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PROFIT ALERT REDUCTION IN OPERATING LOSS

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

The Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and prospective investors of the Company that based on the preliminary information currently available to the Board which includes, but without limitation to, the latest unaudited consolidated management accounts of the Group for the year ended 31 December 2023 (the “**FY2023**”), the loss attributable to the Shareholders for the FY2023 is expected to decrease significantly by 30% to 42%, to the amount between HK\$57.00 million and HK\$69.00 million, as compared with the same of HK\$98.08 million for the year ended 31 December 2022. The decrease in the estimated amount of the loss attributable to the Shareholders for the FY2023 was primarily due to the following principal factors:

- (i) increase in the rental income derived from the leasing out of certain factory premises of the Group which were previously underutilised in Mainland China to independent third parties;
- (ii) decrease in the selling and distribution expenses and the administration expenses as a result of the decrease in the sales of paint and coating products of the Group and the integration of the production facilities of the Group conducted in the last year;
- (iii) decrease in the staff termination cost in other operating expenses; and
- (iv) substantial improvement in the gross profit margin of the sales of paint and coating products of the Group following the suspension of the production of those paint and coating products with low gross profit margins.

There were also other factors, such as the decrease in the sales of paint and coating products and the increase in the provision for impairment of trade and bills receivables, partially offsetting the abovementioned improvements, details of which will be included in the results announcement of the Company for the FY2023.

The Company is in the process of finalising the results of the Group for the FY2023. The above estimated amount of loss is only based on the preliminary information currently available to the Board and the unaudited consolidated management accounts of the Group for the FY2023 which has yet to be reviewed or audited by the independent external auditors of the Company, nor is it reviewed by the audit committee of the Board. Hence, the above estimated amount of loss may be different from the audited consolidated results of the Group for the FY2023. The results announcement of the Company for the FY2023 will be published by the Company by the end of March 2024 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
Chairman and Managing Director

Hong Kong, 8 February 2024

As at the date of this announcement, the Board comprises Mr. Tsui Ho Chuen, Philip, Mr. Li Guangzhong and Mr. Mak Chi Wah as executive Directors; Mr. Chong Chi Kwan as non-executive Director; and Mr. Chua Joo Bin, Mr. Xia Jun and Ms. Meng Jinxia as independent non-executive Directors.