\$287.4M
Group Profit	+33% HK\$18.1 M	HK\$13.5M
Earnings Per Share	+4% 2.8 cents	2.7 cents
Six Months Ended 30 June	2001	2000
Group Turnover	+17% HK\$628.4 M	HK\$536.4M
Group Profit	+60% HK\$29.3 M	HK\$18.3M
Earnings Per Share	+24% 4.6 cents	3.7 cents

HIGHLIGHTS

- Healthy growth in turnover and profitability despite conservative retail spending and unusually wet weather during the month of June 2001 in Hong Kong.
- Number of stores in Hong Kong increased by 6 to 132 during the quarter. This represents an increase of 18 stores when compared to 114 stores as at 30 June 2000. The increase in the number of stores is within the target of the Company.
- Currently testing a mini convenience store format (adapted for kiosk sites within mass transit stations) in the MTR station at Lok Fu.
- Application of business licence from Guangzhou and Central Government for Southern China market in progress.
- Strong cash position with HK\$308 million cash on hand and no bank borrowings as at 30 June 2001.
- Profitability growth rate is expected to moderate due to uncertainty in the Hong Kong retail environment and increase in start-up costs from the Southern China market.

CHAIRMAN'S STATEMENT

Financial Review

It gives me great pleasure to report the unaudited half year results 2001 of Convenience Retail Asia Limited and its subsidiaries (the "Group") for the period ended 30 June 2001.

During the second quarter ended 30 June 2001, the Group recorded healthy growth in both turnover and profit. The Group's turnover increased by 14% to HK\$326.5 million when compared to the same period in the previous year. This was achieved despite very conservative retail spending and unusually wet weather during June 2001 in Hong Kong. Of the total 14% increase, 3% came from increase in sales of existing stores and 11% was due to the increase in number of stores. As at the end of the second quarter of 2001, we have a total of 132 stores compared to 114 stores as at end of the second quarter of 2000.

Through smarter product-mix positioning and increased volume, the Group was able to maintain gross margin and other income (excluding interest income) at almost the same level as last year. Despite the introduction of Mandatory Provident Fund, salary increment, and start-up costs incurred for the Southern China market, overall operating and other expenses during the quarter were closely controlled to close to same percentage of sales when compared to the same period of 2000.

Healthy increase in store sales, consistent gross margin/other income and tight control of expenses combined to contribute to a satisfactory increase in the Group's net profit. For the second quarter of 2001, the Group recorded a net profit of HK\$18.1 million which represents a 33% increase over the HK\$13.5 million achieved in the same period last year. Earnings per share increased by a moderate 4% from 2000's 2.7cents to 2.8 cents in the second quarter of 2001.

For the six months ended 30 June 2001, the Group recorded turnover of HK\$628.4 million and net profit of HK\$29.3 million, which represent increases of 17% and 60% respectively when compared to the results for the six months ended 30 June 2000.

Business Outlook

For the Hong Kong market, the Group is continuing its strategies of building customer preference for the Circle K Brand, and maintaining a steady growth in store outlets, sales and profitability. The Group has aggressive promotions in place and will also launch the Octopus Reloading Service in the second half of the year. These efforts will enable us to maintain the healthy and consistent growth in the coming months.

With the expected strong growth in consumer spending and the imminent entry of China into the WTO, the outlook for the retail market in China is very favourable and we believe it is probably the most suitable time to enter the market. During the quarter, we commenced our application process for the required business licence for operating Circle K convenience store in the Pearl River Delta Area. As our business plan is very much in line with the Central Government's policies of market reform which are encouraging local consumer spending and improving quality of living, the application is expected to be favourably received by the government. However, the approval process will be quite complicated and time consuming. At this stage, we are building up the organization and supply chain infrastructure which will enable us to commence store operations in Guangzhou within one to two months from day of obtaining the business licence.

