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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)

CONTINUING CONNECTED TRANSACTIONS
(1) 2026-2028 SALE AND PURCHASE FRAMEWORK AGREEMENT;
AND
(2) LOGISTICS AGREEMENTS

FURTHER INFORMATION ON THE BASIS OF ANNUAL CAPS AND REVISION OF LOGISTICS SERVICES ANNUAL CAPS

Reference is made to the announcement of Sinomax Group Limited (the "**Company**") dated 29 May 2026 in relation to, among other things, the 2026-2028 Sale and Purchase Framework Agreement and the Logistics Agreements (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 potential investors with (i) further information in respect of the Agreements; and (ii) the revision of the EMLA Annual Caps and the SMLA Annual Caps (collectively, the "**Logistics Services Annual Caps**").

FURTHER INFORMATION ON THE BASIS OF ANNUAL CAPS

(1) 2026-2028 Sale and Purchase Framework Agreement

Indicative SPA Mark-up Rate

As disclosed in the Announcement, if there is no market price available for a particular Product, the price of such Product will be determined on a cost-plus basis with reference to the costs incurred by Sinomax USA for the supply of such Product and an Indicative SPA Mark-up Rate to be determined on a transaction-by-transaction basis based on, among other things, the then prevailing market conditions and the average mark-up rates of comparable products supplied to independent third party customers.

Based on Sinomax USA's experiences, consistent with its treatment of other independent third party customers, the Indicative SPA Mark-up Rate is estimated to range from 3% to 15%, which is, however, subject to the review and approval mechanism of the Group after arm's length negotiation with the Buyer.

Annual Uplift

Having considered the average annual inflation rate in the U.S. in the past two years and the expected consumer inflation in the U.S. for the upcoming three years, the Company considers that the maximum uplift of 3% on the SPA Price List based on the current prices each year during the SPA Term ("**Annual Uplift**") represents a realistic estimate of the increased costs in the subsequent years, allowing Sinomax USA to cover for the potential increased costs of the Products. On the other hand, the Annual Uplift, as agreed and accepted by the Buyer, represents and provides a mutually acceptable price adjustment mechanism which is conducive to the continuity of transactions contemplated under the 2026-2028 Sale and Purchase Framework Agreement.

The Directors also considered that having an Annual Uplift is a common practice in the Group's sale of Products to other independent third party customers, and it is therefore on normal commercial terms or better to the Group. Notwithstanding the Annual Uplift, Sinomax USA will strictly follow the pricing policy as stated in the Announcement to ensure that the price offered to the Buyer at the relevant time is on normal commercial terms or better to the Group and comparable to those terms offered to independent third party customers for selling products of comparable quality, quantity and specifications.

SPA Annual Caps

As disclosed in the Announcement, the SPA Annual Caps were determined after taking into account:

(i) the expected growth of the bedding products industry in the American market;

(ii) the expected costs associated with purchase of Products sourced from the manufacturer(s) by Sinomax USA and members of the Group;

(iii) the historical transaction amounts for the orders of Products placed by the Buyer as set out in the paragraph headed "SPA Historical Transaction Amounts" in the Announcement; and

(iv) the anticipated demands that may be derived from the potential business growth of the Buyer.

The Group has planned and taken steps for its expansion of operations in the U.S. for some years to meet the growing demands in the American market. In light of the growing geopolitical tensions and evolving trade policies, the U.S. supply chains have been undergoing structural changes which create opportunities for the U.S.-based manufacturers and North American regional partners. Although the SPA Annual Caps are only an estimate of the maximum aggregate transaction amounts, the Company, with its robust local production capacity as a competitive edge, is contemplating a significant increase of sales volume of Products to the Buyer in the coming years.

Based on the Buyer's projected sales amounts to its customers, and the Buyer's estimated orders to be placed with Sinomax USA, the Company applied a buffer of approximately 20% in arriving at the SPA Annual Caps. In addition, based on publicly available market research, the Mexican home bedding market was valued at approximately US$2.62 billion in 2025, which will be further increased in the coming years, and it is expected that Sinomax USA's sales of Products to the Buyer could capture approximately 1% of the market share. However, the Group has no control over the Buyer's actual purchases of the Products, and the SPA Annual Caps do not represent the revenue amounts which the Group could eventually receive from the Buyer during the SPA Term. In light of the above, the Directors therefore consider that each of the SPA Annual Caps is fair and reasonable.

