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## **C.P. Lotus Corporation**

**卜蜂蓮花有限公司**

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

(Stock Code: 00121)

### **CONTINUING CONNECTED TRANSACTIONS**

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On 15 December 2017, the following leases were entered into by SLS:-

- (i) the 2018 Super Brand Mall Lease between SLS and Shanghai Kinghill; and
- (ii) the 2018 SLS Sub-Lease between SLS and CTCREM.

#### **LISTING RULES IMPLICATIONS**

SLS, a wholly-owned subsidiary of the Company, is the lessee in the 2018 Super Brand Mall Lease and the sub-lessor in the 2018 SLS Sub-Lease. As at the date of this announcement, CPG Overseas has indirect beneficial interests in approximately 61.61% of the Ordinary Shares in issue, and is therefore a controlling shareholder of the Company.

As each of Shanghai Kinghill and CTCREM is an indirect non wholly-owned subsidiary of CPG Overseas, Shanghai Kinghill and CTCREM are connected persons of the Company for the purposes of Chapter 14A of the Listing Rules.

In view of the above, the transactions under each of the 2018 Super Brand Mall Lease and the 2018 SLS Sub-Lease constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the highest of the applicable percentage ratios of the Continuing Connected Transactions is less than 5%, such transactions shall be subject only to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the circular (including independent financial advice) and shareholders' approval requirements.

## CONTINUING CONNECTED TRANSACTIONS

### Background

Reference is made to the announcement of the Company dated 30 December 2016 with respect to, among other things, the 2017 Super Brand Mall Lease, which was entered into by SLS (as lessee) and Shanghai Kinghill (as lessor) in relation to the lease of Property A.

Reference is also made to the announcement of the Company dated 30 December 2016 in relation to, among other things, the 2017 SLS Sub-Lease, which was entered into by SLS (as sub-lessor) and CTCREM (as sub-lessee) in relation to the sub-lease of Property B.

As each of the 2017 Super Brand Mall Lease and the 2017 SLS Sub-Lease will expire on 31 December 2017, the parties have on 15 December 2017 entered into the 2018 Super Brand Mall Lease and the 2018 SLS Sub-Lease to continue such lease and sub-lease arrangement respectively.

### 2018 Super Brand Mall Lease

(a) **Parties**

- (i) SLS (as the lessee)
- (ii) Shanghai Kinghill (as the lessor)

(b) **Property**

Property A

(c) **Term**

From 1 January 2018 to 31 December 2018

(d) **Rent**

A monthly rent of RMB1.5 million, equivalent to an annual rent of RMB18.0 million. The monthly rent is payable in arrears on or before the 10th day in the next calendar month after the receipt of an invoice from the lessor.

(e) **Annual cap and historical figures**

Historical figures	The historical rent paid and payable by SLS under the 2017 Super Brand Mall Lease has been RMB1.5 million per month, equivalent to an annual rent of RMB18.0 million
Annual cap	The proposed annual cap for the financial year ending 31 December 2018 is RMB18.0 million, which is the annual rent payable under 2018 Super Brand Mall Lease

Basis for determination of the annual cap	The same as the historical rent paid by SLS under the 2017 Super Brand Mall Lease
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## 2018 SLS Sub-Lease

(a) **Parties**

- (i) SLS (as the sub-lessor)
- (ii) CTCREM (as the sub-lessee)

(b) **Property**

Property B

(c) **Term**

From 1 January 2018 to 31 December 2018

(d) **Rent**

A monthly rent of RMB555,750 for the period from 1 January 2018 to 30 April 2018; and RMB583,312 for the period from 1 May 2018 to 31 December 2018, equivalent to an annual rent of RMB6,889,496 for the financial year ending 31 December 2018 plus (i) a commission of 5% on the excess of the subletting rental income received by CTCREM over the rent receivable by SLS under the 2018 SLS Sub-Lease; and (ii) a commission of 15% on the advertising and promotion income received by CTCREM derived from Property B.

Each monthly rental is payable in arrears on or before the 15th calendar day of the following calendar month. The commission on the advertising and promotion income and the subletting commission are payable on a quarterly basis on or before the 5th day and the 30th day of the first month immediately following the quarter respectively.

