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This 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 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 (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) 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)

THIRD QUARTERLY RESULTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2002

Three Months Ended 30 September		2002	2001
• Group Turnover	+5%	HK\$366,765,000	HK\$350,366,000
• Group Profit	+3%	HK\$20,768,000	HK\$20,234,000
• Earnings per Share	-	3.1 cents	3.1 cents

Nine Months Ended 30 September		2002	2001
• Group Turnover	+6%	HK\$1,032,785,000	HK\$978,796,000
• Group Profit	+6%	HK\$52,544,000	HK\$49,549,000
• Earnings per Share	+3%	7.9 cents	7.7 cents

HIGHLIGHTS

- The seventh consecutive quarter of turnover and profit growth despite the challenging retailing environment in Hong Kong.
- Number of stores in Hong Kong increased by 6 to 157 during the quarter, representing an increase of 16 stores when compared to 141 stores as at 30 September 2001.
- Eight new store openings are in progress either under renovation or with leases committed in Hong Kong.
- Obtained the official approval for the Company's operation in Guangzhou from the Central Government, soft opening of first store is scheduled for 17 November 2002.
- Strong cash position with HK\$398 million cash on hand and no bank borrowings as at 30 September 2002.
- The outlook for Hong Kong's economy is still quite uncertain and if retail spending continues to decline, the Group's profit growth may be adversely impacted.

CHAIRMAN'S STATEMENT

Financial Review

It gives me great pleasure to report the unaudited third quarterly results of Convenience Retail Asia Limited and its subsidiaries (the "Group") for the period ended 30 September 2002.

For the third quarter of 2002, the Group's turnover increased by 5% to HK\$366.8 million when compared to the same period in the previous year. This was achieved despite continued weakness in the Hong Kong economy and a poor consumer sentiment. The increase in turnover in the past three months came from sales of new stores (non-comparable stores). As at the end of the third quarter of 2002, we have a total of 157 stores compared to 141 stores as at the end of third quarter 2001.

Due to the tough operating environment, comparable stores showed a decline in turnover of 5% in the third quarter. Despite this factor, with better category management, higher income from volume rebates and sales of phone cards, the Group was able to improve gross margin and other income (excluding interest income) by 0.8% to 32.3% of sales during the quarter.

However, store operating expenses increased by 0.6% to 22% of sales during the quarter. Comparable stores expenses actually declined in this period but the Group increased spending on advertising and promotions to boost sales.

Despite the adverse environment, the result was a modest increase in store sales and higher gross margin / other income which contributed to a modest increase in the Group's net profit for the third quarter 2002. The Group recorded a net profit of HK\$20.8 million, which represents a 3% increase over the third quarter 2001's net profit of HK\$20.2 million. Earnings per share remained flat during the quarter.

For the nine months ended 30 September 2002, the Group recorded turnover of HK\$1,032.8 million and net profit of HK\$52.5 million which represent increases of 6% and 6% respectively when compared to the results for the nine months ended 30 September 2001.

China Update

Official approval of the business license from the Central Government was obtained at the end of September 2002. This enabled us to proceed with our expansion plan into the Guangzhou market at full speed with preparations for new store openings in Guangzhou.

Soft opening of the first store is scheduled for 17 November 2002. An additional two stores are under construction.

A store grand opening program has been scheduled for mid December 2002 to allow time for the trial run of the new store model which will be the first of its kind in China, with the introduction of new products and services.

Business Outlook

Consumer confidence further weakened in Hong Kong in the third quarter of 2002, due to persistent high unemployment, continual price deflation, weak property market, erratic stock market performance and uncertainty in the U.S. economy.

To neutralize the negative market forces, extra effort were put into category management, advertising and promotion, with special focus on categories with strong growth potential - such as phone cards and trendy products. Premium promotions also proved to be an effective way to generate incremental sales. With a consistent value pricing strategy, we are able to steer clear of any price wars and maintain lower pricing than our competitors. Customer service training to promote suggestive selling at the front line has helped to minimize potential decline in turnover.

Further improvement in productivity and efficiency was achieved by measures to facilitate the flow of internal communications.

While preparing the organization to cope with the tough retailing environment in Hong Kong, we are confident that our customer focused business model will help us to ride out the rough times ahead. With the starting up of store operations in the Chinese Mainland, there may be some pressure on our Group's profit growth rate. However, we are confident that the Southern China market will provide a much-welcomed contribution to the Group in future years.

