

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **CONVENIENCE RETAIL ASIA LIMITED**

利亞零售有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code : 8052)**

### **CONTINUING CONNECTED TRANSACTIONS**

#### **Tenancy Agreements**

On 12 May 2004, Circle K(HK) and Web-Logistic(HK) (each a wholly owned subsidiary of the Company) entered into the Circle K (HK) Lease and the Web-Logistic (HK) Lease respectively with IDS(HK) (an indirect subsidiary of LF (1937)) for the leasing of different portions of the 5th Floor of LiFung Centre, Shatin, the New Territories for a term from 1 June 2004 to 25 March 2007 at a rent to be calculated on the basis mentioned below. LF (1937) is the controlling shareholder of the Company and therefore its indirect subsidiary, IDS(HK), is considered a connected person of the Company. Accordingly, each of Circle K (HK) Lease and the Web-Logistic (HK) Lease constitute a continuing connected transaction of the Company under chapter 20 of the GEM Listing Rules.

The Directors (including the independent non-executive Directors) consider that both the Circle K(HK) Lease and the Web-Logistic(HK) Lease were negotiated on an arm's length basis and were entered into on normal commercial terms and in the ordinary course of business of Circle K(HK) and Web-Logistic(HK) respectively, and their terms are fair and reasonable for Circle K(HK), Web-Logistic(HK) and the shareholders of the Company as a whole.

The maximum amount of the annual rental (including service charges) under the Circle K (HK) Lease is estimated at about HK\$1,405,019.4 and is less than 2.5 per cent of the applicable percentage ratios of the Company as specified in Rule 19.07 of the GEM Listing Rules. As regards the Web-Logistic (HK) Lease, the maximum amount of the annual rental (including service charges) is estimated at about HK\$858,822.6 and is also less than 2.5 per cent of the applicable percentage ratios of the Company as specified in Rule 19.07 of the GEM Listing Rules. Accordingly, the Company is only required under Rule 20.34 of the GEM Listing Rules to disclose each of the Circle K (HK) Lease and the Web-Logistic (HK) Lease by way of this press announcement and the inclusion of the information in relation thereto in the next published annual report and accounts of the Company.

The Directors announce that on 12 May 2004, Circle K(HK) and Web-Logistic(HK) (each a wholly owned subsidiary of the Company) entered into the Circle K (HK) Lease and the Web-Logistic (HK) Lease respectively with IDS(HK) (an indirect subsidiary of LF (1937)) for the leasing of different portions of the 5th Floor of LiFung Centre, Shatin, the New Territories. Details are set out below.

### **CIRCLE K (HK) LEASE**

Date: 12 May 2004

Landlord: IDS (HK), an indirect subsidiary of LF (1937)

Tenant: Circle K(HK), a wholly owned subsidiary of the Company

Premises: a portion of 5th Floor of LiFung Centre, No. 2 On Ping Street, Shatin, the New Territories, Hong Kong

Gross floor area: about 20,723 square feet

Usage: office-cum-workshop

Lease Term: 1 June 2004 to 25 March 2007

Rent: (a) 88,072.75 per calendar month, calculated on the basis of HK\$4.25 per square feet and payable in advance on the first day of each month

(b) the rent is exclusive of rates, service charges and all other outgoings

Service charges: HK\$29,012.2 per calendar month, calculated at the rate of HK\$1.4 per square feet and payable in advance on the first day of each month

### **WEB-LOGISTIC (HK) LEASE**

Date: 12 May 2004

Landlord: IDS (HK), an indirect subsidiary of LF (1937)

Tenant: Web-Logistic(HK), a wholly owned subsidiary of the Company

Premises: a portion of 5th Floor of LiFung Centre, No. 2 On Ping Street, Shatin, the New Territories, Hong Kong

Gross floor area: about 12,667 square feet

Usage: office-cum-workshop

Lease Term: 1 June 2004 to 25 March 2007

Rent: (a) HK\$53,834.75 per calendar month, calculated on the basis of HK\$4.25 per square feet and payable in advance on the first day of each month

- (b) the rent is exclusive of rates, service charges and all other outgoings

Service charges: HK\$17,733.8 per calendar month, calculated at the rate of HK\$1.4 per square feet and payable in advance on the first day of each month

## GENERAL

The rent (including the service charges) were determined by reference to open market rent of properties of similar size and location. The Directors (including the independent non-executive Directors) consider that both the Circle K(HK) Lease and the Web-Logistic(HK) Lease were negotiated on an arm's length basis and were entered into on normal commercial terms and in the ordinary and usual course of business of Circle K(HK) and Web-Logistic(HK) respectively, and their terms are fair and reasonable for Circle K(HK), Web-Logistic(HK) and the shareholders of the Company as a whole.

