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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  
FURTHER SUBSCRIPTION OF SHARES  
IN THE TARGET COMPANY  
AND  
CONTINUING CONNECTED TRANSACTIONS  
UNDER RULE 14A.60 OF THE LISTING RULES**

Reference is made to the announcement of the Company dated 14 October 2024 in relation to the Previous Subscription.

**THE SUBSCRIPTION**

On 4 August 2025 (after trading hours), the Subscriber, a wholly-owned subsidiary of the Company, M Logistical and the Target Company entered into the Subscription Agreement pursuant to which the Target Company agreed to further issue and the Subscriber agreed to further subscribe for the Subscription Shares at the Consideration of EUR5 million (equivalent to approximately HK\$45.9 million). The subscription price for the Subscription Shares is approximately EUR247.5 (equivalent to approximately HK\$2,272.05) per Subscription Share. Upon Closing, the Target Company will be owned as to 55% and 45% by the Subscriber and M Logistical, respectively, and the financial results of the Target Group will be consolidated into the accounts of the Group.

## **LISTING RULES IMPLICATIONS**

As the Subscription and the Previous Subscription are related and are expected to complete within a 12-month period, the Subscription and the Previous Subscription are aggregated pursuant to Rule 14.22 of the Listing Rules as if they were one transaction. Since certain applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription, when considered on a standalone basis or aggregated with the Previous Subscription, exceeds 5% but all of them are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **CONTINUING CONNECTED TRANSACTIONS UNDER RULE 14A.60 OF THE LISTING RULES**

The Target Group has been granted certain rights to sell and manufacture certain goods and merchandise incorporating the Licensed Property by the Licensor's affiliates during its ordinary and usual course of business. Further, on 17 July 2025, (a) Licensee 1, being a wholly-owned subsidiary of the Company, and the Licensor entered into the License Agreement 1, and Licensee 1 in turn entered into the Sub-license Agreement 1 with the Sub-licensee 1, being a wholly-owned subsidiary of the Target Company; and (b) Licensee 2, being a wholly-owned subsidiary of the Company, and the Licensor entered into the License Agreement 2, and Licensee 2 in turn entered into the Sub-license Agreement 2 with the Sub-licensee 2, being a wholly-owned subsidiary of the Target Company, pursuant to such arrangement, the Target Group has been in essence continued to be granted certain rights to continue to sell and manufacture certain goods and merchandise incorporating the Licensed Property by the Licensor during its ordinary and usual course of business. These continuing transactions have been, and will continue to be conducted in accordance with the terms and conditions of the License Agreements and the Sub-license Agreements.

## **LISTING RULES IMPLICATIONS**

Upon Closing, the Target Company will become an indirect subsidiary of the Company, and each of M Logistical and the M Logistical Owners, as a substantial shareholder of a subsidiary of the Company, will become a connected person of the Company at the subsidiary level. The Licensor, a subsidiary of a company wholly-owned by the M Logistical Owners, is an associate of the M Logistical Owners pursuant to Rule 14A.12(1)(c) of the Listing Rules and hence will become a connected person of the Company at the subsidiary level. Hence, upon Closing, the License Agreements and the continuing transactions contemplated thereunder will become continuing connected transactions of the Company under Chapter 14A.60(1) of the Listing Rules, while the transactions contemplated under the Sub-License Agreements will become the transactions within members of the Group as each of the Sub-licensees will become an indirect subsidiary of the Company upon Closing.

According to Rule 14A.60 of the Listing Rules, the Company shall comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules, including publishing of an announcement and annual reporting. If the License Agreements are renewed or their terms are varied, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

## **THE SUBSCRIPTION**

Reference is made to the announcement of the Company dated 14 October 2024 in relation to the Previous Subscription.

On 4 August 2025 (after trading hours), the Subscriber, a wholly-owned subsidiary of the Company, M Logistical and the Target Company entered into the Subscription Agreement pursuant to which the Target Company agreed to further issue and the Subscriber agreed to further subscribe for the Subscription Shares at the Consideration of EUR5 million (equivalent to approximately HK\$45.9 million).

