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If you have sold all your shares in Convenience Retail Asia Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.



CONVENIENCE RETAIL ASIA LIMITED

利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

CONTINUING CONNECTED TRANSACTIONS

AND

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

AND

NOTICE OF ANNUAL GENERAL MEETING

Independent financial adviser to the Independent Board Committee

Watterson Asia Limited

A letter from the Independent Board Committee is set out on page 18 of this circular. A letter from Watterson Asia Limited containing its advice to the Independent Board Committee is set out on pages 19 to 22 of this circular.

A notice convening the Annual General Meeting of the Company to be held at the Auditorium, 12th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong on 28 April 2003 at 4:00 p.m. is set out on pages 41 to 46 of this circular. Whether or not you are able to attend the Annual General Meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company, Abacus Share Registrars Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible and in any event, not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting should you so wish.

This circular, for which the directors (“Directors”) of Convenience Retail Asia Limited (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 of the Stock Exchange 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 circular is accurate and complete in all material aspects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This circular 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 and on the website of the Company at www.cr-asia.com.

CHARACTERISTICS OF GEM OF 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principle 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.

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DEFINITIONS

In the circular, the following expressions have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company for the year ended 31 December 2002 to be held at the Auditorium, 12th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong on 28 April 2003 at 4:00 p.m.
“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of directors of the Company or a duly authorised committee thereof
“Bomaron”	Bomaron Limited, a company incorporated in Hong Kong, an indirect subsidiary of LF (1937) which has an effective interest of 51.44% in Bomaron Limited
“Circle K (HK)”	Circle K Convenience Stores (HK) Limited, a company incorporated in Hong Kong and wholly owned by the Company
“Company”	Convenience Retail Asia Limited
“Continuing Connected Transactions”	(i) the letter agreement made between Circle K (HK) and LF (Management) under the New Circle K (HK) Lease and (ii) the letter agreement made between Web-Logistic (HK) and LF (Management) under the New Web-Logistic Lease
“Directors”	the directors of the Company
“Existing Circle K (HK) Lease”	the letter agreement dated 29 June 2000 entered into between Circle K (HK) and Bomaron whereby Circle K (HK) agreed to lease from Bomaron a portion of 5th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong with a gross floor area of 20,723 sq.ft for a term of three years commencing on 1 August 2000 and expiring on 31 July 2003
“Existing Leases”	the Existing Circle K (HK) Lease and the Existing Web-Logistic Lease
“Existing Web-Logistic Lease”	the letter agreement dated 29 June 2000 entered into between Web-Logistic (HK) and Bomaron whereby Web-Logistic (HK) agreed to lease from Bomaron a portion of 5th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong with a gross floor area of 12,667 sq.ft for a term of three years commencing on 1 August 2000 and expiring on 31 July 2003

DEFINITIONS

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“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 PRC
“IFA” or “Watterson Asia”	Watterson Asia Limited, an investment adviser and dealer registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong) and the independent financial adviser to the Independent Board Committee
“Independent Board Committee”	an independent committee of the Board comprising Dr. Ch’ien Kuo Fung, Raymond and Mr. Au Man Chung, Malcolm and Mr. Godfrey Ernest Scotchbrook who are the independent non-executive Directors
“Independent Shareholders”	Shareholders other than those who have an interest in the New Leases and the Continuing Connected Transactions thereunder (including, without limitation, LFR, Mr. Lau Butt Farn and their respective associates in relation to the Existing and New Leases)
“Latest Practicable Date”	25 March 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“LF (1937)”	Li & Fung (1937) Limited, a company incorporated in Hong Kong
“LF (Distribution)”	Li & Fung (Distribution) Limited, a holding company of Bomaron and LF (Management), and a company incorporated in the British Virgin Islands, an indirect subsidiary of LF (1937) which has an effective interest of 51.44% in LF (Distribution)
“LF (Management)”	Li & Fung Distribution (Management) Limited, a company incorporated in Hong Kong, an indirect subsidiary of LF (1937) which has an effective interest of 51.44% in LF (Management)
“LFR”	Li & Fung (Retailing) Limited, a company incorporated in Hong Kong and wholly-owned by LF (1937)

DEFINITIONS

“Li & Fung Group”	LF (1937) and its Subsidiaries together with Li & Fung Limited and its Subsidiaries. Li & Fung Limited is an associated company of LF (1937) and is listed on the Main Board of the Stock Exchange
“New Circle K (HK) Lease”	a letter agreement dated 20 March 2003 entered into between LF (Management) as head tenant, Circle K (HK) as sub-tenant and Bomaron whereby Circle K (HK) agreed to sub-lease from LF (Management) a portion of 5th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong with a gross floor area of 20,723 sq.ft. for a revised term from 1 May 2003 to 31 May 2004
“New Leases”	the New Circle K (HK) Lease and the New Web-Logistic Lease
“New Web-Logistic Lease”	a letter agreement dated 20 March 2003 entered into between LF (Management) as head tenant, Web-Logistic (HK) as sub-tenant and Bomaron whereby Web-Logistic (HK) agreed to sub-lease from LF (Management) a portion of 5th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong with a gross floor area of 12,667 sq.ft. for a revised term from 1 May 2003 to 31 May 2004
“PRC”	The People’s Republic of China, for the purpose of this circular, excluding Hong Kong, The Macau Special Administrative Region and Taiwan
“Premises”	the property subject to the Existing Leases
“Prospectus”	the prospectus of the Company dated 9 January 2001
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Subsidiary”	a body corporate which is for the time being a subsidiary within the meaning of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)
“Waiver”	the waiver granted by the Stock Exchange to the Company in January 2001 of the announcement and Shareholders’ approval requirements, under Rules 20.35 and 20.36 of the GEM Listing Rules in relation to the non-exempt connected transactions as disclosed in the Prospectus
“Web-Logistic (HK)”	Web-Logistic (HK) Limited, a company incorporated in Hong Kong and owned as to 82% by the Company



CONVENIENCE RETAIL ASIA LIMITED

利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Yeung Lap Bun, Richard (*Chief Executive Officer*)

Li Kwok Ho, Bruno (*Chief Financial Officer*)

Non-executive Directors:

Dr. Fung Kwok King, Victor (*Chairman*)

Dr. Fung Kwok Lun, William

Lau Butt Farn

Wong Yuk Nor, Louisa

Independent non-executive Directors:

Dr. Ch'ien Kuo Fung, Raymond

Au Man Chung, Malcolm

Godfrey Ernest Scotchbrook

Registered Office:

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681GT

George Town

Grand Cayman

British West Indies

Principal Place of Business:

12th Floor

LiFung Centre

2 On Ping Street

Siu Lek Yuen

Shatin

New Territories

Hong Kong

31 March 2003

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
AND
PROPOSED GENERAL MANDATES TO ISSUE
AND
REPURCHASE SHARES**

INTRODUCTION

Reference was made to the announcement of the Company dated 20 March 2003 relating to the New Leases. The Directors would like to seek the Independent Shareholders' approval of the New Leases, the Continuing Connected Transactions and their respective annual caps.

LETTER FROM THE CHAIRMAN

The purpose of this circular is (i) to provide information on the New Leases and the Continuing Connected Transactions; (ii) to seek the Independent Shareholders' approval of resolutions relating to the New Leases and the Continuing Connected Transactions to be proposed at the AGM; and (iii) to seek the Shareholders' approval of the resolutions relating to the General Mandates and the Repurchase Mandate (as defined below) at the AGM.

In view of the interests of LFR and Mr. Lau Butt Farn in the Existing Leases and New Leases and the Continuing Connected Transactions, LFR, Mr. Lau Butt Farn and their respective associates will abstain from voting at the AGM in respect of the resolutions regarding the Existing Leases and New Leases.

THE CONTINUING CONNECTED TRANSACTIONS

The Existing Leases

As disclosed in the Prospectus, Circle K (HK) and Web-Logistic (HK) had respectively entered into the Existing Circle K (HK) Lease and the Existing Web-Logistic Lease with Bomaron both on 29 June 2000. LFR is the substantial and a management Shareholder of the Company and both Bomaron and LF (Management) are indirect subsidiaries of LF (1937) which is the holding company of LFR. The transactions under the Existing Leases constituted non-exempt connected transactions under Rule 20.26 of the GEM Listing Rules, and were subject to the reporting, announcement and shareholders' approval requirements set out in Rules 20.34 to 20.36 of the GEM Listing Rules. The Company had applied for and obtained the Waiver from the Stock Exchange from strict compliance with the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules in January 2001 in respect of those transactions on the conditions as described in the Prospectus. The Waiver expired on 31 December 2002 but the Existing Leases will only expire on 31 July 2003.

The monthly rent (exclusive of management fee and government rates) payable under the Existing Circle K (HK) Lease and the Existing Web-Logistic Lease is HK\$82,892.00 and HK\$50,668.00 respectively. The total consideration payable by the Group under the Existing Leases for their remaining terms after the Waiver expired on 31 December 2002 will add up to exceed the de minimis threshold under Rule 20.25(3) of the GEM Listing Rules in or around mid June 2003. Accordingly, the residue lease term of the Existing Leases will constitute non-exempt continuing connected transactions under Rule 20.26 of the GEM Listing Rules, and will again be subject to the reporting, announcement and shareholders' approval requirements under Rules 20.34 to 20.36 of the GEM Listing Rules in or around mid June 2003.

The New Leases and termination of the Existing Leases

Each of Bomaron and LF (Management) is a wholly-owned subsidiary of LF (Distribution). Pursuant to an internal re-arrangement of the property leasing and management activities of Bomaron, Bomaron has entered into two new head leases with LF (Management) whereby the Premises will be leased to LF (Management) when the New Leases take effect on 1 May 2003.

