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**C.P. Holding (BVI)
Investment Company Limited**

*(Incorporated in the British Virgin
Islands with limited liability)*

**C.P. Lotus Corporation
卜蜂蓮花有限公司**

*(Incorporated in the Cayman Islands
with limited liability)
(Stock Code: 00121)*

JOINT ANNOUNCEMENT

**(1) PROPOSED PRIVATISATION OF C.P. LOTUS CORPORATION
BY C.P. HOLDING (BVI) INVESTMENT COMPANY LIMITED
BY WAY OF TWO SCHEMES OF ARRANGEMENT
(BOTH UNDER SECTION 86 OF THE COMPANIES LAW
OF THE CAYMAN ISLANDS)**

AND

(2) PROPOSED WITHDRAWAL OF LISTING

Financial Adviser to C.P. Holding (BVI) Investment Company Limited



SOMERLEY CAPITAL LIMITED

THE PROPOSAL

The respective directors of the Offeror and the Company jointly announce that on 18 June 2019, the Offeror requested the Board to put forward the Proposal for the privatisation of the Company, which will involve (i) the Ordinary Share Scheme to cancel the Scheme Ordinary Shares and the payment of the Ordinary Share Cancellation Price to Scheme Ordinary Shareholders, and the withdrawal of the listing of the Ordinary Shares on the Stock Exchange; and (ii) the CPS Scheme to cancel the Scheme CPS and the payment of the CPS Cancellation Price to Scheme CPS Holders. Each of the Ordinary Share Scheme and the CPS Scheme will be carried out by way of a scheme of arrangement under Section 86 of the Companies Law. However, the implementation of the Ordinary Share Scheme is not conditional on the implementation of the CPS Scheme and the CPS Scheme will only be implemented upon the Ordinary Share Scheme becoming unconditional. The Offeror has made an application to the Executive for a waiver from the requirement under Note 3 to Rule 14 of the Takeovers Code such that the Ordinary Share Scheme will not be conditional on the CPS Scheme becoming or being declared unconditional.

Ordinary Shares directly or indirectly held by the Principal Offeror Concert Party as at the Scheme Ordinary Share Record Time on the Scheme Ordinary Share Record Date do not count as Scheme Ordinary Shares.

If all the Ordinary Share Scheme Conditions are fulfilled (or waived as applicable) on or before the Long Stop Date, the Offeror will implement the Ordinary Share Scheme to cancel the Scheme Ordinary Shares and the Company will apply to the Stock Exchange for the withdrawal of listing of the Ordinary Shares on the Stock Exchange.

Subject to the fulfilment (or waiver, as applicable) of all the CPS Scheme Conditions, the Offeror will also implement the CPS Scheme to cancel the Scheme CPS. If only the Ordinary Share Scheme has become unconditional but not the CPS Scheme on or before the Long Stop Date, the Offeror will only implement the Ordinary Share Scheme. In this case, the Company will also apply to the Stock Exchange for the withdrawal of listing of the Ordinary Shares on the Stock Exchange.

CPS Scheme is subject to CPS Scheme Condition (e) which requires all the Ordinary Share Scheme Conditions having been fulfilled (or waived as applicable) on or before the Long Stop Date. If the Ordinary Share Scheme does not become unconditional on or before the Long Stop Date, the Proposal will not be implemented and both the Ordinary Share Scheme and the CPS Scheme will not become effective.

THE ORDINARY SHARE SCHEME

Under the Ordinary Share Scheme, the Scheme Ordinary Shares will be cancelled and, in consideration thereof, each Scheme Ordinary Shareholder will be entitled to receive the Ordinary Share Cancellation Price, being HK\$0.11 in cash for each Scheme Ordinary Share cancelled.

The total consideration payable to the Scheme Ordinary Shareholders for the Scheme Ordinary Shares cancelled will be paid by the Offeror.

The Ordinary Share Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

The Ordinary Share Cancellation Price has been determined on an arm's length basis after taking into account the financial information of the Group including the financial position of the Group as at 31 December 2018, the prices of the Ordinary Shares traded on the Stock Exchange and other privatisation transactions in Hong Kong in recent years.

The implementation of the Ordinary Share Scheme will be conditional upon the fulfilment or waiver, as applicable, of all the Ordinary Share Scheme Conditions as described in the section headed "Ordinary Share Scheme Conditions" below. All of the Ordinary Share Scheme Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date or such later date as may be proposed by the Offeror and permitted by the Executive, failing which the Ordinary Share Scheme will lapse.

THE CPS SCHEME

Under the CPS Scheme, the Scheme CPS will be cancelled and, in consideration thereof, each Scheme CPS Holder will be entitled to receive the CPS Cancellation Price, being HK\$0.11 in cash for each Scheme CPS cancelled.

The total consideration payable to the Scheme CPS Holders for the Scheme CPS cancelled will be payable by the Offeror.

The CPS Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

The CPS Cancellation Price has been determined on an arm's length basis with reference to the Ordinary Share Cancellation Price.

The implementation of the CPS Scheme will be conditional upon the fulfilment or waiver, as applicable, of all the CPS Scheme Conditions as described in the section headed “CPS Scheme Conditions” below. All of the CPS Scheme Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date or such later date as may be proposed by the Offeror and permitted by the Executive, failing which the CPS Scheme will lapse.

TOTAL CONSIDERATION AND FINANCIAL RESOURCES

As at the Announcement Date, there are 11,019,072,390 Ordinary Shares and 3,671,509,764 CPS in issue, and there are 3,864,272,973 Scheme Ordinary Shares and 3,607,800 Scheme CPS in issue. Except for the Convertible Preference Shares, there are no outstanding warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Ordinary Shares.

Assuming no CPS are converted into Ordinary Shares before the Scheme Record Date, the amounts of cash required for the Ordinary Share Scheme and the CPS Scheme are approximately HK\$425.1 million and approximately HK\$0.4 million respectively. If all the CPS (other than those held by the Offeror) are converted into Ordinary Shares before the Scheme Record Date, there will be a maximum of 3,867,880,773 Scheme Ordinary Shares subject to the Ordinary Share Scheme and the maximum amount of cash required for the Ordinary Share Scheme is approximately HK\$425.5 million whereas no cash will be required for the CPS Scheme.

The Offeror intends to finance the cash required for the Proposal from a loan facility. Somerley Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee will be established by the Board to make a recommendation to the Independent Ordinary Shareholders and the Independent CPS Holders as to whether the terms of the Proposal, the Ordinary Share Scheme and the CPS Scheme are, or are not, fair and reasonable and as to voting. A further announcement will be made by the Company as soon as possible after the establishment of the Independent Board Committee.

The executive directors of the Company, except Mr. Li Wen Hai, who have or may have a material interest in the Proposal and have not participated in any vote, will continue to abstain from voting at meetings of the Board in relation to the Proposal, the Ordinary Share Scheme and the CPS Scheme. Mr. Li Wen Hai, being the only executive director of the Company who is not required to abstain from voting, believes that the terms of the Proposal, the Ordinary Share Scheme and the CPS Scheme are fair and reasonable and in the interests of the Scheme Ordinary Shareholders and the Scheme CPS Holders respectively. The independent non-executive directors of the Company have reserved their opinion pending the formation of the Independent Board Committee and advice of the independent financial adviser.

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

An independent financial adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with the Proposal, the Ordinary Share Scheme and the CPS Scheme. A further announcement will be made by the Company as soon as possible after the appointment of the independent financial adviser.

DESPATCH OF SCHEME DOCUMENT

Under Rule 8.2 of the Takeovers Code, unless the Executive's consent is obtained, the Scheme Document should be despatched to the Ordinary Shareholders and the CPS Holders within 21 days of the Announcement Date, which in this case would be on or before 9 July 2019, and in compliance with the requirements of the Companies Law, the Grand Court and other applicable regulations.

As additional time is required to procure the holding of the Direction Hearing (as defined below) and finalise the financial information to be included in the Scheme Document thereafter, the Offeror has applied to the Executive and the Executive is minded to grant consent to extend the latest time for the despatch of the Scheme Document to 5 September 2019.

WITHDRAWAL OF LISTING OF ORDINARY SHARES

Upon the Ordinary Share Scheme becoming effective, it is anticipated that listing of the Ordinary Shares on the Stock Exchange will be withdrawn. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Ordinary Shares on the Stock Exchange immediately following the Ordinary Share Scheme becoming effective.

IF THE ORDINARY SHARE SCHEME AND/OR THE CPS SCHEME IS NOT APPROVED OR OTHERWISE LAPSES

The listing of the Ordinary Shares on the Stock Exchange will not be withdrawn if the Ordinary Share Scheme does not become effective or otherwise lapses.