## **THE SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement are set out below:

### **Date**

4 August 2025 (after trading hours)

### **Parties**

- (i) the Subscriber, a wholly-owned subsidiary of the Company
- (ii) M Logistical
- (iii) the Target 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 owners of the Target Company and M Logistical are Samuel B. Malouf and Kacie Malouf (i.e. M Logistical Owners); and (b) each of the Target Company and M Logistical and their ultimate beneficial owner(s) is an Independent Third Party.

### **Subject Matter**

Upon Closing, the Target Company will issue and allot 20,202 Subscription Shares to the Subscriber, representing approximately 18.18% of the total issued share capital of the Target Company as enlarged by the issue of the Subscription Shares.

### **Consideration and Payment**

The subscription price for the Subscription Shares is EUR247.5 (equivalent to approximately HK\$2,272.05) per Subscription Share, amounting to an aggregate Consideration of EUR5 million (equivalent to approximately HK\$45.9 million).

At the Closing and subject to the performance of the terms under the Subscription Agreement, the Subscriber shall pay the Consideration by wire transfer to the designated bank account of the Target Company in immediately available funds with same day value.

As at the date of this announcement, the Group intends to finance the Consideration payable under the Subscription Agreement by its internal resources.

### **Basis of determining the Consideration**

The Consideration was determined after arm's length negotiations among the Subscriber, M Logistical and the Target Company with reference to:

- (a) The Price/EBITDA (P/E) ratio was 9.92, based on the Target Company's audited EBITDA of DKK37.6 million (equivalent to approximately HK\$41.4 million) for the financial year ended 31 December 2024.

Based on the Target Company's management account for the period from 1 July 2024 to 30 June 2025, the adjusted EBITDA, after excluding one-off exceptional expenses, was DKK52.4 million (equivalent to approximately HK\$57.7 million). By using the adjusted EBITDA, the P/E ratio was 7.12, which is aligned with prevailing market valuations for companies operating within the same industry of the Target Company;

- (b) the Target's business expansion into the U.S. market following the Previous Subscription;
- (c) the anticipated increase in business to the Group from the Target Group following the Group's acquisition of a controlling stake in the Target Company with greater strategic alignment and operational integration;
- (d) the prospects and development of existing businesses of the Target Group, supported by its continued growth in profitability (for reference, its profits increased from approximately DKK5.9 million (equivalent to approximately HK\$6.5 million) for the year ended 31 December 2023 to approximately DKK11.8 million (equivalent to approximately HK\$13.0 million) for the year ended 31 December 2024); and
- (e) the reasons and benefits as stated under the section headed "REASONS FOR AND BENEFITS OF THE SUBSCRIPTION" in this announcement.

### **Use of proceeds**

The Consideration shall be applied solely as additional working capital of the Target Company to support the operation and business plans of the Target Group.

## Closing

Pursuant to the Subscription Agreement, Closing is expected to take place simultaneously or as soon as practicable upon signing of the Subscription Agreement and fulfillment of Closing obligations (including the delivery of Closing deliverables by the parties and the payment of the Consideration by the Subscriber).

20,202 Subscription Shares to be subscribed by the Subscriber represent approximately 18.18% of the enlarged issued share capital of the Target Company. Upon Closing, the Target Company will be owned as to 55% and 45% by the Subscriber and M Logistical, respectively, and will become a subsidiary of the Company, and therefore the financial results of the Target Group will be consolidated into the accounts of the Group. All the existing 90,910 ordinary shares of the Company owned by the Subscriber and M Logistical will be re-designated as A-Shares upon Closing.

## Shareholding of the Target Company immediately prior to and following Closing

The table below set forth the shareholding of the Target Company immediately prior to and following Closing:

	Immediately prior to Closing		Immediately following Closing	
	Number of shares	Shareholding	Number of shares	Shareholding
<b>Subscriber</b>	40,910 ordinary shares	45%	61,112 A-Shares	55%
<b>M Logistical</b>	50,000 ordinary shares	55%	50,000 A-Shares	45%
<b>Total</b>	90,910 ordinary shares	100%	111,112 A-Shares	100%

For employee incentive purpose, it is expected that the Target Company will issue another class of ordinary shares, B-Shares, to certain employees of the Target Group under the employee warrant program of the Target Company.