(2) Logistics Agreements

Price Adjustment

As disclosed in the Announcement, the Service Provider may adjust the Fee Schedule not more than once every twelve months by way of at least ninety (90) days' prior written notice, and such adjustment shall not exceed (i) the change in CPI-U for U.S. City Average, all items over the trailing twelve (12) months, or (ii) 3%, whichever is higher (the "**Price Adjustment**") and the transaction amounts generated therefrom shall be subject to the respective EMLA Annual Cap(s) and the SMLA Annual Cap(s) (as the case may be).

The Company considers that it is common for service providers (including independent third party service providers) to adjust the fees to cover for its increased costs against inflation. Taking into account the average annual inflation rate in the U.S. in the past two years and the expected consumer inflation in the U.S. for the upcoming three years, the Company considers the Price Adjustment to be in line with the expected inflation rate in the subsequent years. In any event, should the Fee Schedule after the Price Adjustment be less favourable to the Group than the terms to be offered by other independent third party service providers, the Group will not be bound to enter into further transactions with the Service Provider. Therefore, the Directors considered that it is on normal commercial terms or better to the Group. Notwithstanding the Price Adjustment, EverRest and Sinomax USA will strictly follow the pricing policy as stated in the Announcement to ensure that the service fee charged by the Service Provider at the relevant time is no less favourable to the Group than the terms offered by independent third party service providers or those offered by the Service Provider to its independent third party customers (as the case may be) for providing services of identical, or (if that is not available) of similar or comparable nature.

Logistics Services Annual Caps

As disclosed in the Announcement, the Logistics Services Annual Caps were determined after taking into account:

(i) the Group's need for logistics services based on its expected growth on the sales and the business development in the Group's American market; and

(ii) the potential increment for the transportation costs during the EMLA Term or the SMLA Term (as the case may be).

As disclosed above, due to the structural changes in the U.S. supply chains, coupled with the Group's expanding manufacturing functions in the U.S., it is expected that the Group will have a significantly increased need for logistics services.

In arriving at the Logistics Services Annual Caps, the Company has taken into account the scenarios where the Service Provider would provide more favourable terms to the Group as compared with other independent third party logistics service providers, or where it would be more cost effective for the Group to outsource its own logistics function to the Service Provider. Therefore, the Logistics Services Annual Caps have also factored in (i) the service fees which are currently attributable to other service providers but would otherwise be paid to the Service Provider; and (ii) the costs of the Group for its current logistics functions in the U.S. Similar to the industry average, the transportation cost associated with each product manufactured by the Group normally represents approximately 8% to 12% of its price. Based on such total estimated logistics costs in each year during the EMLA Term or the SMLA Term (as the case may be), the Company also applied a buffer of approximately 20% in arriving at the respective Logistics Services Annual Caps.

In light of the above, the Directors consider that each of the Logistics Services Annual Caps is fair and reasonable.

The above additional information does not affect other information contained in the Announcement and save as disclosed in this announcement, all other information set forth in the Announcement remains unchanged.

REVISION OF LOGISTICS SERVICES ANNUAL CAPS

On 6 November 2026, (i) EverRest and the Service Provider entered into the second amendment agreement to the EverRest – Mobix Logistics Agreement (as amended and supplemented by first amendment agreement dated 29 May 2026 (the "**First EMLA Amendment Agreement**")) (the "**Second EMLA Amendment Agreement**"), and (ii) Sinomax USA and the Service Provider entered into the first amendment agreement to the Sinomax USA – Mobix Logistics Agreement (the "**First SMLA Amendment Agreement**", together with the Second EMLA Amendment Agreement, collectively the "**Amendment Agreements**"), to revise the EMLA Annual Caps and the SMLA Annual Caps, respectively.