By Order of the Board
Victor Fung Kwok King
Chairman

Hong Kong, 27 July 2001

REVIEW OF BUSINESS OBJECTIVES FOR THE SIX MONTHS ENDED 30 JUNE 2001

1. Hong Kong Operations

Initiatives

Progress Update

Marketing & Brand Building:

- Commence Brand Imagery Campaign to promote Speed, Tidiness and Friendliness – “STF”
- An image building TV Commercial promoting friendly customer service was aired in all the stores’ internet advertising panels during the period.
- Initiate 1st wave of promotional programmes
- A total of six promotional campaigns were successfully carried out:
 - Jan – Chinese New Year
 - Feb – Lucky Star Tissue
 - Mar – Coke Classic Collectibles
 - Apr – Confectionery
 - May – Super Value
 - June – Newspaper/Magazines

Store Expansion:

- Own & operate 125-135 Circle K stores
- Total number of store increased by 9 stores to 132 stores as at the end of the period.

Service Excellence:

- Launch specific STF service excellence training programme for all staff
- An advanced STF training programme was put together jointly by our internal training department and Tiptop Consultants Limited. A total of 26 classes were conducted by Tiptop with over 1,100 staff attending in February and March 2001.

Category Excellence:

- Launch joint category management process with selected partner suppliers
- Joint category management programmes were launched with Swire Coca-Cola and British American Tobacco Limited during the period.

Supply Chain Management & Logistics:

- Set up 7-day, 24-hour logistics operations and computerized dynamic route planning system
- 7-day, 24-hour logistics services were launched in May 2001. To start computerised dynamic route planning system once the services are fully developed.

2. Start-up Operations in China

Initiatives

Progress Update

Business Model Adaptation:

- Engaged independent third party to conduct market research for adapting business model

- Market research completed in June.
- Reviewing findings to finalize adaptation.

Establishment of Joint Ventures:

- Establish legal entity in the Pearl River Delta Area

- Signed Joint Venture Agreement with local Chinese partners on 26 April 2001.
- Commenced licence application in May.
- Expect to complete application process by end of year.

Training Centre:

- Set up training centre

- Training centre concept & design developed, currently searching for available sites.
- Draft training program developed.
- Expect completion date in mid September.

Category Management:

- Complete development of suppliers' network for the Pearl River Delta Area

- Appointed an outside consultant to enhance development strength.
- Contacted key suppliers.
- Expect network development to be completed by September.

Store Openings:

- Conduct pedestrian traffic studies in Guangzhou to identify desirable sites for Circle K stores

- Study completed in June.
- Actual sites identification to begin in August.

Supply Chain Management:

- Set up distribution centre and truck fleet

- Distribution Centre site, size and layout identified.
- Currently evaluating fleet contractors.

Business System:

- Complete installation of integrated computer system linking up Circle K stores, distribution centre and PRC head office

- PRC computer system requirements developed.
- Expect appointment of solution and support services provider in July.
- Expect phase I development to be completed and ready by September.

3. e-Business Development

Initiatives

Progress Update

Development of new customer accounts:

- Commence recruitment and training of business development executives
- Due to the latest e-commerce developments, it was decided to take a more prudent approach and to focus on trimming back operating expenses. Therefore, no additional staff was hired.

Brand Building:

- Launch brand building campaign
- Programme delayed so as to reduce operating expenses.

Developing Operation Excellence:

- Set productivity and service standards
- Service level and on-time delivery measurements have been set up for continuous monitoring and improvement.

USE OF PROCEEDS

The Group raised approximately HK\$188 million through the placing and public offer of shares upon the listing of Convenience Retail Asia Limited (the “Company”). After deducting expenses related to listing, net proceeds were approximately HK\$163 million.

During the period from 18 January 2001 (date of listing) to 30 June 2001, the Group has incurred the following expenditure to achieve the business objectives as set out in the Prospectus:

- approximately HK\$1.1 million for the establishment of an infrastructure of a distribution centre and administrative office in the Pearl River Delta Area.

