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SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Reference is made to the annual report of CPM Group Limited (the “**Company**”) for the year ended 31 December 2020 (the “**2020 Annual Report**”). Unless otherwise defined, terms used herein shall bear the same meanings as those defined in the 2020 Annual Report.

Pursuant to the prospectus of the Company dated 19 June 2017 (the “**Prospectus**”), the net proceeds from the Global Offering (as defined in the Prospectus) at the time of its listing on 10 July 2017 (the “**Listing**”) was approximately HK\$168.2 million. On 29 July 2019, the board (the “**Board**”) of directors (the “**Directors**”) of the Company resolved to change the use of the remaining unutilised proceeds from the Global Offering (as defined in the Prospectus) (the “**Reallocation**”). For details of the Reallocation, please refer to the announcement of the Company dated 29 July 2019. In addition to the information disclosed in the paragraph headed “Use of Net Proceeds from the Share Offer” under the section “Management Discussion and Analysis” of the 2020 Annual Report, the Board would like to provide additional information regarding the expected timeline for utilising the remaining balance of net proceeds as stated in the 2020 Annual Report. The details of the expected timeline are set out as follows:

Use of proceeds	Use of net proceeds from the Global Offering prior to the Reallocation HK\$ million	The Reallocation HK\$ million	Use of net proceeds subsequent to the Reallocation HK\$ million	Amount unutilised as at 31 December 2019 HK\$ million	Amount utilised during the year ended 31 December 2020 HK\$ million	Amount unutilised as at 31 December 2020 HK\$ million	Actual and expected timeline for utilising the remaining net proceeds from the Listing
(1) Construction of the Xinfeng Production Plant	78.5	(52.2)	26.3	–	–	–	Fully utilised as of 31 December 2019
(2) Repayment of the bank loans	19.1	–	19.1	–	–	–	Fully utilised as of 31 December 2017
(3) Acquisitions of businesses or production assets	42.0	–	42.0	–	–	–	Fully utilised as of 31 December 2018
(4) Sales and market campaigns and activities	28.6	–	28.6	–	–	–	Fully utilised as of 31 December 2017

(5) Construction of production facilities for water-based paint and coating products in the Zhongshan Production Plant	–	32.2	32.2	19.1	(19.1)	–	Fully utilised as of 31 December 2020
(6) Product research and development centre	–	20.0	20.0	20.0	(0.8)	19.2	Expected to be fully utilised by 30 June 2022
	<u>168.2</u>	<u>–</u>	<u>168.2</u>	<u>39.1</u>	<u>(19.9)</u>	<u>19.2</u>	

As at 31 December 2020, the amount of the unutilised amount of the net proceeds from the Global Offering (as defined in the Prospectus) amounted to HK\$19.2 million which would be used for the establishment of a product research and development centre. The Directors confirm that such usage has not been changed, but the expected date of commencement of the product research and development centre would depend on the continuous development of the economy of Mainland China, which would be in turn affected by (i) whether the COVID-19 pandemic is under control with vaccination; (ii) the resumption of normal cross-border and business activities between Hong Kong and Mainland China; and (iii) the relaxation of the quarantine rules currently in force in certain parts of Mainland China. These factors affect the economic situation in Mainland China and the commercial viability of the proposed establishment of the new product research and development centre in Mainland China.

As at the date of this announcement, the Directors are not aware of any material change to the proposed usage of the net proceeds set forth above. If there is any further change in the proposed usage of the net proceeds, the Company will make a further announcement in full compliance with the Listing Rules as and when appropriate.

The information in this supplemental announcement does not affect other information contained in the 2020 Annual Report and save as disclosed above, all other information in the 2020 Annual Report remains unchanged.

On behalf of the Board
CPM Group Limited
Lam Ting Ball, Paul
Chairman

Hong Kong, 7 July 2021

As at 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.