

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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 (“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:- (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)

(Stock Code: 8052)

FIRST QUARTERLY RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2005

		2005	2004 (Restated)
• Group Turnover	+14%	HK\$454,202,000	HK\$398,323,000
• Group Profit	+5%	HK\$8,914,000	HK\$8,460,000
• Earnings Per Share (Basic)	-	1.3 cents	1.3 cents

HIGHLIGHTS

- The robust economic outlook contributed to a further improvement in consumer sentiment in Hong Kong.
- Number of stores in Hong Kong increased by 7 to 212 during the quarter.
- Number of stores in Guangzhou increased by 2 to 22 during the quarter.
- Increased margin pressure from escalating retail rental levels in Hong Kong due to unrealistic expectations among landlords.
- Grand opening of first Circle K store in Macau poised to take advantage of the strong economy there.
- Agreement signed to acquire a 60% equity stake in DG Sun-High, operator of a franchised convenience store chain in Dongguan with about 90 stores (completion of which is subject to approval by the Government).
- Strong cash position with HK\$526.4 million and no bank borrowings as at 31 March 2005.

CHAIRMAN'S STATEMENT

Financial Review

I am pleased to report the unaudited results of Convenience Retail Asia Limited and its subsidiaries (the "Group") for the first quarter of 2005. During the three-month period ended 31 March 2005, the Group recorded a satisfactory increase in turnover and profit, maintaining the growth momentum of the previous quarter.

During the first quarter of 2005, the Group's turnover was HK\$454.2 million, an increase of 14% when compared to the same period last year. Comparable store sales (stores in existence throughout the first quarter of 2004 and 2005) in Hong Kong and Guangzhou increased by 3.8% and 14% respectively over the first quarter of 2004. At the end of the first quarter of 2005, there were a total of 212 stores in Hong Kong and 22 stores in Guangzhou compared to 190 stores in Hong Kong and 10 stores in Guangzhou as at the end of the first quarter of 2004.

Gross margin excluding interest decreased slightly from 30.3% in 2004 to 30.2% in 2005 mainly due to an increase in cigarette sales, a lower margin category, and a decrease in cold drink sales, a high margin category, due to the unusually cooler weather in the first quarter.

Store expenses increased from 22.9% to 23.8% of turnover for the first quarter when compared to 2004, mainly due to increases in staff cost and rental expenses as well as increases in store operation expenses in Guangzhou as a result of rapid store network expansion.

Distribution expenses were kept well under control and as a percentage of turnover remained the same as last year. Higher productivity led to a decrease in administration expenses as a percentage of turnover from 3.7% to 3.2% for the first quarter in 2005 when compared to the same period in 2004. The combination of increased turnover, decreased gross margin percentage, increased store operating expenses and decreased administration expenses (as a percentage of turnover) led to an increase in profit attributable to shareholders of 5% to HK\$8.9 million during the quarter over 2004 levels.

Review of Hong Kong Operations

Spurred by the more entrenched economic recovery, improved employment conditions and a vibrant inbound tourism sector, overall retail sales in Hong Kong maintained a brisk growth momentum in the first quarter of 2005.

For the first two months of 2005, total retail sales increased by 8.8%* in volume over the same period a year ago. Significant growth was registered across a broad range of categories - from clothing and footwear, jewellery and watches to commodities in department stores and supermarkets - a reflection of sustained consumer confidence and upbeat market sentiment.

* "Provisional Statistics of Retail Sales for February 2005" published by the Census and Statistics Department on 8 April 2005.

Other economic indicators also confirmed the positive market trend. The 6.1% unemployment rate achieved during December 2004 - February 2005 was the lowest level since 2001. Total visitor arrivals reported a robust growth of 13.6% for the first two months with the best February arrival figure on record, surpassing February 2004 by 20%.

