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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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

PERFORMANCE HIGHLIGHTS

- Revenue for the six-month period ended 30 June 2025 decreased by approximately HK\$110.7 million or approximately 5.5% to approximately HK\$1,892.1 million, as compared to approximately HK\$2,002.8 million for the corresponding period last year.
- Gross profit decreased by approximately HK\$64.9 million or approximately 12.8% to approximately HK\$442.4 million during the Reporting Period, as compared to approximately HK\$507.3 million for the corresponding period last year.
- Profit for the Reporting Period decreased by approximately HK\$43.8 million or approximately 59.0% to approximately HK\$30.4 million, as compared to approximately HK\$74.2 million for the corresponding period last year.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Sinomax Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six-month period ended 30 June 2025 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2024, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

		Unaudited	
		For the six-month period	
		ended 30 June	
		2025	2024
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	<i>3</i>	1,892,127	2,002,775
Cost of sales		(1,449,684)	(1,495,485)
Gross profit		442,443	507,290
Selling and distribution expenses		(235,071)	(252,982)
Administrative expenses		(119,227)	(124,161)
Research and development costs		(39,175)	(40,910)
Net impairment losses of financial assets		(1,991)	(8,833)
Other income	<i>4</i>	16,842	32,239
Other (losses)/gains, net		(10,534)	3,199
Operating profit		53,287	115,842
Finance costs	<i>5</i>	(24,749)	(23,096)
Share of profit of an associate		7,291	–
Profit before income tax		35,829	92,746
Income tax expense	<i>6</i>	(5,414)	(18,541)
Profit for the period	<i>7</i>	30,415	74,205
Profit for the period attributable to:			
Equity owners of the Company		26,911	62,096
Non-controlling interests		3,504	12,109
		30,415	74,205
		Cents	Cents
Earnings per share attributable to the equity holders of the Company	<i>8</i>		
– Basic		1.54	3.55
– Diluted		1.54	3.55

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

	Unaudited	
	For the six-month period	
	ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Profit for the period	<u>30,415</u>	<u>74,205</u>
Other comprehensive income/(loss)		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>14,289</u>	<u>(19,976)</u>
Total comprehensive income for the period	<u><u>44,704</u></u>	<u><u>54,229</u></u>
Total comprehensive income for the period attributable to:		
Equity owners of the Company	22,569	43,269
Non-controlling interests	<u>22,135</u>	<u>10,960</u>
	<u><u>44,704</u></u>	<u><u>54,229</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2025

		Unaudited As at 30 June 2025 <i>HK\$'000</i>	Audited As at 31 December 2024 <i>HK\$'000</i>
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment		426,286	415,760
Right-of-use assets		264,720	299,327
Investment properties		23,669	28,026
Goodwill		5,318	5,170
Intangible assets		6,732	7,621
Interest in an associate		70,016	54,654
Deposits and other receivables	10	26,391	29,822
Deferred tax assets		57,585	51,512
		<u>880,717</u>	<u>891,892</u>
Current assets			
Inventories		509,082	476,548
Trade and other receivables	10	830,982	777,273
Bill receivables	11	112,559	112,365
Trade receivables at fair value through other comprehensive income		45,847	36,472
Cash and cash equivalents		348,320	262,436
		<u>1,846,790</u>	<u>1,665,094</u>
Total assets		<u><u>2,727,507</u></u>	<u><u>2,556,986</u></u>

		Unaudited As at 30 June 2025 <i>HK\$'000</i>	Audited As at 31 December 2024 <i>HK\$'000</i>
	<i>Note</i>		
Equity			
Equity attributable to the Company's equity holders			
Capital and reserves			
Share capital		175,000	175,000
Reserves		798,524	798,705
Equity attributable to owners of the Company		973,524	973,705
Non-controlling interests		30,959	26,051
Total equity		1,004,483	999,756
Liabilities			
Non-current liabilities			
Lease liabilities		216,827	250,763
Deferred government grant	12	315	494
Deferred tax liabilities		12,189	11,077
		229,331	262,334
Current liabilities			
Trade and other payables	12	761,881	743,366
Bill payables	13	40,083	29,690
Contract liabilities		8,926	12,701
Unsecured bank borrowings	14	581,098	401,102
Lease liabilities		93,336	91,926
Taxation payable		8,369	16,111
		1,493,693	1,294,896
Total liabilities		1,723,024	1,557,230
Total equity and liabilities		2,727,507	2,556,986

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

1. BASIS OF PREPARATION

The condensed consolidated interim financial information of the Group has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The interim report does not include all of the notes normally included in annual consolidated financial statements. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024.

2. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of the amendments to standards as set out below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Amendments to standards adopted by the Group

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards as issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2025 for the preparation of the Group’s condensed consolidated interim financial information:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
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The amendments to standards listed above did not have any significant impact on the amounts recognised in prior period and are not expected to significantly affect the current or future period.

New standards and amendments to standards and an interpretation not yet adopted

Certain new standards and amendments to standards and an interpretation have been published that are not mandatory for the financial year beginning on 1 January 2025 and have not been early adopted by the Group. These new standards and amendments to standards and an interpretation are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions:

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments ⁽¹⁾
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11 ⁽¹⁾
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ⁽¹⁾
HKFRS 18	Presentation and Disclosure in Financial Statements ⁽²⁾
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁽²⁾
Amendments to HK Interpretation 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁽²⁾
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾

⁽¹⁾ Effective for the Group for annual period beginning on 1 January 2026

⁽²⁾ Effective for the Group for annual period beginning on 1 January 2027

⁽³⁾ Effective date to be determined

HKFRS 18 will replace HKAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of profit or loss and providing management-defined performance measures within the financial statements.

The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18. Management is currently assessing the detailed implications of applying the new standard on the Group's condensed consolidated interim financial information and consolidated financial statements.

The directors of the Group will adopt the above new standards, amendments to existing standards and an interpretation when they become effective. Except for the above disclosed impact, the directors of the Group are in the process of assessing the financial impact of the adoption of the above new standards, amendments to existing standards and an interpretation, none of which is expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group intends to adopt the above new standards and amendments to standards and an interpretation when they become effective.

3. REVENUE AND SEGMENT INFORMATION

The Group sells health and household products, including quality visco-elastic pillows, mattress toppers and mattresses, to wholesalers and retailers and also directly to customers both through its retail network comprising self-operated stand-alone retail shops and concession counters in department stores and through internet sales. The Group also sells polyurethane foam to furniture manufacturers.

The executive Directors of the Company, being the chief operating decision maker (“CODM”), make decisions about resource allocation based on revenue from different geographical markets and review reports on the financial performance of the Group as a whole. No other discrete financial information is reviewed by the CODM for the assessment of performance of the Group. Therefore, no other segment information is presented. The Group is currently organised into the following three geographical markets:

China market	–	manufacture and sale of health and household products and polyurethane foam for customers located in the People’s Republic of China (the “PRC”), Hong Kong and Macau
North American market	–	manufacture and sale of health and household products for customers located in the United States (the “U.S.”), Canada and other North American countries
Europe and other overseas markets	–	manufacture and sale of health and household products for customers located in overseas countries except for those customers located in the North American market

Disaggregation of revenue from contracts with customers

Revenue recognised at a point in time during the periods as follows:

Type of goods

	For the six-month period ended 30 June	
	2025	2024
	HK\$’000	HK\$’000
Sales of health and household products	1,324,940	1,341,486
Sales of polyurethane foam	567,187	661,289
Total	1,892,127	2,002,775

Geographical markets

	For the six-month period	
	ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
China market		
– The PRC	665,904	717,473
– Hong Kong, Macau and others	126,637	146,093
	792,541	863,566
North American market		
– The U.S.	578,388	702,706
– Others	113,634	110,875
	692,022	813,581
Europe and other overseas markets	407,564	325,628
Total	1,892,127	2,002,775

4. OTHER INCOME

	For the six-month period ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	2,240	3,388
Government subsidies	690	911
Rental income	5,257	5,635
Others	8,655	22,305
	<u>16,842</u>	<u>32,239</u>

5. FINANCE COSTS

	For the six-month period ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings	13,759	12,585
Interest on lease liabilities	9,513	7,720
Interest and charges on factoring of trade receivables	1,477	2,791
	<u>24,749</u>	<u>23,096</u>

6. INCOME TAX EXPENSE

	For the six-month period ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	3,339	1,529
PRC Enterprise Income Tax	5,812	12,942
PRC withholding tax on distributed profits from PRC subsidiaries	1,077	1,203
Overseas Income Tax	222	4,148
	<u>10,450</u>	<u>19,822</u>
Deferred taxation	<u>(5,036)</u>	<u>(1,281)</u>
	<u><u>5,414</u></u>	<u><u>18,541</u></u>

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 June 2025 is 15%, compared to 20% for the six-month period ended 30 June 2024. The effective tax rate was lower in 2025 mainly due to the under-performance of certain subsidiaries in the PRC, which are subject to higher statutory tax rates.