The remaining net proceeds are deposited in licensed banks in Hong Kong.

RESULTS

The Board of Directors (“the Board”) is pleased to announce the unaudited results of the Group for the three months and six months ended 30 June 2001, together with the comparative unaudited figures for the corresponding period in 2000 as follows:

	<i>Notes</i>	Three months ended 30 June		Six months ended 30 June	
		2001	2000	2001	2000
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	326,525	287,398	628,430	536,399
Cost of sales		<u>(245,817)</u>	<u>(212,276)</u>	<u>(474,006)</u>	<u>(400,620)</u>
Gross profit		80,708	75,122	154,424	135,779
Other revenues	2	24,338	15,477	46,000	29,116
Store expenses		(69,511)	(61,568)	(138,231)	(118,299)
Distribution costs		(3,926)	(4,528)	(8,462)	(7,451)
Administrative expenses		(12,444)	(9,102)	(23,450)	(17,061)
Start up costs for China operations		<u>(1,813)</u>	<u>0</u>	<u>(1,813)</u>	<u>0</u>
Operating profit		17,352	15,401	28,468	22,084
Finance costs		<u>0</u>	<u>(1,865)</u>	<u>0</u>	<u>(3,772)</u>
Profit for the period		17,352	13,536	28,468	18,312
Minority interest		<u>707</u>	<u>0</u>	<u>847</u>	<u>0</u>
Profit attributable to shareholders		<u>18,059</u>	<u>13,536</u>	<u>29,315</u>	<u>18,312</u>
Earnings per share	4				
- Basic		<u>2.8 cents</u>	<u>2.7 cents</u>	<u>4.6 cents</u>	<u>3.7 cents</u>
- Diluted		<u>2.7 cents</u>	<u>N/A</u>	<u>4.5 cents</u>	<u>N/A</u>

Notes:

1. **Group reorganisation and basis of preparation**

- (a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Laws (2000 Revision) of the Cayman Islands on 23 October 2000.
- (b) On 29 December 2000, pursuant to a group reorganisation to rationalise the structure of the Group in preparation for the new listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group. The shares of the Company were listed on the GEM on 18 January 2001.
- (c) The results of the Group comprise the results of the Company and its subsidiaries using the merger accounting basis as if the Company had always been the holding company of the Group.
- (d) The accounts have been prepared under the historical cost convention. In the opinion of the Board, the above presents fairly the results of the Group as a whole.

2. **Turnover**

The Group is principally engaged in the operation of a chain of convenience stores. Revenues recognised during the three months and six months ended 30 June 2001 are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2001	2000	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover				
Merchandise sales revenue	316,368	276,437	607,862	514,102
Bakery sales revenue	9,904	10,766	19,907	22,102
E-fulfillment service income	253	195	661	195
	<u>326,525</u>	<u>287,398</u>	<u>628,430</u>	<u>536,399</u>
Other revenues				
Rebate income	19,699	13,810	36,674	26,080
Interest income	2,696	89	5,727	138
Others	1,943	1,578	3,599	2,898
	<u>24,338</u>	<u>15,477</u>	<u>46,000</u>	<u>29,116</u>
Total revenues	<u>350,863</u>	<u>302,875</u>	<u>674,430</u>	<u>565,515</u>

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when goods are delivered to customers and the title has passed.

Revenue from provisions of services is recognised when the services are rendered.

Rebate income is recognised on an accrual basis.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

3. **Taxation**

No Hong Kong profits tax has been provided for as the Group has been able to utilise available tax losses brought forward from previous years to offset the assessable profits for the periods (2000: assessable profits for the periods were offset by tax losses brought forward from previous years).

4. **Earnings per share**

The calculation of the Group's basic and diluted earnings per share for the three months and six months ended 30 June 2001 is based on the respective unaudited consolidated profit attributable to shareholders of HK\$18,059,000 (2000: HK\$13,536,000) and HK\$29,315,000 (2000: HK\$18,312,000).