If the Ordinary Share Scheme is not approved or otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Ordinary Share Scheme is not approved or otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

If the CPS Scheme is not approved or otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the CPS Scheme is not approved or otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

WARNINGS

Shareholders and potential investors of the Company should be aware that the implementation of the Proposal is subject to the Ordinary Share Scheme Conditions and/or the CPS Scheme Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Ordinary Share Scheme and the CPS Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote in favour of the Proposal. Any acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas Ordinary Shareholders and overseas CPS Holders will be contained in the Scheme Document.

I. INTRODUCTION

On 18 June 2019, the Offeror requested the Board to put forward the Proposal for the privatisation of the Company, which will involve (i) the Ordinary Share Scheme to cancel the Scheme Ordinary Shares and the payment of the Ordinary Share Cancellation Price to Scheme Ordinary Shareholders, and the withdrawal of the listing of the Ordinary Shares on the Stock Exchange; and (ii) the CPS Scheme to cancel the Scheme CPS and the payment of the CPS Cancellation Price to Scheme CPS Holders. Each of the Ordinary Share Scheme and the CPS Scheme will be carried out by way of a scheme of arrangement under Section 86 of the Companies Law. However, the implementation of the Ordinary Share Scheme is not conditional on the implementation of the CPS Scheme and the CPS Scheme will only be implemented upon the Ordinary Share Scheme becoming unconditional.

If both the Ordinary Share Scheme and the CPS Scheme are approved and the Proposal is implemented, the share capital of the Company will, on the effective date of the Ordinary Share Scheme and the CPS Scheme, be reduced by cancelling and extinguishing the Scheme Ordinary Shares and the Scheme CPS. Upon such reduction, the share capital of the Company will be increased to its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Ordinary Shares and CPS as is equal to the number of Scheme Ordinary Shares and Scheme CPS cancelled respectively. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Ordinary Shares and new CPS so issued, credited as fully paid, to the Offeror. If only the Ordinary Share Scheme becomes unconditional and implemented, there will not be cancellation of the Scheme CPS and issuance of new CPS.

II. THE PROPOSAL

THE ORDINARY SHARE SCHEME

Under the Ordinary Share Scheme, the Scheme Ordinary Shares will be cancelled and, in consideration thereof, each Scheme Ordinary Shareholder will be entitled to receive the Ordinary Share Cancellation Price, being HK\$0.11 in cash for each Scheme Ordinary Share cancelled.

The total consideration payable to the Scheme Ordinary Shareholders for the Scheme Ordinary Shares cancelled will be paid by the Offeror.

The Ordinary Share Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

The Ordinary Share Cancellation Price of HK\$0.11 per Scheme Ordinary Share cancelled represents:

- a premium of approximately 10.0% over the closing price of HK\$0.1 per Ordinary Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 12.0% over the average closing price of approximately HK\$0.0982 per Ordinary Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 29.4% over the average closing price of approximately HK\$0.0850 per Ordinary Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 30.3% over the average closing price of approximately HK\$0.0844 per Ordinary Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 26.5% over the average closing price of approximately HK\$0.0870 per Ordinary Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 28.1% over the average closing price of approximately HK\$0.0859 per Ordinary Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 21.9% over the average closing price of approximately HK\$0.0902 per Ordinary Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- a premium of approximately 52.8% over the audited consolidated net asset value (the “NAV”) per Share of approximately HK\$0.072 as at 31 December 2018, calculated based on the NAV of the Group of approximately

HK\$1,606.0 million (based on the exchange rate of HK\$1:RMB0.8762, the central parity rate published by the People's Bank of China on its website as at 28 December 2018 for illustrative purposes) and the 22,317,882,172 Shares in issue as at 31 December 2018.

The Ordinary Share Cancellation Price has been determined on an arm's length basis after taking into account the financial information of the Group including the financial position of the Group as at 31 December 2018, the prices of the Ordinary Shares traded on the Stock Exchange and other privatisation transactions in Hong Kong in recent years.

Trading volume and liquidity of the Ordinary Shares

The trading volume and liquidity of the Ordinary Shares during the relevant periods prior to and including the Last Trading Day are illustrated below:

- on the Last Trading Day, a total number of approximately 0.89 million Ordinary Shares were traded with a turnover of approximately HK\$86,390;
- during the period from the last 10 trading days up to and including the Last Trading Day, a total number of approximately 8.43 million Ordinary Shares were traded with a turnover of approximately HK\$802,966, an average daily trading volume of approximately 0.84 million Ordinary Shares and average daily turnover of approximately HK\$80,297;
- during the period from the last 30 trading days up to and including the Last Trading Day, a total number of approximately 24.49 million Ordinary Shares were traded with a turnover of approximately HK\$2.04 million, an average daily trading volume of approximately 0.82 million Ordinary Shares and average daily turnover of approximately HK\$67,898;
- during the period from the last 60 trading days up to and including the Last Trading Day, a total number of approximately 32.20 million Ordinary Shares were traded with a turnover of approximately HK\$2.63 million, an average daily trading volume of approximately 0.54 million Ordinary Shares and average daily turnover of approximately HK\$43,776;
- during the period from the last 90 trading days up to and including the Last Trading Day, a total number of approximately 48.64 million Ordinary Shares were traded with a turnover of approximately HK\$4.26 million, an average daily trading volume of approximately 0.54 million Ordinary Shares and average daily turnover of approximately HK\$47,332;

- during the period from the last 120 trading days up to and including the Last Trading Day, a total number of approximately 54.91 million Ordinary Shares were traded with a turnover of approximately HK\$4.74 million, an average daily trading volume of approximately 0.46 million Ordinary Shares and average daily turnover of approximately HK\$39,539;
- during the period from the last 180 trading days up to and including the Last Trading Day, a total number of approximately 66.61 million Ordinary Shares were traded with a turnover of approximately HK\$5.90 million, an average daily trading volume of approximately 0.37 million Ordinary Shares and average daily turnover of approximately HK\$32,770;

During the period from the last 180 trading days up to and including the Last Trading Day, there was no trading of the Ordinary Shares on 87 trading days, representing approximately 48.33% of the total number of trading days during that period.

Ordinary Share Scheme Conditions

The Ordinary Share Scheme will become effective and binding on the Offeror, the Company and the Scheme Ordinary Shareholders, subject to the fulfilment or waiver (as applicable) of the following Ordinary Share Scheme Conditions:

- (a) the approval of the Ordinary Share Scheme (by way of poll) by a majority in number of the Independent Ordinary Shareholders representing not less than 75% in value of the Ordinary Shares held by the Independent Ordinary Shareholders present and voting either in person or by proxy at the Ordinary Share Court Meeting;
- (b) (i) the Ordinary Share Scheme is approved (by way of poll) by the Independent Ordinary Shareholders holding at least 75% of the votes attaching to the Ordinary Shares held by the Independent Ordinary Shareholders that are voted either in person or by proxy at the Ordinary Share Court Meeting; and (ii) the number of votes cast (by way of poll) by the Independent Ordinary Shareholders present and voting either in person or by proxy at the Ordinary Share Court Meeting against the resolution to approve the Ordinary Share Scheme at the Ordinary Share Court Meeting is not more than 10% of the votes attaching to all Ordinary Shares held by all the Independent Ordinary Shareholders;
- (c) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Ordinary Shareholders present and voting in person or by proxy at the Ordinary Share EGM to approve and give effect to the reduction of the number of issued Ordinary Shares in the share

capital of the Company by cancelling and extinguishing the Scheme Ordinary Shares, and (ii) the passing of an ordinary resolution by the Ordinary Shareholders at the Ordinary Share EGM to immediately thereafter increase the issued Ordinary Shares to the amount prior to the cancellation of the Scheme Ordinary Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Ordinary Shares to pay up in full at par such number of new Ordinary Shares as is equal to the number of Scheme Ordinary Shares cancelled as a result of the Ordinary Share Scheme, credited as fully paid, for issuance to the Offeror;

- (d) the Grand Court's sanction of the Ordinary Share Scheme (with or without modifications) and its confirmation of the reduction of the number of issued Ordinary Shares in the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (e) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in relation to the reduction of the number of issued Ordinary Shares in the share capital of the Company;
- (f) all authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Ordinary Share Scheme required before the Ordinary Share Scheme becoming effective having been obtained from, given by or made with (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (g) all authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Ordinary Share Scheme required before the Ordinary Share Scheme becoming effective remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Ordinary Share Scheme or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Ordinary Share Scheme becomes effective;
- (h) all necessary consents which may be required for the implementation of the Ordinary Share Scheme under any existing contractual obligations of the Company being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;

- (i) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Ordinary Share Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Ordinary Share Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Ordinary Share Scheme;
- (j) there being no provision of any arrangement, agreement, licence or other instrument to which any member of the Group is a party or by or to which any of them is or are or may be bound, entitled or subject which as a consequence of the implementation of the Ordinary Share Scheme could or might reasonably result in, to an extent which is material in the context of the Group taken as a whole:
 - (i) any monies borrowed by or other indebtedness (actual or contingent) of any member of the Group being repayable or being capable of being declared payable prior to their stated maturity;
 - (ii) the creation of any mortgage, charge or other security interest over the whole or any material part of the business, property or assets of any member of the Group or any such security (whether arising or having arisen) becoming enforceable; and
 - (iii) any such arrangement, agreement, licence, permit, franchise or other instrument being terminated or adversely modified or any material action being taken or any material obligation arising thereunder; and
- (k) each member of the Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any substantial part of the assets and undertakings of any member of the Group from the Announcement Date up to the date when all the Ordinary Share Scheme Conditions are satisfied or validly waived (as applicable).