The healthy comparable store sales growth of 3.8% in the first quarter of 2005 fully reflected the optimistic market sentiment. The double-digit growth in turnover of 12.7% for all the Circle K stores in Hong Kong outperformed the growth achieved by the overall retail market in Hong Kong.

The only negative factor in the overall favourable market environment was the unusually cold and foggy weather in February and March that had a somewhat dampening effect on the sales of cold drinks and ice creams. However, a successful cash coupon promotion launched right after the Chinese New Year holiday helped compensate for most of the sales loss due to the cold weather.

The highlight of the quarter was the grand opening of the first Circle K Store in Macau on 15 March 2005, to take advantage of Macau's flourishing economy and rising consumer spending. Circle K Convenience Stores (Macau) Limited is a joint venture of the Group with Macau Industrial Limitada, which oversees Circle K operations in Macau. The launch of the new store was a landmark as it was the first international convenience store chain to open in Macau and the beginning of the Group's aggressive expansion into the western part of the Pearl River Delta region. The Group plans to open about 10 stores in Macau by the end of 2005 and the Circle K stores are also expected to serve as a showcase for visitors from the Chinese Mainland.

Review of Guangzhou Operations

Consumer sentiment continued to be buoyant as reflected by the Consumer Confidence Index**, which has maintained a steady uptrend since the second half of 2004 and reached a new high of 94.4 in March, a 1.2 point increase from December 2004.

For the first two months of 2005, Guangzhou recorded a healthy 9.7% increase in retail sales and a mild increase of 2.6% in consumer prices, while average disposable income per capita increased by 3.8% and average consumer spending increased by 4.4%***.

The Group's comparable store sales growth of 14% in the first quarter of 2005 reflected the positive market trend.

During the quarter, the Group also signed an agreement to acquire a 60% equity stake of DG Sun-High, operator of a franchised convenience store chain in Dongguan with about 90 stores. This agreement is subject to Government approval.

** *Published by the National Bureau of Statistics of China on 7 April 2005.*

*** *Published by the Comprehensive Statistics Department, Guangzhou Municipal Bureau of Statistics on 9 February 2005.*

The strategic objective for this agreement is not so much immediate profitability but for the opportunity to learn the franchising business model, to build a second tier store brand and to achieve critical mass in sourcing and supply chain management in the Pearl River Delta market.

Business Outlook

The first quarter of 2005 indicated that the year ahead would be favourable for the Group's business growth in Hong Kong and expansion plans on the Chinese Mainland.

The warmer season ahead will stimulate incremental sales in both markets. It is also the Group's intention to step up promotional efforts in the second quarter in order to build traffic and generate further publicity for the Circle K brand.

However, the prospect of an upward retail market trend in Hong Kong has begun to create unrealistic expectations among landlords and a resulting increase in rental levels across the board. Fuelled by the tourist boom that benefits only select retail categories, the impact on the overall retail market could be quite adverse. The Group's estate management team will exercise caution and negotiate strongly with landlords to ensure that the impact of these aberrations in the retail rental market on the operations of our stores will be minimised.

In Guangzhou, the Group is on the threshold of increased momentum in new store openings in the second quarter, with about 10 new store leases being committed and store renovation well underway.

The Group is also planning to launch an alternative store model in April with the inclusion of a steam station offering an unique range of steamed buns, hot meals and hot snacks such as fish balls.

In conclusion, the Group will proceed with its strategic plans for business expansion in Hong Kong and the Pearl River Delta for the rest of the year in order to take full advantage of the positive market trends and achieve sustainable growth in store performance.

