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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)*

### **UPDATE ON POSITIVE PROFIT ALERT**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that based on a preliminary review of the unaudited management accounts of the Group for the six months ended 30 June 2017, the Company is now expected to record a profit of around RMB100 million, as compared to a loss of RMB63.9 million for the corresponding period in 2016.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made by C.P. Lotus Corporation (the “Company”, and together with its subsidiaries, the “Group”), pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“SFO”).

The board of directors of the Company (the “Board”) refers to the positive profit alert announcement by the Company on 19 May 2017, in which the Company announced that, based on a preliminary review of the unaudited consolidated financial information of the Group for the period from January 2017 to April 2017, the Company was expected to record a profit for the six months ended 30 June 2017 (the “Interim Period”), as compared to a loss of RMB63.9 million for the corresponding period in 2016 and that the change was mainly attributable to the significant reduction in store operating expenses and administrative expenses arising from the reduction in staff number at both the store and head office levels, improved productivity, the termination of third party cleaning and security services in certain regions and better utility usage management. It was also explained in that announcement that these were the

tangible results of the strategic turnaround plan developed by the Board as outlined in the Chairman's Statement in the Company's 2016 Annual Report.

Based on a preliminary review of the unaudited management accounts of the Group for the Interim Period, the Board wishes to inform the shareholders of the Company (the "Shareholders") and potential investors that the Company is now expected to record a profit of around RMB100 million, as compared to a loss of RMB63.9 million for the corresponding period in 2016. This very significant turnaround in the Group's profitability is mainly the result of the continuing implementation of the same strategic turnaround plan as aforesaid.

The information contained in this announcement is based on a preliminary review by the management of the Company of the unaudited management accounts of the Group for the Interim Period. The unaudited consolidated financial statements of the Company are still being finalized and the Company expects to publish its results announcement for the Interim Period on 11 August 2017.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 21 July 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.*