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CONVENIENCE RETAIL ASIA LIMITED

利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8052)

CONNECTED TRANSACTION ACQUISITION OF AN ADDITIONAL 8.5% EQUITY INTEREST IN CONVENIENCE RETAIL SOUTHERN CHINA LIMITED

The Directors announce that on 7 November 2006, the Purchaser, a wholly-owned subsidiary of the Company, entered into a conditional Sale and Purchase Agreement with the Vendor to acquire 8.5% of the equity interest of CRSC, at a consideration of RMB5,100,000 (approximately HK\$5,050,000). The Purchaser currently holds a 65% equity interest in CRSC. Upon completion of the Sale and Purchase Agreement, this equity interest will increase to 73.5%.

The Vendor is a connected person of the Company for the purposes of the GEM Listing Rules by virtue of it being a substantial shareholder of CRSC, and the Acquisition therefore constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios are less than 2.5%, the transaction contemplated under the Acquisition is exempt from independent shareholders' approval requirements under Rule 20.32 of the GEM Listing Rules.

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CONDITIONAL SALE AND PURCHASE AGREEMENT DATED 7 NOVEMBER 2006

Parties:

- (1) Vendor: Shanghai Shenhong Corporation
- (2) Purchaser: Circle K Convenience Store PRC Limited

Background:

CRSC is a sino-foreign equity joint venture company established under the laws of the PRC, the equity interest of which is held as to 65% by the Purchaser, 25% by an independent third party and as to 10% by the Vendor.

Assets to be acquired:

8.5% equity interest of CRSC.

Consideration:

The consideration payable by the Purchaser under the Sale and Purchase Agreement is RMB5,100,000 (approximately HK\$5,050,000). The consideration represents the cost of the investment made by the Vendor in respect of its 8.5% equity interest in CRSC so far and was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement. The Directors consider the terms of the Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and its shareholders as a whole.

The net loss attributable to the 8.5% equity interest of CRSC under the Acquisition before and after tax and extraordinary items for the year ended 31 December 2005 according to its audited accounts amounted to RMB1,521,000 (approximately HK\$1,506,000) and RMB1,521,000 (approximately HK\$1,506,000) respectively. The corresponding figures for the year ended 31 December 2004 were RMB1,296,000 (approximately HK\$1,283,000) and RMB1,296,000 (approximately HK\$1,283,000) respectively. The value of the net assets attributable to the 8.5% equity interest of CRSC as at 31 December 2005 is RMB48,000 (approximately HK\$47,000).

Completion:

Completion of the Sale and Purchase Agreement shall take place immediately upon obtaining all the approvals and authorizations for transfer of the 8.5% equity interest in CRSC in accordance with the laws of the PRC.

Reasons for the Acquisition:

The Directors believe the Acquisition will further enhance the Company's ability to pursue its strategy of expanding and managing convenience store business in Guangdong Province.

The Directors, including the independent non-executive Directors, are of the view that the Acquisition is in the best interest of the Company.

Information on the Company and CRSC:

The Company and its subsidiaries are principally engaged in the operation of one of the leading convenience store chains in Hong Kong under the trade name of Circle K. CRSC is a non-wholly owned subsidiary of the Company and is principally engaged in the operation of a convenience store chain in Guangdong Province under the trade name of Circle K.

Information on the Vendor:

The Vendor is a member of Shanghai Brilliance (Group) Co. Ltd., a super conglomerate engaging in multi-discipline businesses in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry and save for its investment in CRSC, the Vendor and the ultimate beneficial owner of the Vendor are third parties independent of the Company and connected person of the Company.

General:

The Vendor is a connected person of the Company for the purposes of the GEM Listing Rules by virtue of it being a substantial shareholder of CRSC, and the Acquisition therefore constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios are less than 2.5%, the transaction contemplated under the Acquisition is exempt from independent shareholders' approval requirements under Rule 20.32 of the GEM Listing Rules.

Definitions:

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition by the Purchaser in respect of the 8.5% equity interest of CRSC subject to and upon the terms and conditions as set out in the Sale and Purchase Agreement
“Company”	Convenience Retail Asia Limited, a company incorporated in the Cayman Islands and listed on the Growth Enterprise Market of the Stock Exchange
“CRSC”	Convenience Retail Southern China Limited, the joint venture company established under the laws of the PRC
“Directors”	the directors of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“PRC”	the People's Republic of China

“Purchaser”	Circle K Convenience Stores PRC Limited, purchaser to the Sale and Purchase Agreement, a wholly-owned subsidiary of the Company and an investment holding company for the Company’s PRC joint ventures
“RMB”	Renminbi, the lawful currency for the time being in PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 7 November 2006 and entered into between the Purchaser and the Vendor in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Shanghai Shenhong Corporation, vendor to the Sale and Purchase Agreement and an entity incorporated in the PRC whose principal activity is trading conglomerate

For the purposes of this announcement, unless otherwise indicated, conversions of RMB to HK\$ herein are based on a price of HK\$1.00 = RMB1.01. The exchange rate is for the purpose of illustration only and do not constitute a representation that any amounts have been, could have been or may be exchanged, at this rate.

On behalf of the Board
Fung Kwok King, Victor
Chairman

Hong Kong, 9 November 2006

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

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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