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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)

CONTINUING CONNECTED TRANSACTION

The Board is pleased to announce that on 5 November 2010, the Company entered into the Master Agreement with LF 1937 relating to the purchases of various products (being both food and non-food products) by the Group from the LF 1937 Group for a term commencing from 1 January 2011 and ending on 31 December 2012.

The Transactions constitute continuing connected transactions for the Group, which are subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

BACKGROUND INFORMATION

Reference is made to the announcement of the Company dated 6 December 2007 (the "Announcement") in respect of the purchases of various products (being both food and non-food products) from IDS (Hong Kong) Limited, an associate of LF 1937, for three years ending 31 December 2010. The Directors consider that it is in the interest of the Group to continue such purchases and to enter into the Master Agreement with LF 1937 to provide a framework for the purchases of various products (being both food and non-food products) by the Group from the LF 1937 Group.

THE MASTER AGREEMENT

The Company entered into the Master Agreement with LF 1937 on 5 November 2010 in relation to the purchases of various products (being both food and non-food products) by the Group from the LF 1937 Group. The Master Agreement is for a term of two years from 1 January 2011 to 31 December 2012.

Pursuant to the Master Agreement, the Group will purchase various products (being both food and non-food products) from the LF 1937 Group on its standard terms of business or on terms no less favourable to the Group than terms available to independent third parties and therefore, the Directors consider that the level of the purchase prices payable by the Group to be fair and reasonable to the Group.

The payment for the purchases of products will be made in cash by the Group to the LF 1937 Group on a monthly basis within a maximum of 60 days after the issue of the month end statement.

HISTORICAL FIGURES

For each of the two years ended 31 December 2009 and for the nine months ended 30 September 2010, the amounts paid by the Group to the LF 1937 Group in respect of the purchases of various products (being both food and non-food products) are approximately HK\$8,800,000, HK\$12,100,000 and HK\$8,200,000 respectively, which are all within the annual caps of HK\$19,000,000, HK\$19,000,000 and HK\$28,000,000 respectively as set out in the Announcement for the three years ending 31 December 2010.

PROPOSED ANNUAL CAPS FOR THE TRANSACTIONS

The projected annual caps of the aggregate purchases payable by the Group to the LF 1937 Group for the Transactions as contemplated under the Master Agreement for each of the two years ending 31 December 2012 are HK\$25,000,000 and HK\$30,000,000 respectively, which have been determined based on the Company's estimate of the demand for the products to be purchased from the LF 1937 Group with reference to the projected amount of sale of such products by the Group. The increase in the annual caps as contemplated under the Master Agreement is mainly attributed to the projected expansion in the number of stores in Hong Kong and in the Chinese Mainland, a series of promotional activities to be carried out, launch of new items and considerable rise in prices of the products in the coming two years.

REASONS AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

Given the affiliation between the Group and the LF 1937 Group, the Group has been purchasing various products (being both food and non-food products) from the LF 1937 Group and will continue to do so in view of administrative convenience.

The terms of the Master Agreement were agreed upon after arm's length negotiations between the Group and the LF 1937 Group. The Directors (including the independent non-executive Directors) consider that the Master Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms and the annual caps are fair and reasonable for the Group and the Shareholders as a whole.

Dr. Victor Fung Kwok King and Dr. William Fung Kwok Lun, by virtue of their deemed shareholding interests in LF 1937, had abstained from voting on the relevant board resolution for approving the Master Agreement as required by the Company's Bye-laws or the GEM Listing Rules.

INFORMATION ON THE PARTIES

The Group is principally engaged in the operations of convenience store chain and bakery store chain under the trade names of "Circle K" and "Saint Honore" in both Hong Kong and the Chinese Mainland.

The LF 1937 Group focuses on three main businesses - sourcing and export trading, distribution and logistics, and retailing.

GENERAL

As LF 1937 is the controlling Shareholder of the Company, LF 1937 and its associates (other than the Group) are connected persons of the Company. The Transactions constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

Given that the applicable percentage ratios calculated with reference to the proposed annual caps for the Transactions are more than 0.1% but less than 5%, the Transactions are therefore subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules. Details of the Transactions will be included in the next published annual report and accounts of the Company in accordance with Rule 20.46 of the GEM Listing Rules and the Company will also comply with Rules 20.37 to 20.40 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below, unless the context otherwise requires:

"associate(s)", "connected person(s)", "controlling shareholder" has the meaning ascribed to it in the GEM Listing Rules

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| “Board” | the board of Directors |
| “Company” | Convenience Retail Asia Limited, a company incorporated in the Cayman Islands whose shares are listed on the Growth Enterprise Market of the Stock Exchange |
| “Directors” | directors of the Company |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “LF 1937” | Li & Fung (1937) Limited, a company incorporated under the laws of Hong Kong, and a controlling Shareholder of the Company |
| “LF 1937 Group” | LF 1937 and its associates (including Li & Fung Limited and its subsidiaries but excluding the Group) |
| “Master Agreement” | the master agreement entered into between the Company and LF 1937 on 5 November 2010 in relation to the purchases of various products (being both food and non-food products) by the Group from the LF 1937 Group |
| “Shareholder(s)” | holder(s) of shares in the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Transactions” | the transactions contemplated under the Master Agreement |

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

Hong Kong, 5 November 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, 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, 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.

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.