## THE SHAREHOLDERS' AGREEMENT

Pursuant to the Subscription Agreement, the Subscriber, M Logistical and the Target Company entered into the Shareholders' Agreement, which shall supersede and replace all previous shareholders' agreement(s) entered into among one or more of the parties, and the major terms of which are summarised as below:

Board composition of the  
Target Company:

The board of directors of the Target Company shall consist of six directors, comprising:

- (i) the founder of a subsidiary of the Target Company ("**Target Subsidiary Founder**") shall be appointed as a director;
- (ii) M Logistical shall be entitled to nominate two directors; and
- (iii) the Subscriber shall be entitled to nominate three directors (and one shall initially be the chief executive officer of the Target Company),

and the board of directors of the Target Company shall consist of five directors upon cessation of the Target Subsidiary Founder as a director of the Target Company.

The Chairman shall at all times be one of the directors nominated by the Subscriber (other than the chief executive officer of the Target Company).

Resolutions of the board of directors of the Target Company will be decided by a simple majority of the votes cast, except for certain customary reserved matters set out in the Shareholders' Agreement, which will require the approval of a majority of the directors of the Target Company (which majority shall include at least one director nominated by M Logistical and the Subscriber, respectively).

Board composition of subsidiaries of the Target Company:	Board composition and resolutions mechanism of the board of directors of the Target Company shall generally apply mutatis mutandis to the board of directors of its subsidiaries.
Development of business opportunities:	The Target Company and M Logistical shall ensure that each Target Group company gives priority to the Subscriber or its affiliates and engage the Subscriber or its affiliates on a first priority basis to manufacture, produce or supply certain products, provided that the terms offered by the Subscriber or its affiliates are the same as or more favourable than those offered by other suppliers, contractors, service providers, agents or otherwise.
Transfer restrictions:	None of the shareholders of the Target Company shall, among others, transfer or dispose directly or indirectly any shares in the Target Company without the prior written consent of (i) M Logistical, if the transferring shareholder is the Subscriber; (ii) the Subscriber, if the transferring shareholder is M Logistical; and (iii) both M Logistical and the Subscriber, if the transferring shareholder is any shareholder other than M Logistical and the Subscriber.
Pre-emptive rights:	Each of M Logistical and the Subscriber shall have a pre-emptive right to purchase a pro-rata portion of the new shares proposed to be issued by the Target Company before it may, from time to time after the Closing, propose to issue to any potential purchaser.
Right of first offer:	If any shareholder proposes to transfer any shares in the Target Company, the transferor shall in writing first offer each of M Logistical and the Subscriber to buy all or part of its shares in the Target Company.
Right of co-sale:	In the event that M Logistical and/or the Subscriber fail to exercise their right of first offer above, each of M Logistical and the Subscriber shall have the right to participate in the transferor's transfer of shares in the Target Company on a pro-rata basis.



## INFORMATION OF M LOGISTICAL

M Logistical is a private company with limited liability incorporated under the laws of the Netherlands. Its principal business is financial holding. Prior to the Subscription, the Target Company is owned as to 55% by M Logistical and 45% by the Subscriber.

## INFORMATION OF THE TARGET GROUP

The Target Company is a private limited company incorporated in Denmark, and it currently has four subsidiaries, including the Sub-licensees, as at the date of this announcement. The principal business of the Target Group is the research and development, design, procurement, trading, quality assurance and control of sleeping products, furniture and home accessories, with areas of focus being Denmark, the European Union and the United States of America. The Target Group also conducts business with its existing customers and explores business opportunities from time to time across the globe. The Target Group is an existing customer of the Group, mainly for sleeping products.

Set out below is the audited consolidated financial information of the Target Company extracted for the years ended 31 December 2023 and 31 December 2024:

	<b>For the year ended 31 December 2023 (Audited) DKK'000</b>	<b>For the year ended 31 December 2024 (Audited) DKK'000</b>
Revenue	631,709	846,061
Profit before tax	12,651	22,325
Profit after tax	<u>5,892</u>	<u>11,777</u>

	As at 31 December 2023 (Audited) DKK'000	As at 31 December 2024 (Audited) DKK'000
Total assets	191,483	359,764
Total liabilities	88,962	284,661
Net assets	<u>102,521</u>	<u>75,103</u>

## 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.

The Subscriber is a company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of the Company. It is principally engaged in investment holding activities.

## REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

As at the date of this announcement, the Target Group is an existing customer of the Group. In view of the prospects and development of businesses of the Target Group, the Board considers that increasing the Group's equity interest in the Target Company from 45% to 55%, thereby making the Target Group a part of the Group, will not only further strengthen the established business relationship, but also leverage operational synergies, solidify a long-term strategic collaboration and broaden the Group's customer base. By gaining a controlling stake, the Group expects to streamline decision-making processes, and improve service offerings tailored to the Target Group. This deeper alignment and controlling interest position the Group to benefit from preferential access to new business opportunities from the Target Group, with the potential to drive further increase in business volume and revenue. Further, the Target Group expanded its business into the U.S. market in late 2024 following the Previous Subscription. The expansion has created new growth opportunities beyond its earlier focus on the European market, contributing to stronger future business prospects, which together with other factors, justify the subscription price of the Subscription compared to that of the Previous Subscription. Moreover, the strategic investment is anticipated to unlock new avenues for innovation, facilitate the exchange of industry knowledge and insights, and support the Group's long-term growth objectives. The Company considers that the Target Company's consistent track record of improving profitability makes it a strategic and valuable addition to the Group.

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 Consideration is fair and reasonable and the Subscription Agreement and the Shareholders' Agreement are on normal commercial terms which are fair and reasonable, and the Subscription and the entering into the Subscription Agreement and the Shareholders' Agreement is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the Subscription and the Previous Subscription are related and are expected to complete within a 12-month period, the Subscription and the Previous Subscription are aggregated pursuant to Rule 14.22 of the Listing Rules as if they were one transaction. Since certain applicable percentage ratios in respect of the Subscription, when considered on a standalone basis or aggregated with the Previous Subscription, exceeds 5% but all of them are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **CONTINUING CONNECTED TRANSACTIONS UNDER RULE 14A.60 OF THE LISTING RULES**

The Target Group has been granted certain rights to sell and manufacture certain goods and merchandise incorporating the Licensed Property by the Licensor's affiliates during its ordinary and usual course of business. Further, on 17 July 2025, (a) Licensee 1, being a wholly-owned subsidiary of the Company, and the Licensor entered into the License Agreement 1, and Licensee 1 in turn entered into the Sub-license Agreement 1 with the Sub-licensee 1, being a wholly-owned subsidiary of the Target Company; and (b) Licensee 2, being a wholly-owned subsidiary of the Company, and the Licensor entered into the License Agreement 2, and Licensee 2 in turn entered into the Sub-license Agreement 2 with the Sub-licensee 2, being a wholly-owned subsidiary of the Target Company, pursuant to such arrangement, the Target Group has been in essence continued to be granted certain rights to continue to sell and manufacture certain goods and merchandise incorporating the Licensed Property by the Licensor during its ordinary and usual course of business. These continuing transactions have been, and will continue to be conducted in accordance with the terms and conditions of the License Agreements and the Sub-license Agreements.

## THE LICENSE AGREEMENT 1

As at the date of this announcement, the License Agreement 1 has not been terminated. A summary of its principal terms is summarised as follows:

Date: 17 July 2025

Parties: (1) Licensors  
(2) Licensee 1

Term: From 17 July 2025 to 16 July 2032 (the “**Term 1**”)

The License Agreement 1 may be renewed for subsequent terms of twelve (12) months upon mutual consent by the parties.

Subject: Licensors are the owners of the intellectual property rights subsisting in each of the “LUCID”, “LINENSPA”, “MALOUF”, “BRINDLE” and “WEEKENDER” brands (collectively, the “**Brands**”) and all related product lines.

Pursuant to the License Agreement 1, Licensors grant to Licensee 1 an exclusive, irrevocable, non-transferable right and license, with the right to sub-license to (i) Licensee 1’s affiliates and (ii) suppliers and manufacturers of the Licensee 1 and/or Licensee 1’s affiliates for the sole purpose of manufacturing Licensed Products for Licensee 1 and/or Licensee 1’s affiliates, to use the Licensed Property upon and in connection with the manufacture, sale, promotion, marketing, advertisement, distribution and direct collection of online and offline sales price and other capital of the Licensed Products through any sales and distribution channels worldwide, excluding the United States of America, Mexico and India.

The Licensors have also granted the Licensee 1 the exclusive right to operate under trade names of the Brands, including the right to conduct business and operate websites using these names.