Fung Kwok King, Victor

Chairman

Hong Kong, 31 October 2002

RESULTS

The Board of Directors (“the Board”) is pleased to announce the unaudited results of the Group for the three months and nine months ended 30 September 2002, together with the comparative unaudited figures for the corresponding period ended 30 September 2001 as follows:

		Three months ended		Nine months ended	
		30 September		30 September	
	Note	2002	2001	2002	2001
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	2	366,765	350,366	1,032,785	978,796
Cost of sales		(272,019)	(262,395)	(771,665)	(736,715)
Gross profit		<u>94,746</u>	<u>87,971</u>	<u>261,120</u>	<u>242,081</u>
Other revenues	2	25,583	25,107	76,403	71,107
Store expenses		(80,756)	(74,862)	(231,842)	(213,374)
Distribution costs		(5,392)	(5,379)	(14,416)	(13,320)
Administrative expenses		(11,909)	(11,686)	(35,052)	(35,062)
Start-up costs for China operations		(1,572)	(1,041)	(3,894)	(2,174)
Operating profit		<u>20,700</u>	<u>20,110</u>	<u>52,319</u>	<u>49,258</u>
Minority interests		<u>68</u>	<u>124</u>	<u>225</u>	<u>291</u>
Profit attributable to shareholders		<u><u>20,768</u></u>	<u><u>20,234</u></u>	<u><u>52,544</u></u>	<u><u>49,549</u></u>
Basic earnings per share	4	<u><u>3.1 cents</u></u>	<u><u>3.1 cents</u></u>	<u><u>7.9 cents</u></u>	<u><u>7.7 cents</u></u>
Diluted earnings per share	4	<u><u>3.1 cents</u></u>	<u><u>3.0 cents</u></u>	<u><u>7.8 cents</u></u>	<u><u>7.6 cents</u></u>

Notes:

1. Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants.

2. Revenue and turnover

The Group is principally engaged in the operation of a chain of convenience stores. Revenues recognised during the three months and nine months ended 30 September 2002 are as follows:

	Three months ended		Nine months ended	
	30 September 2002	2001	30 September 2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover				
Merchandise sales revenue	358,655	340,496	1,007,325	948,358
Bakery sales revenue	8,089	9,639	25,362	29,546
E-fulfillment service income	21	231	98	892
	<u>366,765</u>	<u>350,366</u>	<u>1,032,785</u>	<u>978,796</u>
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Other revenues				
Rebate income	20,484	20,550	62,001	57,076
Interest income	2,034	2,576	5,314	8,303
Others	3,065	1,981	9,088	5,728
	<u>25,583</u>	<u>25,107</u>	<u>76,403</u>	<u>71,107</u>
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Total revenues	<u>392,348</u>	<u>375,473</u>	<u>1,109,188</u>	<u>1,049,903</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 the three months and nine months ended 30 September 2002 and 2001 as the Group has been able to utilise available tax losses brought forward from previous years to offset the assessable profit for the periods.

4. Earnings per share

The calculation of the Group's basic and diluted earnings per share for the three months and nine months ended 30 September 2002 is based on the respective unaudited consolidated profit attributable to shareholders of HK\$20,768,000 (2001: HK\$20,234,000) and HK\$52,544,000 (2001: HK\$49,549,000).

The basic earnings per share is based on the weighted average of 666,009,783 (2001: 655,600,000) and 663,532,674 (2001: 645,393,773) ordinary shares in issue during the three months and nine months ended 30 September 2002 respectively.

The diluted earnings per share is based on the weighted average number of 666,009,783 (2001: 655,600,000) and 663,532,674 (2001: 645,393,773) ordinary shares in issue during the three months and nine months ended 30 September 2002 plus the respective weighted average of 5,439,791 (2001: 12,748,562) and 7,374,741 (2001: 10,446,492) ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

5. Interim dividends

The Board does not recommend payment of an interim dividend for the three months and nine months ended 30 September 2002 (2001: Nil).

6. Reserves

Movements in reserves of the Group during the three months and nine months ended 30 September 2002 were as follows:

	Three months ended 30 September					2001
	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Total HK\$'000
At 1 July	111,861	177,087	13,433	(60,614)	241,767	165,903
Issue of shares	1,296	-	-	-	1,296	-
Profit for the period attributable to shareholders	-	-	-	20,768	20,768	20,234
At 30 September	<u>113,157</u>	<u>177,087</u>	<u>13,433</u>	<u>(39,846)</u>	<u>263,831</u>	<u>186,137</u>

	Nine months ended 30 September					2001
	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Total HK\$'000
At 1 January	103,915	177,087	13,433	(92,390)	202,045	32,673
Issue of shares	9,242	-	-	-	9,242	172,095
Profit for the period attributable to shareholders	-	-	-	52,544	52,544	49,549
Capitalisation issues	-	-	-	-	-	(42,401)
Expenses incurred in connection with the issue of shares	-	-	-	-	-	(25,779)
At 30 September	<u>113,157</u>	<u>177,087</u>	<u>13,433</u>	<u>(39,846)</u>	<u>263,831</u>	<u>186,137</u>

7. Comparative figures

Certain comparative figures have been re-classified to conform with current period's presentation.

