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## **POSITIVE PROFIT ALERT**

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of CNT 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 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 profit attributable to the Shareholders for the six months ended 30 June 2018 (the “**Six-month Period**”) is expected to be in the range between HK\$11 million and HK\$15 million, as compared with HK\$0.8 million for the six months ended 30 June 2017. However, a net loss in the amount between HK\$4 million and HK\$10 million may be incurred by the Group for the Six-month Period, as compared to net profit of HK\$0.9 million for the six months ended 30 June 2017.

The increase in the profit attributable to the Shareholders was due to the increase in the fair value gain on the investment properties of the Group (other than CPM Group Limited (“**CPM Group**”), a non-wholly owned subsidiary of the Company and a company listed on the Stock Exchange, and its subsidiaries) during the Six-month Period. On the other hand, the expected amount of net loss for the Six-month Period was mainly attributable to the unsatisfactory performance of CPM Group.

The Directors understand that the unsatisfactory performance of CPM Group during the Six-month Period was due to a number of unexpected factors as follows:

Firstly, the crude oil price continued to soar during the Six-month Period since the second half of 2017. The continuous increases in crude oil price has caused the price of principal raw materials of CPM Group, such as solvent and resin, to increase significantly during the Six-month Period. CPM Group was not able to shift the entire increase in the cost of raw materials to its customers due to the intense price competition.

Secondly, the increasingly stringent environmental protection and dangerous chemicals safety initiatives in Mainland China discouraged the use of solvent-based paint and coating products. As a result, the demand for and the sales of CPM Group's solvent-based products were adversely affected during the Six-month Period.

Thirdly, CPM Group was not able to reduce the production overheads and other direct costs in proportion to the decrease in the production volume and sales volume since the economies of scale cannot be met under low production volume during the Six-month Period.

Finally, there was an appreciation in Renminbi when compared to the last corresponding period. Since there was loss making for CPM Group for the Six-month Period, the appreciation in Renminbi had resulted in a negative impact on the financial results after translation into Hong Kong dollar.

As a result, both the revenue and the gross profit margin of CPM Group recorded decreases and the loss attributable to the shareholders of CPM Group recorded an increase during the Six-month Period.

The Company is in the process of finalising the unaudited consolidated interim results of the Group for the Six-month Period. 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 for the Six-month Period. This information has yet to be reviewed or confirmed by the independent external auditors of the Company, nor reviewed by the audit committee of the Board, and may be different from the unaudited consolidated interim results of the Group for the Six-month Period. The interim results announcement of the Group for the Six-month Period will be published by the Company by the end of August 2018 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  
**CNT Group Limited**  
**Lam Ting Ball, Paul**  
*Chairman*

Hong Kong, 10 August 2018

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