Termination for cause: The Licensors may terminate the License Agreement 1 for cause if, among others, (i) the Licensee 1 fails to make a due payment; (ii) the Licensee 1 challenges the Licensors' ownership of the Licensed Property, except under certain legal or breach-related circumstances; (iii) there is a change in control of the Licensee 1; (iv) the Licensee 1 materially breaches the agreement and fails to cure it; or (v) the Licensee 1 undergoes a liquidation event.

The Licensee 1 may terminate the License Agreement 1 if, among others, (i) the Licensors materially breach the agreement and fail to cure it; (ii) there is a change in control of the Licensors or ownership of the Licensed Property that causes material losses to the Licensee 1, in which case the Licensors are required to pay liquidated damages of up to US\$10 million; or (iii) the Licensors undergo a liquidation event.

Royalties: The Licensee 1 shall pay to Licensors royalties for each quarterly period, within twenty (20) business days following the end of such quarterly period, in an amount equal to the sum of:

- (a) 50% of EBITDA received by Licensee 1 for each Licensed Product that is (i) sold or distributed by Licensee 1, or otherwise supplied by Licensee 1 to any person; or (ii) put into use by Licensee 1. The royalties include amounts received from the Licensee 1's sublicensees and affiliates (for the avoidance of doubt, the EBITDA for the purpose of calculation of royalties under (i) shall exclude all royalties received by Licensee 1 from any and all sublicensees in relation to the sublicense of the license under the License Agreement 1 by Licensee 1 to such sublicensees); and
- (b) all royalties received by Licensee 1 from all sublicensees in relation to the sublicense of the license under the License Agreement 1 by Licensee 1 to such sublicensees.

A minimum guaranteed royalty amount of 2% of the gross sales price of the Licensed Products sold in a quarterly period is payable each quarter.

The royalties payable in any quarter are subject to (i) a maximum cap of 5% of the gross sales price of the Licensed Products sold in a quarterly period, and (ii) the Annual Caps 1.

Minimum advertising  
commitment:

The Licensee 1 is required to use commercially reasonable efforts and bear all costs to advertise, market, and promote the Licensed Products worldwide, excluding the United States of America, Mexico and India. If the Licensor reasonably believes any promotional activity harms the reputation or image of the Licensed Property, it may request the Licensee 1 to discontinue such activity.

Quality control:

The Licensee 1 is required to maintain the quality, style, and image of the Licensed Products in line with the Licensor's standards and specifications.

Exclusive right to purchase  
the Licensed Property:

The Licensee 1 (or its affiliates) is granted an exclusive right, but not an obligation, to purchase all or part of the Licensed Properties upon the occurrence of any of the following: (i) Licensor proposes to transfer its right, title and/or interest in or to all or any of the Licensed Properties (except for certain permitted transfers under the License Agreement 1), (ii) a change in control of the Licensor, and (iii) a liquidation event of the Licensor.

During the Term 1, the Licensee 1 has a right of first refusal to match any third-party offer. After the Term 1, the Licensee 1 holds a right of first offer.

In the event of a change in control or liquidation, the parties will negotiate the purchase price in good faith, or appoint a jointly selected appraiser if no agreement is reached.

## ANNUAL CAPS 1

The Annual Caps 1 for the amount of royalties payable by the Licensee 1 to the Licensor under the License Agreement 1 during the Term 1 are as follows:

<b>Year</b>	<b>Annual Caps 1 (USD)</b>
For the year ending 31 December 2025	\$7,500,000
For the year ending 31 December 2026	\$9,000,000
For the year ending 31 December 2027	\$10,800,000
For the year ending 31 December 2028	\$12,960,000
For the year ending 31 December 2029	\$15,540,000
For the year ending 31 December 2030	\$18,660,000
For the year ending 31 December 2031	\$22,380,000
For the year ending 31 December 2032	\$26,880,000

## THE LICENSE AGREEMENT 2

As at the date of this announcement, the License Agreement 2 has not been terminated. A summary of its principal terms is summarised as follows:

Date: 17 July 2025

Parties: (1) Licensor; and  
(2) Licensee 2

Term: From 17 July 2025 to 16 July 2032 (the “**Term 2**”)

The License Agreement 2 may be renewed for subsequent terms of twelve (12) months upon mutual consent by the parties.

Subject: Licensor is the owner of the intellectual property rights subsisting in each of the Brands and all related product lines.