The basic earnings per share is based on the weighted average of 655,600,000 and 640,206,077 (three months and six months ended 30 June 2000: 491,700,000) ordinary shares in issue during the three months and six months ended 30 June 2001. In determining the weighted average number of ordinary shares, a total of 67,690,000 ordinary shares issued on the establishment of the Company and the reorganisation of the Group and a further 424,010,000 ordinary shares being the capitalisation issue immediately following the new issue of shares to the public were deemed to have been issued since 1 January 1999.

The diluted earnings per share is based on the weighted average number of 655,600,000 and 640,206,077 ordinary shares in issue during the three months and six months ended 30 June 2001 plus the respective weighted average of 10,661,393 and 8,544,288 ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

Diluted earnings per share for the three months and six months ended 30 June 2000 is not shown as there were no dilutive potential ordinary shares.

5. **Interim dividend**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2001 (2000: Nil).

6. **Movements in reserves**

In January 2001, 163,900,000 shares of HK\$0.10 each were issued to the public at a premium of HK\$1.05 per share (the "New Issue"). The excess of the issue price over the par value of the shares issued, net of share issuance expenditure, amounting to approximately HK\$146 million has been credited to the share premium account of the Company.

Immediately after the New Issue, 424,010,000 shares of HK\$0.10 each were issued, allotted at par and fully paid to Li & Fung (Retailing) Limited and four directors, namely Mr Yeung Lap Bun, Richard, Mr Li Kwok Ho, Bruno, Mr Lau Butt Farn and Ms Wong Yuk Nor, Louisa, by way of the capitalisation of a sum of HK\$42,401,000 out of the credit of the share premium account of the Company.

There were no movement in reserves for the six months ended 30 June 2000.

COMPETING INTERESTS

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.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES IN THE COMPANY AND CERTAIN MAJOR ASSOCIATED CORPORATIONS

As at 30 June 2001, the interests of each of the directors, chief executives and their associates in the equity or debt securities of the Company and certain of its major associated corporations* (within the meaning of the Securities (Disclosure of Interests) Ordinance ('SDI Ordinance')) as required to be recorded in the register maintained by the Company pursuant to section 29 of the SDI Ordinance are as follows –

Name of the Company	Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Company	Dr. Fung Kwok King, Victor	—	—	467,114,000 (Note 1)	—	467,114,000
Company	Dr. Fung Kwok Lun, William	—	—	467,114,000 (Note 1)	—	467,114,000
Company	Yeung Lap Bun, Richard	17,896,000	—	—	—	17,896,000
Company	Li Kwok Ho, Bruno	2,676,000	—	—	—	2,676,000
Company	Lau Butt Farn	2,676,000	—	—	—	2,676,000
Company	Wong Yuk Nor, Louisa	1,338,000	—	—	—	1,338,000
Company	Dr. Ch'ien Kuo Fung, Raymond	1,000,000	—	—	—	1,000,000
Li & Fung (Gemini) Limited	Dr. Fung Kwok King, Victor	—	—	13,000,000 (Note 2)	1,500,000 (Note 4)	14,500,000
Li & Fung (Gemini) Limited	Dr. Fung Kwok Lun, William	—	—	13,000,000 (Note 2)	—	13,000,000

