

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares or other securities in the Company.*



**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)**

**PLACING OF EXISTING SHARES AND  
TOP-UP SUBSCRIPTION OF NEW SHARES  
UNDER GENERAL MANDATE**

**Placing Agent**



**PLACING OF EXISTING SHARES**

On 15 May 2015 (after trading hours), Sinomax Enterprises, one of the Controlling Shareholders of the Company, entered into the Placing Agreement with the Placing Agent and the Company whereby Sinomax Enterprises agreed to place, through the Placing Agent, on a best effort basis, a maximum of 100,000,000 Shares to not less than six Placees at a price of HK\$1.06 per Placing Share.

The maximum of 100,000,000 Placing Shares represent (i) approximately 6.06% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription (assuming 100,000,000 Placing Shares are successfully placed under the Placing and no further new Shares will be issued before completion of the Subscription).

**SUBSCRIPTION OF NEW SHARES**

On 15 May 2015 (after trading hours), Sinomax Enterprises also entered into the Subscription Agreement with the Company pursuant to which Sinomax Enterprises conditionally agreed to subscribe for a maximum of 100,000,000 Subscription Shares at a price of HK\$1.06 per Subscription Share. Completion of the Subscription is conditional upon certain conditions, including but not limited to (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares, and (b) completion of the Placing.

The actual number of Subscription Shares will be the same as the number of the Placing Shares successfully placed under the Placing. The maximum of 100,000,000 Subscription Shares represent (i) approximately 6.06% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription (assuming 100,000,000 Placing Shares are successfully placed under the Placing and no further new Shares will be issued before completion of the Subscription). The Subscription Shares will be issued under the General Mandate.

The gross proceeds and net proceeds from the Subscription will be a maximum of HK\$106 million and approximately HK\$101.8 million respectively, which are intended to be used to fund the Group's business expansion in the United States and general working capital.

The shareholding of Sinomax Enterprises in the Company will decrease from approximately 63.86% to approximately 57.80% immediately after completion of the Placing and will increase to approximately 60.21% immediately after completion of the Subscription.

**Completion of each of the Placing and the Subscription is subject to the terms of the Placing Agreement and the Subscription Agreement respectively. As the Placing and the Subscription may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **PLACING AGREEMENT**

The Placing Agreement was made amongst Sinomax Enterprises, the Placing Agent and the Company on 15 May 2015 (after trading hours) pursuant to which Sinomax Enterprises agreed to appoint the Placing Agent as agent and the Placing Agent agreed to act as agent for Sinomax Enterprises to procure, on a best effort basis, not less than six Placees to purchase a maximum of 100,000,000 Placing Shares at the Placing Price of HK\$1.06.

### **Parties**

- (1) Sinomax Enterprises, a Controlling Shareholder of the Company, as vendor of the Placing Shares. The shareholding of Sinomax Enterprises is owned legally by Chi Fan Holding Limited, Wing Yiu Investments Limited, The James' Family Holding Limited and Venture Win Holdings Limited, and beneficially by The Frankie Trust, The Cheung's Family Trust, The James' Family Trust and The Feng Chen's Family Trust, as to 50%, 16.67%, 16.67% and 16.67% respectively.
- (2) Placing Agent, as placing agent of the Placing. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.
- (3) The Company.

## **Placees**

The Placing Shares will be placed to not less than six Placees, being institutional, professional and/or individual investors who and whose ultimate beneficial owners are Independent Third Parties. It is expected that none of the Placees and their respective associates will become a substantial Shareholder as a result of the Placing.

## **Placing Shares**

The maximum of 100,000,000 Placing Shares represent (i) approximately 6.06% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription (assuming 100,000,000 Placing Shares are successfully placed under the Placing and no further new Shares will be issued before completion of the Subscription).

## **Placing Price**

The Placing Price of HK\$1.06 per Placing Share (exclusive of stamp duty, brokerage (if any), Stock Exchange trading fees and SFC transaction levy) represents:

- (i) a discount of approximately 15.2% to the closing price of HK\$1.25 per Share as quoted on the Stock Exchange on 15 May 2015, being the date of the Placing Agreement and the Subscription Agreement; and
- (ii) a discount of approximately 18.96% to the average closing price of approximately HK\$1.308 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 14 May 2015, being the date prior to the date of the Placing Agreement and the Subscription Agreement.

The Placing Price was determined after arm's length negotiations between Sinomax Enterprises and the Placing Agent with reference to the prevailing market price of the Shares.

The Directors consider that the Placing Price is fair and reasonable so far as the Company is concerned.

## **Ranking of Placing Shares**

The Placing Shares will rank, *pari passu*, in all respects with the Shares in issue on the completion date of the Placing. The Placing Shares will be sold free from all liens, charges and encumbrances, and together with all rights attaching to them as at the completion date of the Placing, including the right to receive all dividends and distribution declared, made or paid on or after such date.

## **Placing commission**

The Placing Agent will receive a placing commission of 3.5% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares successfully placed by the Placing Agent. The placing commission is arrived at after arm's length negotiation between Sinomax Enterprises, the Placing Agent and the Company.

## **Completion of the Placing**

The Placing is unconditional. Completion of the Placing shall take place on 21 May 2015, or such other date as may be agreed by the Placing Agent, Sinomax Enterprises and the Company but in any event not later than 14 days from the date of the Placing Agreement.

