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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 CONTINUING CONNECTED TRANSACTIONS

References are made to the Announcements in relation to, among other things, the Subscription.

As disclosed in the Announcements, upon Closing of the Subscription and as at the date of this announcement, the Target Company is owned as to 55% and 45% by the Subscriber and M Logistical, respectively.

CONTINUING CONNECTED TRANSACTIONS

Prior to the Subscription, on 15 December 2023, the Seller (as seller), a wholly-owned subsidiary of the Target Company, and the Buyer (as buyer), an indirect and non-wholly owned subsidiary of M Logistical, entered into the Existing Agreement setting out the general principles and mechanism for the sourcing and supply of the Products which has been conducted in the ordinary and usual course of business.

After Closing, the Seller has 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, is a connected person of the Company at the subsidiary level. The Buyer, an indirect and non-wholly owned subsidiary of M Logistical, is an associate of M Logistical pursuant to Rule 14A.13(1)(c) of the Listing Rules and hence is a connected person of the Company at the subsidiary level. In compliance with the Listing Rules, on 19 September 2025 (after trading hours), the Seller and the Buyer entered into the Supplemental Agreement to supplement the Existing Agreement by setting the Term and Annual Caps for the transactions contemplated thereunder. The Existing Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder has become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

Whilst one or more of the applicable percentage ratios (other than the profits ratio) in respect of the Annual Caps in relation to the Existing Agreement (as amended and supplemented by the Supplemental Agreement) exceed 5%, the Directors, having made all reasonable enquiries, confirmed that the Buyer is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules. The Board has approved the transactions contemplated under the Existing Agreement (as supplemented by the Supplemental Agreement), and the independent non-executive Directors have confirmed that the terms of the Existing Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole. As the conditions required under Rule 14A.101 of the Listing Rules have been fulfilled, the Existing Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder are only subject to reporting, annual review and announcement requirements set out in Chapter 14A of the Listing Rules and are exempt from the circular, independent financial advice and independent shareholders' approval requirements.

INTRODUCTION

References are made to the Announcements in relation to, among other things, the Subscription.

Prior to the Subscription, on 15 December 2023, the Seller (as seller), a wholly-owned subsidiary of the Target Company, and the Buyer (as buyer), an indirect and non-wholly owned subsidiary of M Logistical, entered into the Existing Agreement setting out the general principles and mechanism for the sourcing and supply of the Products which has been conducted in the ordinary and usual course of business.

After Closing, the Seller has become an indirect subsidiary of the Company, and the Buyer has become a connected person of the Company at the subsidiary level. In compliance with the Listing Rules, on 19 September 2025, the Seller and the Buyer entered into the Supplemental Agreement to supplement the Existing Agreement by setting the Term and Annual Caps for the transactions contemplated thereunder.

PRINCIPAL TERMS OF THE EXISTING AGREEMENT (AS AMENDED AND SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT)

A summary of the principal terms of the Existing Agreement and the Supplemental Agreement is set forth below:

Existing Agreement

Date: 15 December 2023

Parties: (1) The Seller (as seller)

(2) The Buyer (as buyer)

Term: For an indefinite duration commencing from 15 December 2023, subject to a right of termination by either party at any time upon six months' written notice.

Subject Matter: The Existing Agreement serves as a cooperative framework agreement setting out the general principles and mechanism for the sourcing and supply of the Products.

Basis of Pricing: The pricing of the Products would be determined in accordance with the Cost-Plus transfer pricing method, which shall be calculated by way of the following:

- (i) First, the Seller shall calculate its costs associated with purchase of the Products (“**Costs**”) which will take the form of an agreed price from the manufacturer(s) based on the Incoterms agreed;

Second, the Seller shall add a predetermined profit margin (currently, not more than 20%) (“**Markup**”) to its Costs as determined after arm’s length negotiation between the parties, with reference to, among other things, (i) the Seller’s average gross margin when selling to external customers and (ii) extended payments terms. The Markup added should be consistent with what unrelated parties would charge for similar products under similar circumstances and is subject to periodic revision on each twelve-month anniversary of the date of the Existing Agreement to ensure the transactions are carried out on arm’s length basis; and

- (ii) Third, the resulting transfer price (also the purchase price of the Buyer) for the Products shall be the sum of the Costs incurred by the Seller and the agreed Markup, which shall be agreed in the product specification sheet and confirmed in the Seller’s order confirmation.

Payment Terms: The Seller would issue invoices to the Buyer after the Products are delivered. Payment is due 180 days from the date of the invoice and the payment must be made in the currency as stated in invoice and in accordance with the terms and conditions specified from time to time.