Pursuant to the License Agreement 2, Licensors grants to Licensee 2 an exclusive, irrevocable, non-transferable right and license, with the right to sub-license to (i) Licensee 2's affiliates and (ii) suppliers and manufacturers of the Licensee 2 and/or Licensee 2's affiliates for the sole purpose of manufacturing Licensed Products for Licensee 2 and/or Licensee 2's affiliates, to use the Licensed Property upon and in connection with the manufacture, sale, promotion, marketing, advertisement, distribution and direct collection of online and offline sales price and other capital of the Licensed Products through any sales and distribution channels in the United States of America.

The Licensors has also granted the Licensee 2 the exclusive right to operate under trade names of the Brands, including the right to conduct business and operate websites using these names.

Termination for cause:

The Licensors may terminate the License Agreement 2 for cause if, among others, (i) the Licensee 2 fails to make a due payment; (ii) the Licensee 2 challenges the Licensors's ownership of the Licensed Property, except under certain legal or breach-related circumstances; (iii) there is a change in control of the Licensee 2; (iv) the Licensee 2 materially breaches the agreement and fails to cure it; or (v) the Licensee 2 undergoes a liquidation event.

The Licensee 2 may terminate the License Agreement 2 if, among others, (i) the Licensors materially breaches the agreement and fails to cure it; (ii) there is a change in control of the Licensors or ownership of the Licensed Property that causes material losses to the Licensee 2, in which case the Licensors is required to pay liquidated damages of up to US\$10 million; or (iii) the Licensors undergoes a liquidation event.



Royalties: The Licensee 2 shall pay to Licensor royalties for each quarterly period, within twenty (20) business days following the end of such quarterly period, in an amount equal to the sum of:

- (a) 50% of EBITDA received by Licensee 2 for each Licensed Product that is (i) sold or distributed by Licensee 2, or otherwise supplied by Licensee 2 to any person; or (ii) put into use by Licensee 2. The royalties include amounts received from the Licensee 2's sublicensees and affiliates (for the avoidance of doubt, the EBITDA for the purpose of calculation of royalties under (i) shall exclude all royalties received by Licensee 2 from any and all sublicensees in relation to the sublicense of the license under the License Agreement 2 by Licensee 2 to such sublicensees); and
- (b) all royalties received by Licensee 2 from all sublicensees in relation to the sublicense of the license under the License Agreement 2 by Licensee 2 to such sublicensees.

A minimum guaranteed royalty amount of 2% of the gross sales price of the Licensed Products sold in a quarterly period is payable each quarter.

The royalties payable in any quarter are subject to (i) a maximum cap of 5% of the gross sales price of the Licensed Products sold in a quarterly period, and (ii) the Annual Caps 2.

Minimum advertising commitment:

The Licensee 2 is required to use commercially reasonable efforts and bear all costs to advertise, market, and promote the Licensed Products in the United States of America. If the Licensor reasonably believes any promotional activity harms the reputation or image of the Licensed Property, it may request the Licensee 2 to discontinue such activity.

Quality control:

The Licensee 2 is required to maintain the quality, style, and image of the Licensed Products in line with the Licensor's standards and specifications.

## ANNUAL CAPS 2

The Annual Caps 2 for the amount of royalties payable by the Licensee 2 to the Licensor under the License Agreement 2 during the Term 2 are as follows:

<b>Year</b>	<b>Annual Caps 2 (USD)</b>
For the year ending 31 December 2025	\$17,500,000
For the year ending 31 December 2026	\$21,000,000
For the year ending 31 December 2027	\$25,200,000
For the year ending 31 December 2028	\$30,240,000
For the year ending 31 December 2029	\$36,260,000
For the year ending 31 December 2030	\$43,540,000
For the year ending 31 December 2031	\$52,220,000
For the year ending 31 December 2032	\$62,720,000

## BASIS OF DETERMINATION OF THE ANNUAL CAPS

The Target Group has been utilizing the Licensed Property in its operations. In order to regularize and support the continued use of the Licensed Property, the Licensees, being wholly-owned subsidiaries of the Company, entered into the Sub-license Agreements with the Sub-licensees, being wholly-owned subsidiaries of the Target Company and upon Closing, subsidiaries of the Company, to sublicense the relevant rights under the License Agreements to the Sub-licensees, and upon Closing, the transactions contemplated under the Sub-License Agreements will become the transactions within members of the Group.