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 September 2002, 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 1,300,000 (Note 2)	-	-	-	19,196,000
Company	Li Kwok Ho, Bruno	2,676,000 250,000 (Note 3)	-	-	-	2,926,000
Company	Lau Butt Farn	2,676,000	-	-	-	2,676,000
Company	Wong Yuk Nor, Louisa	1,338,000 250,000 (Note 4)	-	-	-	1,588,000
Company	Dr. Ch'ien Kuo Fung, Raymond	1,000,000	-	-	-	1,000,000
Li & Fung (Gemini) Limited	Dr. Fung Kwok King, Victor	-	-	10,263,158 (Note 5)	1,184,210 (Note 7)	11,447,368
Li & Fung (Gemini) Limited	Dr. Fung Kwok Lun, William	-	-	10,263,158 (Note 5)	-	10,263,158

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 (Note 8)	-	(i) 6,800,000 (full voting ordinary shares) (Note 6)	-	7,090,000 (full voting ordinary shares)
		(ii) 160,000 (Note 9)		(ii) 6,630,000 (redeemable participating preferred shares) (Note 6)		6,630,000 (redeemable participating preferred shares)
Li & Fung (Distribution) Limited	Dr. Fung Kwok Lun, William	-	-	(i) 6,800,000 (full voting ordinary shares) (Note 6)	-	6,800,000 (full voting ordinary shares)
				(ii) 6,630,000 (redeemable participating preferred shares) (Note 6)		6,630,000 (redeemable participating preferred shares)
Li & Fung (Distribution) Limited	Lau Butt Farn	32,500 (Note 8)	-	-	-	32,500
Li & Fung Limited	Dr. Fung Kwok King, Victor	-	-	1,180,500,000 (Note 10)	50,750,000 (Note 11)	1,231,250,000
Li & Fung Limited	Dr. Fung Kwok Lun, William	68,502,300	4,000 (Note 12)	1,180,500,000 (Note 10)	-	1,250,446,300
		480,000 (Note 13)				
		480,000 (Note 14)				
		480,000 (Note 15)				
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 from Rule 18.69 of the GEM Listing Rules for the disclosure of directors' interest in the equity or debt securities of the associated corporations has been granted by the Stock Exchange on 17 October 2002. 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 of HK\$0.10 each ('Shares') in the Company. 1,332,840 shares in King Lun, representing 50% of its issued share capital, are owned by J.P. Morgan Trust Company (Jersey) 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. In May 2002, Mr. Yeung Lap Bun, Richard was granted share options to subscribe for 1,300,000 Shares. The options are exercisable at a subscription price of HK\$2.785 per Share during the period from 24 May 2003 to 23 May 2007.
3. In May 2002, Mr. Li Kwok Ho, Bruno was granted share options to subscribe for 250,000 Shares. The options are exercisable at a subscription price of HK\$2.785 per Share during the period from 24 May 2003 to 23 May 2007.
4. In May 2002, Ms. Wong Yuk Nor, Louisa was granted share options to subscribe for 250,000 Shares. The options are exercisable at a subscription price of HK\$2.785 per Share during the period from 24 May 2003 to 23 May 2007.
5. King Lun through its wholly owned subsidiary, LF(1937) held 10,263,158 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.
6. LFG holds 6,800,000 full voting ordinary shares and 6,630,000 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) & (5) above.
7. 1,184,210 shares in LFG are owned by a company which is held by J.P. Morgan Trust Company (Jersey) Limited.
8. 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 81,000 and 19,500 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 two equal lots on 31 December, in each of the calendar years 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.
9. 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 (8) above.

10. 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) & (5) above.
11. 50,750,000 LF Shares are held by J.P. Morgan Trust Company (Jersey) Limited.
12. 4,000 LF Shares are owned by the wife of Dr. Fung Kwok Lun, William.
13. 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 Share during the period from 7 July 2001 to 6 July 2003.
14. In July 2001, 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\$10.50 per LF Share during the period from 18 July 2002 to 17 July 2004.
15. In August 2001, 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\$7.98 per LF Share during the period from 28 August 2003 to 27 August 2005.

Save as disclosed above, as at 30 September 2002, 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 DEBT SECURITIES

Pursuant to the share option scheme ('Share Option Scheme') adopted by the Company on 6 January 2001, and as amended on 24 April 2002, the board of directors may, at its discretion, grant options to any qualifying participants (including but not limited to any employee, whether full time or part time employees including any executive or non-executive directors, of the Company or any affiliate as defined in the Share Option Scheme) entitling them to subscribe for Shares representing up to a maximum of 10% of the Shares in issue as at 6 January 2001 being 65,560,000. As at 30 September 2002, options to subscribe for a total of 1,800,000 Shares were granted under the Share Option Scheme to the directors of the Company, details of which have been disclosed in the above section headed 'Directors' interests in equity or debt securities in the Company and certain major associated corporations'. Save as disclosed above, at no time during the period up to 30 September 2002 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 September 2002, 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 INTERESTS

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 September 2002.

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.

The audit committee has reviewed with management this unaudited quarterly report for the period ended 30 September 2002.

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.

On behalf of the Board
Yeung Lap Bun, Richard
Executive Director

Hong Kong, 31 October 2002

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