Supplemental Agreement

Date: 19 September 2025 (after trading hours)

Parties: (1) The Seller (as seller)

(2) The Buyer (as buyer)

Amendment of the Term: For a period commencing from 4 August 2025 (i.e. the Effective Date) and ending on 31 December 2027 (the “**Term**”), subject to a right of termination by either party at any time upon six months’ written notice.

Setting of the Annual Caps: The parties agree that the annual aggregate maximum amounts of sales of Products to the Buyer by the Seller during the Term (the “**Annual Cap(s)**”) shall be set as follows:

Period	Annual Cap	
	(DKK)	(equivalent HK\$)
For the period from the Effective Date to 31 December 2025	24,000,000	29,280,000
For the year ending 31 December 2026	53,000,000	64,660,000
For the year ending 31 December 2027	58,000,000	70,760,000

Save for the above, all other terms and conditions of the Existing Agreement remain unchanged, and for the purposes of completeness, the Existing Agreement (as amended and supplemented by the Supplemental Agreement) should be read together as one agreement.

To ensure the price of the Products offered or to be offered by the Seller to the Buyer is no less favourable than those to the other independent third party customers for the supply of comparable products, the indicative mark-up rate will be prepared by the business team of the Group and subject to an annual review and approval by the Chief Financial Officer of the Seller to ensure that the terms offered to the Buyer is no less favourable than those to the other independent third party customers for the supply of comparable products, and the parties will make the periodic review and adjustment on the Markup as mentioned above. In any event, the mark-up rate shall not be lower than the average mark-up rate of other comparable products sold by the Group.

The Directors (including the independent non-executive Directors) are of the view that the aforementioned pricing mechanism and procedures can ensure that the transactions contemplated under the Existing Agreement (as amended and supplemented by the Supplemental Agreement) will be conducted on normal commercial terms.

HISTORICAL TRANSACTION AMOUNTS

For the two years ended 31 December 2023 and 2024 and the period from 1 January 2025 to the Effective Date, the aggregate amounts in respect of the transactions under the Existing Agreement were as follows:

Period	Amount paid to the Seller by the Buyer under the Existing Agreement	
	<i>(DKK)</i>	<i>(equivalent HK\$)</i>
For the year ended 31 December 2023	303,000	369,660
For the year ended 31 December 2024	49,377,000	60,239,940
For the period from 1 January 2025 to the Effective Date	23,735,000	33,531,700

The transactions under the Existing Agreement between the parties during the period from the Effective Date to the date of this announcement, constituted de minimis transactions of the Company, whether considered on a standalone basis or on an aggregated basis for the purpose of the Listing Rules, at the relevant times of execution.

ANNUAL CAPS

The above Annual Caps as set out in the Supplemental Agreement were determined after taking into account:

- (i) the expected growth of the bedding and home furniture products industry in the European market;
- (ii) the business development of the Group, taking into account gaining the majority stake in the Target Group (including the Seller) after Closing;
- (iii) the expected costs associated with purchase of the bedding and home furniture products sourced from the manufacturer(s) by the Seller;
- (iv) the historical transaction amounts for the orders of bedding and home furniture products placed by the Buyer during the periods as set out in the paragraph headed “HISTORICAL TRANSACTION AMOUNTS” in this announcement above; and
- (v) the anticipated demands that may be derived from the potential business growth of the Buyer.

REASONS AND BENEFITS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

Prior to the Subscription, the Seller and the Buyer both formed part of the group of companies controlled or owned by the M Logistical Owners (“**M Logistical Group**”). The parties entered into the Existing Agreement setting out the general principles and mechanism for the sourcing and supply of the Products which has been conducted in the ordinary and usual course of business.

After Closing, the Seller has become an indirect subsidiary of the Company, and the Buyer has become a connected person of the Company at the subsidiary level. In compliance with the Listing Rules, the Seller and the Buyer entered into the Supplemental Agreement to supplement the Existing Agreement by setting the Term and Annual Caps for the transactions contemplated thereunder in order to better monitor the continuing connected transactions contemplated thereunder.

The Board believes that the Existing Agreement (as amended and supplemented by the Supplemental Agreement) secures a stable and reliable supply of the Products, fosters the Group's long-term relationship with the Buyer and M Logistical Group, and enables the Group to strategically allocate resources in response to the growing demand for the bedding and home furnishings products. The Existing Agreement (as amended and supplemented by the Supplemental Agreement) is in line with the development strategies of the Group as one of the leading suppliers of bedding and home furnishings products. The establishment of stable and reliable business relationships with its manufacturers/suppliers and customers is important for the development of the Group, particularly in the highly competitive market in which the Group operates.