The Offeror reserves the right to waive Ordinary Share Scheme Conditions (f) to (k) either in whole or in part, either generally or in respect of any particular matter. Ordinary Share Scheme Conditions (a) to (e) cannot be waived in any

event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Ordinary Share Scheme Conditions as a basis for not proceeding with the Ordinary Share Scheme if the circumstances which give rise to the right to invoke any such Ordinary Share Scheme Condition are of material significance to the Offeror in the context of the Proposal. The Company has no right to waive any of the Ordinary Share Scheme Conditions. All of the above Ordinary Share Scheme Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date to be set out in the Scheme Document (being 17 March 2020, the last day of the nine-month period after the Announcement Date, or such later date as may be proposed by the Offeror and permitted by the Executive), failing which the Ordinary Share Scheme will lapse. When all the Ordinary Share Scheme Conditions are satisfied or waived (as applicable), the Ordinary Share Scheme will become effective and binding on the Offeror, the Company and all the Scheme Ordinary Shareholders.

Assuming that the Ordinary Share Scheme Conditions are satisfied or validly waived (as applicable), it is expected that the Ordinary Share Scheme will become effective on or before 30 November 2019. A detailed timetable will be included in the Scheme Document.

In respect of Ordinary Share Scheme Conditions (f) to (h), the Offeror is not currently aware of any authorisations or consents which are required.

The Offeror is not a party to any agreements or arrangements which relate to circumstances in which it may or may not invoke or seek to invoke any of the Ordinary Share Scheme Conditions. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror will not invoke any Ordinary Share Scheme Condition so as to cause the Ordinary Share Scheme not to become effective unless the circumstances which give rise to the right to invoke the Ordinary Share Scheme Condition are of material significance to the Offeror in the context of the Ordinary Share Scheme.

THE CPS SCHEME

Under the CPS Scheme, the Scheme CPS will be cancelled and, in consideration thereof, each Scheme CPS Holder will be entitled to receive the CPS Cancellation Price, being HK\$0.11 in cash for each Scheme CPS cancelled.

The total consideration payable to the Scheme CPS Holders for the Scheme CPS cancelled will be payable by the Offeror.

The CPS Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

The CPS Cancellation Price has been determined on an arm's length basis with reference to the Ordinary Share Cancellation Price.

CPS Scheme Conditions

The CPS Scheme will become effective and binding on the Offeror, the Company and the Scheme CPS Holders, subject to the fulfilment or waiver (as applicable) of the following CPS Scheme Conditions:

- (a) the approval of the CPS Scheme (by way of poll) by a majority in number of the Independent CPS Holders representing not less than 75% in value of the CPS held by the Independent CPS Holders present and voting either in person or by proxy at the CPS Court Meeting;
- (b) (i) the CPS Scheme is approved (by way of poll) by the Independent CPS Holders holding at least 75% of the votes attaching to the CPS held by the Independent CPS Holders that are voted either in person or by proxy at the CPS Court Meeting; and (ii) the number of votes cast (by way of poll) by the Independent CPS Holders present and voting either in person or by proxy at the CPS Court Meeting against the resolution to approve the CPS Scheme at the CPS Court Meeting is not more than 10% of the votes attaching to all CPS held by all the Independent CPS Holders;
- (c) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the CPS Holders present and voting in person or by proxy at the CPS EGM to approve and give effect to the reduction of the number of issued CPS in the share capital of the Company by cancelling and extinguishing the Scheme CPS, and (ii) the passing of an ordinary resolution by the CPS Holders at the CPS EGM to immediately thereafter increase the issued CPS to the amount prior to the cancellation of the Scheme CPS and apply the reserve created as a result of the aforesaid cancellation of the Scheme CPS to pay up in full at par such number of new CPS as is equal to the number of Scheme CPS cancelled as a result of the CPS Scheme, credited as fully paid, for issuance to the Offeror;
- (d) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Ordinary Shareholders present and voting in person or by proxy at the Ordinary Share EGM to approve and give effect to the reduction of the number of issued CPS in the share capital of the Company by cancelling and extinguishing the Scheme CPS, and (ii) the passing of an ordinary resolution by the Ordinary Shareholders at the Ordinary Share EGM to immediately thereafter increase the issued CPS to the amount prior to the cancellation of the Scheme CPS and apply the reserve created as a result of the aforesaid cancellation of the Scheme CPS to pay up in full at par such number of new CPS as is equal to the number of Scheme CPS cancelled as a result of the CPS Scheme, credited as fully paid, for issuance to the Offeror;

- (e) all the Ordinary Share Scheme Conditions having been fulfilled (or waived as applicable) on or before the Long Stop Date;
- (f) the Grand Court's sanction of the CPS Scheme (with or without modifications) and its confirmation of the reduction of the number of issued CPS in the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (g) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in relation to the reduction of the number of issued CPS in the share capital of the Company;
- (h) all authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the CPS Scheme required before the CPS Scheme becoming effective having been obtained from, given by or made with (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (i) all authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the CPS Scheme remaining required before the CPS Scheme becoming effective in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the CPS Scheme or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the CPS Scheme becomes effective;
- (j) all necessary consents which may be required for the implementation of the CPS Scheme under any existing contractual obligations of the Company being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (k) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the CPS Scheme or its implementation in accordance with its terms void, unenforceable, illegal or

impracticable (or which would impose any material and adverse conditions or obligations with respect to the CPS Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the CPS Scheme;

- (l) there being no provision of any arrangement, agreement, licence or other instrument to which any member of the Group is a party or by or to which any of them is or are or may be bound, entitled or subject which as a consequence of the implementation of the CPS Scheme or because of a change in control or management of the Company could or might reasonably result in, to an extent which is material in the context of the Group taken as a whole:
 - (i) any monies borrowed by or other indebtedness (actual or contingent) of any member of the Group being repayable or being capable of being declared payable prior to their stated maturity;
 - (ii) the creation of any mortgage, charge or other security interest over the whole or any material part of the business, property or assets of any member of the Group or any such security (whether arising or having arisen) becoming enforceable; and
 - (iii) any such arrangement, agreement, licence, permit, franchise or other instrument being terminated or adversely modified or any material action being taken or any material obligation arising thereunder; and
- (m) each member of the Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any substantial part of the assets and undertakings of any member of the Group from the Announcement Date up to the date when all the CPS Scheme Conditions are satisfied or validly waived (as applicable).

The Offeror reserves the right to waive CPS Scheme Conditions (h) to (m) either in whole or in part, either generally or in respect of any particular matter. CPS Scheme Conditions (a) to (g) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the CPS Scheme Conditions as a basis for not proceeding with the CPS Scheme if the circumstances which give rise to the right to invoke any such CPS Scheme Condition are of material significance to the Offeror in the context of the CPS Scheme. The Company has no right to waive any of the CPS Scheme Conditions. All of the above CPS Scheme Conditions will have to be fulfilled or waived, as

applicable, on or before the Long Stop Date to be set out in the Scheme Document (being 17 March 2020, the last day of the nine-month period after the Announcement Date, may be proposed by the Offeror and permitted by the Executive), failing which the CPS Scheme will lapse. When all the CPS Scheme Conditions are satisfied or waived (as applicable), the CPS Scheme will become effective and binding on the Offeror, the Company and all the Scheme CPS Holders.

Assuming that the CPS Scheme Conditions are satisfied or validly waived (as applicable), it is expected that the CPS Scheme will become effective on or before 30 November 2019. A detailed timetable will be included in the Scheme Document.

In respect of CPS Scheme Condition (h) to (j), the Offeror is not currently aware of any authorisations or consents which are required.