The existing Logistics Services Annual Caps contemplated under the Logistics Agreements and the revised Logistics Services Annual Caps contemplated under the Amendment Agreements are set out below:

	EMLA Annual Caps		**SMLA Annual Caps**		**Aggregate of the EMLA Annual Caps and the SMLA Annual Caps**	
Period	**Existing**	**Revised**	**Existing**	**Revised**	**Existing**	**Revised (remaining unchanged)**
From 29 May 2026 ((i.e., the EMLA Amendment Effective Date or the SMLA Effective Date (as the case may be)) to 31 December 2026 (both dates inclusive) (the "**Remaining FY2026**")	US$7,000,000	US$12,500,000	US$7,000,000	US$1,500,000	US$14,000,000	US$14,000,000
Equivalent to	HK$54,600,000	HK$97,500,000	HK$54,600,000	HK$11,700,000	HK$109,200,000	HK$109,200,000
For the year ending 31 December 2027	US$4,000,000	US$14,000,000	US$14,000,000	US$4,000,000	US$18,000,000	US$18,000,000
Equivalent to	HK$31,200,000	HK$109,200,000	HK$109,200,000	HK$31,200,000	HK$140,400,000	HK$140,400,000
For the year ending 31 December 2028	US$4,800,000	US$16,800,000	US$16,800,000	US$4,800,000	US$21,600,000	US$21,600,000
Equivalent to	HK$37,440,000	HK$131,040,000	HK$131,040,000	HK$37,440,000	HK$168,480,000	HK$168,480,000
For the period from 1 January 2029 to 28 May 2029 (i.e., the expiry date of the EMLA Term or the SMLA Term (as the case may be)) (both dates inclusive)	US$2,400,000	US$8,400,000	US$8,400,000	US$2,400,000	US$10,800,000	US$10,800,000
Equivalent to	HK$18,720,000	HK$65,520,000	HK$65,520,000	HK$18,720,000	HK$84,240,000	HK$84,240,000

In addition to the factors for determining the Logistics Services Annual Caps as set out above, the revised Logistics Services Annual Caps were determined after taking into account, the Group's updated business plan with its adjusted need for logistics services from EverRest and Sinomax USA based on its expected growth on the sales and the business development in the Group's American market, as further detailed in the paragraph headed "Reasons for the Revision of the Logistics Services Annual Caps" below.

The historical transaction amounts paid by EverRest and Sinomax USA to the Service Provider for the provision of Services and Additional Services (if any) pursuant to the respective Logistics Agreements are as follows.

	Amount paid by EverRest to the Service Provider	Utilisation rate of the EMLA Annual Cap for the Remaining FY2026	Amount paid by Sinomax USA to the Service Provider	Utilisation rate of the SMLA Annual Cap for the Remaining FY2026	Total amount paid by the Group to the Service Provider	Utilisation rate of the aggregate of the EMLA Annual Cap and the SMLA Annual Cap for the Remaining FY2026
From 29 May 2026 to 30 September 2026 (both dates inclusive)	US$6,143,049	87.8%	US$66,873	1.0%	US$6,209,922	44.4%
Equivalent to	HK$47,915,782		HK$521,609		HK$48,437,392	

As at the date of this announcement, the actual transaction amounts under the respective Logistics Agreement do not exceed the respective existing Logistics Services Annual Caps for the remaining FY2026.

Reasons for the Revision of the Logistics Services Annual Caps

Since the commencement of the Logistics Agreements, the Group has continuously reviewed its internal methodology for allocating logistics service costs between EverRest and Sinomax USA. When the existing Logistics Services Annual Caps were originally determined, the allocation was based in part on the management's expectation that a substantial portion of the logistics-related expenses would gradually be assumed by Sinomax USA as its operations in the U.S. expanded.

Subsequently, the Group refined its allocation methodology by adopting an actual cost-per-sales-order approach, under which logistics service costs are allocated based on the actual logistics activities and resources consumed by each business unit. Following such refinement, the Group observed that a significant majority of the freight and fulfilment expenses remained attributable to EverRest, primarily because its specialty retail and direct-to-consumer channels continue to generate the majority of shipments and related logistics activities. As a result, the actual utilisation of the EMLA Annual Cap has been materially higher than originally anticipated, whereas the utilisation of the SMLA Annual Cap has been correspondingly lower.