Name of the Company	Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Li & Fung (Distribution) Limited	Dr. Fung Kwok King, Victor	(i) 130,000 <i>(Note 5)</i>	—	(i) 6,800,000 (full voting ordinary shares) <i>(Note 3)</i>	—	7,090,000 (full voting ordinary shares)
		(ii) 160,000 <i>(Note 6)</i>	—	(ii) 10,200,000 (redeemable participating preferred shares) <i>(Note 3)</i>	—	10,200,000 (redeemable participating preferred shares)
Li & Fung (Distribution) Limited	Dr. Fung Kwok Lun, William	—	—	(i) 6,800,000 (full voting ordinary shares) <i>(Note 3)</i>	—	6,800,000 (full voting ordinary shares)
		—	—	(ii) 10,200,000 (redeemable participating preferred shares) <i>(Note 3)</i>	—	10,200,000 (redeemable participating preferred shares)
Li & Fung (Distribution) Limited	Lau Butt Farn	32,500 <i>(Note 5)</i>	—	—	—	32,500
Li & Fung Limited	Dr. Fung Kwok King, Victor	—	—	1,180,500,000 <i>(Note 7)</i>	50,750,000 <i>(Note 8)</i>	1,231,250,000
Li & Fung Limited	Dr. Fung Kwok Lun, William	68,502,300	8,000 <i>(Note 9)</i>	1,180,500,000 <i>(Note 7)</i>	—	1,249,490,300
		480,000 <i>(Note 10)</i>				
Li & Fung Limited	Lau Butt Farn	2,200,000	—	—	—	2,200,000

* *Dr. Fung Kwok King, Victor, and Dr. Fung Kwok Lun, William, by virtue of their interests in King Lun and the Company are deemed to be interested in the equity securities of certain associated corporations of the Company under the SDI Ordinance. A waiver from full compliance for the disclosure of directors' interest in the equity or debt securities of the associated corporations has been granted by the Stock Exchange on 26 July 2001. Accordingly, the companies under the section headed "Directors' interests in equity or debt securities in the Company and certain major associated corporations" are only the major associated corporations of the Company and are not intended to be exhaustive.*

Notes:

1. King Lun Holdings Limited ('King Lun') through its indirect wholly owned subsidiary, Li & Fung (Retailing) Limited ('LFR') (a wholly owned subsidiary of Li & Fung (1937) Limited ('LF(1937)') held 467,114,000 Shares in the Company. 1,332,840 shares in King Lun, representing 50% of its issued share capital, are owned by Chase Bank & Trust Company (CI) Limited, the trustee of a trust established for the benefit of the family members of Dr. Fung Kwok King, Victor. The remaining 50% of King Lun is owned by Dr. Fung Kwok Lun, William.
2. King Lun through its wholly owned subsidiary, LF(1937) held 13,000,000 shares in Li & Fung (Gemini) Limited ("LFG"). Dr. Fung Kwok King, Victor and Dr. Fung Kwok Lun, William are deemed to have interests in these shares through their respective interests in King Lun and LF(1937) as set out in note (1) above.
3. LFG holds 6,800,000 full voting ordinary shares and 10,200,000 redeemable participating preferred shares in Li & Fung (Distribution) Limited ("LFD"). Dr. Fung Kwok King, Victor and Dr. Fung Kwok Lun, William are deemed to have interests in these shares through their respective interests in King Lun and LF(1937) and indirect interests in LFG as set out in notes (1) & (2) above.
4. 1,500,000 shares in LFG are owned by a company which is held by Chase Bank & Trust Company (CI) Limited.
5. In 1999, Dr. Fung Kwok King, Victor and Mr. Lau Butt Farn were granted share options to subscribe for 130,000 and 32,500 full voting ordinary shares of US\$0.01 each in LFD ("LFD Shares") respectively. Of these, options in respect of 56,500 and 13,000 LFD Shares are fully vested in Dr. Fung Kwok King, Victor and Mr. Lau Butt Farn respectively. The remaining share options are to be vested in Dr. Fung Kwok King, Victor and Mr. Lau Butt Farn in three equal lots on 31 December in each of the calendar years 2001, 2002 and 2003. The share options are exercisable at US\$1 per LFD Share within 21 business days after the earliest of (a) the date of issuance of a notice for an initial public offering of LFD Shares, (b) the date of issuance of a notice of the sale of all or substantially all of the business or shares of LFD and (c) 31 December 2006.