The Offeror is not a party to any agreements or arrangements which relate to circumstances in which it may or may not invoke or seek to invoke any of the CPS Scheme Conditions. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror will not invoke any CPS Scheme Condition so as to cause the CPS Scheme not to become effective unless the circumstances which give rise to the right to invoke the CPS Scheme Condition are of material significance to the Offeror in the context of the CPS Scheme.

PROPOSAL

As mentioned above, the implementation of the Ordinary Share Scheme is not conditional on the implementation of the CPS Scheme but the CPS Scheme is conditional on, and will only be implemented upon, all the Ordinary Share Scheme Conditions being fulfilled (or waived as applicable) on or before the Long Stop Date. Pursuant to Note 3 to Rule 14 of the Takeovers Code, an offer for one class of equity share capital must be conditional on the offers for other classes of equity share capital becoming or being declared unconditional. The Offeror has made an application to the Executive for a waiver from the requirement under Note 3 to Rule 14 of the Takeovers Code such that the Ordinary Share Scheme will not be conditional on the CPS Scheme becoming or being declared unconditional.

Ordinary Shares directly or indirectly held by the Principal Offeror Concert Party as at the Scheme Ordinary Share Record Time on the Scheme Ordinary Share Record Date do not count as Scheme Ordinary Shares.

If all the Ordinary Share Scheme Conditions are fulfilled (or waived as applicable) on or before the Long Stop Date, the Offeror will implement the Ordinary Share Scheme to cancel the Scheme Ordinary Shares and the Company will apply to the Stock Exchange for the withdrawal of listing of the Ordinary Shares on the Stock Exchange.

Subject to the fulfilment (or waiver, as applicable) of all the CPS Scheme Conditions, the Offeror will also implement the CPS Scheme to cancel the Scheme CPS. If only the Ordinary Share Scheme has become unconditional but not the CPS Scheme on or before the Long Stop Date, the Offeror will only implement the Ordinary Share Scheme. In this case, the Company will also apply to the Stock Exchange for the withdrawal of listing of the Ordinary Shares on the Stock Exchange.

CPS Scheme is subject to CPS Scheme Condition (e) which requires all the Ordinary Share Scheme Conditions having been fulfilled (or waived as applicable) on or before the Long Stop Date. If the Ordinary Share Scheme does not become unconditional on or before the Long Stop Date, the Proposal will not be implemented and both the Ordinary Share Scheme and the CPS Scheme will not become effective.

Warnings:

Shareholders and potential investors of the Company should be aware that the implementation of each of the Ordinary Share Scheme and the CPS Scheme is subject to the Ordinary Share Scheme Conditions and the CPS Scheme Conditions being, respectively, fulfilled or waived, as applicable, and thus the Ordinary Share Scheme and/or the CPS Scheme may or may not be implemented and the Ordinary Share Scheme and/or the CPS Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

III. REASONS FOR AND BENEFITS OF THE PROPOSAL

The principal activity of the Group is the operation of hypermarket stores in the PRC. All revenue from external customers is generated in the PRC and all the significant operating assets of the Group are located in the PRC. As at 31 December 2018, the Group operated eighty retail stores and three shopping centres under the brand name 'Lotus'.

The Group incurred a loss of approximately RMB288.4 million for the year ended 31 December 2018 (2017: net profit of approximately RMB179.0 million). Such loss includes non-cash one-off impairment losses of approximately RMB401.5 million with respect to intangible assets and goodwill relating to lease termination caused by the landlord in breach of the lease agreement for one of the stores in Shanghai and the performance of the Group in the East China Region not meeting the management's original forecast. While continuing efforts are being made to expand store network, optimise merchandise and sales space, enhance relationship with suppliers and improve operation efficiency, the Group continues to face challenges to its business and the profitability of its operations.

In putting the Proposal forward, the Offeror has taken into account the following principal factors, as set out below:

(1) Capital structure and financial position of the Group

The Group's consolidated statement of financial position as at 31 December 2018 showed limitations on the Group's sources of funding. As at that date, the Group had:

- (i) net current liabilities of approximately RMB1.7 billion, as mentioned under 'key audit matters' in the 2018 Independent Auditors Report;
- (ii) United States dollar loans from its controlling shareholder equivalent to almost RMB1.0 billion, which are unsecured and expiring in December 2020; and
- (iii) approximately 11.3 billion Convertible Preference Shares in issue, almost all of which were held by the controlling shareholder, convertible into Ordinary Shares on a one-for-one basis (subject to public float requirements). Full conversion of the Convertible Preference Shares would approximately double the Ordinary Shares in issue.

These features are unusual for a public company and, taken overall, may limit the Group's options in satisfying its future funding requirements in a cost effective manner. The Proposal, once implemented, would simplify and strengthen the Group's financial position.

(2) Marketability and price performance of the Ordinary Shares

There has not been an active market for the Ordinary Shares. In the last 180 trading days up to the Announcement Date, there was no trading in the Ordinary Shares on the Stock Exchange on 87 trading days. The average

daily trading volume over the last 180 trading days up to the Announcement Date was approximately 0.37 million Ordinary Shares, representing just approximately 0.01% of the Ordinary Shares held by Ordinary Shareholders other than the Offeror, the Principal Offeror Concert Party and the Other Offeror Concert Parties, and the average daily turnover was approximately HK\$32,770, please refer to the section headed “Trading volume and liquidity of the Ordinary Shares” for further details. The market price of the Ordinary Shares has declined in 2018 and did not materially improve even during relevant periods of relative market strength such as the first quarter of 2019.

The Proposal provides the Scheme Ordinary Shareholders with an opportunity to realise their illiquid investment in the Company at a healthy premium over the prevailing marketing price and the net book value of the Company.

(3) Costs and expenses of maintaining the Company’s listed status

To maintain its listed status, the Company faces administrative and compliance burdens and related costs and expenses. Due to illiquidity and underperformance in the trading of the Ordinary Shares, the Company has difficulty raising funds through equity financing, and the Offeror believes the position is unlikely to improve significantly in the near term. As such, administrative and compliance costs and management resources associated with maintaining the Company’s listing status are no longer justified.

Furthermore, following the implementation of the Proposal, the Offeror and the Company can make strategic decisions free from the pressure of market expectations, short-term profit visibility and share price fluctuation as a publicly listed company. The management of the Company can also utilise the resources which would otherwise go towards administrative, compliance and other listing-related matters on business operations of the Group.

Accordingly, the Offeror has decided to put forward the Proposal, in particular the Ordinary Share Scheme, to the Scheme Ordinary Shareholders on the basis of a cash consideration of HK\$0.11 per Scheme Ordinary Share cancelled. The Offeror considers that the Proposal provides an attractive opportunity to Scheme Ordinary Shareholders to realise their investment at a price which is substantially higher than the net book value per share by 52.8% based on the audited financial statements as of 31 December 2018 and higher than the recent average market prices, with premia in the range of 10.0% to 30.3% on the bases set out above. A fixed cash consideration avoids the illiquidity discount which

is likely to arise if significant number of Ordinary Shareholders tried to sell in the market. The Company has not distributed any dividend since 1994 so the Scheme Ordinary Shareholders can reinvest the cash proceeds in income earning securities if they so wish.

Given the Company will apply for the withdrawal of listing of the Ordinary Shares on the Stock Exchange after the Ordinary Share Scheme becoming effective, the Offeror, pursuant to Rule 14 of the Takeovers Code, proposes to implement the CPS Scheme so that the Scheme CPS Holders can also realise their investments in the unlisted CPS on a similar price basis to the Ordinary Share Scheme if the CPS Scheme becomes effective.

IV. TOTAL CONSIDERATION AND FINANCIAL RESOURCES

The Proposal will involve the cancellation of the Scheme Ordinary Shares at the Ordinary Share Cancellation Price of HK\$0.11 per Scheme Ordinary Share cancelled and the cancellation of the Scheme CPS at the CPS Cancellation Price of HK\$0.11 per Scheme CPS cancelled. As at the Announcement Date, there are 11,019,072,390 Ordinary Shares and 3,671,509,764 CPS in issue, and there are 3,864,272,973 Scheme Ordinary Shares and 3,607,800 Scheme CPS in issue. Except for the Convertible Preference Shares, there are no outstanding warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Ordinary Shares.

Assuming no CPS are converted into Ordinary Shares before the Scheme Record Date, the amounts of cash required for the Ordinary Share Scheme and the CPS Scheme are approximately HK\$425.1 million and approximately HK\$0.4 million respectively. If all the CPS (other than those held by the Offeror) are converted into Ordinary Shares before the Scheme Record Date, there will be a maximum of 3,867,880,773 Scheme Ordinary Shares subject to the Ordinary Share Scheme and the maximum amount of cash required for the Ordinary Share Scheme is approximately HK\$425.5 million whereas no cash will be required for the CPS Scheme.