Based on the above reasons and having considered all relevant factors, the Directors (including the independent non-executive Directors) are of the view that the terms of the transactions contemplated under the Existing Agreement (as amended and supplemented by the Supplemental Agreement) (including the Annual Caps) were (i) negotiated on arm's length basis; (ii) entered into on normal commercial terms; (iii) in the ordinary and usual course of business; (iv) fair and reasonable; and (v) 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 Existing Agreement (as amended and supplemented by the Supplemental Agreement) and none of them had abstained from voting on the resolutions of the Board to approve the Existing Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder.

INFORMATION ON THE COMPANY AND THE SELLER

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 Seller is a limited liability company incorporated under the laws of Denmark, a direct subsidiary of the Target Company and an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the business of creating, developing and sourcing the bedding and home furniture products.

INFORMATION OF M LOGISTICAL AND THE BUYER

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

The Buyer is a limited liability company incorporated under the laws of England and Wales, an indirect non-wholly owned subsidiary of M Logistical. It is principally engaged in the business of selling, marketing, distributing the bedding and home furniture products.

To the best of the Director's knowledge, information and belief, and having made all reasonable enquiries, the ultimate beneficial owners of the Buyer and M Logistical are Samuel B. Malouf and Kacie Malouf (i.e. the M Logistical Owners).

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Seller is 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, is a connected person of the Company at the subsidiary level. The Buyer, an indirect and non-wholly owned subsidiary of M Logistical, is an associate of M Logistical pursuant to Rule 14A.13(1)(c) of the Listing Rules and hence is a connected person of the Company at the subsidiary level. The Existing Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder has become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Whilst one or more of the applicable percentage ratios (other than the profits ratio) in respect of the Annual Caps in relation to the Existing Agreement (as amended and supplemented by the Supplemental Agreement) exceed 5%, the Directors, having made all reasonable enquiries, confirmed that the Buyer is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules. The Board has approved the transactions contemplated under the Existing Agreement (as supplemented by the Supplemental Agreement), and the independent non-executive Directors have confirmed that the terms of the Existing Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole. As the conditions required under Rule 14A.101 of the Listing Rules have been fulfilled, the Existing Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder are only subject to reporting, annual review and announcement requirements set out in Chapter 14A of the Listing Rules and are exempt from the circular, independent financial advice and independent shareholders' approval requirements.

DEFINITIONS

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

“Announcements”	collectively, the announcement of the Company dated 4 August 2025 and the supplemental announcement of the Company dated 9 September 2025 in relation to, among other things, the Subscription
“Annual Cap(s)”	the annual aggregate maximum amounts of sales of Products to the Buyer by the Seller during the Term contemplated under the Existing Agreement (as amended and supplemented by the Supplemental Agreement)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors

“Buyer”	Soak and Sleep Limited, a corporation incorporated under the laws of England and Wales and an indirect non wholly-owned subsidiary of M Logistical
“Closing”	the closing of the Subscription
“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
“Denmark”	the Kingdom of Denmark
“Director(s)”	director(s) of the Company
“DKK”	Danish Krone, the lawful currency of Denmark
“Effective Date”	4 August 2025 (being the date of Closing)
“Existing Agreement”	the Sourcing and Supply Agreement dated 15 December 2023 entered into between the Seller (as seller) and the Buyer (as buyer) in respect of the sourcing and supply of the Products
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of PRC
“Incoterms”	the international commercial terms, a series of pre-defined commercial terms published by the International Chamber of Commerce widely used in international commercial transactions
“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 Buyer and M Logistical as at the date of this announcement
“Product(s)”	bedding and home furnishings products sourced and to be sourced from the external manufacturer(s) by the Seller and sold and to be sold to the Buyer
“Seller”	EverRest ApS (formerly also trading business as FORSCO ApS), a limited liability company incorporated under the laws of Denmark, and a wholly-owned subsidiary of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 shares in the Target Company by the Subscriber pursuant to the subscription agreement dated 4 August 2025, details of which are set out in the Announcements
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the Supplemental Agreement to the Existing Agreement dated 19 September 2025 entered into between the Seller (as seller) and the Buyer (as buyer) in respect of the sourcing and supply of the Products

“Target Company”	M DK Holdings ApS, a private limited company incorporated in Denmark
“Target Group”	the Target Company and its subsidiaries
“Term”	a period commencing from the Effective Date and ending on 31 December 2027
“%”	per cent

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

Hong Kong, 19 September 2025

As at the date of this announcement, the non-executive director of the Company is Mr. Lam Chi Fan (Chairman of the Board); the executive Directors of the Company 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 of the Company are Mr. Wong Chi Keung, Mr. Zhang Hwo Jie and Dr. Cheung Wah Keung.

In this announcement, unless otherwise stated, the conversions of DKK into HK\$ have been made at an exchange rate of DKK1: HK\$1.22. 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.