Fung Kwok King, Victor

Chairman

Hong Kong, 25 April 2005

RESULTS

The Board of Directors (“the Board”) is pleased to announce the unaudited results of the Group for the three months ended 31 March 2005, together with the comparative unaudited figures for the corresponding period ended 31 March 2004 as follows:

		Three months ended	
		31 March	
	<i>Note</i>	2005	2004
		<i>HK\$ '000</i>	<i>HK\$ '000</i>
			<i>(Restated)</i>
Turnover	2	454,202	398,323
Cost of sales		(350,456)	(305,059)
Gross profit		<u>103,746</u>	<u>93,264</u>
Other revenues	2	36,202	29,138
Store expenses		(108,203)	(91,217)
Distribution costs		(7,703)	(6,857)
Administrative expenses		(14,643)	(14,738)
Profit before taxation		<u>9,399</u>	<u>9,590</u>
Taxation	3	(1,777)	(2,362)
Profit after taxation		<u>7,622</u>	<u>7,228</u>
Minority interests		1,292	1,232
Profit attributable to shareholders		<u>8,914</u>	<u>8,460</u>
Basic earnings per share	4	<u>1.3 cents</u>	<u>1.3 cents</u>

Notes:

1. Basis of preparation

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has converged all Hong Kong Financial Reporting Standards (“HKFRSs”) with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board at 1 January 2005. As a result, the HKICPA has aligned HKFRSs with the requirements of IFRSs in all material respects. The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong, accounting standards issued by the HKICPA, and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange of Hong Kong (“the GEM Listing Rules”). They have been prepared under the historical cost convention.

In 2005, the Group has adopted all HKFRSs pertinent to its operations. The applicable HKFRSs are set out below and the 2004 accounts have been restated in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payments

The accounting policies which have material impacts on the Group are set out below:

The adoption of HKFRS 2 has resulted in a change in accounting policy for employee share options. Prior to this, the provision of share options to employees did not result in a charge to the profit & loss account. Following the adoption of HKFRS 2, the fair value of share options at grant date is amortised over the relevant vesting periods to the profit and loss account. HKFRS 2 has been applied retrospectively for all equity instruments granted to employees after 7 November 2002 and not vested at 1 January 2005.

The adoption of HKAS 17 has resulted in a change in accounting policy relating to leasehold land. Leasehold land was previously carried at cost less accumulated depreciation and accumulated impairment losses. In accordance with the provisions of HKAS 17, leasehold land and building should be split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. The lease premium for land is stated at cost and amortised over the period of the lease. HKAS 17 has been applied retrospectively.

The effect of adopting HKAS 17 and HKFRS 2 on the consolidated profit and loss account for the periods ended 31 March 2005 and 31 March 2004 and on the consolidated balance sheet as at 31 March 2005 and 31 March 2004 are shown below:

Effect of adopting HKAS 17 and HKFRS 2 on consolidated profit and loss account

	Three months ended 31 March 2005		Three months ended 31 March 2004	
	<i>HKAS 17 HK\$'000</i>	<i>HKFRS 2 HK\$'000</i>	<i>HKAS 17 HK\$'000</i>	<i>HKFRS 2 HK\$'000</i>
Decrease/(increase) in store expenses	45	(146)	15	(24)
Increase in distribution costs	-	(12)	-	(1)
Increase in administrative expenses	-	(117)	(3)	(36)
	-----	-----	-----	-----
Total increase/(decrease) in profit	45	(275)	12	(61)
	=====	=====	=====	=====
Increase/(decrease) in basic earnings per share	0.01 cent	(0.04 cents)	0 cent	(0.01 cent)
	=====	=====	=====	=====

Effect of adopting HKAS 17 and HKFRS 2 on consolidated balance sheet

	31 March 2005		31 March 2004	
	HKAS 17 <i>HK\$'000</i>	HKFRS 2 <i>HK\$'000</i>	HKAS 17 <i>HK\$'000</i>	HKFRS 2 <i>HK\$'000</i>
<u>Increase/(decrease) in assets</u>				
Fixed assets	(15,668)	-	(15,564)	-
Lease premium for land (current and non-current)	15,780	-	15,488	-
<u>Increase/(decrease) in liabilities/equity</u>				
Employee share-based compensation reserve	-	1,231	-	179
Retained earnings	112	(1,231)	(76)	(179)

The adoption of other new HKFRSs does not result in substantial changes to the Group's accounting policies except certain presentation and disclosure of the accounts would be affected on the 2005 half year and annual reports.

