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Sinomax Group Limited

盛諾集團有限公司

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

(Stock Code: 1418)

SUPPLEMENTAL ANNOUNCEMENT

DISCLOSEABLE TRANSACTION FURTHER SUBSCRIPTION OF SHARES IN THE TARGET COMPANY

Reference is made to the announcement of Sinomax Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 4 August 2025 in relation to, among other things, the Subscription (the “**Announcement**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as defined in the Announcement.

In addition to the information as set forth in the Announcement, the Company wishes to provide the Shareholders and the public with supplemental information in respect of the Subscription as follows:

Reason for relying on Price-to-EBITDA (“P/E”) ratio when determining the Consideration

The Group adopted the P/E ratio as the multiple to estimate the value of the Target Company, and to determine the Consideration because the major drivers of value of the Target Company is its business performance and earning power. P/E ratio is widely used among investors to determine a fair and strategic consideration. EBITDA reflects core profitability of the Target Company by excluding financing and accounting distortions, and can assist in the determination of whether the Target Company is overvalued or undervalued as compared to other comparables in the industry. In view of the above, the P/E ratio can assist the Directors to assess whether the price of the Target Company reflects the Target Company’s fundamentals and financial performance and indicates the price that the Group is paying for each dollar of operating profit generated by the Target Company.

Details of one-off exceptional expenses excluded in the Target Company's adjusted EBITDA

The value of the Target Company was determined by adopting the P/E ratio with adjustments made to the Target Company's EBITDA, and the following items are considered one-off exceptional expenses of the Target Company which are excluded in computing the adjusted EBITDA:

(a) One-off transaction bonus for employee(s)

An aggregate amount of DKK8,750,000 was paid by the Target Company as a one-off bonus to its management team as their incentive and for appreciation and recognition of their work in exploring and introducing strategic investor(s) to the Target Company and subsequently, the Previous Subscription for shares in the Target Company by the Subscriber, a wholly-owned subsidiary of the Company, was completed in October 2024 (the "**Initial Investment**"). The Initial Investment was not part of the ordinary course of business of the Target Company. Therefore, a bonus payment to employees in relation to their work on the Initial Investment should be regarded as a one-off transaction.

(b) One-off bad debt expense

The Target Company conducted a restructuring pursuant to which an entity, EverRest US, LLC, became a subsidiary of the Target Company. As part of the restructuring, certain trade receivables from a related entity were assigned to EverRest US, LLC. As of 31 March 2025, trade receivables of approximately DKK13,569,000 remained outstanding and in view of the recoverability of such balance, the Target Company made a specific provision for the entire balance. Since the trade receivables were assigned to EverRest US, LLC as part of the restructuring and the restructuring was a one-off event, such specific provision on bad debt expenses as a result of the restructuring shall be regarded as a one-off transaction.

In light of the above, the Directors are of the view that the abovementioned exclusions were justifiable to ensure that the EBITDA accurately reflected the underlying financial and operational performance and core profitability of the Target Company, free from distortions resulting from non-recurring or exceptional items.

Calculation of the P/E ratio based on the adjusted EBITDA

(a) Calculation of the P/E ratio (in DKK)

The P/E ratio of 7.12 as disclosed in the Announcement was calculated based on the Consideration relative to the Group's increased shareholding in the Target Company's adjusted EBITDA according to the Target Company's management accounts for the period from 1 July 2024 to 30 June 2025. The calculation is set forth in the table below:

Adjusted EBITDA of the Target Company for the period from 1 July 2024 to 30 June 2025:	EBITDA per consolidated income statement:	DKK30,107,000
	Add: one-off transaction bonus for employee(s)	DKK8,750,000
	Add: one-off bad debt expense	DKK13,569,000
	Adjusted EBITDA:	DKK52,426,000
Consideration:	EUR5,000,000 (equivalent to approximately DKK37,313,000 at an exchange rate of EUR1: DKK7.46264)	
Subscription Shares as a percentage of total issued shares in the capital of the Target Company immediately following Closing:	10%	
P/E ratio:	$\text{DKK37,313,000} / (10\% \times \text{DKK52,426,000}) = \mathbf{7.12}$	

(b) Calculation of the P/E ratio (in HK\$)

As disclosed in the Announcement, based on the Target Company's adjusted EBITDA of DKK52.4 million (equivalent to approximately HK\$57.7 million), and the Hong-Kong dollar equivalents of the Consideration (i.e. HK\$45.9 million), the P/E ratio would be calculated as $\text{HK\$45.9 million} / (10\% \times \text{HK\$57.7 million}) = \mathbf{7.95}$.

The reason for such discrepancy is because the EUR to DKK exchange rate adopted in (a) above was EUR1: DKK7.46264. However, the exchange rates adopted in the Announcement (i.e., DKK1: HK\$1.10 and EUR1: HK\$9.18) imply an inferred EUR to DKK rate of EUR1: DKK8.34545. The difference in the resulting P/E ratio is attributable to the variation in exchange rates applied in the respective calculations.

Selection criteria for market comparables

In evaluating the value of the Target Company, the Group initially adopted the following selection criteria in compiling the list of market comparables for comparison:

- (a) publicly listed companies on a major global stock exchange;
- (b) the line of business shall include the manufacture and sale of mattresses and other sleeping products;
- (c) the product offerings shall include mattresses and other sleeping products;
- (d) the customer segment shall include serving customers in the United States and the European Union; and
- (e) the operational scale shall include manufacturing, distributing and/or selling mattresses and other sleeping products in multiple countries around the world.

Based on the above selection criteria, the Group identified seven market comparables (“**Initial Comparables**”) which the Directors consider to be an exhaustive list.

Excluding certain market comparables from the Initial Comparables

Among the seven Initial Comparables, three of them were later excluded in calculating the benchmark P/E ratio, leaving four of the Initial Comparables suitable for comparison against the Target Company (the “**Remaining Comparables**”). Three of the Initial Comparables were excluded for the following reasons:

- (a) the manufacture and sale of mattresses and sleeping products was not its primary line of business;

- (b) consistent and reliable financial information was not available; or
- (c) the reporting of a negative EBITDA as the Directors believe a market comparable with a negative EBITDA do not provide a meaningful basis for valuation which would distort the analysis, and therefore, undermine the fairness and reasonableness of the comparison of such market comparable against the Target Company.

The benchmark P/E ratio obtained from the Remaining Comparables

The P/E ratio of the Remaining Comparables ranged from approximately 0.78 to 20.29. The benchmark P/E ratio was determined by calculating the average P/E ratio of the Remaining Comparables, which was approximately **7.78**.

By using the above adjusted EBITDA, the P/E ratio of the Target Company was **7.12**, which is aligned with prevailing market valuations for companies operating within the same industry of the Target Company with reference to the average P/E ratio of the Remaining Comparables.

Save as disclosed above, all other information set forth in the Announcement remains unchanged. This supplemental announcement is supplemental to and should be read in conjunction with the Announcement.

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

Hong Kong, 9 September 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.