LETTER FROM THE CHAIRMAN

Incidental to such internal restructuring of property leasing and management activities, and to secure the continual use of the Premises, each of Circle K (HK) and Web-Logistic (HK), a subsidiary of the Company, has respectively entered into the New Circle K (HK) Lease and the New Web-Logistic Lease with Bomaron and LF (Management), both dated 20 March 2003 in respect of the Premises on the same rent under the Existing Leases for a revised term from 1 May 2003 to 31 May 2004. Pursuant to the New Leases, the parties have also agreed to early terminate the Existing Leases before the expiration of their original terms on 31 July 2003. The termination of the Existing Leases will be effective when the New Leases become unconditional and effective on 1 May 2003.

The total consideration payable under the New Leases will exceed the de minimis threshold under Rule 20.25(3) of the GEM Listing Rules. Accordingly, the New Leases will constitute non-exempt continuing connected transactions of the Company under the GEM Listing Rules and are subject to the approval of the Independent Shareholders and other reporting requirements under Rules 20.34 to 20.36 of the GEM Listing Rules.

Particulars of the Continuing Connected Transactions

A. The New Circle K (HK) Lease dated 20 March 2003

Landlord	:	Bomaron
Head Tenant	:	LF (Management)
Sub-tenant	:	Circle K (HK)
Subject premises	:	a portion of 5th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong
Gross floor area	:	approximately 20,723 sq.ft.
Term	:	thirteen (13) months commencing on 1 May 2003 and expiring on 31 May 2004
Rent	:	HK\$82,892.00 per month (exclusive of management fee and government rates) payable in advance on the first day of each month

The management fee for the premises is currently at HK\$29,012.20 per month which amount is subject to review and payable in advance on the first day of each month to the Head Tenant. The government rates for the premises is currently at HK\$13,629.24 per quarter which amount is subject to review and payable quarterly in advance to the Head Tenant. It is expected that the aggregate consideration payable by Circle K (HK) for the four months up to 30 April 2003 under the Existing Circle K (HK) Lease and the first eight months of the lease ending 31 December 2003 under the New Circle K (HK) Lease, and for the following five months up to 31 May 2004 in the year ending 31 December 2004 under the New Circle K (HK) Lease will not exceed HK\$2,000,000 and HK\$840,000 respectively, and such amounts have accordingly been set as the annual caps of the New Circle K (HK) Lease for the relevant years.

LETTER FROM THE CHAIRMAN

B. *The New Web-Logistic Lease dated 20 March 2003*

Landlord	:	Bomaron
Head Tenant	:	LF (Management)
Sub-tenant	:	Web-Logistic (HK)
Subject premises	:	a portion of 5th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong
Gross floor area	:	approximately 12,667 sq.ft.
Term	:	thirteen (13) months commencing on 1 May 2003 and expiring on 31 May 2004
Rent	:	HK\$50,668.00 per month (exclusive of management fee and government rates) payable in advance on the first day of each month

The management fee for the premises is currently at HK\$17,733.80 per month which amount is subject to review and payable in advance on the first day of each month to the Head Tenant. The government rates for the premises is currently at HK\$8,330.92 per quarter which amount is subject to review and payable quarterly in advance to the Head Tenant. It is expected that the aggregate consideration payable by Web-Logistic (HK) for the four months up to 30 April 2003 under the Existing Web-Logistic Lease and the first eight months of the lease ending 31 December 2003 under the New Web-Logistic Lease, and for the following five months up to 31 May 2004 under the New Web-Logistic Lease in the year ending 31 December 2004 will not exceed HK\$1,200,000 and HK\$500,000 respectively and such amounts have accordingly been set as the annual caps of the New Web-Logistic Lease for the relevant years.

The total consideration payable under the New Leases will exceed the de minimis threshold under Rule 20.25(3) of the GEM Listing Rules. Accordingly, the New Leases will constitute non-exempt continuing connected transactions of the Company under the GEM Listing Rules and are subject to the approval of the Independent Shareholders and other reporting requirements under Rules 20.34 to 20.36 of the GEM Listing Rules.

Condition precedent

The New Leases are conditional upon the passing by the Independent Shareholders of ordinary resolutions to approve the New Leases, which include the termination of the Existing Leases and the Continuing Connected Transactions under the respective terms of the New Leases and the New Annual Caps. Approval of the Independent Shareholders will be sought on the basis that the Company will comply with the annual review and reporting requirements set out under Rules 20.27 to 20.30 and Rule 20.34 of the GEM Listing Rules. The termination of the Existing Leases also constitutes connected transactions of the Company under the GEM Listing Rules.

LETTER FROM THE CHAIRMAN

Annual review of the Continuing Connected Transactions

Independent Shareholders' approval for the Continuing Connected Transactions under the New Leases will be sought on the basis that:

- (a) the aggregate consideration for each of the two years ending 31 December 2004 in respect of:
 - (i) the New Circle K (HK) Lease shall not exceed HK\$2,000,000 and HK\$840,000 respectively; and
 - (ii) the New Web-Logistic Lease shall not exceed HK\$1,200,000 and HK\$500,000 respectively;(collectively the “**New Annual Caps**”);
- (b) details of the Continuing Connected Transactions will be disclosed in the Company's annual report as described in Rules 20.34(1) to (5) of the GEM Listing Rules;
- (c) the independent non-executive Directors shall review the Continuing Connected Transactions and confirm in the Company's next annual report and accounts that the relevant Continuing Connected Transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
 - (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (d) each year the auditors of the Company shall provide a letter to the board of Directors (with a copy to the Stock Exchange) confirming that each of the Continuing Connected Transactions in the manner required under Rule 20.28 of the GEM Listing Rules. In addition, the Company and LF (Management) have undertaken to the Stock Exchange to allow the auditors sufficient access to their records for the purpose of reporting on the transactions as set out in Rule 20.28 of the GEM Listing Rules;
- (e) the Company shall notify the Stock Exchange if it knows or has reason to believe that the independent non-executive Directors and/or the auditors will not be able to confirm the matters set out in Rules 20.27 and/or 20.28 of the GEM Listing Rules respectively, whereupon the Company may have to re-comply with Rules 20.26(3) and (4) of the GEM Listing Rules and any other conditions the Stock Exchange considers appropriate; and

LETTER FROM THE CHAIRMAN

- (f) in addition to complying with Rules 20.26 to 20.28, where the cap for the Continuing Connected Transactions in any year is to be greater than the higher of HK\$10,000,000 or 3% of the net tangible assets of the Company, which should not occur based on the size of the New Annual Caps, the transactions and the caps are subject to review and re-approval by independent shareholders at the annual general meeting following the initial approval and at each subsequent annual general meeting so long as the transactions continue. The independent non-executive Directors will be required to opine in the annual report whether or not the Company should continue with the agreements for the transactions.

Reasons for the execution of the New Leases and benefits of the Continuing Connected Transactions

The Company is engaged in the operation of one of the leading convenience store chains in Hong Kong under the tradename of Circle K and a member of the Li & Fung Group. Bomaron is engaged in property ownership and management in one of the operating arms within the Li & Fung Group. The Group benefits from Bomaron's property portfolio and has been using the Premises as office-cum-workshop before the listing of the Company's shares on GEM in 2001. The Group intends to continue to use the Premises and to extend the respective terms under the Existing Leases when they expire on 31 July 2003.

As mentioned above, the total consideration payable by the Group under the Existing Leases for their remaining terms after the Waiver expired on 31 December 2002 will add up to exceed the de minimis threshold under Rule 20.25(3) of the GEM Listing Rules in or around mid June 2003. Accordingly, the residue lease term of the Existing Leases will constitute non-exempt continuing connected transactions under Rule 20.26 of the GEM Listing Rules, and will again be subject to the reporting, announcement and shareholder's approval under the GEM Listing Rules in or around mid June 2003. In this respect, and on the basis that the rent under the New Leases will be the same as in the Existing Leases, the Directors (including the independent non-executive Directors) consider that the early termination of the Existing Leases before mid June 2003 and execution of the New Leases for submission to the Independent Shareholders for early approval at the AGM will be in the interests of the Group and its Shareholders, including the Independent Shareholders. The Directors consider that the administration costs to be incurred for complying with the announcement and shareholders' approval requirements in respect of the Continuing Connected Transactions under Rules 20.35 and 20.36 of the GEM Listing Rules will be reduced if the Independent Shareholders' approval is sought earlier instead of at a later stage at a separately convened general meeting when the total consideration payable by the Group under the Existing Leases for their remaining terms after the Waiver expired on 31 December 2002 will exceed the de minimis threshold under Rule 20.25(3) of the GEM Listing Rules in or around mid June 2003.

Ordinary resolutions will be proposed to approve the New Leases, which include the early termination of the Existing Leases and the Continuing Connected Transactions under the respective terms of the New Leases and the New Annual Caps at the AGM.

LETTER FROM THE CHAIRMAN

Confirmation from the Directors

The Continuing Connected Transactions will be conducted in the normal course of business of the Group and in accordance with the terms of the relevant agreements, which were negotiated on an arm's length basis. The rentals payable under the New Leases are determined based on terms that are fair and reasonable by reference to the current rent payable under the Existing Leases for their remaining terms until 31 July 2003 and the prevailing market rent of similar units at LiFung Centre. The Directors, including the independent non-executive Directors, are of the view that the New Leases were entered into on normal commercial terms and are fair and reasonable to the Company and the Shareholders taken as a whole.

THE GENERAL MANDATES

At the annual general meeting of the Company held on 24 April 2002, general and unconditional mandates were given to the Directors of the Company to:

- (a) allot, issue and deal with Shares not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at 24 April 2002;
- (b) repurchase Shares not exceeding 10% of the aggregate nominal value of the Shares in issue as at 24 April 2002; and
- (c) add to the general mandate to the Directors to allot, issue and deal with additional Shares set out in (a) above the number of Shares repurchased by the Company pursuant to the repurchase mandate set out in (b) above.