7. PROFIT FOR THE PERIOD

	For the six-month period ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Cost of inventories recognised as expenses including reversal of provision for inventories of HK\$1,351,000 (30 June 2024: HK\$8,296,000)	1,104,100	1,161,730
Total staff costs (included in cost of sales, selling and distribution expenses, administrative expenses and research and development costs)	312,243	302,983
Amortisation of intangible assets	889	889
Depreciation of property, plant and equipment	43,138	35,751
Depreciation of right-of-use assets	45,571	39,261
Depreciation of investment properties	1,124	1,233
Marketing expense	62,210	82,443
Professional fee	13,698	9,904
Transportation expense	<u>52,162</u>	<u>55,328</u>

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	For the six-month period ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
<i>Earnings for the purpose of basic and diluted earnings per share:</i>		
Profit for the period attributable to owners of the Company	<u>26,911</u>	<u>62,096</u>
	For the six-month period ended 30 June	
	2025	2024
<i>Number of shares:</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,750,002,000	1,750,002,000
Effect of dilutive potential ordinary shares in respect of outstanding share options	<u>–</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,750,002,000</u>	<u>1,750,002,000</u>

The diluted earnings per share equals basic earnings per share for the six-month periods ended 30 June 2025 and 2024 as the outstanding share options did not have dilutive effect because the exercise price per share option was higher than the average share price of the Company during the periods.

9. DIVIDEND

Subsequent to the end of the Reporting Period, the Directors of the Company have determined that an interim dividend of HK\$0.5 cent (2024: HK\$1.0 cent) per share in respect of the six-month period ended 30 June 2025, amounting to approximately HK\$8,750,000 in total will be paid in cash on 8 October 2025 to the shareholders whose names appear on the Company's register of members on 19 September 2025.

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Trade receivables, at amortised cost	722,776	649,369
Less: allowance for credit losses	(25,458)	(23,362)
Trade receivables, net	697,318	626,007
Deposits, prepayments and other receivables		
Prepayments for purchasing raw materials and operating expenses	73,960	93,499
Rental and other deposits	35,941	45,406
Other tax recoverable	42,020	32,066
Net investment in sublease	–	858
Others	8,134	9,259
	160,055	181,088
Total trade and other receivables	857,373	807,095
Less: Non-current rental deposits	21,228	25,974
Non-current deposits paid for property, plant and machinery	5,163	3,848
	26,391	29,822
Current portion	830,982	777,273

The Group's retail sales are made through its retail network comprising stand-alone retail shops, concession counters in department stores, and internet sales. The Group also sells health and household products directly to overseas wholesalers and retailers, and the polyurethane foam to furniture manufacturers in the PRC. Sales at self-operated retail shops and sales through retailers in the PRC and internet sales are transacted either by cash or credit cards. For sales made at concession counters, the department stores collect cash from the end customers and then repay the balance after deducting the concessionaire commission to the Group. The credit period granted to the department stores ranges from 30 days to 120 days. For sales to wholesalers, retailers and furniture manufacturers, the Group generally allows a credit period ranging from 7 days to 90 days.

The following is the aging analysis of trade receivables, net of allowance for credit losses, presented based on invoice date.

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Within 30 days	327,188	299,538
31 to 60 days	202,000	182,853
61 to 90 days	94,610	96,867
91 to 180 days	67,949	32,678
181 to 365 days	532	14,071
Over 365 days	5,039	—
	<u>697,318</u>	<u>626,007</u>

11. BILL RECEIVABLES

The amount represents bill receivables which are not yet due at the end of the reporting periods. The following is the aging analysis of bill receivables based on their time to maturities as at the end of the reporting periods:

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Within 30 days	27,643	23,374
31 to 60 days	18,369	18,956
61 to 90 days	16,188	23,810
91 to 180 days	50,267	43,704
181 to 365 days	92	2,521
	<u>112,559</u>	<u>112,365</u>

Included in the bill receivables above amounting to approximately HK\$92,160,000 as at the end of the Reporting Period (31 December 2024: HK\$94,968,000) had been endorsed for settling the trade payables for which the maturity dates of the bill receivables have not yet fallen due as at the end of the Reporting Period. All bill receivables of the Group are with a maturity period of less than one year.