2. Turnover and other revenues

The Group is principally engaged in the operation of a chain of convenience stores. Revenues recognised during the three months ended 31 March 2005 are as follows:

	Three months ended	
	31 March	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
Turnover		
Merchandise sales revenue	454,202	398,323
	-----	-----
Other revenues		
Supplier rebate and promotion fees	26,742	23,164
Service items income	6,613	4,374
Interest income	2,847	1,600
	-----	-----
	36,202	29,138
	-----	-----
Total revenues	490,404	427,461
	=====	=====

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.

Supplier rebate and promotion fees are recognised when the rights to receive payments are established in accordance with the terms of agreements with the vendors.

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

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

3. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the three months ended 31 March 2005 and 2004. No provision for overseas profits tax has been made as the Group has no overseas estimated assessable profit for the three months ended 31 March 2005 and 2004.

The amount of taxation charged to the consolidated profit and loss account represents:

	Three months ended	
	31 March	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current taxation - Hong Kong profits tax	615	1,337
Deferred taxation relating to the origination and reversal of temporary differences	1,162	1,025
	-----	-----
Taxation	<u>1,777</u>	<u>2,362</u>

4. Earnings per share

The calculation of the Group's basic earnings per share for the three months ended 31 March 2005 is based on the unaudited consolidated profit attributable to shareholders of HK\$8,914,000 (2004: HK\$8,460,000 (restated)).

The basic earnings per share is based on the weighted average of 672,147,378 (2004: 669,547,692) shares of HK\$0.10 each (the "Shares") in issue during the three months ended 31 March 2005.

Diluted earnings per share for the three months ended 31 March 2005 and 2004 are not shown as there is no dilutive effect arising from the share options granted by the Company.

5. Interim dividends

The Board does not recommend payment of an interim dividend for the three months ended 31 March 2005 (2004: Nil).

6. Loss attributable to shareholders from Chinese Mainland operations

Loss attributable to shareholders from Chinese Mainland operations for the three months ended 31 March 2005 amounted to HK\$2,280,000 (2004: HK\$2,277,000 (restated)).

7. Reserves

Movements in reserves of the Group during the three months ended 31 March 2005 were as follows:

	Three months ended 31 March 2005						2004	
	Share premium <i>HK\$ '000</i>	Merger reserve <i>HK\$ '000</i>	Capital reserve <i>HK\$ '000</i>	Employee share-based compensation reserve <i>HK\$ '000</i>	Exchange reserve <i>HK\$ '000</i>	Retained earnings <i>HK\$ '000</i>	Total <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
At 1 January, as previously reported	117,560	177,087	13,433	-	-	67,156	375,236	334,327
Effect of changes in accounting policies								
- employee share option benefits	-	-	-	956	-	(956)	-	-
- amortisation of lease premium for land	-	-	-	-	-	67	67	(88)
At 1 January, as restated	117,560	177,087	13,433	956	-	66,267	375,303	334,239
Issue of shares	330	-	-	-	-	-	330	623
Employee share option benefits	-	-	-	275	-	-	275	61
Exchange differences	-	-	-	-	31	-	31	-
Profit for the period attributable to shareholders	-	-	-	-	-	8,914	8,914	8,460
At 31 March	117,890	177,087	13,433	1,231	31	75,181	384,853	343,383
Representing:								
Reserves (restated)							359,637	323,277
Final dividend							25,216	20,106
							384,853	343,383

8. 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.