These general mandates will expire at the conclusion of the AGM to be held on 28 April 2003.

Approval is being sought from the Shareholders to grant a general mandate (the "General Mandate") to the Directors to exercise the powers of the Company to allot, issue, and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolution to be proposed at the AGM and adding to the General Mandates the number of Shares repurchased by the Company pursuant to the Repurchase Mandate (as defined below).

In addition, an ordinary resolution will be proposed at the AGM to approve the grant of a general mandate to the Directors to exercise the powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the Share capital of the Company in issue as at the date of the passing of the relevant resolution (the "Repurchase Mandate").

LETTER FROM THE CHAIRMAN

EXPLANATORY STATEMENT

An explanatory statement containing all relevant information relating to the Repurchase Mandate and pursuant to the GEM Listing Rules, in particular Rule 13.08, is set out in the Schedule to this letter. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution relating to the Repurchase Mandate.

THE ANNUAL GENERAL MEETING

The following are details of the AGM:

Date : 28 April 2003

Time : 4:00 p.m.

Venue : Auditorium, 12th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong

The notice convening the AGM is set out on pages 41 to 46 of this circular. Resolutions 4 to 6 relate to the General Mandates and the Repurchase Mandate and resolutions 9 to 10 relate to the New Leases, the Continuing Connected Transactions and the New Annual Caps. These resolutions will be proposed as ordinary resolutions at the AGM for your consideration and approval.

LFR is the substantial and a management Shareholder of the Company and each of Bomaron and LF (Management) is an indirect subsidiary of LF (1937) which is the holding company of LFR. By virtue of these interests, LFR is considered to have an interest in the Existing Leases and New Leases.

Mr. Lau Butt Farn, a Shareholder and a Director, holds options in respect of 65,000 voting shares in LF (Distribution). Mr. Lau is also a director of Bomaron. By virtue of these interests, Mr. Lau Butt Farn is also considered to have an interest in the Existing Leases and the New Leases.

In view of the interests as mentioned above, LFR, Mr. Lau Butt Farn and their respective associates will abstain from voting at the AGM in respect of the resolutions relating to the Existing Leases and New Leases.

Dr. Fung Kwok King, Victor, a Director, is interested in options in respect of 290,000 voting shares of LF (Distribution) and a trust established for his family interest is interested in 1,184,210 voting shares in Li & Fung (Gemini) Limited otherwise than by virtue of their interest in LF (1937). Li & Fung (Gemini) is also a subsidiary of LF (1937) and a holding company of LF (Distribution) and Bomaron. Dr. Fung is not a Shareholder.

A form of proxy for the AGM is enclosed with this circular. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the branch share registrar of the Company, Abacus Share Registrars Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the AGM. The completion of a form of proxy will not preclude you from attending and voting at the meeting in person.

LETTER FROM THE CHAIRMAN

RECOMMENDATIONS

(a) Continuing Connected Transactions

The Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the Continuing Connected Transactions and to advise the Independent Shareholders in this regard. Watterson Asia has been appointed by the Company to advise the Independent Board Committee in this regard.

The Independent Board Committee, having taken into account the advice of Watterson Asia, is of the opinion that the terms of the New Leases, which include the early termination of the Existing Leases and the Continuing Connected Transactions under the respective terms of the New Leases and the New Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Shareholders taken as a whole and accordingly recommends the Independent Shareholders to vote in favour of the ordinary resolutions regarding the Continuing Connected Transactions to be proposed at the AGM.

(b) General Mandate and Repurchase Mandate

The Directors are of the opinion that the General Mandates and the Repurchase Mandate referred to in this circular are in the best interests of the Company and the Shareholders and recommend you to vote in favour of the resolutions relating to the General Mandates and the Repurchase Mandate to be proposed at the AGM.

GENERAL

The letter from Watterson Asia containing its advice and recommendation to the Independent Board Committee is set out on pages 19 to 22 of this circular. The letter of advice from the Independent Board Committee containing its recommendation is set out on page 18 of this circular.

Your attention is drawn to the letter from the Independent Board Committee, the letter of advice from Watterson Asia, and the information set out in the appendix of this circular.

On behalf of the Board
Fung Kwok King, Victor
Chairman

SCHEDULE TO LETTER FROM CHAIRMAN

This is an explanatory statement given to all Shareholders relating to a resolution to be proposed at the AGM authorizing the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to Rule 13.08 and other relevant provisions of the GEM Listing Rules which is set out as follows:

1. REGULATIONS OF THE GEM LISTING RULES

(a) Shareholders' approval

All repurchase of securities on the GEM by a company with its primary listing on the GEM must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transactions.

(b) Source of funds

Any repurchase must be financed out of funds legally available for the purpose in accordance with the Company's constitutive documents and the laws of the jurisdiction in which the Company is incorporated or otherwise established.

(c) Trading restrictions

The shares to be repurchased by a company must be fully paid up. A company is authorized to repurchase on the GEM or on any other stock exchange recognized for this purpose by the Securities and Futures Commission in Hong Kong and the Stock Exchange the total number of shares which represents up to a maximum of 10% of the existing issued share capital of that company and warrants to subscribe for or purchase shares in the company representing up to 10% of the amount of warrants outstanding at the date of the passing of the relevant resolution granting the repurchase mandate. A company may not issue or announce a proposed issue of new securities of the type that has been repurchased for a period of 30 days immediately following a repurchase of securities whether on the GEM or otherwise (except pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. A company is also prohibited from making securities repurchases on the GEM if the result of the repurchase would be that the number of that company's listed securities which are in the hands of the public would fall below the relevant prescribed minimum percentage for that company as determined by the Stock Exchange. A company may only purchase shares on the GEM if (1) the purchase price is not higher than the latest (or current) independent bid price or the last independent sale (contract) price quoted or reported on the system (as defined in the Rules of the Stock Exchange), whichever is higher; and (2) the company has not made the opening bid nor any bid in the last 30 minutes before the close of normal trading hours as stipulated in the Rules of the Stock Exchange.

SCHEDULE TO LETTER FROM CHAIRMAN

(d) Status of repurchased securities

The listing of all repurchased securities (whether on the GEM or otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under Cayman Islands law, a company's repurchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorized share capital of the company will not be reduced.

(e) Suspension of repurchase

A company shall not purchase its own securities after a price-sensitive development has occurred or has been the subject of a decision until the price-sensitive information is made publicly available. In particular, during the period of one month immediately preceding either the preliminary announcement of a company's annual results or the publication of the company's half-yearly report or quarterly report, the company may not purchase its securities on the GEM unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit repurchases of securities on the GEM if a company has breached the GEM Listing Rules.

(f) Reporting requirements

Repurchases of securities on the GEM or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which a company makes a repurchase of shares. In addition, a company's annual report and accounts are required to include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month (whether on the GEM or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the total price paid. The directors' report is also required to contain reference to the purchases made during the year and the directors' reasons for making such purchases. The company shall make arrangements with its broker who effects any such purchase to provide to the company in a timely fashion the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange. A company shall procure that any broker appointed by it to effect the purchase of securities shall disclose to the Stock Exchange such information with respect to purchases made on behalf of the company as the Stock Exchange may request.

(g) Connected persons

Under the GEM Listing Rules, a company shall not knowingly purchase shares from a connected person (as defined under the GEM Listing Rules) and a connected person shall not knowingly sell his shares to the company. As at the "Latest Practicable Date" and to the best of the knowledge of the Directors having made all reasonable enquiries, none of the Directors or their respective associates (as defined in the GEM Listing Rules) has a present intention or has undertaken not, in the event that the Repurchase Mandate is approved by the shareholders, to sell Shares to the Company.

SCHEDULE TO LETTER FROM CHAIRMAN

2. EXERCISE OF THE REPURCHASE MANDATE

Exercise in full of the Repurchase Mandate, on the basis of 667,890,000 shares in issue as at the Latest Practicable Date, could result in up to 66,789,000 shares being repurchased by the Company during the period from the passing of Resolution No. 5 as set out in the notice of the AGM up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

3. REASONS FOR REPURCHASES

Repurchases of shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws of the Cayman Islands. The Company may not purchase its own securities on the GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

5. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the 2002 annual report of the Company) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

SCHEDULE TO LETTER FROM CHAIRMAN

7. THE HONG KONG CODE ON TAKEOVERS AND MERGERS

If, as a result of a repurchase of shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Code"). As a result, a shareholder, or a group of shareholders acting in concert (within that term's meaning under the Code), depending on the level of increase in the shareholder's interests, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, LFR, which is a substantial shareholder and an initial management shareholder of the Company, and the other initial management shareholders of the Company together held approximately 55.95% of the Shares issued by the Company. In the event that the Directors exercised in full the power to repurchase Shares in accordance with the terms of the ordinary resolution to be proposed at the AGM, the total interests of LFR and the initial management shareholders of the Company in the Shares would be increased to approximately 62.16% of the issued Shares and they would not be obliged to make a mandatory offer under Rule 26 of the Takeovers Code in this respect.

8. SHARE PURCHASE MADE BY THE COMPANY

No purchases of Shares have been made by the Company since the granting of the Repurchase Mandate on 24 April 2002, whether on the Stock Exchange or otherwise.

