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PROFIT WARNING

This announcement is made by the Board pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and prospective investors of the Company that based on the preliminary information available to the Board and the unaudited consolidated management accounts of the Group, the profit attributable to the Shareholders for the year ended 31 December 2017 is expected to decrease by approximately 70% to 80% as compared with the same for the year ended 31 December 2016.

The above expected decrease is based on the preliminary information available to the Board and the unaudited consolidated management accounts of the Group for the year ended 31 December 2017 and has yet to be reviewed or audited by the independent external auditor of the Company, nor reviewed by the audit committee of the Board and may be different from the audited consolidated annual results of the Group for the year ended 31 December 2017. The results announcement of the Company for the year ended 31 December 2017 will be published by the Company by the end of March 2018 in full compliance with the requirements under the Listing Rules.

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

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of CPM Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and prospective investors of the Company that based on the preliminary information available to the Board and the unaudited consolidated management accounts of the Group, the profit attributable to the Shareholders for the year ended 31 December 2017 is expected to decrease by approximately 70% to 80% as compared with the same for the year ended 31 December 2016.

The expected decrease in the profit attributable to the Shareholders for the year ended 31 December 2017 was primarily due to (i) the significant increase in the purchase costs of major raw materials of the Group (which reduced the Group’s gross profit margin even though there was an increase in revenue); and (ii) the strategy in reducing the average selling prices of paint and coating products for the purposes of promoting the sales of paint and coating products and increasing the market share.

The Company is in the process of finalising the annual results of the Group for the year ended 31 December 2017. The above expected decrease is based on the preliminary information available to the Board and the unaudited consolidated management accounts of the Group for the year ended 31 December 2017 and has yet to be reviewed or audited by the independent external auditor of the Company, nor reviewed by the audit committee of the Board and may be different from the audited consolidated annual results of the Group for the year ended 31 December 2017. The results announcement of the Company for the year ended 31 December 2017 will be published by the Company by the end of March 2018 in full compliance with the requirements under the Listing Rules.

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

On behalf of the Board
CPM Group Limited
Tsui Ho Chuen, Philip
Executive Director and Managing Director

Hong Kong, 9 February 2018

As of the date of this announcement, the Board comprises Mr. Tsui Ho Chuen, Philip, Mr. Li Guangzhong and Mr. Wong Anders as executive Directors; Mr. Lam Ting Ball, Paul and Mr. Chong Chi Kwan as non-executive Directors; and Ms. Chiu Kam Hing, Kathy, Mr. Chua Joo Bin and Mr. Xia Jun as independent non-executive Directors.