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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF INTELLECTUAL PROPERTY

THE ACQUISITION

On 7 July 2025 (after trading hours), Sinomax USA, a wholly-owned subsidiary of the Company, and Kimberly entered into the IP Acquisition Agreement pursuant to which Sinomax USA agreed to purchase and Kimberly agreed to sell the Acquired IP at the Purchase Price of US\$4,600,000 (equivalent to approximately HK\$35,880,000).

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

On 7 July 2025 (after trading hours), Sinomax USA, a wholly-owned subsidiary of the Company, and Kimberly entered into the IP Acquisition Agreement pursuant to which Sinomax USA agreed to purchase and Kimberly agreed to sell the Acquired IP at the Purchase Price of US\$4,600,000 (equivalent to approximately HK\$35,880,000).

THE IP ACQUISITION AGREEMENT

The principal terms of the IP Acquisition Agreement are set out below:

Date

7 July 2025 (after trading hours)

Parties

- (i) Sinomax USA, a wholly-owned subsidiary of the Company; and
- (ii) Kimberly, a Delaware limited liability company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, (a) the ultimate beneficial owner of Kimberly is Barry Kasoff; and (b) each of Kimberly and its ultimate beneficial owner is an Independent Third Party.

Nature of the Transaction

Kimberly is the owner of the Acquired IP, including logos, Trademarks (registered and unregistered), Copyrights, and designs relating to designing, marketing, manufacturing, distributing and selling household goods and accessory products, including bedding and furniture products, under the Brand.

On the terms and subject to the conditions set forth in the IP Acquisition Agreement, upon payment of the Purchase Price in full and provided that all royalty payments due to Kimberly from Sinomax USA pursuant to the License Agreement have been paid through the Payment Date, Kimberly shall sell, transfer, convey, assign and deliver to Sinomax USA, and Sinomax USA shall purchase and acquire from Kimberly, free and clear of all liens, all of Kimberly's rights, titles and interests in and to: (a) the Acquired IP; (b) all income and royalties hereafter due or payable to Kimberly with respect to the Acquired IP; (c) all damages and payments for past or future infringements and misappropriations of the Acquired IP; and (d) all rights to sue for past, present and future infringements or misappropriations of the Acquired IP; all for Sinomax USA's own use and enjoyment (including the right to renew and/or apply for copyright, patent, trademark and/or service mark registrations within or outside the U.S. based in whole or in part upon the Acquired IP, and including any priority right that may have arisen from Kimberly's use of the Acquired IP and/or prior ownership of the registration for such Acquired IP).

Purchase Price and Payment

The Purchase Price for the Acquired IP is US\$4,600,000 (equivalent to approximately HK\$35,880,000), payable as follows:

- (i) US\$1,600,000 (equivalent to approximately HK\$12,480,000), delivered at the Closing; and
- (ii) the balance of US\$3,000,000 (equivalent to approximately HK\$23,400,000) delivered in 12 equal quarterly payments of US\$250,000 (equivalent to approximately HK\$1,950,000), each payable on the last day of the calendar quarter commencing as of the last day of the first full calendar quarter following the Closing Date; provided, that Sinomax USA may prepay such balance in whole or in part at any time, without penalty.

During the time that the Purchase Price is outstanding, royalties shall continue to be due and payable under the License Agreement.

As at the date of this announcement, the Group intends to finance the Purchase Price payable under the IP Acquisition Agreement by its internal resources.

Basis of determining the Purchase Price

The Purchase Price was determined after arm's length negotiations between Sinomax USA and Kimberly with reference to:

- (a) the established reputation, market presence, and historical performance of the Brand;
- (b) the amount of royalty payment pursuant to the License Agreement with a quarterly minimum amount of US\$200,000 (approximately HK\$1,560,000) payable by Sinomax USA to Kimberly;
- (c) the potential for future business development and market expansion of the Brand in territories beyond those currently licensed to Sinomax USA under the License Agreement; and;
- (d) the reasons and benefits as stated under the section headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" in this announcement.