The Offeror intends to finance the cash required for the Proposal from a loan facility. Somerley Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal.

V. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Announcement Date, the authorised share capital of the Company is HK\$940,000,000 divided into 34,000,000,000 Ordinary Shares, 2,000,000,000 Series A Convertible Preference Shares, 4,000,000,000 Series B Convertible Preference Shares, 4,500,000,000 CPS and 2,500,000,000 Series D Convertible Preference Shares, and the Company has 11,019,072,390 Ordinary Shares, 1,518,807,075 Series A Convertible Preference Shares, 3,897,110,334 Series B Convertible Preference Shares, 3,671,509,764 CPS and 2,211,382,609 Series D Convertible Preference Shares in issue.

The table below sets out the simplified shareholding structure of the Company (i) as at the Announcement Date; and (ii) on the basis that both the Ordinary Share Scheme and the CPS Scheme become effective, immediately upon completion of the Proposal, assuming (a) no CPS are converted into Ordinary Shares before the Scheme Record Date; and (b) all the CPS (other than those held by the Offeror) are converted into Ordinary Shares before the Scheme Record Date:

Ordinary Shareholders and holders of Convertible Preference Shares	As at the Announcement Date		Upon completion of the Proposal assuming no CPS are converted into Ordinary Shares before the Scheme Record Date		Upon completion of the Proposal assuming all the CPS (other than those held by the Offeror) are converted into Ordinary Shares before the Scheme Record Date	
	Number of shares	%	Number of shares	%	Number of shares	%
<u>The Ordinary Shares</u>						
Offeror and the parties acting in concert or presumed to be acting in concert with it						
Offeror	6,788,319,021	61.61	10,652,591,994	96.67	10,656,199,794	96.68
Principal Offeror Concert Party (Note 1)	<u>366,480,396</u>	<u>3.33</u>	<u>366,480,396</u>	<u>3.33</u>	<u>366,480,396</u>	<u>3.32</u>
Aggregate number of Ordinary Shares of the Offeror and the Principal Offeror Concert Party	7,154,799,417	64.94	11,019,072,390	100.00	11,022,680,190	100.00
Other Offeror Concert Parties						
Mr. Soopakij Chearavanont (Note 2)	183,240,198	1.66	—	—	—	—
Mr. Narong Chearavanont (Note 2)	183,240,198	1.66	—	—	—	—
Mr. Suphachai Chearavanont (Note 2)	122,160,132	1.09	—	—	—	—

Ordinary Shareholders and holders of Convertible Preference Shares	As at the Announcement Date		Upon completion of the Proposal assuming no CPS are converted into Ordinary Shares before the Scheme Record Date		Upon completion of the Proposal assuming all the CPS (other than those held by the Offeror) are converted into Ordinary Shares before the Scheme Record Date	
	Number of shares	%	Number of shares	%	Number of shares	%
Other Offeror Concert Parties (cont'd)						
Mr. Chatchaval Jiaravanon (Note 3)	61,080,066	0.56	—	—	—	—
Mr. Kachorn Chiaravanont (Note 4)	61,080,066	0.56	—	—	—	—
Mr. Yang Xiaoping (Note 2)	183,240,198	1.66	—	—	—	—
Mr. Meth Jiaravanont (Note 2)	61,080,066	0.56	—	—	—	—
Mr. Umroong Sanphasitvong (Note 2)	61,080,066	0.56	—	—	—	—
Mr. Robert Ho Ping-Hsien (Note 5)	183,240,198	1.66	—	—	—	—
	1,099,441,188	9.97	—	—	—	—
Aggregate number of Ordinary Shares of the Offeror, Principal Offeror Concert Party and Other Offeror Concert Parties	8,254,240,605	74.91	11,019,072,390	100.00	11,022,680,190	100.00
Other Ordinary Shareholders	2,764,831,785	25.09	—	—	—	—
Total number of Ordinary Shares	<u>11,019,072,390</u>	<u>100.00</u>	<u>11,019,072,390</u>	<u>100.00</u>	<u>11,022,680,190</u>	<u>100.00</u>
Scheme Ordinary Shares represent:						
Other Offeror Concert Parties	1,099,441,188	9.97				
Other Ordinary Shareholders	2,764,831,785	25.09				
	<u>3,864,272,973</u>	<u>35.06</u>				
<u>Convertible Preference Shares</u>						
CPS						
Offeror	3,667,901,964	99.90	3,671,509,764	100.00	3,667,901,964	100.00
Other CPS Holders/Scheme CPS Holders	3,607,800	0.10	—	—	—	—
Total number of CPS	<u>3,671,509,764</u>	<u>100.00</u>	<u>3,671,509,764</u>	<u>100.00</u>	<u>3,667,901,964</u>	<u>100.00</u>

Ordinary Shareholders and holders of Convertible Preference Shares	As at the Announcement Date		Upon completion of the Proposal assuming no CPS are converted into Ordinary Shares before the Scheme Record Date		Upon completion of the Proposal assuming all the CPS (other than those held by the Offeror) are converted into Ordinary Shares before the Scheme Record Date	
	Number of shares	%	Number of shares	%	Number of shares	%
Other Convertible Preference Shares						
Offeror	<u>7,627,300,018</u>	<u>100.00</u>	<u>7,627,300,018</u>	<u>100.00</u>	<u>7,627,300,018</u>	<u>100.00</u>
Total number of other Convertible Preference Shares	<u>7,627,300,018</u>	<u>100.00</u>	<u>7,627,300,018</u>	<u>100.00</u>	<u>7,627,300,018</u>	<u>100.00</u>
Aggregate number of Convertible Preference Shares	<u>11,298,809,782</u>	<u>100.00</u>	<u>11,298,809,782</u>	<u>100.00</u>	<u>11,295,201,982</u>	<u>100.00</u>

Notes:

1. The Ordinary Shares are held by the Principal Offeror Concert Party which is wholly owned by Charoen Pokphand Holding Company Limited, which itself is wholly owned by Charoen Pokphand Group.
2. Each of Mr. Soopakij Chearavanont, Mr. Narong Chearavanont, Mr. Suphachai Chearavanont, Mr. Yang Xiaoping, Mr. Meth Jiaravanont and Mr. Umroong Sanphasitvong is an executive director of the Company.
3. Mr. Chatchaval Jiaravanon is a close relative of the Offeror's director.
4. Mr. Kachorn Chiaravanont is a close relative of a director of the Offeror's parent company.
5. Mr. Robert Ho Ping-Hsien is a director of the Offeror's parent company.
6. All percentages in the above table are approximations.

As at the Announcement Date, other than a total of 11,298,809,782 Convertible Preference Shares, there are no options, warrants or convertible securities in respect of the Ordinary Shares held, controlled or directed by the Offeror and parties acting in concert with it or presumed to be acting in concert with it, or outstanding derivatives in respect of the Ordinary Shares entered into by the Offeror and parties acting in concert with it or presumed to be acting in concert with it. Save for the Convertible Preference Shares, the Company does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into Ordinary Shares as at the Announcement Date.