(e) **Annual cap and historical figures**

Historical figures	The historical amounts received by SLS under the 2017 SLS Sub-Lease for the six months ended 30 June 2017 was RMB3.6 million
Annual cap	The proposed annual cap for the financial year ending 31 December 2018 is RMB8.5 million
Basis for determination of the annual cap	By reference to the historical rent and commissions received by SLS under the 2017 SLS Sub-Lease

## **INFORMATION ON PARTIES**

The Company is an investment holding company whose subsidiaries are principally engaged in the operation of large-scale hypermarket stores in the PRC.

SLS, a wholly-owned subsidiary of the Company, which is the lessee in the 2018 Super Brand Mall Lease and the sub-lessor in the 2018 SLS Sub-Lease, is principally engaged in the operation of large-scale hypermarket stores in the eastern region of the PRC.

Shanghai Kinghill, the lessor in the 2018 Super Brand Mall Lease, is principally engaged in property development and shopping mall operation in the PRC.

CTCREM, the sub-lessee in the 2018 SLS Sub-Lease, is principally engaged in the leasing and redevelopment of retail stores in the PRC, provision of management consultancy services and sales of goods.

## **REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

### **2018 Super Brand Mall Lease**

Super Brand Mall is located in Lujiazui, a prime financial district as well as popular tourist attraction visited by many domestic visitors and overseas tourists every year. The Lotus store located in Super Brand Mall was C.P. Lotus Group's first premier supermarket store offering top of the range and luxury products in a prime location. Continuing to operate a Lotus store in Super Brand Mall will raise exposure to and public awareness of the brand name of Lotus. The renewal of the 2018 Super Brand Mall Lease ensures that SLS can continue to operate its store at the same prime shopping location in Shanghai which it has occupied since 2002, at a rental level which is no less favorable to SLS than current market rental levels at comparable retail properties. The 2018 Super Brand Mall Lease is renewed on the same commercial terms as the existing 2017 Super Brand Mall Lease.

### **2018 SLS Sub-Lease**

The Directors consider that, by entering into the 2018 SLS Sub-Lease, SLS can continue to maximize the usage of Property B, which was located within the premises which SLS had leased for the principal purpose of its hypermarket store operation, and a sub-lessee such as CTCREM with experience in the leasing of retail stores will continue to be able to attract retail store operators to occupy Property B and thereby increase the variety of merchandise available in the vicinity of the hypermarket store operated by SLS. The 2018 SLS Sub-Lease is renewed on the same commercial terms as the 2017 SLS Sub-Lease. Taking into account that the 2018 SLS Sub-Lease provides SLS with a steady source of revenue from one tenant at a rental level which is no less favorable to SLS than current market rental levels at comparable retail properties; and which can help to increase visitors to the hypermarket store operated by SLS, the Directors are of the view that entering into the 2018 SLS Sub-Lease is of continuing benefit to the Company.

## **Opinion of the Directors**

In view of the above, the Directors (including the independent non-executive Directors but excluding the executive Directors mentioned below, who the Board considered to have a material interest in the Continuing Connected Transactions for the reason mentioned below) consider that the terms of the 2018 Super Brand Mall Lease and the 2018 SLS Sub-Lease and the Continuing Connected Transactions thereunder (including the respective proposed annual caps) are on normal commercial terms and in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Soopakij Chearavanont (executive Director and Chairman of the Company), Mr. Narong Chearavanont (executive Director and Vice Chairman of the Company) and Mr. Yang Xiaoping (executive Director and Vice Chairman of the Company) have directorship in Shanghai Kinghill and CTCREM. Mr. Michael Ross (executive Director and Vice Chairman of the Company) has directorship in Shanghai Kinghill. The Board considered that each of Messrs. Soopakij Chearavanont, Narong Chearavanont and Yang Xiaoping had a material interest in the 2018 Super Brand Mall Lease and the 2018 SLS Sub-Lease, and Mr. Michael Ross had a material interest in the 2018 Super Brand Mall Lease, accordingly each of Messrs. Soopakij Chearavanont, Narong Chearavanont and Yang Xiaoping was required to abstain from voting on the Board resolution for considering and approving the 2018 Super Brand Mall Lease and the 2018 SLS Sub-Lease; and Mr. Michael Ross was required to abstain from voting on the Board resolution for considering and approving the 2018 Super Brand Mall Lease. Save as disclosed above, none of the Directors has a material interest in the 2018 Super Brand Mall Lease and the 2018 SLS Sub-Lease, and accordingly none of them was required to abstain from voting on the Board resolution for considering and approving the 2018 Super Brand Mall Lease and the 2018 SLS Sub-Lease.