9. CONNECTED PERSON

No connected person (as defined in the GEM Listing Rules) has notified the Company that it has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

SCHEDULE TO LETTER FROM CHAIRMAN

10. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the GEM during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
March	2.750	2.425
April	2.550	2.150
May	3.025	2.325
June	2.925	2.850
July	2.900	2.400
August	2.600	2.250
September	2.350	2.000
October	2.175	1.900
November	2.300	2.000
December	2.275	2.000
2003		
January	2.150	1.980
February	2.050	1.870



CONVENIENCE RETAIL ASIA LIMITED

利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

31 March 2003

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular of the Company despatched to the Shareholders dated 31 March 2003 (the "Circular"), of which this letter forms a part. The terms defined in the Circular shall have the same meanings as defined in this letter unless the context otherwise requires.

We have been appointed as the Independent Board Committee to advise you in connection with the New Leases, the Continuing Connected Transactions and the New Annual Caps, details of which are set out in the "Letter from the Chairman" contained in the Circular.

Watterson Asia has been appointed as the independent financial adviser to advise us regarding the terms of the New Leases, which include the early termination of the Existing Leases and the Continuing Connected Transactions under the respective terms of the New Leases and the New Annual Caps. Details of their advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out in their letter on pages 19 to 22 of the Circular.

Having taken into account the terms of the New Leases, the interests of the Independent Shareholders and the advice of Watterson Asia, we consider the New Leases, which include the early termination of the Existing Leases and the Continuing Connected Transactions under the respective terms of the New Leases and the respective New Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Shareholders taken as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions approving the Continuing Connected Transactions and the respective New Annual Caps.

Your attention is drawn to the "Letter from the Chairman" and the "Letter from Watterson Asia" set out in the Circular.

Yours faithfully,

**For and on behalf of the
Independent Board Committee**

Au Man Chung, Malcolm
Independent non-executive Director

Dr. Ch'ien Kuo Fung, Raymond
Independent non-executive Director

Godfrey Ernest Scotchbrook
Independent non-executive Director

LETTER FROM WATTERSON ASIA

Watterson Asia Limited

5th Floor, 8 Queen's Road Central, Hong Kong
Tel: (852) 2525 1990
Fax: (852) 2526 1990

31 March 2003

The Independent Board Committee
Convenience Retail Asia Limited
12th Floor, LiFung Centre
2 On Ping Street
Siu Lek Yuen
Shatin
New Territories
Hong Kong

Dear Sirs,

Continuing Connected Transactions

We refer to our engagement as the independent financial adviser to the Company in respect of the Continuing Connected Transactions under the New Circle K (HK) Lease and the New Web-Logistic Lease as described in the "Letter from the Chairman" set out in the circular of the Company dated 31 March 2003 to Shareholders (the "Circular") of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Company to advise the Independent Board Committee on the terms of the New Leases and to give our opinion as to whether the terms of such leases and their respective New Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Details and reasons for the New Leases have been set out in the "Letter from the Chairman" in the Circular.

In forming our recommendation, we have relied on the accuracy of the information and representations contained in the Circular, which have been provided by the Directors and have assumed all information and representations made or referred to in the Circular were true at the date of the Circular. We have been advised by the Directors that no material facts have been omitted from the information provided and referred to in the Circular. We have also relied on the representation in writing by CB Richard Ellis Limited, an independent property valuer, on the current market rent of the Premises. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise conducted any independent investigation into the business and affairs or the future prospects of the Group.

LETTER FROM WATTERSON ASIA

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion on the New Leases and their respective New Annual Caps, we have taken into consideration the following factors and reasons:

Background to the New Leases

In June 2000, Circle K (HK) and Web-Logistic (HK) each entered into the Existing Circle K (HK) Lease and the Existing Web-Logistic Lease with Bomaron. Monthly rent (exclusive of management fee and government rates) payable under the Existing Circle K (HK) Lease and the Existing Web-Logistic Lease is HK\$82,892.00 and HK\$50,668.00 respectively. Both leases are in respect of floor spaces on 5th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong and are due to expire on 31 July 2003. As Bomaron is a connected person under the GEM Listing Rules, the Company had applied for and obtained the Waiver from the Stock Exchange from strict compliance with the requirements under the GEM Listing Rules in January 2001. The Waiver expired on 31 December 2002 but the Existing Leases will only expire on 31 July 2003.

Pursuant to an internal restructuring of property leasing and management activities of Bomaron, Bomaron has entered into two new head leases with LF (Management), a connected person under the GEM Listing Rules, whereby the Premises will be leased to LF (Management) when the New Leases take effect on 1 May 2003. Incidental to such internal restructuring of property leasing activities, and to secure the continual use of the Premises, each of Circle K (HK) and Web-Logistic (HK) has entered into the New Circle K (HK) Lease and the New Web-Logistic Lease with Bomaron and LF (Management) in respect of the Premises for the same rent under the Existing Leases for a revised term from 1 May 2003 to 31 May 2004. Pursuant to the New Leases, the parties have agreed to early terminate the Existing Leases before their expirations on 31 July 2003.

Given the above background and for the purpose of securing the continual usage of the Premises, we are of the view that the entering of the New Leases and the termination of the Existing Leases are reasonable.

Terms of the New Leases

Under the New Circle K (HK) Lease, monthly rental and management fee payable by Circle K (HK) are HK\$82,892.00 and HK\$29,012.20 respectively whereas government rates are expected to be HK\$13,629.24 per quarter. On per square foot basis, monthly rental and management fee payable by Circle K (HK) will be HK\$4.0 and HK\$1.4 respectively, the same as those currently payable under the Existing Circle K (HK) Lease. Based on the above terms, the amount expected to be paid by Circle K (HK) is HK\$116,447 per month or a total of approximately HK\$1.51 million under the term of the New Circle K (HK) Lease.

LETTER FROM WATTERSON ASIA

Under the New Web-Logistic Lease, monthly rental and management fee payable by Web-Logistic (HK) are HK\$50,668.00 and HK\$17,733.80 respectively whereas government rates are expected to be HK\$8,330.92 per quarter. Again, on per square foot basis, monthly rental and management fee payable by Web-Logistic (HK) will be HK\$4.0 and HK\$1.4 respectively, the same as those currently payable under the Existing Web-Logistic Lease. Based on the above terms, the amount expected to be paid by Web-Logistic (HK) is HK\$71,178 per month or a total of approximately HK\$0.93 million under the term of the New Web-Logistic Lease.

We have discussed the New Leases with CB Richard Ellis Limited, an independent property valuer, and that they have provided us in writing that the terms of the New Leases are of market rent. Based on the representation from CB Richard Ellis Limited that the terms of the New Leases are market rents, we are of the opinion that the New Leases are entered into in the ordinary course of business of Circle K (HK) and Web-Logistic (HK) respectively under normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

The New Annual Caps

The new annual caps in respect of the New Circle K (HK) Lease for the four months to 30 April 2003 under the Existing Circle K (HK) Lease and the first eight months to 31 December 2003 under the New Circle K (HK) Lease have been set at not more than HK\$2,000,000; and that for the five months to 31 May 2004 under the New Circle K (HK) Lease of not more than HK\$840,000. Based on current monthly rental arrangement, Circle K (HK) is expected to pay a total of approximately HK\$1.39 million for the year ending 31 December 2003, and a total of approximately HK\$0.58 million for the five months to 31 May 2004. We noted that the new annual caps for the above periods are higher than that of the expected rental payment by Circle K (HK) but are the same as the existing ones under the Existing Circle K (HK) Lease. We understand from the Company that the buffers under the new annual caps are mainly to cater for possible future increase in management fee and/or government rates during the term of the New Circle K (HK) Lease. Consequently, we are of the view that the new annual caps are fair and reasonable so far as the Independent Shareholders are concerned.

The new annual caps in respect of the New Web-Logistic Lease for the four months to 30 April 2003 under the Existing Web-Logistic Lease and the first eight months to 31 December 2003 under the New Web-Logistic Lease has been set at not more than HK\$1,200,000; and that for the five months to 31 May 2004 under the New Web-Logistic Lease of not more than HK\$500,000. Based on current monthly rental arrangement, Web-Logistic (HK) is expected to pay a total of approximately HK\$0.85 million for the year ending 31 December 2003, and a total of approximately HK\$0.36 million for the five months to 31 May 2004. We noted that the new annual caps for the above periods are higher than that of the expected rental payment by Web-Logistic (HK) but are the same as the existing ones under the Existing Web-Logistic Lease. We also understand from the Company that the buffers under the new annual caps are mainly to cater for possible future increase in management fee and/or government rates during the term of the New Web-Logistic Lease. Consequently, we are of the view that the new annual caps are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM WATTERSON ASIA

We understand that the granting of the above New Annual Caps is on the condition that, amongst others, independent non-executive Directors reviewing the Continuing Connected Transactions and confirming in the Company's annual report and accounts that the relevant payments by Circle K (HK) and Web-Logistic (HK) have been made in accordance with the terms under the New Circle K (HK) Lease and the New Web-Logistic Lease. As the above payments by Circle K (HK) and Web-Logistic (HK) will be made in accordance with the terms of the New Leases, which are based on current market rents as confirmed by CB Richard Ellis Limited in writing, we are of the view that the New Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

We also noted that in the unlikely event that the cap for the Continuing Connected Transactions in any year is to be greater than the higher of HK\$10 million or 3% of the net tangible assets of the Company, the Continuing Connected Transactions and the respective cap amounts will be subject to review and re-approval by Independent Shareholders at subsequent annual general meeting. Consequently, we are of the opinion that the above arrangement has provided Independent Shareholders the necessary protection in respect of the Continuing Connected Transactions in the future.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the New Leases were entered into in the ordinary and usual course of business under normal commercial terms and are in the interests of the Company. In addition, we are of the opinion that the terms of the New Leases and their respective New Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Consequently, we would advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favor of the ordinary resolution to approve the Continuing Connected Transactions to be proposed at the upcoming AGM.

