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CONVENIENCE RETAIL ASIA LIMITED

利亞零售有限公司

(incorporated in Cayman Islands with limited liability)

PLACEMENT OF EXISTING SHARES

Convenience Retail Asia Limited (the “Company”) was informed by Li & Fung (Retailing) Limited (“LFR”), the controlling shareholder of the Company that on 22nd January, 2003, it has agreed to place a total of 93,422,000 existing shares of the Company (the “Shares”) (the “Placement”) to independent investors at a placing price of HK\$2.00 per Share, through BNP Paribas Peregrine Capital Limited and CLSA Limited (together, the “Placing Agents”). The Shares to be placed under the Placement represent approximately 14% of the existing issued share capital of the Company. By effecting the Placement, LFR intends to increase the public free float of the Shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the directors of LFR believe that the Placement will broaden the shareholder base of the Company and enhance the liquidity of the Shares. After completion of the Placement, LFR will retain an equity interest of approximately 56% in the Company and LFR intends to maintain a controlling interest in the Company in the long run.

THE PLACEMENT

Pursuant to Rule 17.10, the Company would like to inform general investors regarding details of the Placement. The Company was informed by LFR, the controlling shareholder of the Company that on 22nd January, 2003, it has agreed to place a total of 93,422,000 Shares to investors, which are independent of any of the directors, chief executive or substantial shareholders of the Company, any of its subsidiaries or any of their respective associates, at a placing price of HK\$2.00 per Share, through the Placing Agents, namely BNP Paribas Peregrine Capital Limited and CLSA Limited. The Shares to be placed under the Placement represent approximately 14% of the existing

issued share capital of the Company. The placing price of HK\$2.00 per Share represents discount of 4.8 per cent of both the last closing price of HK\$2.10 per Share on 22nd January, 2003 and the average closing price of HK\$2.10 over the 10 trading days up to and including 22nd January, 2003, as quoted on the Stock Exchange.

EFFECT OF THE PLACEMENT

The shareholding structures of the Company as at 22nd January, 2003 and immediately after the Placement are set out below:

Shareholders	Shareholding structure as at 22nd January, 2003		Immediately after the Placement	
	Shares	%	Shares	%
LFR (<i>Note 1</i>)	467,114,000	69.99	373,692,000	55.99
Designated Directors (<i>Note 2</i>)	25,586,000	3.83	25,586,000	3.83
Public	<u>174,720,000</u>	<u>26.18</u>	<u>268,142,000</u>	<u>40.18</u>
Total	<u>667,420,000</u>	<u>100.00</u>	<u>667,420,000</u>	<u>100.00</u>

Notes:

1. LFR, an indirect wholly owned subsidiary of King Lun Holdings Limited (“King Lun”), held 467,114,000 Shares. J.P. Morgan Trust Company (Jersey) Limited, the trustee of a trust established for the benefit of the family members of Dr. Victor Fung Kwok King, owned 50% interest in King Lun. The remaining 50% interest of King Lun is owned by Dr. William Fung Kwok Lun.
2. Designated directors of the Company represent Mr. Richard Yeung Lap Bun, Mr. Bruno Li Kwok Ho, Mr. Lau Butt Farn, Mrs. Louisa Wong Yuk Nor and Dr. Raymond Ch’ien Kuo Fung, who are the legal and beneficial owners of 17,896,000 Shares, 2,676,000 Shares, 2,676,000 Shares, 1,338,000 Shares and 1,000,000 Shares respectively.
3. After the Placement, none of the placees will hold 10% or more of the issued share capital of the Company.

After completion of the Placement, LFR will retain an equity interest of approximately 56% in the Company and has undertaken to each of the Placing Agents that it will not dispose any Shares for a period of six months from the date of completion of the Placement without the prior written consent from the Placing Agents. After completion of the Placement, LFR intends to maintain a controlling interest in the Company in the long run.

REASONS FOR THE PLACEMENT

The Company was informed by LFR that, by effecting the Placement, LFR intends to increase the public free float of the Shares listed on the Stock Exchange. The directors of LFR believe that the Placement will broaden the shareholder base of the Company and enhance the liquidity of the Shares.

On behalf of the Board
Richard Yeung Lap Bun
Chief Executive Officer

Hong Kong, 22nd January, 2003

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.

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