VI. OFFEROR’S INTENTION REGARDING THE COMPANY

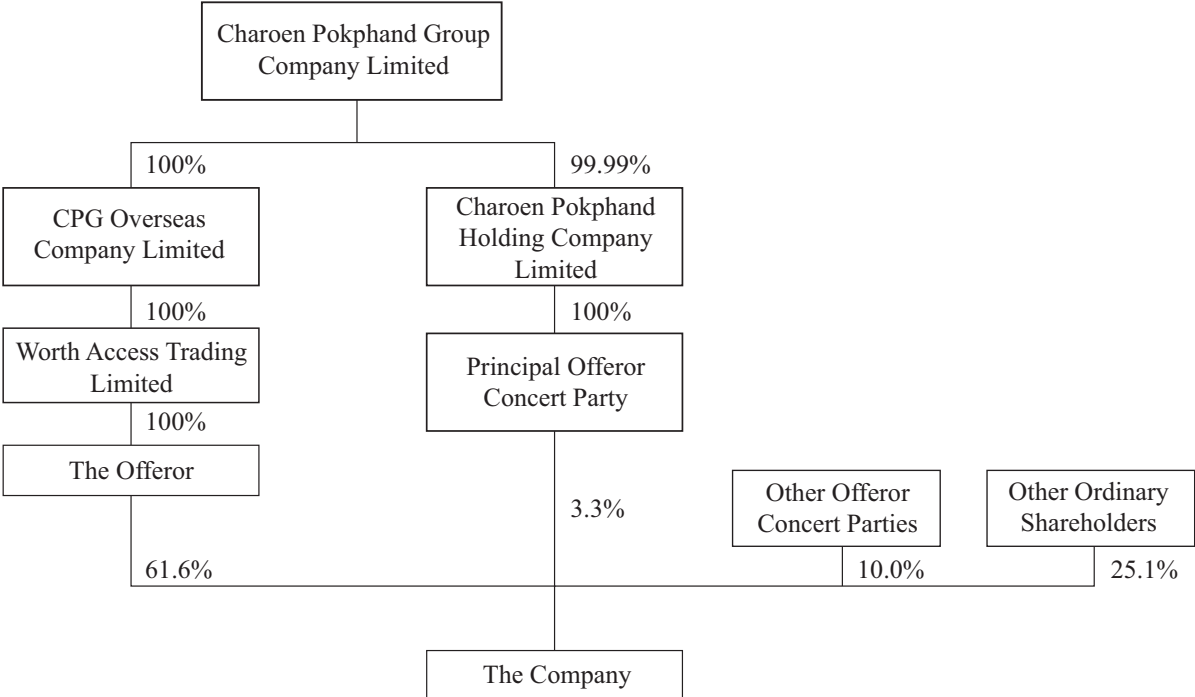
The Company is incorporated in the Cayman Islands with limited liability and the Company (including its predecessor) has been listed on the Main Board of the Stock Exchange since 27 March 1981 with the stock code 121. The Group is principally engaged in the operation of large scale hypermarket stores located in the northern, southern and eastern parts of China.

Following implementation of the Proposal, the Offeror and Charoen Pokphand Group intend that the Company should continue carrying on its current business and do not intend to make any major changes to the current operations. The Offeror and Charoen Pokphand Group will continue to monitor the Group’s performance and implement appropriate strategies for the Group and its business in light of the challenging environment for retail businesses in the PRC.

VII. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands which is indirectly and wholly-owned by Charoen Pokphand Group, the ultimate controlling shareholder of the Company. Charoen Pokphand Group is a leading conglomerate in Asia with over 90 years of operating experience in various industries including agro-industry & food, retail and telecom. The principal activity of the Offeror is investment holding.

Set out below is the shareholding structure of the Company as at the Announcement Date:



Accordingly, Worth Access Trading Limited, CPG Overseas Company Limited, Charoen Pokphand Group, Charoen Pokphand Holding Company Limited and the Principal Offeror Concert Party are parties acting in concert with the Offeror under class (1) of the definition of “acting in concert” in the Takeovers Code.

As at the Announcement Date, the directors of the Offeror are Mr. Dhanin Chearavanont, Mr. Sumet Jiaravanon, Mr. Min Tiewanworn, Mr. Thirayut Phitya-Isarakul and Mr. Veeravat Kanchanadul, who are presumed to be acting in concert with the Offeror under class (6) of the definition of “acting in concert” in the Takeovers Code.

VIII. INDEPENDENT BOARD COMMITTEE

An Independent Board Committee will be established by the Board to make a recommendation to the Independent Ordinary Shareholders and the Independent CPS Holders as to whether the terms of the Ordinary Share Scheme and the CPS Scheme (as the case may be) are, or are not, fair and reasonable and as to voting.

The executive directors of the Company, except Mr. Li Wen Hai, who have or may have a material interest in the Proposal and have not participated in any vote, will continue to abstain from voting at meetings of the Board in relation to the Proposal, the Ordinary Share Scheme and the CPS Scheme. Mr. Li Wen Hai, being the only executive director of the Company who is not required to abstain from voting, believes that the terms of the Proposal, the Ordinary Share Scheme and the CPS Scheme are fair and reasonable and in the interests of the Scheme Ordinary Shareholders and the Scheme CPS Holders respectively. The independent non-executive directors of the Company have reserved their opinion pending the formation of the Independent Board Committee and advice of the independent financial adviser.

The Independent Ordinary Shareholders and the Independent CPS Holders are reminded to carefully read the Scheme Document, including the letter of advice from the independent financial adviser to the Independent Board Committee contained therein before making a decision.

IX. INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

An independent financial adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with the Proposal, the Ordinary Share Scheme and the CPS Scheme.

X. WITHDRAWAL OF LISTING OF ORDINARY SHARES

Upon the Ordinary Share Scheme becoming effective, all Scheme Ordinary Shares will be cancelled and the share certificates for the Scheme Ordinary

Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Ordinary Shares on the Stock Exchange immediately following the Ordinary Share Scheme becoming effective. The Ordinary Shareholders will be notified by way of an announcement of the exact date of the last day for dealing in the Ordinary Shares and on which the Ordinary Share Scheme and the withdrawal of the listing of the Ordinary Shares on the Stock Exchange will become effective. A detailed timetable of the Ordinary Share Scheme will be included in the Scheme Document, which will also contain, inter alia, further details of the Ordinary Share Scheme.

XI. IF THE ORDINARY SHARE SCHEME AND/OR THE CPS SCHEME IS NOT APPROVED OR OTHERWISE LAPSES

Subject to the requirements of the Takeovers Code, the Ordinary Share Scheme will lapse if any of the Ordinary Share Scheme Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Ordinary Shares on the Stock Exchange will not be withdrawn if the Ordinary Share Scheme does not become effective.

If the Ordinary Share Scheme is not approved or otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Ordinary Share Scheme is not approved or otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

Subject to the requirements of the Takeovers Code, the CPS Scheme will lapse if any of the CPS Scheme Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date.

If the CPS Scheme is not approved or otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the CPS Scheme is not approved or otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company. If they are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

XII. OVERSEAS SCHEME ORDINARY SHAREHOLDERS AND SCHEME CPS HOLDERS

The making and implementation of the Proposal to Scheme Ordinary Shareholders and the Scheme CPS Holders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Ordinary Shareholders and Scheme CPS Holders are located. Such Scheme Ordinary Shareholders and Scheme CPS Holders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Ordinary Shareholders and Scheme CPS Holders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

XIII. SCHEME ORDINARY SHARES, SCHEME CPS, ORDINARY SHARE COURT MEETING, CPS COURT MEETING, ORDINARY SHARE EGM AND CPS EGM

As at the Announcement Date, the Offeror and the Principal Offeror Concert Party hold an aggregate of 7,154,799,417 Ordinary Shares representing approximately 64.94% (not including the Other Offeror Concert Parties) of the total number of issued Ordinary Shares in the share capital of the Company. Such Ordinary Shares will not constitute Scheme Ordinary Shares and will not be voted on the Ordinary Share Scheme at the Ordinary Share Court Meeting.

As at the Announcement Date, the Offeror holds an aggregate of 3,667,901,964 CPS representing approximately 99.90% of the total number of issued CPS in the share capital of the Company. Such CPS will not constitute Scheme CPS and will not be voted on the CPS Scheme at the CPS Court Meeting.

The Offeror and the Principal Offeror Concert Party will undertake to the Grand Court that they will be bound by the Ordinary Share Scheme and the CPS Scheme, so as to ensure that they will comply with and be subject to the terms and conditions of the Ordinary Share Scheme and the CPS Scheme.

Somerley Capital is presumed to be acting in concert with the Offeror under class (5) of the definition of “acting in concert” in the Takeovers Code. As at the Announcement Date, no Shares are owned, controlled or directed by Somerley Capital.

All Ordinary Shareholders will be entitled to attend the Ordinary Share EGM and vote on, among other things, (i) a special resolution to approve and give

effect to the reduction of the number of issued Ordinary Shares in the share capital of the Company by cancelling and extinguishing the Scheme Ordinary Shares, (ii) an ordinary resolution to immediately thereafter increase the number of issued Ordinary Shares in the share capital of the Company to the amount prior to the cancellation of the Scheme Ordinary Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Ordinary Shares to pay up in full at par such number of new Ordinary Shares as is equal to the number of Scheme Ordinary Shares cancelled as a result of the Ordinary Share Scheme, credited as fully paid, for issuance to the Offeror, (iii) a special resolution to approve and give effect to the reduction of the number of issued CPS in the share capital of the Company by cancelling and extinguishing the Scheme CPS, and (iv) an ordinary resolution to immediately thereafter increase the number of issued CPS in the share capital of the Company to the amount prior to the cancellation of the Scheme CPS and apply the reserve created as a result of the aforesaid cancellation of the Scheme CPS to pay up in full at par such number of new CPS as is equal to the number of Scheme CPS cancelled as a result of the CPS Scheme, credited as fully paid, for issuance to the Offeror.