Yours faithfully,
For and on behalf of
Watterson Asia Limited
David Tsang
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors 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:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of each of the Directors, chief executives and their associates in the equity or debt securities of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”)) which were notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which they were taken or deemed to have under Section 31 of, or Part 1 of the Schedule to, the SDI Ordinance), or which were required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

- (a) Interests in the Company and certain major associated corporations

Name of the Company	Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Company	Dr. Fung Kwok King, Victor	—	—	373,692,000 (Note 1)	—	373,692,000
Company	Dr. Fung Kwok Lun, William	—	—	373,692,000 (Note 1)	—	373,692,000
Company	Yeung Lap Bun, Richard	17,896,000	—	—	—	19,196,000
		1,300,000 (Note 2)				
Company	Li Kwok Ho, Bruno	2,676,000	—	—	—	2,926,000
		250,000 (Note 3)				
Company	Lau Butt Farn	2,676,000	—	—	—	2,676,000

Name of the Company	Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Company	Wong Yuk Nor, Louisa	1,338,000	—	—	—	1,588,000
		250,000 (Note 4)				
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
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)	—	—	—	65,000
		32,500 (Note 10)				
Li & Fung Limited	Dr. Fung Kwok King, Victor	—	—	1,180,500,000 (Note 11)	50,750,000 (Note 12)	1,231,250,000
Li & Fung Limited	Dr. Fung Kwok Lun, William	68,502,300	4,000 (Note 13)	1,180,500,000 (Note 11)	—	1,250,446,300
		480,000 (Note 14)				
		480,000 (Note 15)				
		480,000 (Note 16)				
Li & Fung Limited	Lau Butt Farn	2,200,000	—	—	—	2,200,000

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 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. 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 105,500 and 26,000 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 on 31 December 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. In 2002, Mr. Lau Butt Farn was granted share options to subscribe for 3,250 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 32,500 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.
 11. 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.
 12. 50,750,000 LF Shares are held by J.P. Morgan Trust Company (Jersey) Limited.
 13. 4,000 LF Shares are owned by the wife of Dr. Fung Kwok Lun, William.
 14. 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 Shares during the period from 7 July 2001 to 6 July 2003.
 15. 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 Shares during the period from 18 July 2002 to 17 July 2004.
 16. 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 Shares during the period from 28 August 2003 to 27 August 2005.
- (b) Dr. Fung Kwok King, Victor and Dr. Fung Kwok Lun, William, by virtue of their interests in King Lun and LF (1937) as set out above, have the following indirect interests in the other associated corporations of the Company:

Name of corporation	Class and/or descriptions of securities	Balance
Active Islands Group Limited	ordinary share	1
Albinina Limited	ordinary shares	2
Allegreto Company Limited	ordinary shares	2
American Discount Store Limited	ordinary shares	100
Anglo-Thai Company Limited	ordinary shares	6,859,980
Anglo-Thai Corporation Limited	ordinary shares	20,887,323
Anglo-Thai Services Limited	class A shares	160
	class B shares	3,920
Anglo-Thai Tractors Limited	ordinary shares	499,980

Name of corporation	Class and/or descriptions of securities	Balance
Appleton Holdings Limited	ordinary share	1
Asiadent Pte Limited	ordinary shares	200,000
Auto Electric Limited	ordinary shares	75,000
B.G.S. Limited	ordinary shares	2,880
	preference shares	7,120
Bacarolle Limited	ordinary shares	2
Basic & More Fashion Limited	ordinary shares	1,000,000
Black Cat Fireworks Limited	ordinary shares	1,200,000
BLS (Thailand) Limited	ordinary shares	490
	preference shares	510
Blue Sky Buying Services Limited	ordinary shares	2
Bomaron Limited	ordinary shares	2
	non-voting deferred shares	10,000
Borneo Agencies Limited	ordinary shares	2,000
	preference shares	2,000
Borneo Investments (Singapore) Pte Limited	ordinary shares	4
Borneo Technical (Thailand) Limited	ordinary shares	16,000
	preference shares	2,010
Borneo Technical Co (M) Sdn Bhd	ordinary shares	4,231,002
Borneo Technical Hong Kong Limited	ordinary shares	1,000
Bosca Development Limited	ordinary shares	2
Branded Lifestyle International Limited	ordinary share	1
Branded Lifestyle Korea Ltd	common stock	52,484
B-Trak Holdings (Malaysia) Sdn Bhd	ordinary shares	40,000,000
Butler & Webster (Thailand) Limited	ordinary shares	100,000
Camberley Enterprises Limited	ordinary shares	250,000
Canathan Inc	ordinary shares	8,750
Circle K - Amazens Retalhistas (Macau) Limitada	quotas	2 (Note 1)
Circle K Convenience Stores (Greater China) Limited	ordinary shares	10,000
Circle K Convenience Stores (HK) Limited	ordinary shares	183,756
Circle K Convenience Stores Limited	ordinary shares	10,000
Circle K Convenience Stores PRC (BVI) Limited	ordinary shares	1
Circle K Convenience Stores PRC Limited	ordinary shares	2
Circle K PRC Properties Limited	ordinary share	2
Clear Lake Group Limited	ordinary shares	2
Colby Group Holdings Limited	ordinary shares	45,000

Name of corporation	Class and/or descriptions of securities	Balance
Colby International (Guatemala), Sociedad Anonima	shares	5,000
Colby International Limited	ordinary shares	1,500,000
Colby Nominees Limited	ordinary share	1
Colby Property Holdings Limited	ordinary share	1
Colby Tekstil ve Dis Ticaret Limited Sirketi	ordinary shares	100
Convenience Retail Asia (BVI) Limited	ordinary shares	10,000
Convenience Retail Southern China Limited * 利亞華南便利店有限公司	capital contribution	RMB39,000,000
Cornerstone Enterprises Limited	ordinary shares	10,000
Costume Limited	ordinary shares	2
CS Asia Limited	ordinary share	1
CS International (Offshore) Limited	ordinary share	1
CS International Limited	ordinary shares	1,000,000
Cuore Limited	ordinary shares	2
Dana International Limited	ordinary shares	2
Dephina Limited	ordinary shares	10,000
Dodwell (Korea) Limited	ordinary shares	500
Dodwell (Mauritius) Limited	ordinary A shares	300
Dodwell (Singapore) Pte Limited	ordinary shares	200
Dodwell (Taiwan) Limited	ordinary shares	1,150
Dodwell Limited	ordinary shares	2
Dodwell Philippines, Inc.	ordinary shares	150,000
Eclat Properties Inc.	ordinary shares	100
E-Foremost Management Limited	ordinary share	1
eLiFung.Com Limited	ordinary shares	2
Ellinwood Limited (incorporated in B.V.I.)	ordinary share	1
Ellinwood Limited (incorporated in Hong Kong)	ordinary shares	2
Epiquest Limited	ordinary shares	100
Eurosports Trading Limited	ordinary shares	2
Exportacao Dodwell (Macau) Limitada	quotas	8 (Note 2)
Factory Products Centre (Thailand) Limited	ordinary shares	49,000
	preference shares	51,000
Fashion Lifestyle (Singapore) Pte Ltd	ordinary shares	2
Ferragamo Korea Limited	ordinary shares	329,120
Ferrinch (L) Limited	class A shares	1,500,000
	class B shares	3,000,000
Forrestgrove Limited	ordinary shares	2
G.S.C.M. (Marketing) Limited	ordinary shares	50,000

Name of corporation	Class and/or descriptions of securities	Balance
Gibb, Livingston & Company Limited	ordinary shares	26,600
Gibb, Livingston International Limited	ordinary shares	100,000
Gilman & Company Limited	ordinary shares	100,000
Gilman Industrial Limited	ordinary shares	610,050
	non-voting deferred shares	175,000
Golden Gate Fireworks Inc.	common stock	8,000
Golden Horn (III) L.P. (Partnership)	contribution	US\$100
Golden Horn N.V.	ordinary shares	61
Golden Horn Venture Capital Limited	ordinary shares	40,000
Goodwest Enterprises Limited	ordinary shares	2
GSCM (HK) Limited	ordinary shares	1,400
Hillung Enterprises Limited	ordinary shares	30,000
Holport II - Texteis e Decoracao, Limitada	quotas	3 (Note 3)
Home Mart Limited	ordinary shares	2
Homeworks (Europe) B.V.	ordinary shares	180
Homeworks Limited	ordinary shares	2
Hua Mark Patana Limited	ordinary shares	1,000
IDS Logistics (Hong Kong) Limited	ordinary shares	10,000
IDS Logistics (Philippines), Inc	shares	100,000
IDS Logistics (Taiwan) Limited	ordinary shares	2
IDS Logistics (Thailand) Limited	ordinary shares	1,215,000
IDS Logistics Services (M) Sdh Bhd	ordinary shares	2,000,000
IDS Logistics Services Pte Limited	ordinary shares	28,296,962
IDS Logistics, Inc.	ordinary shares	50,003
Imperial Glory Limited	ordinary shares	2
Interfocus Holdings Limited	ordinary share	1
International Sourcing Group Europe Limited	ordinary shares	20
International Sourcing Group, LLC	capital contribution	US\$200,000
iSCM Asia Limited	ordinary shares	2
iSCM Asia Pte Limited	ordinary shares	2
Janco Overseas (Thailand) Limited	ordinary shares	245,000
	preference shares	255,000
Janco Overseas Buying Agency Pte. Ltd	ordinary shares	2
Janco Overseas Limited	ordinary shares	760,000
JDH (China) Limited	ordinary shares	400,000
JDH (Hong Kong) Limited	ordinary shares	2,000,000
JDH (Nanjing) Development Company Limited	registered capital	US\$800,000

