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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)

**DISCLOSURE PURSUANT TO
RULE 13.19 OF THE LISTING RULES
AND
PROFIT WARNING**

This announcement is made by the Company pursuant to Rules 13.09(2)(a) and 13.19 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

DISCLOSURE PURSUANT TO RULE 13.19 OF THE LISTING RULES

Based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022, subject to finalisation and possible adjustments upon review and audit by the Company's auditors, the Group has failed to satisfy certain financial covenants under the Loan Facilities with the Lenders. The Breach constitutes an event of default under the Loan Facilities, in which case the Lenders shall be entitled to declare that the loans under the Loan Facilities, together with accrued interest, be immediately due and payable. As at the date of this announcement, the aggregate outstanding principal amount of the Loan Facilities is approximately HK\$229.4 million.

PROFIT WARNING

The Board wishes to inform the Shareholders and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022, the Group is expected to record a loss after taxation in the range of approximately HK\$44 million to HK\$48 million as compared to a profit after taxation of approximately HK\$14.5 million for the six months ended 30 June 2021. The above result was primarily attributable to (1) the continual outbreak of the COVID-19, particularly the wave during March and April 2022 in the PRC, which had critically weakened both local and global consumption market and also the sales of the Group; and (2) the impact of the above also resulted in higher supply chain and logistic costs of the Group.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made by Sinomax Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

DISCLOSURE PURSUANT TO RULE 13.19 OF THE LISTING RULES

Pursuant to various banking facilities (the “**Loan Facilities**”) with its lending banks (the “**Lenders**”), the Group is required to satisfy certain financial covenants including but not limited to the ratio of consolidated EBITDA to the consolidated interest expenses. Based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022, subject to finalisation and possible adjustments upon review and audit by the Company’s auditors, the Group has failed to satisfy such financial covenants under the Loan Facilities with the Lenders (the “**Breach**”). The Breach constitutes an event of default under the Loan Facilities, in which case the Lenders shall be entitled to declare that the loans under the Loan Facilities, together with accrued interest, be immediately due and payable. As at the date of this announcement, the aggregate outstanding principal amount of the Loan Facilities is approximately HK\$229.4 million.

The Group has yet to obtain a waiver from the Lenders in respect of the Breach. As at the date of this announcement, the Lenders has not made any demand for immediate repayment of the loans under the Loan Facilities. Further announcement(s) regarding the Loan Facilities and the status of the waivers will be made as and when appropriate.

Notwithstanding the Breach, the Group has not experienced any difficulties in obtaining financing with its banks for its working capital. Based on the Group's current cash position, the Company considers that the Group has sufficient financial resources to repay its indebtedness and there is no material adverse impact on the operation of the Group as a result of the Breach.

PROFIT WARNING

The board of directors (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022 and other financial information currently available, the Group is expected to record a loss after taxation in the range of approximately HK\$44 million to HK\$48 million for the six months ended 30 June 2022, as compared to a profit after taxation of approximately HK\$14.5 million for the six months ended 30 June 2021. The above result was primarily attributable to (1) the continual outbreak of the COVID-19, particularly the wave during March and April 2022 in the People's Republic of China (“**PRC**”) , which had critically weakened both local and global consumption market and also the sales of the Group; and (2) the impact of the above also resulted in higher supply chain and logistic costs of the Group.

The Company is in the process of finalising the Group's unaudited consolidated financial results for the six months ended 30 June 2022. The information contained in this announcement is only a preliminary assessment by the Board based on the information currently available to it and such information has not been audited or reviewed by the Company's auditors or audit committee. Shareholders and potential investors of the Company are advised to read the interim results announcement of the Company for the six months ended 30 June 2022 carefully, which is expected to be published by the end of August 2022.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 5 August 2022

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.