12. TRADE AND OTHER PAYABLES

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Trade payables	<u>470,404</u>	<u>487,035</u>
Accrued operating expenses	130,633	90,303
Accrued salaries	65,002	89,572
Other taxes payable	19,487	27,700
Accrued royalties	35,639	33,226
Refundable deposits received	8,717	9,794
Dividend payable	26,733	–
Deferred government grant	701	869
Other payables and accrued expenses	<u>4,880</u>	<u>5,361</u>
	<u>291,792</u>	<u>256,825</u>
Total trade and other payables	762,196	743,860
Less: Non-current deferred government grant	<u>(315)</u>	<u>(494)</u>
Current portion	<u><u>761,881</u></u>	<u><u>743,366</u></u>

Included in the trade and other payables above amounting to HK\$92,160,000 as at the end of the Reporting Period (31 December 2024: HK\$94,968,000) had been settled by endorsed bills for which the maturity dates of the bill receivables are not yet fallen due as at the end of the Reporting Period (Note 11).

The credit period of trade payables ranged from 30 to 60 days. The following is the aging analysis of trade payables based on invoice date.

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Within 30 days	275,696	302,254
31 to 60 days	113,793	96,598
61 to 90 days	28,139	38,806
91 to 180 days	45,627	39,894
Over 180 days	7,149	9,483
	<u>470,404</u>	<u>487,035</u>

13. BILL PAYABLES

Bill payables were guaranteed by the Company and certain of its subsidiaries and the following is the aging analysis of bill payables based on bills issue dates:

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Within 30 days	13,161	3,305
31 to 60 days	–	2,151
61 to 90 days	2,615	–
91 to 180 days	24,307	24,234
	<u>40,083</u>	<u>29,690</u>

14. UNSECURED BANK BORROWINGS

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Trade financing	396,645	278,182
Revolving borrowings	169,900	117,200
Term borrowings	14,553	5,720
	<u>581,098</u>	<u>401,102</u>

All bank borrowings carry a variable-rate interest with reference to Hong Kong Interbank Offered Rate, Secured Overnight Financing Rate and Loan Prime Rate plus a specific margin of the relevant banks.

As at 30 June 2025, the range of effective interest rates (which are also equal to the contracted interest rates) of the Group's borrowings are 1.90% – 6.20% (31 December 2024: 2.80% – 6.43%) per annum.

As at 30 June 2025, the maturities of the bank borrowings are within one year or are repayable on demand (31 December 2024: Same).

15. CAPITAL COMMITMENTS

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated interim financial information	7,796	19,610

16. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 4 August 2025, the Group further subscribed for additional shares at a consideration of EUR 5 million (equivalent to approximately HK\$45.9 million) for M DK Holdings ApS, an associate of the Group. Following the subscription, the Group holds a 55% equity interest of M DK Holdings ApS, which is classified as a subsidiary of the Group.

The acquisition has not impacted the financial effects for the six-month period ended 30 June 2025. The operating results and assets and liabilities of the acquiree will be consolidated to the Group from 4 August 2025.

BUSINESS REVIEW

Revenue by operating segments

Revenue for the Reporting Period decreased by approximately HK\$110.7 million or approximately 5.5% to approximately HK\$1,892.1 million, as compared to approximately HK\$2,002.8 million for the corresponding period last year.

	For the six-month period ended 30 June		
	2025	2024	Changes
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
China market	792,541	863,566	–8.2%
North American market	692,022	813,581	–14.9%
Europe and other overseas markets	407,564	325,628	25.2%
Total	<u>1,892,127</u>	<u>2,002,775</u>	–5.5%

The sales in the China market decreased by approximately 8.2% for the Reporting Period, as compared to the corresponding period last year. The decrease was mainly due to the weak economy, low consumer sentiment and fierce price competition in the China market during the Reporting Period.

For the North American market, sales decreased by approximately 14.9% for the Reporting Period, as compared to the corresponding period last year as a result of the volatile global trade under the tariff policy of the U.S.. The tariffs have significantly disrupted not only trade between the U.S. and China, but also global supply chains, leading to increased uncertainty and operational disruptions in production and logistics.

