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**LATEST DEVELOPMENT ON THE PROPOSED SPIN-OFF
AND LISTING OF CPM GROUP LIMITED
ON THE MAIN BOARD OF THE STOCK EXCHANGE**

The Company refers to the Announcements. Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as defined in the Announcements and the Legal Proceedings Announcement.

On 30 June 2017, CPM issued the CPM Supplemental Prospectus. The purpose of this announcement is to set forth information on the latest development of the Spin-Off from the perspective of the Company and to provide additional information on the Petition. Prospective investors of the CPM Shares should read the CPM Supplemental Prospectus in conjunction with the CPM Prospectus. This announcement does not form part of the CPM Prospectus as amended and supplemented by the CPM Supplemental Prospectus, for which the CPM Directors collectively and individually accept full responsibility.

PUBLICATION OF THE CPM SUPPLEMENTAL PROSPECTUS

CPM published the CPM Supplemental Prospectus on Friday, 30 June 2017. The CPM Supplemental Prospectus is available for viewing and download from the websites of CPM at <http://www.cpmgroup.com.hk> and the Stock Exchange at <http://www.hkexnews.hk> from 30 June 2017. The purpose of issuing the CPM Supplemental Prospectus is to provide applicants who have made valid applications for the Hong Kong Offer Shares and/or the CNT Reserved Shares and other potential investors with additional time to consider the potential impact of the Petition on their investment decision.

The timetable for the Global Offering, including the CNT Preferential Offer, is set forth in the CPM Prospectus as supplemented and amended by the CPM Supplemental Prospectus. If there is any further change in the timetable, the Company will issue further announcements as and when appropriate.

The Spin-Off and the Listing and the Global Offering are subject to, amongst other things, the approval of the Stock Exchange and the final decision of the CPM Board. Accordingly, Shareholders and prospective investors should be aware that the Directors cannot assure that the Spin-Off and the Listing will take place or the relevant approvals be granted, or as to when they will take place or be granted. Shareholders and prospective investors should exercise caution when dealing in or investing in the securities of the Company.

ADDITIONAL INFORMATION ON THE PETITION

The following additional information on the Petition is set forth in the CPM Supplemental Prospectus.

Information on the Petition

Chinaculture.com is the Petitioner of the Petition. The Company and Prime Surplus are named as the respondents. No member of the CPM Group is named as respondent in the Petition. The Petitioner alleged that the affairs of the Company, including the Spin-Off and the Listing, are being conducted in a manner oppressive and unfairly prejudicial to the interests of Shareholders, including the Petitioner, for the following reasons:

- (1) First, it is alleged that there has not been any proper valuation of the businesses and assets to be transferred by the Company to CPM.
- (2) Second, it is alleged that there has been no proper approval by the Shareholders on the Spin-Off and the Listing.

- (3) Third, it is alleged that the decision of the Board to include the land at Shajing, Shenzhen City, the People's Republic of China (the "**Shajing Land**") on which the production facilities is situated and operated by a subsidiary of the Company (the "**Shajing Production Plant**") is unreasonable in light of the redevelopment potential of the Shajing Land.
- (4) Fourth, it is complained that Mr. Tsui Ho Chuen, Philip, the executive director and managing director of CPM, will not be involved in the business of the Company and as such, it will be detrimental to the management and operations of the Remaining Group.

The Petition stated that the Petitioner would seek relief, including an injunction, restraining the Board from proceeding with the Spin-Off unless proper valuations are conducted in respect of the subject assets proposed to be spun-off to CPM or as an alternative, the Shajing Land (being the land on which the Shajing Production Plant is situated) cannot be included as part of CPM's assets following the Spin-Off without first obtaining the approval of the Shareholders.

The Petition is scheduled to be heard on 19 September 2017. The Company has sought legal advice to rebut the allegations in the Petition and will oppose any request for interim injunctive relief that may be sought for by the Petitioner. The executive Directors are of view that the allegations in the Petition are unfounded and the Company will have strong defence and should be able to defeat the claims from the Petitioner. The view of the executive Directors are based on the legal advice received following the review of the current position of law, the documents supporting the Petition and all other related information.

The Company will issue further announcement as and when required if there is any material development on the Petition.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

References to the Announcements and the Legal Proceedings Announcement shall have the following meaning:

“Announcements”	the announcements issued by the Company on 23 November 2016, 1 June 2017, 12 June 2017, 16 June 2017, 19 June 2017, 25 June 2017 and 29 June 2017 in respect of the Spin-Off and the Listing; and
“Legal Proceedings Announcement”	the announcement of the Company dated 22 June 2017.

By order of the Board
Lam Ting Ball, Paul
Chairman

Hong Kong, 30 June 2017

As at the date of this announcement, the Board comprises Mr. Lam Ting Ball, Paul, Mr. Tsui Ho Chuen, Philip and Mr. Chong Chi Kwan as executive Directors; Mr. Chan Wa Shek, Mr. Zhang Yulin and Mr. Hung Ting Ho, Richard as non-executive Directors; and Sir David Akers-Jones, Mr. Danny T Wong and Mr. Zhang Xiaojing as independent non-executive Directors.