All CPS Holders will be entitled to attend the CPS EGM and vote on, among other things, (i) a special resolution to approve and give effect to the reduction of the number of issued CPS in the share capital of the Company by cancelling and extinguishing the Scheme CPS, and (ii) an ordinary resolution to immediately thereafter increase the number of issued CPS in the share capital of the Company to the amount prior to the cancellation of the Scheme CPS and apply the reserve created as a result of the aforesaid cancellation of the Scheme CPS to pay up in full at par such number of new CPS as is equal to the number of Scheme CPS cancelled as a result of the CPS Scheme, credited as fully paid, for issuance to the Offeror.

The Offeror and the Principal Offeror Concert Party have undertaken that if the Ordinary Share Scheme and the CPS Scheme are approved at the Ordinary Share Court Meeting and CPS Court Meeting (as the case may be), they will cast the votes in respect of those Ordinary Shares and the CPS held by them in favour of the resolutions to be proposed at the Ordinary Share EGM and the CPS EGM (as the case may be).

XIV. COSTS OF THE SCHEME

If the Independent Board Committee or the independent financial adviser to the Independent Board Committee does not recommend the Ordinary Share Scheme, and the Ordinary Share Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

If the Independent Board Committee or the independent financial adviser to the Independent Board Committee does not recommend the CPS Scheme, and the CPS Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

XV. GENERAL

The Offeror has appointed Somerley Capital as its financial adviser in connection with the Proposal.

There are no arrangements (whether by way of option, indemnity or otherwise) in relation to Ordinary Shares and/or the CPS between the Offeror and parties acting in concert with it or presumed to be acting in concert with it and any other person which might be material to the Proposal.

There are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a CPS Scheme Condition and/or an Ordinary Share Scheme Condition.

The Offeror and parties acting in concert with it or presumed to be acting in concert with it have not borrowed or lent any Ordinary Shares, Convertible Preference Shares or any other securities of the Company as at the Announcement Date.

As at the Announcement Date, there are no options, warrants or convertible securities in respect of the Ordinary Shares held, controlled or directed by the Offeror and parties acting in concert with it or presumed to be acting in concert with it (other than 1,518,807,075 Series A Convertible Preference Shares, 3,897,110,334 Series B Convertible Preference Shares, 3,667,901,964 CPS and 2,211,382,609 Series D Convertible Preference Shares held by the Offeror), or outstanding derivatives in respect of the Ordinary Shares entered into by the Offeror and parties acting in concert with it or presumed to be acting in concert with it. No irrevocable commitment to vote for or against the Ordinary Share Scheme and/or the CPS Scheme has been received by the Offeror and parties acting in concert with it or presumed to be acting in concert with it, as at the Announcement Date.

As at the Announcement Date, after reasonable enquiries that could be made by the Offeror, there is no understanding, arrangement or agreement or special deal between any Shareholders and the Offeror and any party acting in concert with it. The Company confirms that, as at the Announcement Date, there is no understanding, arrangement or agreement or special deal between any Shareholders on the one hand, and the Company, its subsidiaries or associated companies on the other hand.

XVI. DESPATCH OF SCHEME DOCUMENT

Under Rule 8.2 of the Takeovers Code, unless the Executive's consent is obtained, the Scheme Document containing, inter alia, further details of the Proposal, the Ordinary Share Scheme and the CPS Scheme, the expected timetable, an explanatory statement as required under the Companies Law and the Rules of the Grand Court, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Ordinary Share Scheme and the CPS Scheme and the letter of advice from the independent financial adviser to the Independent Board Committee, a notice of each of the Ordinary Share Court Meeting and CPS Court Meeting and a notice of each of the Ordinary Share EGM and the CPS EGM, together with forms of proxy in relation thereto, should be despatched to the Ordinary Shareholders and the CPS Holders within 21 days of the Announcement Date, which in this case would be on or before 9 July 2019, and in compliance with the requirements of the Companies Law, the Grand Court and other applicable regulations.

The Scheme Document is to be issued in connection with two schemes of arrangement under section 86 of the Companies Law, and may only be despatched to the Ordinary Shareholders and the CPS Holders after the Grand Court has, at a direction hearing (the "**Direction Hearing**") to be held on a date indicated by the Grand Court, determined that it is satisfied with the terms and conditions of the Ordinary Share Scheme and the CPS Scheme and the form and contents of the Scheme Document including the proposed court orders, the proposed date of the Ordinary Share Court Meeting and the CPS Court Meeting, the proposed notices and associated proxy forms in relation thereto.

In addition, it is intended that the financial information of the Group for the six months ending 30 June 2019, which is expected to be published in mid-August 2019, would be included in the Scheme Document for the Ordinary Shareholders' and the CPS Holders' assessment of the Proposal.

As additional time is required to procure the holding of the Direction Hearing and finalise the financial information to be included in the Scheme Document thereafter, the Offeror has applied to the Executive and the Executive is minded to grant consent to extend the latest time for the despatch of the Scheme Document to 5 September 2019.

A detailed timetable for the Proposal will be set out in the Scheme Document and in the announcement to be jointly made by the Company and the Offeror upon despatch of the Scheme Document. The Scheme Document will contain important information and the Scheme Ordinary Shareholders and the Scheme CPS Holders are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the CPS Court Meeting, the Ordinary Share Court Meeting, the Ordinary Share EGM or the CPS EGM (as the case may be).

XVII. DISCLOSURE OF DEALINGS

Associates of the Offeror and the Company (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Offeror or the Company) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code during the offer period commencing on the Announcement Date.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Announcement Date”	18 June 2019, being the date of this joint announcement
“associates”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of directors of the Company
“Charoen Pokphand Group”	Charoen Pokphand Group Company Limited, a company organised and existing under the laws of the Kingdom of Thailand
“Company”	C.P. Lotus Corporation, a company incorporated in the Cayman Islands with limited liability, the Ordinary Shares of which are currently listed on the Main Board of the Stock Exchange (stock code: 121)
“Companies Law”	the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Convertible Preference Shares”	the Series A Convertible Preference Shares, the Series B Convertible Preference Shares, the CPS and/or the Series D Convertible Preference Shares (as the case may be) or any of them
“CPS”	the unlisted, non-voting (save and except for resolution for the winding-up of the Company or resolution if passed would vary or abrogate the rights and privileges of the CPS Holders) series C convertible preference shares of HK\$0.02 par value each in the share capital of the Company, which are currently convertible into Ordinary Shares at a conversion ratio of 1 to 1 (subject to adjustment) and the conversion is subject to the minimum public float requirement under the Listing Rules

“CPS Cancellation Price”	the cancellation price of HK\$0.11 per Scheme CPS payable in cash by the Offeror to the Scheme CPS Holders pursuant to the CPS Scheme for every Scheme CPS cancelled
“CPS Court Meeting”	a meeting of the Independent CPS Holders to be convened and held at the direction of the Grand Court at which the CPS Scheme will be voted upon
“CPS EGM”	an extraordinary general meeting to be convened and held by the Company for the CPS Holders to consider and, if thought fit, approve, among others, (i) a special resolution in relation to the reduction of the number of issued CPS in the share capital of the Company by cancelling and extinguishing the Scheme CPS; and (ii) an ordinary resolution in relation to the restoration of the number of issued CPS in the share capital of the Company to its former amount by the issue of the same number of CPS as the number of the Scheme CPS cancelled, credited as fully paid, to the Offeror
“CPS Holder(s)”	holder(s) of the CPS
“CPS Scheme”	a scheme of arrangement between the Company and the Scheme CPS Holders under Section 86 of the Companies Law (subject to the CPS Scheme Conditions) involving the cancellation and reduction of the Scheme CPS and the restoration of the number of issued CPS in the share capital of the Company to the amount immediately before the cancellation and reduction of the Scheme CPS
“CPS Scheme Conditions”	the conditions to the implementation of the CPS Scheme as set out in the section headed “CPS Scheme Conditions” in this joint announcement
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company to be established by the Board to make a recommendation to the Independent Ordinary Shareholders and the Independent CPS Holders, in respect of, among others, the Proposal, the Ordinary Share Scheme and the CPS Scheme, respectively
“Independent CPS Holders”	the CPS Holders other than the Offeror and parties acting in concert with it or presumed to be acting in concert with it and any other CPS Holders who are interested in or involved in the CPS Scheme
“Independent Ordinary Shareholders”	the Ordinary Shareholders other than the Offeror and parties acting in concert with it or presumed to be acting in concert with it and any other Ordinary Shareholders who are interested in or involved in the Ordinary Share Scheme
“Last Trading Day”	18 June 2019, being the last trading day on which the Ordinary Shares were traded on the Stock Exchange prior to the publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	17 March 2020, being the last day of nine months from the Announcement Date, or such later date as may be agreed between the Offeror and the Company or, to the extent applicable, as the Executive may consent and/or the Grand Court may direct
“Offeror” or “C.P. Holding (BVI)”	C.P. Holding (BVI) Investment Company Limited, which is a member of the Charoen Pokphand Group
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, being the Principal Offeror Concert Party and the Other Offeror Concert Parties