In determining the Annual Caps, the Company has taken into account the following factors:

- (1) the Target Group's historical use of the Licensed Property;
- (2) the anticipated scale of the Target Group's operations, including its expected sales volume and market demands of products involving the Licensed Property;
- (3) the business development of the Group; and
- (4) reasonable buffer needed to accommodate potential fluctuations in business performance.

If the Annual Caps are expected to be exceeded, the Company will re-comply with the relevant requirements under Chapter 14A of the Listing Rules.

## **INFORMATION OF THE LICENSOR**

To the best of the Director's knowledge, information and belief, and having made all reasonable enquiries, the Licensor is a Utah limited liability company, and is principally engaged in managing intellectual properties.

The ultimate beneficial owners of the Licensor are Samuel B. Malouf and Kacie Malouf (i.e. M Logistical Owners).

## **INFORMATION OF THE LICENSEES**

The Licensee 1 is a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company and is principally engaged in the business of trading of health and household products.

The Licensee 2 is a corporation incorporated under the laws of the State of Delaware in the United States of America 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 ENTERING INTO THE LICENSE AGREEMENTS**

The License Agreements enable the Group to secure exclusive rights to use and sublicense the Licensed Property at least in the foreseeable term as contemplated thereunder, which comprises well-established and recognized brand assets. This arrangement allows the Group to enhance its brand portfolio and strengthen its market positioning which is expected to contribute positively to the development of the Group's business. Further, the Target Group has been utilizing the Licensed Property in its operations for many years. The sublicense of the rights under the License Agreements to the Sub-licensees will regularize the Target Group's ongoing use of the Licensed Property, ensuring brand consistency and operational continuity. The License Agreements also support the Group's broader strategic objectives by fostering closer collaboration with M Logistical and its holding companies and creating potential for future business synergies.

Having taken into account the above reasons and benefits, the Directors (including the independent non-executive Directors), having reviewed the License Agreements, consider that the transactions under the License Agreements have been and will be entered into in the ordinary and usual course of business, on normal commercial terms and that the terms of the License Agreements and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the transactions contemplated under the License Agreements and none of them had abstained from voting at the meeting of the Board on the resolutions to approve the License Agreements and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

Upon Closing, the Target Company will become an indirect subsidiary of the Company, and each of M Logistical and the M Logistical Owners, as a substantial shareholder of a subsidiary of the Company, will become a connected person of the Company at the subsidiary level. The Licensor, as a subsidiary of a company wholly-owned by the M Logistical Owners, is an associate of the M Logistical Owners pursuant to Rule 14A.12(1)(c) of the Listing Rules and hence will become a connected person of the Company at the subsidiary level. Hence, upon Closing, the License Agreements and the continuing transactions contemplated thereunder will become continuing connected transactions of the Company under Chapter 14A.60(1) of the Listing Rules, while the transactions contemplated under the Sub-License Agreements will become the transactions within members of the Group as each of the Sub-licensees will become an indirect subsidiary of the Company upon Closing.

According to Rule 14A.60 of the Listing Rules, the Company shall comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules, including publishing of an announcement and annual reporting. If the License Agreements are renewed or their terms are varied, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Annual Caps”	Annual Caps 1 and/or Annual Caps 2
“Annual Caps 1”	the annual maximum aggregate value for the transactions contemplated under the License Agreement 1
“Annual Caps 2”	the annual maximum aggregate value for the transactions contemplated under the License Agreement 2
“A-Share(s)”	the class A ordinary share(s) of the Company with a nominal value of DKK1 each
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“B-Share(s)”	the class B ordinary share(s) of the Company with a nominal value of DKK 1 each
“Closing”	the closing of the Subscription pursuant to the Subscription Agreement
“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
“Consideration”	the total consideration of EUR5 million (equivalent to approximately HK\$45.9 million) payable by the Subscriber to the Target Company for the Subscription

“Denmark”	the Kingdom of Denmark
“Director(s)”	director(s) of the Company
“DKK”	Danish Krone, the lawful currency of Denmark
“EBITDA”	earnings before interest, taxes, depreciation, and amortization
“EUR”	euro, the currency of the European Union
“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)
“License Agreement(s)”	License Agreement 1 and/or License Agreement 2
“License Agreement 1”	the license agreement dated 17 July 2025 entered into between the Licensor and Licensee 1 in respect of the grant of certain rights by the Licensor to the Licensee 1 to sell and manufacture certain goods and merchandise incorporating the Licensed Property worldwide, excluding the United States of America, Mexico and India

