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Sinomax Group Limited

盛諾集團有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1418)

SUPPLEMENTAL ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS 2021-2023 PROCUREMENT AGREEMENT WITH GU JIA GROUP

Reference is made to the announcement of Sinomax Group Limited (the “**Company**”) dated 18 December 2020 in relation to the 2021-2023 Gu Jia Procurement Agreement (the “**Announcement**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as defined in the Announcement.

In addition to the information as set forth in the Announcement, the Company wishes to provide the Shareholders and the public with supplemental information in respect of the 2021-2023 Gu Jia Procurement Agreement.

As disclosed in the Announcement, in the event that there is no market price available for a particular type of polyurethane foam to be supplied to the Gu Jia Group under the 2021-2023 Gu Jia Procurement Agreement, the price of such product will be determined on a cost-plus basis with reference to the actual costs incurred by the Group in relation to the supply of such product (including all costs and expenses relating to raw material procurement, production, transportation, marketing, operation and management) and an indicative mark-up rate.

The indicative mark-up rate will be determined on a transaction-by-transaction basis based on the prevailing market conditions as well as the average mark-up rates of other comparable products supplied by the Group to other independent third party customers, and is expected to be in the range of approximately 3% to 25% subject to, among others, (i) the type and specifications of polyurethane foam to be supplied; (ii) the quantity of products to be supplied; (iii) credit risks; (iv) the level of technicality involved and/or services provided (for example, whether cutting or other processing services on a tailor-made basis are required); (v) whether on-site delivery of products is required; (vi) the actual costs incurred by the Group; and (vii) the historical transactions with the Gu Jia Group.

The indicative mark-up rate will be prepared by the business team of the Group and subject to a monthly review and approval by the sales manager of the Group to ensure that the terms offered to the Gu Jia Group is no less favourable than those to the other independent third party customers for the supply of comparable products.

Save as disclosed above, all other information set forth in the Announcement remains unchanged.

By order of the Board
Sinomax Group Limited
Lam Chi Fan
Chairman

Hong Kong, 29 December 2020

As at the date of this announcement, the executive Directors are Mr. Lam Chi Fan (Chairman of the Board), Mr. Cheung Tung (President), Mr. Chen Feng, Mr. Lam Kam Cheung (Chief Financial Officer and Company Secretary) and Ms. Lam Fei Man; and the independent non-executive Directors are Mr. Wong Chi Keung, Professor Lam Sing Kwong Simon, Mr. Zhang Hwo Jie and Mr. Wu Tak Lung.