* 南京英和發展有限公司

Name of corporation	Class and/or descriptions of securities	Balance
JDH (Nanjing) Investment Enterprise Limited * 英和(南京)投資實業有限公司	registered capital	US\$3,000,000
JDH (Philippines), Inc.	ordinary shares	500,000
JDH Borneo (Thailand) Limited	ordinary shares	160,000
	preference shares	55,000
JDH Borneo Sdn Bhd	ordinary shares	2,100,000
JDH Dental Sdn Bhd	ordinary shares	150,000
JDH Investments (S) Pte Limited	ordinary shares	2,360
JDH Logic-Med Sdn Bhd	ordinary shares	165,000
JDH Marketing (Singapore) Pte Limited	ordinary shares	300,000
	preference shares	60,000
JDH Marketing (Thailand) Limited	ordinary shares	2,100,000
JDH Marketing Sdn Bhd	ordinary shares	2,000,000
JDH Marketing Services Co., Limited * 利義股份有限公司	ordinary shares	6,000,000
JDH Pharmaceutical Sdn Bhd	ordinary shares	400,000
JDH Services Limited	ordinary shares	380,000
	preference shares	400,000
JDH Toys Limited	ordinary shares	7,400
Kijpinyo Company Limited	ordinary shares	980
Kingfort Limited	ordinary shares	2
Kingsbury International Limited	ordinary shares	2
Kistor Limited	class A shares	9,000
Kuching Hotels Sdn Bhd	ordinary shares	34,799,303
Kwikpart (Thailand) Limited	ordinary shares	24,500
	preference shares	25,500
Kwikpart Holdings Limited	ordinary share	1
Kwikpart Sdn Bhd	ordinary shares	350,000
Kwikpart Singapore Pte Limited	ordinary shares	278,600
Kwok Yue Limited	ordinary shares	100
L&F Branded Lifestyle (Malaysia) Sdn Bhd	ordinary share	1,300,000
L&F Branded Lifestyle (Singapore) Pte Limited	ordinary shares	500,000
L&F Branded Lifestyle International Limited	ordinary share	1
LF Capital (II) Limited	class A shares	110
	class B shares	115
LF Capital Management Limited	ordinary share	1
LF Corporate Capital (I) Limited	ordinary share	1
LF Distribution Centers Limited	ordinary shares	2,500,000
LF DistriCenters Development Limited	ordinary shares	2

Name of corporation	Class and/or descriptions of securities	Balance
LF Europe Limited	ordinary share	1
LF Europe Sourcing Limited	ordinary shares	100
LF European Capital Limited	ordinary share	1
LF Industrial Estates Limited	class A shares	76,838,400
	class B shares	11,500,000
LF International Inc.	common stock	202
LF International Limited	ordinary shares	50,000
LF Maclaine (Thailand) Limited	ordinary shares	40,000
LFC Holdings Limited	ordinary shares	2
LFCF Investment I (Europe) Limited	ordinary share	1
LFCF Investment I (USA) Limited	ordinary share	1
LFD (China) Limited	ordinary shares	2,000
LFD (Singapore) Pte Limited	ordinary shares	163,714,597
LFD (Thailand) Limited	ordinary shares	655,000
LFD Corporate Services Sdn Bhd	ordinary shares	14,231,002
LFD Holdings Sdn Bhd	ordinary shares	33,000,000
LFD Investment Holdings Limited	ordinary shares	44,150
LFD Manufacturing (Hong Kong) Limited * 英和製造(香港)有限公司	ordinary shares	2
LFD Manufacturing (Shanghai) Limited * 英和製造(上海)有限公司	registered capital	US\$5,000,000
LFD Manufacturing Limited (incorporated in Hong Kong)	ordinary shares	3,000
LFD Manufacturing Limited (incorporated in Thailand)	ordinary shares	4,695,000
LFD Manufacturing Sdn Bhd	ordinary shares	3,000,000
LFD Properties Limited	ordinary shares	2
LFD Technical Services Limited	ordinary share	1
LFD-Online Sdn Bhd	ordinary shares	2
LFIE Management (BVI) Ltd	ordinary shares	1,000
LFIE Management Ltd	ordinary shares	1,000
Li & Fung (B.V.I.) Limited	ordinary shares	400,010
Li & Fung (Bangladesh) Limited	ordinary shares	100
Li & Fung (Canada) Inc.	common shares	100
Li & Fung (Dominicana) S.A.	registered shares	200
Li & Fung (Europe) Holding Limited	ordinary shares	100
Li & Fung (Exports) Limited	ordinary shares	10
	non-voting deferred shares	8,600

Name of corporation	Class and/or descriptions of securities	Balance
Li & Fung (Fashion Accessories) Limited	ordinary A shares	30,000
	ordinary B shares	30,000
Li & Fung (Guatemala) S.A.	common shares	5
Li & Fung (Honduras) Limited	nominative common shares	250
Li & Fung (Hong Kong) Limited	ordinary shares	5,500
Li & Fung (India) Private Limited	equity shares	6,400,020
Li & Fung (Italia) S.r.l.	units	90
Li & Fung (Korea) Limited	common stock	40,000
Li & Fung (London) Limited	ordinary shares	10,000
Li & Fung (Mauritius) Limited	class A shares	750
Li & Fung (Philippines) Inc.	ordinary shares	5,000
Li & Fung (Portugal) Limited	ordinary shares	100
Li & Fung (Properties) Limited	ordinary shares	10,000
Li & Fung (Retailing) Limited	ordinary shares	3,384,372
Li & Fung (Singapore) Pte Limited	ordinary shares	25,000
Li & Fung (South Asia) Limited	ordinary shares	2
Li & Fung (Taiwan) Limited	ordinary shares	6,300,000
Li & Fung (Thailand) Limited	ordinary shares	1,200,000
Li & Fung (Trading) Limited	ordinary shares	2
	non-voting deferred shares	100,000
Li & Fung (Warehousing) Limited	ordinary shares	2
Li & Fung (Zhanjiang) Limited	registered capital	US\$1,999,055
* 利豐(湛江)商品開發有限公司		
Li & Fung Agencia de Compras em Portugal, Limitada	quotas	2 (Note 4)
Li & Fung Apparel (North America) Limited	ordinary shares	100
Li & Fung China Investments Limited	ordinary shares	1,076,000
Li & Fung Development (China) Limited	ordinary shares	2
Li & Fung Development (PRC) Limited	ordinary share	1
Li & Fung Development Limited	ordinary shares	2
Li & Fung Distribution (Asia) Limited	ordinary share	1
Li & Fung Distribution (China) Limited	ordinary share	1
Li & Fung Distribution (International) Limited	ordinary share	1
Li & Fung Distribution (Malaysia) Limited	ordinary share	1
Li & Fung Distribution (Management) Limited	ordinary shares	2
Li & Fung Distribution (Overseas) Sdn Bhd	ordinary shares	2
Li & Fung Distribution (Singapore) Limited	ordinary shares	50,000

Name of corporation	Class and/or descriptions of securities	Balance
Li & Fung Enterprise Development (Shenzhen) Company Limited * 利豐實業發展(深圳)有限公司	registered capital	HK\$10,000,000
Li & Fung IDS Logistics Limited	ordinary shares	24,000,000
Li & Fung Industrial Holdings Limited	ordinary shares	9,400,000
Li & Fung Industrial Limited	ordinary shares	2
	non-voting deferred shares	80,000,000
Li & Fung Investments (B.V.I.) Limited	ordinary share	1
Li & Fung JDH Healthcare Limited	ordinary shares	2
Li & Fung JDH Limited	ordinary shares	50
	non-voting deferred shares	1,500,000
Li & Fung Management Services Limited	ordinary shares	100
Li & Fung Marketing (Hong Kong) Limited	ordinary shares	2
Li & Fung Mumessillik, Pazarlama Limited Sirketi	ordinary shares	1,000
Li & Fung Pacific Holdings Limited	ordinary shares	25,371,016
Li & Fung Packaging Limited	ordinary shares	2
Li & Fung Retailing (Malaysia) Sdn Bhd	ordinary shares	2
Li & Fung Retailing (Singapore) Pte Limited	ordinary shares	2
Li & Fung South Africa (Proprietary) Limited	ordinary shares	100
Li & Fung Taiwan Holdings Limited	ordinary shares	287,996,000
Li & Fung Taiwan Investments Limited	ordinary shares	4,912,180
Lifung County Seat Limited	ordinary shares	2
Lifung DistriCenters Management Limited	ordinary shares	3
Lifung DistriCenters Trading Limited	ordinary shares	10,000
Lifung Express Limited	ordinary A share	1
	ordinary B share	1
Lifung Structure Limited	ordinary shares	2
LiFung.Com Limited	ordinary shares	2
Lineament Company Limited	ordinary shares	2
Livring Limited	ordinary shares	2,500
Lloyd Manufacturing Limited	ordinary shares	2
Lloyd Textile Trading Limited	ordinary shares	1,000,000
Luma Trading Limited	ordinary shares	60
Lux Plush Enterprises Limited	ordinary shares	250,000
Maclaine (Singapore) Pte Limited	ordinary shares	725,000
Maclaine Limited	ordinary shares	557,015
Malinch Associate Holdings Sdn Bhd	ordinary shares	22,000,000
Manling Property Limited	ordinary shares	11,000,002

