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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)

WAIVER OBTAINED FOR BREACH OF FINANCIAL COVENANTS

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 and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

As mentioned in the announcement of the Company issued on 7 June 2016, based on the unaudited consolidated financial information of the Group, the Group expects to record a loss for the six months ended 30 June 2016. The Company would also expect its consolidated financial results for the six months ended 30 June 2016, which are to be finalized shortly, to be unable to fulfil certain financial covenants under a facility agreement entered into between the Company and a group of financial institutions (the “Lenders”) in respect of a seven-year term loan in the amount of US\$28,000,000 (the “Facility Agreement”).

As provided in the Facility Agreement, the Company is required to satisfy certain financial covenants semi-annually by reference to the consolidated financial statements of the Company for each financial year and each financial half year. Failure to perform or comply with any of those financial covenants would entitle the Lenders to declare the outstanding principal amounts, accrued interests and all other sums payable under the Facility Agreement immediately due and payable. In the event of it occurring, such event could trigger cross default provisions in other facility agreements entered into by the Group (the “Other Facility Agreements”). The aggregate outstanding principal amount under the Facility Agreement and the Other Facility Agreements is US\$139,770,000 as at the date of this announcement.

In anticipation that the Company would fail to meet these financial covenants when its financial results for the six months ended 30 June 2016 are finalized and published, the Company has applied to the Lenders for and obtained the relevant waivers from the Lenders.

The Board considers that the financial position of the Group remains stable and the Group will be able to honour the terms of its loan agreements, banking facilities and/or other indebtedness.

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, 12th August, 2016

As at the date of this announcement, the Board comprises ten 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, Mr. Umroong Sanphasitvong and Mr. Piyawat Titasattavorakul, and five independent non-executive directors, namely Mr. Viroj Sangsnit, Mr. Songkitti Jaggabatara, Mr. Itthaporn Subhawong, Mr. Prasobsook Boondech and Mr. Cheng Yuk Wo.