License Agreement

During the period between the Effective Date and Payment Date, the License Agreement shall remain in full force and effect, and each of Sinomax USA and Kimberly shall comply with its obligations thereunder (including Sinomax USA's obligation to pay royalties thereunder); provided, that as of the Effective Date, the right of first offer for Sinomax USA to acquire the Acquired IP under the License Agreement is terminated. Payments of royalties by Sinomax USA pursuant to the License Agreement during the period between the Effective Date and the Payment Date shall be in addition to, and not in lieu of, the Purchase Price payable by Sinomax USA. On the Payment Date, the License Agreement shall automatically terminate and be of no further force and effect.

Conditions to Closing

The obligations of Kimberly to consummate the transactions contemplated by the IP Acquisition Agreement are subject to the satisfaction at or prior to the Closing of the following conditions, any of which may be waived by Kimberly, in its sole discretion (with acceptance of the Purchase Price constituting a waiver for such purposes):

- (i) the representations and warranties of Sinomax USA contained in the IP Acquisition Agreement shall be true and correct in all respects;
- (ii) Sinomax USA shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by the IP Acquisition Agreement to be performed or complied with by it prior to or on the Closing Date;
- (iii) Sinomax USA shall have delivered to Kimberly duly executed counterparts to the transaction documents and other closing deliverables pursuant to the IP Acquisition Agreement; and
- (iv) Sinomax USA shall not be in default of any of its material obligations under the License Agreement beyond any applicable cure period.

The obligations of Sinomax USA to consummate the transactions contemplated by the IP Acquisition Agreement are subject to the satisfaction at or prior to the Closing of the following conditions, any of which may be waived by Sinomax USA, in its sole discretion:

- (i) the representations and warranties of Kimberly contained in the IP Acquisition Agreement shall be true and correct in all material respects;
- (ii) Kimberly shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by the IP Acquisition Agreement to be performed or complied with by it prior to or on the Closing Date;
- (iii) Kimberly shall have delivered to Sinomax duly executed counterparts to the transaction documents and such other closing deliverables pursuant to the IP Acquisition Agreement; and
- (iv) there shall have been no act, occurrence, fact, event omission or circumstance which, in the reasonable judgment of an experienced, prudent business person: (1) would materially reduce the value of the Acquired IP; or (2) has a material adverse effect on the ability of Kimberly to perform its obligations under the IP Acquisition Agreement (each, a “**Material Adverse Effect**”).

The parties acknowledge and agree that title to the Acquired IP shall be transferred and assigned to Sinomax USA only if and when the entire Purchase Price has been paid in full and all royalty payments due from Sinomax USA to Kimberly pursuant to the License Agreement have been fully paid through the Payment Date.

Termination

The IP Acquisition Agreement may be terminated:

- (i) by either Sinomax USA or Kimberly upon written notice to the other party at any time prior to the Closing if there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the other party pursuant to the IP Acquisition Agreement, and such breach, inaccuracy or failure has not been cured by the breaching party within 10 days of the date of written notice of such breach from the non-breaching Party; or

- (ii) Sinomax USA may terminate the IP Acquisition Agreement by written notice to Kimberly (1) for any reason or no reason at any time prior to 25 October 2025, or (2) at any time between 25 October 2025 and the Closing Date if there has been a Material Adverse Effect.

Notwithstanding the foregoing, in the event that Sinomax USA fails to make any payment due to Kimberly under the IP Acquisition Agreement after Sinomax USA has breached the IP Acquisition Agreement and cured the breach (in other words, on a second breach Sinomax USA shall have no opportunity to cure), Kimberly shall be entitled to immediately terminate the IP Acquisition Agreement and retain the Purchase Price paid by Sinomax USA through the date of termination as liquidated damages (which shall be Kimberly's sole remedy with respect to such payment breach up to such amount).

Following the termination of the IP Acquisition Agreement for any reason, the License Agreement shall continue in accordance with its terms (including, without liability, Sinomax USA's obligation to pay royalties thereunder).

Closing

Pursuant to the IP Acquisition Agreement, Closing shall take place by electronic means on 25 November 2025, provided, that all of the conditions to Closing are either satisfied or waived, or at such other time, date or place as Kimberly and Sinomax USA may mutually agree upon in writing.

INFORMATION ON KIMBERLY

Kimberly is a limited liability company formed under the laws of the State of Delaware in the U.S. Its principal business is licensing brands.

