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## PROFIT WARNING

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 and the latest unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (the “**FY2022**”), the Group would record a loss attributable to the Shareholders for the FY2022 in the amount between HK\$93.00 million and HK\$99.00 million, as compared with the same of HK\$59.53 million for the year ended 31 December 2021. The increase in the estimated amount of loss attributable to the Shareholders for the FY2022 was primarily due to the following factors:

- (i) significant decreases in sales revenue of the paint and coating products of the Group in Mainland China during the FY2022 as a result of the sluggish real property market in 2022 in Mainland China and the delayed completion of new residential and commercial property projects;
- (ii) significant increases in the staff termination costs which were incurred due to streamlining the production process and integration of the production facilities of the Group in Southern China and the optimisation of the business operations of the Group;
- (iii) significant increases in the provision for the impairment of trade and bills receivables due to the settlement delay by customers in Mainland China and the change in certain economic uncertainties in industries in Mainland China; and

(iv) increases in the share option expenses for the share options granted by the Company to eight grantees and such expenses were recorded during the FY2022.

Other unfavourable factors that adversely affected the results of the Group for the FY2022 and the improvement measures/initiatives implemented by the Group will be included in the results announcement of the Company for the FY2022.

The Company is in the process of finalising the annual results of the Group for the FY2022. The above estimate is only based on the information currently available to the Board and the unaudited consolidated management accounts of the Group for the FY2022 which has yet to be reviewed or audited by the independent external auditors of the Company nor reviewed by the audit committee of the Board. The above estimate may be different from the audited consolidated annual results of the Group for the FY2022. The results announcement of the Company for the FY2022 will be published by the Company by the end of March 2023 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, 3 February 2023

*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. Lam Ting Ball, Paul and Mr. Chong Chi Kwan as non-executive Directors; and Mr. Chua Joo Bin, Mr. Xia Jun and Ms. Meng Jinxia as independent non-executive Directors.*