“License Agreement 2”	the license agreement dated 17 July 2025 entered into between the Licensor and Licensee 2 in respect of the grant of certain rights by the Licensor to the Licensee 2 to sell and manufacture certain goods and merchandise incorporating the Licensed Property in the United States of America
“Licensed Products”	the products listed in the respective License Agreement which bear the Licensed Property and/or any packaging, advertising, promotional, marketing, or associated materials bearing one or more of the Licensed Property and the services provided in relation to such products, and “Licensed Product” means any one of them.
“Licensed Properties”	certain Licensor’s trademarks, service marks, trade names, merchandising rights, symbols, patents and copyrights identified in the respective License Agreement, and “Licensed Property” means any one of them
“Licensor”	Sky Bacon Technology Holdings, LLC, a Utah limited liability company
“Licensee(s)”	Licensee 1 and/or Licensee 2
“Licensee 1”	Sinomax International Trading Limited, a company incorporated and registered in Hong Kong and a wholly-owned subsidiary of the Company
“Licensee 2”	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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“M Logistical”	M Logistical Holdings B.V., a private company with limited liability incorporated under the laws of the Netherlands, having its corporate seat in Amsterdam, the Netherlands

“M Logistical Owners”	Samuel B. Malouf and Kacie Malouf, being the ultimate beneficial owners of the Target Company, M Logistical and the Licensor as at the date of this announcement
“PRC”	the People’s Republic of China
“Previous Subscription”	the subscription of the Previous Subscription Shares by the Subscriber from the Target Company pursuant to the Previous Subscription Agreement. Details of which are set out in the announcement of the Company dated 14 October 2024
“Previous Subscription Agreement”	the share subscription agreement dated 14 October 2024 entered into among the Subscriber, M Logistical and the Target Company in respect of the Previous Subscription
“Previous Subscription Shares”	the 40,910 ordinary share(s) with a nominal value of DKK1 each issued by the Target Company, representing 45% of the total issued share capital of the Target Company upon closing of the Previous Subscription
“Shareholder(s)”	holder(s) of the ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholders’ Agreement”	the amended and restated shareholders’ agreement dated 4 August 2025 entered into among the Target Company, the Subscriber and M Logistical in respect of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-license Agreement(s)”	Sub-license Agreement 1 and/or Sub-license Agreement 2



“Sub-license Agreement 1”	the sub-license agreement dated 17 July 2025 entered into between the Licensee 1 and the Sub-licensee 1 in respect of the grant of certain rights by the Licensee 1 to the Sub-licensee 1 to sell and manufacture certain goods and merchandise incorporating the Licensed Property worldwide, excluding the United States of America, Mexico and India
“Sub-license Agreement 2”	the sub-license agreement dated 17 July 2025 entered into between the Licensee 2 and the Sub-licensee 2 in respect of the grant of certain rights by the Licensee 2 to the Sub-licensee 2 to sell and manufacture certain goods and merchandise incorporating the Licensed Property in the United States of America
“Sub-licensee”	Sub-licensee 1 and/or Sublicensee 2
“Sub-licensee 1”	EverRest ApS, a Danish limited liability company, doing business as, FORSCO ApS, a wholly-owned subsidiary of the Target Company
“Sub-licensee 2”	EverRest US, LLC, a Utah limited liability company, a wholly-owned subsidiary of the Target Company
“Subscriber”	Treasure Range Holdings Limited, a company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Subscription Shares by the Subscriber from the Target Company pursuant to the Subscription Agreement
“Subscription Agreement”	the share subscription agreement dated 4 August 2025 entered into among the Subscriber, M Logistical and the Target Company in respect of the Subscription

“Subscription Shares”	the 20,202 A-Shares issued by the Target Company, representing approximately 18.18% of the total issued share capital of the Target Company upon Closing
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	M DK Holdings ApS, a private limited company incorporated in Denmark
“Target Group”	the Target Company and its subsidiaries
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 4 August 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; and 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 DKK and EUR into HK\$ have been made at an exchange rate of DKK1: HK\$1.10 and EUR1: HK\$9.18, respectively. 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.*