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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 Group is expected to record a loss attributable to Shareholders for the six months ended 30 June 2017 in the amount between HK\$18 million and HK\$20 million. During the six months ended 30 June 2016, the Group recorded a profit attributable to the Shareholders of HK\$18.2 million.

The information contained in this announcement is based on the preliminary information available to the Board and the unaudited consolidated management accounts of the Group. This information has yet to be reviewed or confirmed by the auditor of the Company and the audit committee of the Company.

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 (the “**Stock Exchange**”) 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 Group is expected to record a loss attributable to the Shareholders for the six months ended 30 June 2017 in the amount between HK\$18 million and HK\$20 million. During the six months ended 30 June 2016, the Group recorded a profit attributable to the Shareholders of HK\$18.2 million.

The estimated loss for the six months ended 30 June 2017 was attributable to various factors, including the Group's strategy in reducing the average selling prices of paint and coating products for the purpose of promoting the sales of paint and coating products and increasing the market share, increase in the cost of raw materials and the expenses incurred by the Group for the listing on the main board of the Stock Exchange of approximately HK\$5 million.

The Company is in the process of finalising the unaudited consolidated interim results of the Group for the six months ended 30 June 2017. The information contained in this announcement is based on the preliminary information available to the Board and the unaudited consolidated management accounts of the Group. This information has yet to be reviewed or confirmed by the auditor of the Company and the audit committee of the Company and may be different from the unaudited consolidated interim results of the Group for the six months ended 30 June 2017. The announcement on the operating results and financial performance of the Group for the six months ended 30 June 2017 will be published by the Company by the end of August 2017 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, 2 August 2017

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