The Group is principally engaged in the operation of one of the leading convenience store chains in Hong Kong and a convenience store chain on the Chinese Mainland under the trade name of 7-Eleven. As at 31 March 2004, its Circle K store chain comprised 190 stores in Hong Kong and 10 stores in Guangzhou. About 41%, 38% and 21% of the Circle K stores in Hong Kong were located in the New Territories, Kowloon and Hong Kong Island respectively as at 31 March 2004. Circle K stores offer a broad selection of food and non-food merchandise as well as certain ancillary services designed to appeal to its customers through meeting their convenience needs.

LF (1937) is the controlling shareholder (55.74%) of the Company and therefore its indirect subsidiary, IDS(HK), is considered a connected person of the Company. Accordingly, each of Circle K (HK) Lease and the Web-Logistic (HK) Lease constitute a continuing connected transaction of the Company under chapter 20 of the GEM Listing Rules. Nevertheless, the maximum amount of the annual rental (including service charges) under the Circle K (HK) Lease is estimated at about HK\$1,405,019.4 and is less than 2.5 per cent of the applicable percentage ratios of the Company as specified in Rule 19.07 of the GEM Listing Rules. As regards the Web-Logistic (HK) Lease, the maximum amount of the annual rental (including service charges) is estimated at about HK\$858,822.6 and is also less than 2.5 per cent of the applicable percentage ratios of the Company as specified in Rule 19.07 of the GEM Listing Rules. Accordingly, the Company is only required under Rule 20.34 of the GEM Listing Rules to disclose each of the Circle K (HK) Lease and the Web-Logistic (HK) Lease by way of this press announcement and the inclusion of the information in relation thereto in the next published annual report and accounts of the Company.

## DEFINITIONS

“Board”	the board of Directors
“Chinese Mainland”	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"Circle K(HK)"	Circle K Convenience Stores (HK) Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company
"Circle K (HK) Lease"	a sub-tenancy agreement dated 12 May 2004 entered into between IDS(HK) as landlord and Circle K(HK) as tenant whereby IDS(HK) agreed to let and Circle K(HK) agreed to take a portion of 5th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, the New Territories, Hong Kong with a gross floor area of about 20,723 square feet for a term from 1 June 2004 to 25 March 2007
“Company”	Convenience Retail Asia Limited, a company incorporated in the Cayman Islands and listed on the Growth Enterprise Market of the Stock Exchange
“Director(s)”	the director(s) 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
"IDS(HK)"	IDS (Hong Kong) Limited, a company incorporated in Hong Kong and an indirect subsidiary of LF (1937)
"LF (1937)"	Li & Fung (1937) Limited, a company incorporated in Hong Kong
"service charges"	the air-conditioning charges and management fees being the additional rental payable by, as the case may be, Circle K(HK) and Web-Logistic(HK) under the Circle K (HK) Lease and the Web-Logistic (HK) Lease respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
"Web-Logistic(HK)"	Web-Logistic (HK) Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company
"Web-Logistic (HK) Lease"	a sub-tenancy agreement dated 12 May 2004 entered into between IDS(HK) as landlord and Web-Logistic(HK) as tenant whereby IDS(HK) agreed to let

and Web-Logistic(HK) agreed to take a portion of 5th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, the New Territories, Hong Kong with a gross floor area of about 12,667 square feet for a term from 1 June 2004 to 25 March 2007

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

Hong Kong, 12 May 2004

*Executive Directors:*

Yeung Lap Bun, Richard  
Li Kwok Ho, Bruno

*Independent non-executive Directors:*

Dr. Ch'ien Kuo Fung, Raymond  
Au Man Chung, Malcolm  
Godfrey Ernest Scotchbrook

*Non-executive Directors:*

Dr. Fung Kwok King, Victor (*Chairman*)  
Dr. Fung Kwok Lun, William  
Lau Butt Farn  
Wong Yuk Nor, Louisa

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited 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 be available from the Company's website at [www.cr-asia.com](http://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.*