6. In 1999, Dr. Fung Kwok King, Victor was granted share options to subscribe for 16,000 LFD Shares for each full percentage point by which certain LFD investors' fully diluted aggregate estimated internal rate of return on a public share offer by LFD, or on a sale of all or substantially all of its business or shares, exceeds 30% per annum, subject to a maximum of 160,000 LFD Shares. The share options are exercisable at US\$1 per LFD Share within 21 business days after the date of issuance of a notice of public offer or sale (whichever is earlier) as described in note (5) above.
7. Out of the 1,180,500,000 shares of HK\$0.025 each in Li & Fung Limited ("LF Shares"), holdings of 49,950,800 LF Shares, 996,000,000 LF Shares and 134,549,200 LF Shares are respectively held by King Lun, LF(1937) and Orient Ocean Holdings Limited ("Orient Ocean"). Orient Ocean is a private company incorporated in the British Virgin Islands. LF(1937) held 50% of the voting rights, but no beneficial interests, in Orient Ocean. Dr. Fung Kwok King, Victor and Dr. Fung Kwok Lun, William are deemed to have interests in these shares through their respective interests in King Lun and LF(1937) as set out in notes (1) & (2) above.
8. 50,750,000 LF Shares are held by Chase Bank & Trust Company (CI) Limited, the trustee of a trust established for the benefit of the family members of Dr. Fung Kwok King, Victor.
9. 8,000 LF Shares are owned by the wife of Dr. Fung Kwok Lun, William.
10. In 2000, Dr. Fung Kwok Lun, William was granted share options to subscribe for 480,000 LF Shares. The options are exercisable at a subscription price of HK\$15.26 per LF Shares during the period from 7 July 2001 to 6 July 2003.

Save as disclosed above, as at 30 June 2001, none of the directors or any of their associates had any interests in any equity or debt securities of the Company or any of its associated corporations.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

On 6 January 2001, a share option scheme ('Share Option Scheme') was approved by a written resolution of the shareholders of the Company under which the board of Directors may, at its discretion, grant options to the full-time employees of the Group (including executive directors) entitling them to subscribe for shares representing up to a maximum of 10% of the shares in issue from time to time (excluding (i) any shares which have been allotted and issued upon the exercise of options granted pursuant to the Share Option Scheme and any other schemes and (ii) any pro-rata entitlements to further shares issued in respect of those shares mentioned in (i)). As at 30 June 2001, no share options have been granted to the Directors by the Company.

Save as disclosed in the section headed 'Directors' interests in equity or debt securities in the Company and certain major associated corporations' and apart from the above, at no time during the period was the Company, its holding companies, its fellow subsidiaries or its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2001, the register of substantial shareholders maintained by the Company under Section 16(1) of the SDI Ordinance showed that Li & Fung (Retailing) Limited held 467,114,000 shares in the Company. Other than such interests and those as disclosed in the section headed 'Directors' interests in equity or debt securities in the Company and certain major associated corporations' above, the Company has not been notified of any substantial shareholders' interests, being 10% or more of the Company's issued share capital.

SPONSOR'S INTEREST

None of the Company's sponsor, BNP Paribas Peregrine Capital Limited (the "Sponsor"), its directors, employees or associates (as referred to in Note 3 to rule 6.35 of the GEM Listing Rules) had any interests in the securities of the Company or any member of the Group or any rights to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group as at 30 June 2001.

Pursuant to the agreement dated 9 January 2001 entered into between the Company and the Sponsor, the Sponsor will receive usual sponsorship fees for acting as the Company's retained sponsor for the period from 18 January 2001 to 31 December 2003.

AUDIT COMMITTEE

The Company established an audit committee on 6 January 2001 with written terms of reference in compliance with Rules 5.23 to 5.25 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises three members, namely Dr. Ch'ien Kuo Fung, Raymond, Mr. Au Man Chung, Malcolm, (being the independent non-executive Directors) and Mr. Lau Butt Farn (being a non-executive Director). The chairman of the audit committee is Dr. Ch'ien Kuo Fung, Raymond.

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.

By Order of the Board
Richard Yeung Lap Bun
Chief Executive Officer

Hong Kong, 27 July 2001

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