For the period from 29 May 2026 to 30 September 2026, the transaction amount under the EverRest – Mobix Logistics Agreement (as amended and supplemented by the First EMLA Amendment Agreement) amounted to approximately US$6.1 million, which has reached approximately 87.8% of the EMLA Annual Cap for the period ending 31 December 2026 as of 30 September 2026, whereas the transaction amount under the Sinomax USA – Mobix Logistics Agreement amounted to less than US$0.1 million. The aggregate of these transaction amounts is generally in line with the Group's original estimate of the overall demand for logistics services, but the allocation of such demand between EverRest and Sinomax USA differs from the assumptions adopted when the original Logistics Services Annual Caps were determined.

Accordingly, the Company proposes to revise the EMLA Annual Caps and the SMLA Annual Caps to better reflect the expected allocation of logistics service costs between EverRest and Sinomax USA for the remaining term of the Logistics Agreements.

The Company would also like to emphasise that the proposed revisions only reallocate the Logistics Services Annual Caps between the two Logistics Agreements. The aggregate amount of the EMLA Annual Caps and the SMLA Annual Caps for each relevant period remains unchanged. Accordingly, the Directors consider that the overall expected demand for logistics services remains consistent with the Group's original projections when the Logistics Agreements were entered into.

To ensure that the transactions contemplated under each of the Logistics Agreements (as amended and supplemented by the respective Amendment Agreements) (including revised Logistics Services Annual Caps) are consistent with the pricing policies and connected transaction policies of the Group and the terms of the Agreements, the Group has adopted and will continue to implement the internal control measures as disclosed in the paragraph headed "Internal Control Measures" of the Announcement.

INFORMATION ON THE COMPANY, SINOMAX USA AND EVERREST

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

Sinomax USA is a limited liability company incorporated under the laws of the States of Delaware in the U.S. and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the sale of health and household products.

EverRest is a company incorporated under the laws of the State of Utah in the U.S. and is a wholly-owned subsidiary of MDKH, which in turn is owned as to 55% by the Company and as to 45% by M Logistical respectively. It is principally engaged in the creation, development, sourcing, and sale of bedding and home furniture products.

INFORMATION OF THE M LOGISTICAL OWNERS AND THE SERVICE PROVIDER

The M Logistical Owners, Samuel B. Malouf and Kacie Malouf, collectively, are the ultimate beneficial owners of M Logistical and the Service Provider. Through M Logistical, they also control 45% of MDKH, a subsidiary of the Company.

The Service Provider is a company incorporated under the laws of the State of Utah in the U.S. which is ultimately controlled by the M Logistical Owners. It is principally engaged in the business of providing the Services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, M Logistical Owners, as substantial shareholders of MDKH, a subsidiary of the Company, are connected persons of the Company at the subsidiary level. The Service Provider, being an associate of the M Logistical Owners, is a connected person of the Company at the subsidiary level. Therefore, the transactions contemplated under the Logistics Agreements (as amended and supplemented by the Amendment Agreements) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, a listed issuer is required to re-comply with the announcement and shareholders' approval requirements (if applicable) for the relevant continuing connected transactions before the annual cap is exceeded.

As disclosed in the Announcement, the Company aggregated the EMLA Annual Caps and the SMLA Annual Caps for the purpose of calculating the applicable percentage ratios under the Listing Rules. The proposed revisions merely reallocate the Logistics Services Annual Caps among the two Logistics Agreements and do not result in any increase in the aggregate of the Logistics Services Annual Caps for each relevant period. Accordingly, the applicable percentage ratios in respect of the Logistics Agreements (as amended and supplemented by the Amendment Agreements) remain unchanged following the revisions.

The Board (including the independent non-executive Directors) has approved the revision of the EMLA Annual Caps and the SMLA Annual Caps, and confirmed that the terms of the Amendment Agreements and transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better to the Group, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Therefore, the revision of the EMLA Annual Caps and the SMLA Annual Caps and the entering into of the Amendment Agreements 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 pursuant to Rule 14A.101 of the Listing Rules.

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

Hong Kong, 6 November 2026

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 conversion of US$ into HK$ have been made at an exchange rate of US$1: HK$7.80. 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.