In Europe and other overseas markets, we recorded an increase of sales of approximately 25.2% for the Reporting Period, as compared to the corresponding period last year. The increase was mainly due to increase in our sales to customers in Europe.

Gross Profit

Gross profit decreased by approximately HK\$64.9 million or approximately 12.8% to approximately HK\$442.4 million during the Reporting Period, as compared to approximately HK\$507.3 million for the corresponding period last year. The decrease in gross profit was mainly due to the fact that the Group entered into several new factories lease contracts in 2024 in Vietnam and the U.S. as disclosed in the announcements of the Company dated 12 June 2024 and 17 June 2024, with the view to expanding the Group's business operations in Vietnam and the U.S. These expansions have facilitated and expanded the Group's operations and enabled the Group to meet its customers' growing demands in Vietnam and the U.S., which, at the same time, increased the overhead costs for the Reporting Period as compared to the corresponding period last year.

Costs and expenses

Selling and distribution costs for the Reporting Period decreased by approximately HK\$17.9 million or approximately 7.1% to approximately HK\$235.1 million, as compared to approximately HK\$253.0 million for the six-month period ended 30 June 2024. The decrease was mainly due to the decrease in marketing and advertising expenses of approximately HK\$20.2 million.

Administrative expenses for the Reporting Period decreased by approximately HK\$5.0 million or approximately 4.0% to approximately HK\$119.2 million, as compared to approximately HK\$124.2 million for the six-month period ended 30 June 2024. The decrease was mainly due to decrease in staff costs of approximately HK\$2.8 million.

Profit for the Reporting Period

As a result of the above, profit for the Reporting Period decreased by approximately HK\$43.8 million or approximately 59.0% to approximately HK\$30.4 million, as compared to approximately HK\$74.2 million for the corresponding period last year.

LIQUIDITY, FINANCE AND CAPITAL RESOURCES

As at 30 June 2025, the Group had net current assets of approximately HK\$353.1 million, as compared to approximately HK\$370.2 million as at 31 December 2024.

Bank balances and cash as at 30 June 2025 increased by approximately HK\$85.9 million or approximately 32.7% to approximately HK\$348.3 million as compared to approximately HK\$262.4 million as at 31 December 2024.

Net cash generated from operating activities amounted to approximately HK\$33.8 million for the Reporting Period as compared to net cash generated from operating activities amounting to approximately HK\$136.9 million for the six-month period ended 30 June 2024.

Borrowings and pledge of assets

As at 30 June 2025, the Group had banking facilities amounting to approximately HK\$1,299.8 million of which approximately HK\$621.2 million was utilized (31 December 2024: banking facilities amounting to approximately HK\$1,251.9 million of which approximately HK\$430.8 million was utilized), which included unsecured bank borrowings and bill payables.

Capital expenditure

The Group's capital expenditure for the Reporting Period amounting to approximately HK\$46.2 million was mainly for the purchase of the Group's plant and machinery (31 December 2024: approximately HK\$65.8 million).

Financial ratios

	As at 30 June 2025	As at 31 December 2024
Current ratio ⁽¹⁾	123.6%	128.6%
Quick ratio ⁽²⁾	89.6%	91.8%
Gearing ratio ⁽³⁾	57.9%	40.1%
Debt to equity ratio ⁽⁴⁾	23.2%	13.9%

⁽¹⁾ Current ratio is equal to current assets divided by current liabilities.

⁽²⁾ Quick ratio is equal to current assets less inventories and divided by current liabilities.

⁽³⁾ Gearing ratio is derived by dividing interest-bearing debt incurred in the ordinary course of business by total equity.

⁽⁴⁾ Debt to equity ratio is calculated by dividing net debt by total equity. Net debt is defined to include all borrowings net of cash and cash equivalents.

FOREIGN CURRENCY EXPOSURE

The Group carries on business mainly in Hong Kong, the PRC, the U.S. and Vietnam. The Group is exposed to foreign exchange risk principally in Renminbi and Vietnamese Dong which can be largely offset by its revenue and expenditure in the PRC and Vietnam. The Group does not expect any appreciation or depreciation of the Hong Kong Dollar against Renminbi and Vietnamese Dong which could materially affect the Group's results of operations, and therefore no hedging instrument has been employed. The Group will closely monitor the trends of the Renminbi and Vietnamese Dong and take appropriate measures to deal with the foreign exchange exposure if necessary.