Name of corporation	Class and/or descriptions of securities	Balance
Mercury (BVI) Holdings Limited	ordinary share	1
Mighty Hurricane Holdings Inc.	common stock	100
	preferred stock	100
Millwork Asia, Limited	ordinary shares	1,000
Mobilia Limited	ordinary shares	2
Moda Lifestyle Limited	ordinary shares	491
	preference shares	49,510
Moutrie Trading Sdn Bhd	ordinary shares	10,000,000
N.E.A.L. Incorporated N.V.	ordinary B shares	6,000
Nanjing Gilman Home Appliances Limited * 南京機利民家電有限公司	registered capital	RMB1,425,000
Nanjing JDH Logistics Services Company Limited * 南京英和倉儲服務有限公司	registered capital	US\$2,000,000
Nanjing JDH Trading Company Limited * 南京英和貿易有限公司	registered capital	RMB2,850,000
Nanjing Li & Fung JDH Trading Company Limited * 南京利豐英和商貿有限公司	registered capital	US\$4,900,000
Neptune Pacific Limited	ordinary share	1
New Investment Corporation	ordinary shares	4,071
Northpoint Properties Sdn Bhd	ordinary shares	2
Ocean Choice Properties Limited	ordinary share	1
Orient Ocean Holdings Limited	class A share	1
P.T. Lifung Indonesia	ordinary shares	250
Paco Trading (International) Limited	ordinary shares	2
Perfect Trading Inc.	ordinary shares	14,880
Pinstripe Sourcing Limited	ordinary share	1
PKNS-LFD Sdn Bhd	ordinary shares	7,350,000
PNA Product Network (Thailand) Limited	ordinary shares	2,000
	preference shares	2,100
Pottrix Trading Limited	ordinary share	1
Product Development Partners Limited	ordinary shares	2
Product Network Asia Limited	ordinary shares	2
Promising Development Limited	ordinary shares	2
Prosper Development Limited	ordinary shares	2
Ratners Enterprises Limited	ordinary share	1
Reading Industries Limited	ordinary shares	100
Romanov Company Limited	ordinary shares	2

Name of corporation	Class and/or descriptions of securities	Balance
Sandakan Developments Sdn Bhd	ordinary shares	210,000
Sebor (Sabah) Marketing & Services Sdn Bhd	ordinary shares	9,850,000
Sebor (Sabah) Sdn Bhd	ordinary shares	4,400,000
Sebor (Sarawak) Sdn Bhd	ordinary shares	3,801,334
Shanghai IDS Distribution Company Limited * 上海英利物流有限公司	registered capital	US\$3,100,000
Shanghai IDS Shen Hong Logistics Company Limited * 上海英和申宏商業服務有限公司	registered capital	US\$4,000,000
Shanghai Land Ocean IDS Logistics Company Limited * 上海陸海英國際集裝箱貨運有限公司	registered capital	RMB19,915,000
Shanghai New Asia Business System Company Limited * 上海新亞信息工程有限公司	registered capital	US\$300,000
Shiu Fung Fireworks Company Limited	ordinary A shares	11,000
	ordinary B shares	11,000
Sichling B.V.	ordinary shares	50
Sky Million International Limited	ordinary shares	2
Slumberland (M) Sdn Bhd	ordinary shares	2,000,000
Slumberland (S) Pte Limited	ordinary shares	400,000
Slumberland (Thailand) Limited	ordinary shares	4,900
	preference shares	5,100
Slumberland Asia Pacific Limited	ordinary share	800,000
Slumberland China Limited	ordinary shares	500,000
Slumberland Harbin Company Limited * 斯林百蘭哈爾濱有限公司	registered capital	RMB3,278,000
Slumberland Marketing Sdn Bhd	ordinary shares	2
Slumberland Soft Furniture Shanghai Company Limited * 上海斯林百蘭軟家具有限公司	registered capital	US\$1,100,000
Strategic Assets Limited	ordinary share	1
Studio Direct Limited	ordinary shares	2
Studio LF, L.P. (Partnership)	capital contribution	US\$62,999,999
Swift Return (Hong Kong) Limited	ordinary shares	4,500,000
Swift Return Investments Limited	ordinary share	1
Tantallon Enterprises Limited	ordinary share	1
Texnorte II - Industrias Texteis, Limitada	quotas	3 (Note 5)
Texnorte Industrial Limited	ordinary shares	2

Name of corporation	Class and/or descriptions of securities	Balance
The Borneo Company (Sabah) Sdn Bhd	ordinary shares	7,500,000
The Borneo Company Limited	ordinary shares	4,553,300
The Borneo Company Pte Limited	ordinary shares	8,836,152
The Millwork Trading Company Limited	9.5% preferred stock	17
	common stock	100
Towards Perfect Company Limited	ordinary shares	2
Toy Island (USA) Inc.	common shares	100
Toy Island Manufacturing Company Limited	ordinary shares	6,200,000
Toys “R” Us - Lifung Limited	ordinary shares	81,000,000
Toys “R” Us - Lifung Taiwan Limited	ordinary shares	34,000,000
Toys “R” Us - Singapore (Pte) Limited	ordinary shares	4,000,000
Toys “R” Us (Malaysia) Sdn Bhd	ordinary shares	8,400,000
Toys “R” Us Asia Limited	ordinary shares	2
Toys (Labuan) Holding Limited	ordinary share	1
Toys (Labuan) Limited	ordinary shares	17,148,047
Toys LiFung Limited	ordinary shares	2
Toys Lifung Netherlands B.V.	ordinary shares	182
Trademart Wholesale Limited	class A shares	255,000
	class B shares	200,000
T-T Martech Sdn Bhd	ordinary shares	80,000
Ultimate Quest Limited	ordinary shares	2
Verity Enterprises Limited	ordinary shares	200,000
Viagold International Limited	ordinary share	1
W S Trading Limited	ordinary shares	100,000
Web-Logistic (HK) Limited	ordinary shares	12,792,000
Win Certain Limited	ordinary shares	2
Workbase Limited	ordinary shares	2
WS (Trading) Inc.	common stock	100
Yau Kit Company Limited	ordinary shares	2

* the legal name of the relevant company is in Chinese

Notes:

(1) 2 quotas in issue comprising 1 quota of Patacas 9,000 and 1 quota of Patacas 1,000.

- (2) 8 quotas in issue comprising :
- 1 quota of Patacas 69,000
 - 1 quota of Patacas 5,000
 - 1 quota of Patacas 5,000
 - 1 quota of Patacas 1,000
 - 1 quota of Patacas 5,000
 - 1 quota of Patacas 5,000
 - 1 quota of Patacas 5,000
 - 1 quota of Patacas 5,000
- (3) 3 quotas in issue comprising:
- 1 quota of Euro 2,000
 - 1 quota of Euro 1,500
 - 1 quota of Euro 1,500
- (4) 2 quotas in issue comprising 1 quota of Portuguese Escudo 19,980,000 and 1 quota of Portuguese Escudo 20,000.
- (5) 3 quotas in issue comprising:
- 1 quota of Euro 2,000
 - 1 quota of Euro 1,500
 - 1 quota of Euro 1,500

Save as disclosed above, as at the Latest Practicable Date, 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.

3. MATERIAL CHANGES

The Directors are not aware of any material change in the financial and trading position of the Group since 31 December 2002, the date when the latest published audited accounts of the Company were made up.

4. EXPERT

- (a) The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Watterson Asia	Registered investment adviser and registered dealer

- (b) The Expert does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) The Expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.

- (d) The letter and recommendation given by the Expert are given as of the date of this circular for incorporation herein.

5. PARTICULARS OF DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing on 1 January 2001 and may continue thereafter subject at all times (including the initial three years period) to terminate by not less than three months' prior notice in writing by either party on the other.

Save as disclosed, none of the Directors has entered into any service contracts with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than the statutory compensation.

6. DIRECTORS' INTEREST IN CONTACTS

None of the Directors is materially interested in any contracts or arrangements entered into by any member of the Group subsisting at the date of this circular which are significant in relation to the business of the Group.

7. SPONSOR'S INTEREST

As updated and notified by the Company's sponsor, BNP Paribas Peregrine Capital Limited (the "Sponsor"), as at the Latest Practicable Date, the Sponsor held 30,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, neither the Sponsor nor its directors or 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 the Latest Practicable Date.

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.

8. LITIGATION

No member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

9. SIGNIFICANT INTERESTS IN THE GROUP

So far as the Directors are aware as at the Latest Practicable Date, the persons (not being Directors or the chief executive officer of the Company) who will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group will be as follows:

Name of the Shareholder	Name of company	Number of shares	Percentage of interest in the company
LFR	The Company	373,692,000	55.95%
LF (1937) (Note 1)	The Company	373,692,000	55.95%
King Lun Holdings Limited (Note 2)	The Company	373,692,000	55.95%
J.P. Morgan Trust Company (Jersey) Limited (Note 3)	The Company	373,692,000	55.95%
Masterpiece, Inc.	Web-Logistic (HK) Limited	2,808,000	18.00%

Notes:

- (1) LFR is a wholly-owned Subsidiary of LF (1937).
- (2) LF (1937) is a wholly-owned Subsidiary of King Lun Holdings Limited.
- (3) 1,332,840 shares in King Lun Holdings Limited, representing 50% of its issued share capital, are owned by J.P. Morgan Trust Company (Jersey) Limited (formerly known as Chase Bank & Trust Company (CI) Limited), the trustee of a trust established for the benefit of the family members of Dr. Fung Kwok King, Victor.

10. GENERAL

- (a) The branch share registrar and transfer office in Hong Kong of the Company is Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (b) The registered office of the Company is at Century Yard, Cricket Square, Hutchins Drive, P. O. Box 2681GT, George Town, Grand Cayman, British West Indies.
- (c) The head office and principal place of business of the Company is at 12th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours up to and including 28 April 2003 at the principal place of business of the Company at 12th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong:

- (a) the New Leases; and
- (b) the Directors' service contracts as referred to under the paragraph "Particulars of Directors' Service Contracts".

12. MISCELLANEOUS

The English text of this circular and the form of proxy shall prevail over the Chinese text.