## **LISTING RULES IMPLICATIONS**

SLS, a wholly-owned subsidiary of the Company, is the lessee in the 2018 Super Brand Mall Lease and the sub-lessor in the 2018 SLS Sub-Lease. As at the date of this announcement, CPG Overseas has indirect beneficial interests in approximately 61.61% of the Ordinary Shares in issue, and is therefore a controlling shareholder of the Company.

As each of Shanghai Kinghill and CTCREM is an indirect non wholly-owned subsidiary of CPG Overseas, Shanghai Kinghill and CTCREM are connected persons of the Company for the purposes of Chapter 14A of the Listing Rules.

In view of the above, the transactions under each of the 2018 Super Brand Mall Lease and the 2018 SLS Sub-Lease constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the highest of the applicable percentage ratios of the Continuing Connected Transactions is less than 5%, such transactions shall be subject only to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the circular (including independent financial advice) and shareholders' approval requirements.

## DEFINITIONS

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

“2017 Super Brand Mall Lease”	the lease dated 30 December 2016 entered into between SLS and Shanghai Kinghill in relation to Property A
“2017 SLS Sub-Lease”	the sub-lease dated 30 December 2016 entered into between SLS and CTCREM in relation to Property B
“2018 Super Brand Mall Lease”	the lease dated 15 December 2017 entered into between SLS and Shanghai Kinghill in relation to Property A
“2018 SLS Sub-Lease”	the sub-lease dated 15 December 2017 entered into between SLS and CTCREM in relation to Property B
“Board”	the board of directors of the Company
“C.P. Lotus Group”	C.P. Lotus and its subsidiaries
“Company” or “C.P. Lotus”	C.P. Lotus Corporation (卜蜂蓮花有限公司), a company incorporated in the Cayman Islands, the Ordinary Shares of which are listed and traded on the Main Board of the Stock Exchange
“Continuing Connected Transactions”	continuing connected transactions under the 2018 Super Brand Mall Lease and the 2018 SLS Sub-Lease
“CPG Overseas”	CPG Overseas Company Limited, a company incorporated in Hong Kong, which is a controlling shareholder of C.P. Lotus
“CTCREM”	正大商業房地產管理有限公司 (Chia Tai Commercial Real Estate Management Co., Ltd.), a company established in the PRC with limited liability and is an indirect non wholly-owned subsidiary of CPG Overseas
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ordinary Share(s)”	ordinary share(s) of HK\$0.02 each in the capital of the Company carrying voting rights at general meetings of the Company
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property A”	the property with an area of approximately 13,500 square meters and located at Super Brand Mall, No. 168 Lujiazui Xi Road, Pudong New District, Shanghai, the PRC
“Property B”	the property with an area of approximately 6,527 square meters, located at No. 2128 Yang Gao Zhong Lu, Pudong New District, Shanghai, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Kinghill”	上海帝泰發展有限公司 (Shanghai Kinghill Ltd.), a company established in the PRC and is an indirect non wholly-owned subsidiary of CPG Overseas
“Shareholders”	holders of the Ordinary Shares from time to time
“SLS”	上海易初蓮花連鎖超市有限公司 (Shanghai Lotus Supermarket Chain Store Co., Ltd.), a company established in the PRC and is a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

By Order of the Board  
**Umroong Sanphasitvong**  
*Director*

Hong Kong, 15 December 2017

*As at the date of this announcement, the Board comprises nine executive directors, namely Mr. Soopakij Chearavanont, Mr. Li Wen Hai, Mr. Narong Chearavanont, Mr. Chan Yiu-Cheong, Ed, Mr. Michael Ross, Mr. Yang Xiaoping, Mr. Meth Jiaravanont, Mr. Suphachai Chearavanont and Mr. Umroong Sanphasitvong, and five independent non-executive directors, namely Mr. Viroj Sangsnit, Mr. Songkitti Jaggabatara, Mr. Itthaporn Subhawong, Mr. Prasobsook Boondech and Mr. Cheng Yuk Wo.*