INFORMATION ON THE GROUP

The Company is incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the business of manufacture and sale of health and household products and polyurethane foam. Health and household products mainly include quality visco-elastic pillows, mattress toppers and mattresses.

Sinomax USA is a corporation incorporated under the laws of the State of Delaware in the U.S. and an indirect wholly-owned subsidiary of the Company. It is principally engaged in wholesale of health and household products.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Brand is a well-known U.S. brand with a history of approximately 8 years and enjoys strong name recognition in its market segment. The Acquisition allows the Group to leverage the Brand's established reputation to enhance its product offerings and market presence. Further, Sinomax USA has been using the Acquired IP since November 2022 as a licensee under the License Agreement. Taking into account (i) the purchase price of the Acquisition of US\$4,600,000 (equivalent to approximately HK\$35,880,000), and (ii) the minimum quarterly royalty payment of US\$200,000 (approximately HK\$1,560,000) payable by the Group under the License Agreement, the Directors consider the Acquisition to represent a cost-effective and low-risk opportunity for the Group to transition from brand licensee to brand owner. Full ownership of the Brand will provide the Group with greater flexibility in brand positioning, marketing, and expansion strategies. The Acquisition provides the Group with strategic flexibility and potential to further monetize the Brand's value, particularly in markets in territories beyond those currently licensed to Sinomax USA under the License Agreement.

Having taken into account the above reasons and benefits, the Directors (including the non-executive Director and the independent non-executive Directors) consider that the Purchase Price is fair and reasonable and the IP Acquisition Agreement is on normal commercial terms which are fair and reasonable, and the Acquisition and the entering into the IP Acquisition Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms and expressions shall, unless the context requires otherwise, have the following meanings:

“Acquired IP”	collectively: (a) the Trademarks; (b) the Copyrights; (c) all other intellectual property relating to and/or used by Kimberly in connection with the Brand, including any inventions, know-how, trade secrets, designs and plans, in each case together with the goodwill relating to the Brand connected with the use or ownership of the foregoing
“Acquisition”	the acquisition of the Acquired IP by Sinomax USA from Kimberly pursuant to the IP Acquisition Agreement
“Board”	board of Directors
“Brand”	the “VIBE” brand
“Closing”	the consummation of the transactions contemplated by the IP Acquisition Agreement
“Closing Date”	the date on which the Closing is to occur
“Company”	Sinomax Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Copyrights”	all copyrights, copyright applications and copyright registrations and foreign counterparts thereof, including all rights to websites
“Director(s)”	director(s) of the Company
“Effective Date”	the date of the IP Acquisition Agreement
“Group”	the Company and its subsidiaries

“Hong Kong”	Hong Kong Special Administrative Region of PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	the third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“IP Acquisition Agreement”	the intellectual property acquisition agreement dated 7 July 2025 entered into by Sinomax USA and Kimberley in respect of the Acquisition
“Kimberly”	Kimberly, LLC, a limited liability company formed under the laws of the State of Delaware in the U.S.
“License Agreement”	the Distribution and License Agreement dated as 25 November 2022 between Kimberly and Sinomax USA, pursuant to which Kimberly has licensed Sinomax USA the right to use the Acquired IP
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Payment Date”	the date that the Purchase Price is paid in full, provided that all royalty payments due from Sinomax USA to Kimberly pursuant to the License Agreement have been fully paid through such date
“Purchase Price”	the purchase price of US\$4,600,000 (equivalent to approximately HK\$35,880,000) payable by Sinomax USA to Kimberly for the Acquisition
“Shareholder(s)”	holder(s) of the ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Sinomax USA”	Sinomax USA, Inc., a corporation incorporated under the laws of the State of Delaware in the U.S. and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Trademarks”	trademarks, trade names, trade dress, logos, characters, fictitious business names, brand names, service marks and service names, titles, domain names, and all registrations, applications for registration, renewals and foreign counterparts thereof, relating to the Brand
“U.S.”	the United States of America
“US\$” or “USD”	U.S. dollar, the lawful currency of the U.S.
“%”	Percent

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

Hong Kong, 8 July 2025

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

In this announcement, unless otherwise stated, the conversions of USD into HK\$ has been made at an exchange rate of US\$1: HK\$7.8. Such conversion should not be construed as a representation that any amount has been, could have been or may be, exchanged at these or any other rate.