CONVENIENCE RETAIL ASIA LIMITED

利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Convenience Retail Asia Limited (the “Company”) will be held at the Auditorium, 12th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong on Monday, 28 April 2003 at 4:00 p.m. for the following purposes:

1. to receive and consider the audited consolidated financial statements and the reports of the Directors and auditors of the Company and its subsidiaries for the year ended 31 December 2002;
2. to re-elect Directors;
3. to re-appoint auditors and authorise the Directors to fix their remuneration;
4. as special business, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) of this Resolution, and pursuant to the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the pre-IPO share option plan adopted by the Company on 27 December 2000 or the grant or exercise of any option under the share option scheme adopted by

NOTICE OF ANNUAL GENERAL MEETING

the Company on 6 January 2001 and amended by resolution of the shareholders of the Company on 24 April 2002 or any other option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the Articles of Association of the Company in force from time to time; or (iv) the exercise of rights of subscription or conversion under the terms of any existing warrants of the Company or any existing securities of the Company which are convertible into shares of the Company, shall not exceed the aggregate of:

- (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution; and
- (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution).

and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and

- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the date of the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum and Articles of Association of the Company, or any other applicable law of the Cayman Islands, to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this Resolution.

“Rights Issue” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the

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laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange applicable to the Company”);

5. as special business, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase its shares on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited or any other stock exchange on which the shares of the Company may be listed and which is recognized by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited for such purpose, in accordance with the rules and regulations of the Securities and Futures Commission, The Stock Exchange of Hong Kong Limited and any such other stock exchange from time to time and all applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which may be purchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the date of the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum and Articles of Association of the Company, or any other applicable law of Cayman Islands, to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution”;

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6. as special business, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“**THAT** the Directors be and they are hereby authorised to exercise the authority referred to in paragraph (a) of Resolution no.4 set out in the notice convening this meeting in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such Resolution”;

7. as special business, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“**THAT** the services agreement dated 20 March 2002 (as defined as the “New Services Agreement” in the circular to the shareholders of the Company dated 28 March 2002), a copy of which marked “A” has been produced to this Meeting and signed by the Chairman hereof for the purpose of identification, and entered into between Li & Fung (Retailing) Limited (“LFR”), the substantial and a management shareholder of the Company, and Circle K Convenience Stores (HK) Limited (“Circle K (HK)”), a wholly-owned subsidiary of the Company, for the provision by LFR to Circle K (HK) of services relating to finance and accounting, management information systems, human resources, real estate and other administrative support be and is hereby approved, ratified and confirmed **AND THAT** the Directors be and are hereby authorised to do all acts and things which they consider necessary and expedient for the implementation of and giving effect to the services agreement provided that the aggregate consideration payable thereunder in any financial year will not exceed HK\$15,500,000”;

8. as special business, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“**THAT** the purchase agreement dated 20 March 2002 (as defined as the “New Purchase Agreement” in the circular to the shareholders of the Company dated 28 March 2002), a copy of which marked “B” has been produced to this Meeting and signed by the Chairman hereof for the purpose of identification, and entered into between JDH (Hong Kong) Limited, an indirect subsidiary of the immediate holding company of Li & Fung (Retailing) Limited, the substantial and a management shareholder of the Company, and Circle K Convenience Stores (HK) Limited (“Circle K (HK)”), a wholly-owned subsidiary of the Company, for the purchase of products by Circle K (HK) from JDH (Hong Kong) Limited on its standard terms of business be and is hereby approved, ratified and confirmed **AND THAT** the Directors be and are hereby authorised to do all acts and things which they consider necessary and expedient for the implementation of and giving effect to the purchase agreement provided that the aggregate consideration payable in respect thereof in any financial year will not exceed HK\$17,000,000”;

9. as special business, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“**THAT** the New Circle K (HK) Lease (as defined in the circular to the shareholders of the Company dated 31 March 2003 (the “Circular”)), a copy of which marked “C” has been

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produced to this Meeting and signed by the Chairman hereof for the purpose of identification, entered into between Bomaron Limited, Li & Fung Distribution (Management) Limited (“LF (Management)”), each an indirect fellow subsidiary of Li & Fung (Retailing) Limited, the substantial and a management shareholder of the Company, and Circle K Convenience Stores (HK) Limited (“Circle K (HK)”), a wholly-owned subsidiary of the Company, for (a) the early termination of the Existing Circle K (HK) Lease (as defined in the Circular) in respect of the premises, being a portion of 5th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong with a gross floor area of 20,723 sq.ft. with effect from 1 May 2003; and (b) the immediate lease of the same premises by LF (Management) to Circle K (HK) for a term commencing on 1 May 2003 and expiring on 31 May 2004 be and is hereby approved, ratified and confirmed **AND THAT** the Directors be and are hereby authorised to do all acts and things which they consider necessary and expedient for the implementation of and giving effect to the New Circle K (HK) Lease provided that the aggregate consideration payable thereunder for each of the two years ending 31 December 2004 will not exceed HK\$2,000,000 and HK\$840,000 respectively”; and

10. as special business, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“**THAT** the New Web-Logistic Lease (as defined in the circular to the shareholders of the Company dated 31 March 2003 (the “Circular”)), a copy of which marked “D” has been produced to this Meeting and signed by the Chairman hereof for the purpose of identification, entered into between Bomaron Limited, Li & Fung Distribution (Management) Limited (“LF (Management)”), each an indirect fellow subsidiary of Li & Fung (Retailing) Limited, the substantial and a management shareholder of the Company, and Web-Logistic (HK) Limited (“Web-Logistic (HK)”), a subsidiary of the Company, for (a) the early termination of the Existing Web-Logistic Lease (as defined in the Circular) in respect of the premises, being a portion of 5th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong with a gross floor area of 12,667 sq.ft. with effect from 1 May 2003; and (b) the immediate lease of the same premises by LF (Management) to Web-Logistic (HK) for a term commencing on 1 May 2003 and expiring on 31 May 2004 be and is hereby approved, ratified and confirmed **AND THAT** the Directors be and are hereby authorised to do all acts and things which they consider necessary and expedient for the implementation of and giving effect to the New Web-Logistic Lease provided that the aggregate consideration payable thereunder for each of the two years ending 31 December 2004 will not exceed HK\$1,200,000 and HK\$500,000 respectively”.

On behalf of the Board
Fung Kwok King, Victor
Chairman

Hong Kong, 31 March 2003

NOTICE OF ANNUAL GENERAL MEETING

Principal Place of Business:

12th Floor, LiFung Centre
2 On Ping Street
Siu Lek Yuen
Shatin
New Territories
Hong Kong

Notes:

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint a person or persons as his proxy or proxies to attend and, on a poll, vote instead of him. A proxy need not be a shareholder of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited with the Company's Hong Kong branch share registrar, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting, and in default thereof the form of proxy shall not be treated as valid. No instrument appointing a proxy shall be deposited using electronic means. No instrument appointing a proxy shall be valid after the expiry of 12 months from the date of its execution.
3. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting, and in such event the instrument appointing a proxy shall be deemed to be revoked.



CONVENIENCE RETAIL ASIA LIMITED

利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

PROXY FORM

Form of proxy for use at the Annual General Meeting to be held at the Auditorium, 12th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong on 28 April 2003 at 4:00 p.m.

I/We,¹ _____

of _____

being the registered holder(s) of² _____ shares of HK\$0.10 each in in capital of the above-named Company (the "Company"), hereby appoint³ _____

of _____

or failing him, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Auditorium, 12th Floor, LiFung Centre, 2 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong on 28 April 2003 at 4:00 p.m. and at any adjournment thereof on the undermentioned resolutions as indicated:

RESOLUTION	FOR ⁴	AGAINST ⁴
1. To receive and consider the audited financial statements and the reports of the Directors and auditors of the Company and its subsidiaries for the year ended 31 December 2002		
2. To re-elect Directors		
3. To re-appoint auditors and authorise the Directors to fix their remuneration		
4. To grant a general mandate to the Directors to issue new shares		
5. To grant a general mandate to the Directors to repurchase shares		
6. To extend the general mandate to issue new shares by adding the number of shares repurchased		
7. To approve, ratify and confirm the services agreement dated 20 March 2002 between Li & Fung (Retailing) Limited and Circle K Convenience Stores (HK) Limited and the aggregate consideration thereof		
8. To approve, ratify and confirm the purchase agreement dated 20 March 2002 between JDH (Hong Kong) Limited and Circle K Convenience Stores (HK) Limited and the aggregate consideration thereof		
9. To approve, ratify and confirm the letter agreement dated 20 March 2003 between Bomaron Limited, Li & Fung Distribution (Management) Limited and Circle K Convenience Stores (HK) Limited and the aggregate consideration thereof		
10. To approve, ratify and confirm the letter agreement dated 20 March 2003 between Bomaron Limited, Li & Fung Distribution (Management) Limited and Web-Logistic (HK) Limited and the aggregate consideration thereof		

Dated this _____ day of _____ 2003

Signature⁵ _____

Notes:

- (1) Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
- (2) Please insert the number of shares registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the Company registered in your name(s).
- (3) Please insert the name of the proxy desired. If no name is inserted, the Chairman of the Meeting will act as your proxy. Any alteration made to this form of proxy must be initialled by the person(s) who signs it.
- (4) Please indicate with an "X" in the appropriate space beside each of the resolutions how you wish the proxy to vote on your behalf on a poll. If this form is returned duly signed, but without any indication, the proxy will vote for or against the resolution or will abstain, at his discretion.
- (5) This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney duly authorised.
- (6) In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the Register of Members in respect of the joint holding.
- (7) To be valid this form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited with the Company's Hong Kong branch share registrar, Abacus Share Registrars Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjourned Meeting. This form of proxy must not be deposited using electronic means.
- (8) A proxy need not be a member of the Company but must attend the Meeting in person to represent you.