TREASURY POLICY AND MARKET RISKS

The Group has a treasury policy that aims at better controlling its treasury operations and lowering borrowing cost. Such treasury policy requires the Group to maintain an adequate level of cash and cash equivalents and sufficient banking facilities available to finance the Group's daily operations and to address short term funding needs. The Group reviews and evaluates its treasury policy from time to time to ensure its adequacy and effectiveness.

PROSPECTS

The global economic environment in the first half of 2025 was full of instability and challenges. The Group expects that in the following year, the general economy will be continuously dynamic and challenging.

Nevertheless, the Group will continue to explore opportunities and invest in businesses with higher growth potential. As disclosed in the announcement of the Company dated 14 October 2024 (the “**2024 Announcement**”), the Group invested in a European entity (the “**Target Company**”, together with its subsidiaries, the “**Target Group**”) with a consideration of EUR6 million (equivalent to approximately HK\$50.99 million at an exchange rate of EUR1:HK\$8.4985 as set out in the 2024 Announcement). The Group recorded a lucrative return of approximately HK\$5.0 million from its share of the Target Company’s profit in 2024. As disclosed in the announcement of the Company dated 4 August 2025 (the “**2025 Announcement**”), the Group further subscribed for additional shares at a consideration of EUR5 million (equivalent to approximately HK\$45.9 million at an exchange rate of EUR1:HK\$9.18 as set out in the 2025 Announcement). Following this further subscription, the Group holds a 55% equity interest in the Target Company, which is classified as a subsidiary. Accordingly, the financial results of the subsidiary will be consolidated into the Group’s accounts in 2025.

The Board considers that increasing the Group’s equity interest in the Target Company 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 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. For details, please refer to the 2025 Announcement.

Moving forward, more focus will be placed on expanding the U.S. and Europe markets. Various sales projects in the U.S. and Europe were launched and our sales for Mattress-in-a-box are expected to continue to grow and generate more sales and profits for the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed “Prospects” in this announcement, the Group does not have other plans for material investments or capital assets.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares) during the Reporting Period.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.5 cent per share for the Reporting Period (for the six-month period ended 30 June 2024: HK\$1.0 cent), amounting to approximately HK\$8,750,000 in total, to be paid in cash on Wednesday, 8 October 2025, to shareholders whose names appear on the register of members of the Company on Friday, 19 September 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 16 September 2025 to Friday, 19 September 2025 (both days inclusive), during which no transfer of shares of the Company will be registered and the record date is Friday, 19 September 2025. In order to qualify for the interim dividend, all transfer documents and the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 15 September 2025.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2025, the employee headcount of the Group was 3,742 (30 June 2024: 3,208) and the total staff costs, including Directors’ remuneration and share option expenses, amounted to approximately HK\$312.2 million for the Reporting Period (for the six-month period ended 30 June 2024: approximately HK\$303.0 million). The increase in staff costs for the Reporting Period was mainly due to increase in number of staff.

The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to employees including housing and travel allowances depending on their grade and ranking within the Group. The Group also maintains medical insurance for the benefit of its employees. The Group conducts induction training for all of its new employees and on-going training from time to time during their employment. The nature of training offered depends on our employees' specific field of operation.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code of corporate governance. During the Reporting Period, all the code provisions as set out in the CG Code were met by the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix C3 to the Listing Rules. The Company has made specific enquiry of all Directors and all Directors confirmed that they have complied with the required standards of the Model Code regarding Directors' securities transactions during the Reporting Period.

REVIEW OF INTERIM RESULTS

The audit committee of the Board has reviewed, together with the management of the Group, the accounting principles and policies adopted by the Group, and discussed and reviewed the unaudited condensed consolidated financial information of the Group for the Reporting Period and recommended the adoption of the same by the Board.

PricewaterhouseCoopers, the auditor of the Group, has reviewed the unaudited condensed consolidated interim financial information of the Group for the Reporting Period, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

PUBLICATION OF INTERIM RESULTS AND 2025 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement will be published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (www.hkexnews.hk) and the Company (www.sinomax.com/group), and the interim report for the Reporting Period containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company in due course.

On behalf of the Board
Sinomax Group Limited
Lam Chi Fan
Chairman

Hong Kong, 19 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.