

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



CONVENIENCE RETAIL ASIA LIMITED

利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08052)

CONNECTED TRANSACTION ACQUISITION OF AN ADDITIONAL 25% EQUITY INTEREST IN CONVENIENCE RETAIL SOUTHERN CHINA LIMITED

The Directors announce that on 17 December 2008, the Purchaser, a wholly-owned subsidiary of the Company, entered into a conditional Sale and Purchase Agreement with the Vendor to acquire 25% of the equity interest of CRSC, at a consideration of RMB15,000,000 (approximately HK\$17,026,000). The Purchaser currently holds a 73.5% equity interest in CRSC. Upon completion of the Sale and Purchase Agreement, this equity interest will increase to 98.5%.

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.

The Directors announce that on 17 December 2008, the Purchaser, a wholly-owned subsidiary of the Company, entered into a conditional Sale and Purchase Agreement with the Vendor to acquire 25% of the equity interest of CRSC, at a consideration of RMB15,000,000 (approximately HK\$17,026,000). The Purchaser currently holds a 73.5% equity interest in CRSC. Upon completion of the Sale and Purchase Agreement, this equity interest will increase to 98.5%.

CONDITIONAL SALE AND PURCHASE AGREEMENT DATED 17 DECEMBER 2008

Parties

(1) Vendor: Guangzhou Grain Holding Company Limited

(2) Purchaser: Circle K Convenience Stores 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 73.5% by the Purchaser, 25% by the Vendor and 1.5% by an independent third party.

Assets to be acquired

25% equity interest of CRSC.

Consideration

It is the intention of the Company to enhance its control over CRSC by the buy-out of minority interests therein. In order to acquire the 25% equity interest in CRSC held by the Vendor to enable the Purchaser achieving its objective of holding nearly 100% equity interest in CRSC, it is agreed after arm's length negotiation between the parties to the Sale and Purchase Agreement that the consideration payable by the Purchaser should be RMB15,000,000 (approximately HK\$17,026,000), representing the cost of the investment made by the Vendor in respect of its 25% equity interest in CRSC. The consideration will be satisfied by cash and paid within ten business days from the date of 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 25% equity interest of CRSC under the Acquisition before and after tax and extraordinary items for the year ended 31 December 2007 according to its audited accounts amounted to RMB4,450,000 (approximately HK\$5,051,000) and RMB4,450,000 (approximately HK\$5,051,000) respectively. The corresponding figures for the year ended 31 December 2006 were RMB4,493,000 (approximately HK\$5,100,000) and RMB4,493,000 (approximately HK\$5,100,000) respectively. The value of the net liabilities of CRSC as at 31 December 2007 is RMB30,112,000 (approximately HK\$34,179,000).

Completion

Completion of the Sale and Purchase Agreement shall take place immediately upon obtaining all the approvals and authorisations for transfer of the 25% 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 operating efficiency and ability to freely pursue its strategy of expanding and managing convenience store business in Guangdong Province with nearly 100% control of the business after the Acquisition.

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 (i) the operation of one of the leading convenience store chains in Hong Kong and a convenience store chain in the PRC under the trade name of ; and (ii) the operation of a chain of cake shops in Hong Kong and in the Pearl River Delta Region under the trade name of Saint Honore and a chain selling bread and buns in Hong Kong under the trade name of Bread Boutique. 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 .

Information on the Vendor

The Vendor is a limited liability company incorporated in the PRC engaging in wholesale and retail trading businesses in the PRC.

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 25% 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 whose shares are listed on the Growth Enterprise Market of the Stock Exchange
“CRSC”	利亞華南便利店有限公司 (English translated name: 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 the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 17 December 2008 and entered into between the Purchaser and the Vendor in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	廣州市糧食集團有限責任公司 (English translated name: Guangzhou Grain Holding Company Limited), vendor to the Sale and Purchase Agreement and an entity incorporated in the PRC whose principal activity is wholesale and retail trading

For the purposes of this announcement, unless otherwise indicated, conversions of RMB to HK\$ herein are based on a price of HK\$1.000 = RMB0.881. 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, 17 December 2008

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.