INTERESTS AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND CERTAIN MAJOR ASSOCIATED CORPORATIONS

As at 31 March 2005, the interests and short positions of each of the Directors, chief executives and their associates in the shares, underlying shares and debentures of the Company and certain of its major associated corporations* (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as required to be recorded in the register maintained by the Company pursuant to section 352 of SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealing by the Directors under the GEM Listing Rules and/or the Code of Conduct for dealings in securities adopted by the Company, were as follows:

The Company

Long positions in Shares and the underlying Shares of equity derivatives

Name of Directors	Number of		Nature of interests/ Holding capacity	Approximate percentage of interests
	(i) Shares	(ii) underlying Shares		
Dr. Fung Kwok King, Victor	373,692,000	-	Corporate (Note 1)	55.58%
Dr. Fung Kwok Lun, William	373,692,000	-	Corporate (Note 1)	55.58%
Mr. Yeung Lap Bun, Richard	17,896,000	1,300,000 (Note 2)	Personal / beneficiary	2.86%
Mr. Li Kwok Ho, Bruno	2,676,000	250,000 (Note 3)	Personal / beneficiary	0.44%
Ms. Wong Yuk Nor, Louisa	1,338,000	250,000 (Note 4)	Personal / beneficiary	0.24%
Dr. Ch'ien Kuo Fung, Raymond	1,000,000	-	Personal / beneficiary	0.15%
Mr. Jeremy Paul Egerton Hobbins	180,000	-	Personal / beneficiary	0.03%

Major associated corporations

Long positions in shares and the underlying shares of equity derivatives

Name of Directors	Name of associated corporations	Class of shares	Number of		Nature of interests/ Holding capacity	Approximate percentage of interests
			(i) shares	(ii) underlying shares		
Dr. Fung Kwok King, Victor	Li & Fung (Gemini) Limited	Ordinary shares	5,222,807	-	Corporate (Note 5)	
			602,631	-	Corporate (Notes 1 & 6)	84.80%
	Li & Fung (Distribution) Limited	Full voting ordinary shares	9,600,000	-	Corporate (Note 7)	
			-	4,200,000	Corporate (Note 8)	100%
Dr. Fung Kwok Lun, William	Li & Fung (Gemini) Limited	Ordinary shares	5,222,807	-	Corporate (Note 5)	76.02%
			Li & Fung (Distribution) Limited	Full voting ordinary shares	9,600,000	-
				-	4,200,000	Corporate (Note 8)
Mr. Jeremy Paul Egerton Hobbins	Li & Fung (Gemini) Limited	Ordinary shares	462,018	-	Corporate (Note 9)	6.73%
Mr. Li Kwok Ho, Bruno	Integrated Distribution Services Group Limited	Ordinary shares	4,000	-	Other (Note 10)	0.00%

- * Dr. Fung Kwok King, Victor and Dr. Fung Kwok Lun, William, by virtue of their interests in King Lun Holdings Limited ("King Lun") and the Company are deemed to be interested in the shares and underlying shares of certain associated corporations of the Company under SFO. A waiver from full compliance from Rule 18.69 of the GEM Listing Rules for the disclosure of Directors' interests in the shares and underlying shares of the associated corporations has been granted by the Stock Exchange on 22 April 2005. Accordingly, the companies under the section headed "Interests and Short Positions of Directors in the shares, underlying shares and debentures of 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 through its indirect wholly owned subsidiary, Li & Fung (Retailing) Limited ("LFR") (a wholly owned subsidiary of Li & Fung (1937) Limited ("LF (1937)")) held 373,692,000 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. On 24 May 2002, Mr. Yeung Lap Bun, Richard was granted share options to subscribe for 1,300,000 Shares pursuant to the Share Option Scheme of the Company. 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. No relevant share options have been exercised.
3. On 24 May 2002, Mr. Li Kwok Ho, Bruno was granted share options to subscribe for 250,000 Shares pursuant to the Share Option Scheme of the Company. 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. No relevant share options have been exercised.
4. On 24 May 2002, Ms. Wong Yuk Nor, Louisa was granted share options to subscribe for 250,000 Shares pursuant to the Share Option Scheme of the Company. 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. No relevant share options have been exercised.
5. King Lun through its wholly owned subsidiary, LF (1937) held 5,222,807 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. 602,631 shares in LFG are owned by a company which is held by J.P. Morgan Trust Company (Jersey) Limited.
7. Out of the total 9,600,000 shares, LFG holds 6,800,000 shares and LF (1937) holds 2,800,000 shares. 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) and (5) above.
8. Under SFO, LF (1937) is deemed to have interest in 4,200,000 underlying shares under several put and call option agreements, pursuant to which LF (1937) has the call options to require the counterparties to the agreements to sell to it, and the said counterparties have the put options to require LF (1937) to buy from them, an aggregate of 4,200,000 shares at cash consideration.