“Ordinary Share(s)”	ordinary share(s) of HK\$0.02 par value each in the share capital of the Company
“Ordinary Share Cancellation Price”	the cancellation price of HK\$0.11 per Scheme Ordinary Share payable in cash by the Offeror to the Scheme Ordinary Shareholders pursuant to the Ordinary Share Scheme for every Scheme Ordinary Share cancelled
“Ordinary Share Court Meeting”	a meeting of the Independent Ordinary Shareholders to be convened and held at the direction of the Grand Court at which the Ordinary Share Scheme will be voted upon
“Ordinary Share EGM”	an extraordinary general meeting to be convened and held by the Company for the Ordinary Shareholders to consider and, if thought fit, approve, among others, (i) a special resolution in relation to the reduction of the number of issued Ordinary Shares in the share capital of the Company by cancelling the Scheme Ordinary Shares; (ii) a special resolution in relation to the withdrawal of listing of the Ordinary Shares upon the Ordinary Share Scheme becoming effective; (iii) an ordinary resolution in relation to the restoration of the number of issued Ordinary Shares in the share capital of the Company to its former amount by the issue of the same number of Ordinary Shares as the number of the Scheme Ordinary Shares cancelled, credited as fully paid, to the Offeror; (iv) a special resolution in relation to the reduction of the number of issued CPS in the share capital of the Company by cancelling and extinguishing the Scheme CPS; and (v) an ordinary resolution in relation to the restoration of the number of issued CPS in the share capital of the Company to its former amount by the issue of the same number of CPS as the number of the Scheme CPS cancelled, credited as fully paid, to the Offeror

“Ordinary Share Scheme”	a scheme of arrangement between the Company and Scheme Ordinary Shareholders under Section 86 of the Companies Law (subject to the Ordinary Share Scheme Conditions) involving the cancellation and reduction of all the Scheme Ordinary Shares and the restoration of the number of Ordinary Shares to the amount immediately before the cancellation and reduction of the Scheme Ordinary Shares
“Ordinary Share Scheme Conditions”	the conditions to the implementation of the Ordinary Share Scheme as set out in the section headed “Ordinary Share Scheme Conditions” in this joint announcement
“Ordinary Shareholder(s)”	holder(s) of the Ordinary Share(s)
“Other Offeror Concert Parties”	Offeror Concert Parties holding Ordinary Shares in the Company, excluding the Principal Offeror Concert Party
“Principal Offeror Concert Party”	CPG Enterprise Limited, a company incorporated in the British Virgin Islands which is indirectly wholly-owned by Charoen Pokphand Group, the ultimate controlling shareholder of the Company and which ultimately and indirectly owns the Offeror
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Ordinary Share Scheme and the CPS Scheme
“PRC”	the People’s Republic of China, but for the purpose of this joint announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Scheme CPS”	CPS other than those directly or indirectly held by the Offeror as at the Scheme CPS Record Time on the Scheme CPS Record Date
“Scheme CPS Holder(s)”	the holders of Scheme CPS as at the Scheme CPS Record Time on the Scheme CPS Record Date

“Scheme CPS Record Date”	the date on which the CPS Court Meeting is to be held for the Independent CPS Holders to consider and, if thought fit, approve the CPS Scheme or such other date as shall have been announced to the Independent CPS Holders, being the record date for the purpose of determining the entitlement of the Independent CPS Holders to the CPS Cancellation Price upon the CPS Scheme becoming effective
“Scheme CPS Record Time”	4:00 p.m. (Hong Kong time) on the Scheme CPS Record Date
“Scheme Document”	the composite scheme document of the Company and the Offeror to be issued to all Ordinary Shareholders and all CPS Holders containing, inter alia, further details of the Proposal together with the additional information specified in the section headed “Despatch of Scheme Document” in this joint announcement
“Scheme Ordinary Share(s)”	Ordinary Share(s) other than those directly or indirectly held by the Offeror and the Principal Offeror Concert Party as at the Scheme Ordinary Share Record Time on the Scheme Ordinary Share Record Date
“Scheme Ordinary Share Record Date”	the date on which the Ordinary Share Court Meeting is proposed to be held for the Independent Ordinary Shareholders to consider and, if thought fit, approve the Ordinary Share Scheme or such other date as shall have been announced to the Independent Ordinary Shareholders, being the record date for the purpose of determining the entitlement of the Independent Ordinary Shareholders to the Ordinary Share Cancellation Price upon the Ordinary Share Scheme becoming effective
“Scheme Ordinary Share Record Time”	4:00 p.m. (Hong Kong time) on the Scheme Ordinary Share Record Date
“Scheme Ordinary Shareholder(s)”	the holders of Scheme Ordinary Shares as at the Scheme Ordinary Share Record Time on the Scheme Ordinary Share Record Date

“Scheme Record Date”	the Scheme Ordinary Share Record Date and/or the Scheme CPS Record Date (as the case may be)
“Series A Convertible Preference Shares”	the unlisted, non-voting (save and except for resolution for the winding-up of the Company or resolution if passed would vary or abrogate the rights and privileges of the holders of the Series A Convertible Preference Shares) series A convertible preference shares of HK\$0.02 par value each in the share capital of the Company and as far as the Directors are aware, the holder of which is the Offeror
“Series B Convertible Preference Shares”	the unlisted, non-voting (save and except for resolution for the winding-up of the Company or resolution if passed would vary or abrogate the rights and privileges of the holders of the Series B Convertible Preference Shares) series B convertible preference shares of HK\$0.02 par value each in the share capital of the Company and as far as the Directors are aware, the holder of which is the Offeror
“Series D Convertible Preference Shares”	the unlisted, non-voting (save and except for resolution for the winding-up of the Company or resolution if passed would vary or abrogate the rights and privileges of the holders of the Series D Convertible Preference Shares) series D convertible preference shares of HK\$0.02 par value each in the share capital of the Company and as far as the Directors are aware, the holder of which is the Offeror
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Ordinary Shares and/or the Convertible Preference Shares (as the case may be)
“Shareholder(s)”	holder(s) of the Shares

“Somerley Capital”	Somerley Capital Limited, the financial adviser to the Offeror, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Trading Day”	a day on which the Stock Exchange is open for the business of dealings in securities

By Order of the Board of
**C.P. Holding (BVI) Investment
Company Limited**
Thirayut Phitya-Isarakul
Director

By Order of the Board of
C.P. Lotus Corporation
Umroong Sanphasitvong
Director

Hong Kong, 18 June 2019

As at the Announcement Date, the directors of C.P. Holding (BVI) are Mr. Dhanin Chearavanont, Mr. Sumet Jiaravanon, Mr. Min Tieworn, Mr. Thirayut Phitya-Isarakul and Mr. Veeravat Kanchanadul.

The directors of C.P. Holding (BVI) accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the Announcement Date, the directors of Charoen Pokphand Group, the ultimate parent company of C.P. Holding (BVI), are Mr. Jaran Chiaravanont, Mr. Sumet Jiaravanon, Mr. Montri Jiaravanont, Mr. Dhanin Chearavanont, Mr. Soopakij Chearavanont, Mr. Suphachai Chearavanont, Mr. Wanlop Chiaravanont, Mr. Prasert Poongkumarn, Mr. Min Tieworn, Mr. Phongthep Chiaravanont, Mr. Chingchai Lohawatanakul.

The directors of Charoen Pokphand Group accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the Announcement Date, the directors of the Company are:

Executive directors:

Mr. Soopakij Chearavanont (Chairman)
Mr. Li Wen Hai (Executive Chairman)
Mr. Narong Chearavanont (Vice Chairman)
Mr. Michael Ross (Vice Chairman)
Mr. Yang Xiaoping (Vice Chairman)
Mr. Meth Jiaravanont
Mr. Suphachai Chearavanont
Mr. Umroong Sanphasitvong

Independent non-executive directors:

Mr. Viroj Sangsrit
Mr. Songkitti Jaggabatara
Mr. Itthaporn Subhawong
Mr. Prasobsook Boondech
Mr. Cheng Yuk Wo

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.