9. 462,018 shares in LFG are held by Martinville Holdings Limited which is owned by Mr. Jeremy Paul Egerton Hobbins.
10. 4,000 shares in Integrated Distribution Services Group Limited are jointly held by Mr. Li Kwok Ho, Bruno and his wife, Sandra Maria Li Ng.

Save as disclosed above, as at 31 March 2005, none of the Directors, chief executives and their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2005, the interests and short positions of the substantial shareholders in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of SFO were as follows:

Long positions in Shares

Name	Number of Shares	Nature of interests / Holding capacity	Approximate percentage of interests
King Lun Holdings Limited	373,692,000	Corporate (Note 1)	55.58%
Commonwealth Bank of Australia	60,228,000	Corporate (Note 2)	8.96%

Notes :

1. These shares are held by Li & Fung (Retailing) Limited (“LFR”). King Lun Holdings Limited (“King Lun”) indirectly owns 100% interests in LFR through its wholly owned subsidiary, Li & Fung (1937) Limited (“LF (1937)”). All of King Lun, LFR and LF (1937) are taken to be interested in the shares. Please refer to Note (1) in the above section headed “Interests and Short Positions of Directors in the shares, underlying shares and debentures of the Company and certain major associated corporations”.
2. These shares are indirectly held by Commonwealth Bank of Australia through a chain of 100% owned companies, namely Colonial Ltd, Colonial Holding Company Limited (formerly known as Colonial Holding Company Pty Ltd), Colonial Holding Company (No. 2) Pty Limited, The Colonial Mutual Life Assurance Society Ltd, Colonial First State Group Ltd, First State Investment (UK Holdings) Limited, SI Holdings Limited, First State Investment Management (UK) Limited, First State Investment Managers (Asia) Ltd, First State Investments (Bermuda) Ltd, First State (Hong Kong) LLC and First State Investments (Hong Kong) Limited.

Save as disclosed above, as at 31 March 2005, the Company had not been notified of any substantial shareholders’ interests or short positions which are required to be kept under section 336 of SFO.

AUDIT COMMITTEE

The Company established an audit committee on 6 January 2001 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review the Group’s financial reporting, internal control and corporate governance issues and to make relevant recommendations to the Board. The audit committee comprises four members, namely Dr. Ch’ien Kuo Fung, Raymond, Mr. Au Man Chung, Malcolm, Mr. Godfrey Ernest Scotchbrook (being independent non-executive Directors) and Mr. Jeremy Paul Egerton Hobbins (being a non-executive Director and appointed as an audit committee member on 4 March 2005). 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 31 March 2005 before recommending it to the Board for approval.

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, 25 April 2005

As at the date of this announcement, the executive Directors of the Company are Yeung Lap Bun, Richard and Li Kwok Ho, Bruno, the non-executive Directors are Dr. Fung Kwok King, Victor, Dr. Fung Kwok Lun, William, Jeremy Paul Egerton Hobbins and Wong Yuk Nor, Louisa, the independent non-executive Directors are Dr. Ch'ien Kuo Fung, Raymond, Au Man Chung, Malcolm and Godfrey Ernest Scotchbrook.

This announcement will be available from the Company's website 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.