## **SUBSCRIPTION AGREEMENT**

The Subscription Agreement was made between Sinomax Enterprises and the Company on 15 May 2015 (after trading hours) pursuant to which Sinomax Enterprises conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue a maximum of 100,000,000 Subscription Shares at the Subscription Price of HK\$1.06.

### **Parties**

- (1) Sinomax Enterprises (as subscriber).
- (2) The Company (as issuer).

### **Subscription Price**

The Subscription Price of HK\$1.06 per Share is the same as the Placing Price. It was determined after arm's length negotiations between Sinomax Enterprises and the Company with reference to the Placing Price. A comparison of the Subscription Price with the prevailing market prices of the Shares is set out in the sub-paragraph headed "Placing Agreement – Placing Price" above.

Taking into account the Company's estimated expenses for the Placing and the Subscription, the net subscription price is approximately HK\$1.018 per Subscription Share.

### **Subscription Shares**

The maximum of 100,000,000 Subscription Shares represent (i) approximately 6.06% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription (assuming 100,000,000 Placing Shares are successfully placed under the Placing and no further new Shares will be issued before completion of the Subscription). The actual number of Subscription Shares will be the same as the number of the Placing Shares successfully placed under the Placing. The aggregate nominal value of the maximum number of Subscription Shares under the Subscription will be HK\$10,000,000.

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares, including the right to receive all dividends and distributions declared, made or paid on or after such date.

## **Conditions of the Subscription**

Completion of the Subscription is conditional upon the fulfilment of the following:

- (A) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares;
- (B) completion of the Placing; and
- (C) the Company obtaining all consents and approvals from the relevant authorities, if applicable, to allot and issue of the Subscription Shares.

There is no provision in the Subscription Agreement allowing the parties thereto to waive any of the above conditions.

## **Completion of the Subscription**

Completion of the Subscription shall take place within 14 days after the date of the Subscription Agreement (or such other date as Sinomax Enterprises and the Company may agree in writing).

If completion of the Subscription is extended beyond 14 days after the date of the Placing Agreement, the Subscription will constitute a connected transaction under the Listing Rules which will require the approval of independent Shareholders and appropriate steps will be taken by the Company to ensure compliance with the Listing Rules and further announcement(s) will be made by the Company accordingly.

If completion of the Subscription does not occur within 14 days after the date of the Subscription Agreement, or such later date as may be agreed between the Company and Sinomax Enterprises, the obligations and liabilities of Sinomax Enterprises and the Company under the Subscription Agreement shall cease and determine.

## **Mandate to allot and issue new Shares**

The maximum of 100,000,000 Subscription Shares will be issued under the General Mandate. Accordingly, the issue of the Subscription Shares is not subject to the approval of the Shareholders. Under the General Mandate, the Company is authorised to issue up to 330,000,000 Shares. Up to the date of this announcement, no Shares have been issued under the General Mandate. Save for the General Mandate, the allotment and issue of the Subscription Shares is not subject to any Shareholders' approval.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## Effects on shareholding structure

The shareholding structure of the Company before and after completion of the Placing and the Subscription is as follows:

Shareholders	As at the date of this announcement		After Placing but before Subscription		After Placing and Subscription	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Sinomax Enterprises	1,053,648,000	63.86	953,648,000	57.80	1,053,648,000	60.21
Placees	–	–	100,000,000	6.06	100,000,000	5.71
Public Shareholders	596,354,000	36.14	596,354,000	36.14	596,354,000	34.08
<b>Total issued share capital</b>	<b>1,650,002,000</b>	<b>100.00%</b>	<b>1,650,002,000</b>	<b>100.00%</b>	<b>1,750,002,000</b>	<b>100.00%</b>

## USE OF PROCEEDS FROM THE SUBSCRIPTION

The maximum gross proceeds and net proceeds from the Subscription will be HK\$106 million and approximately HK\$101.8 million respectively.

The Company intends to apply the net proceeds from the Subscription to fund the Group's business expansion in the United States and general working capital. In light of the market conditions, the Placing and Subscription will raise additional capital for the Group for its business development.

Apart from fees and commissions payable to, and the reimbursement of costs and expenses of, the Placing Agent, the Stock Exchange trading fee, the SFC transaction levy and the relevant professional expenses, there are no other material expenses payable by the Company. Other than the intended use stated above, there is no other specific usage for the net proceeds.

## EQUITY FUND RAISING ACTIVITIES OF THE COMPANY SINCE LISTING

The shares of the Company were listed on the Stock Exchange with effect from 10 July 2014. Since the date of listing, the Company has not conducted any equity fund raising activity up to the date of this announcement.

## REASONS FOR AND BENEFITS OF THE PLACING AND THE SUBSCRIPTION

The proposed Placing and Subscription would achieve the following benefits for the Company:

- (A) it would increase the amount of Shares held by public investors which may in turn enhance the trading liquidity of the Shares;
- (B) it would introduce new investors to the Company and hence further optimise and diversify the Company's Shareholder base;

- (C) it would capture the current Share price to raise new proceeds for the Group's business expansion in the United States and general working capital purposes; and
- (D) it is expected that the Company's gearing level would be lowered by the Placing and Subscription and thereby preserving the healthiness of the financial status of the Company.

The Directors, taking into account the above benefits to the Company, considered that the Placing Price, the Subscription Price and the terms of the Placing Agreement and the Subscription Agreement to be fair and reasonable based on the current market conditions. Accordingly, the Board considers that the Placing and the Subscription to be in the interests of the Company and the Shareholders as a whole.

## **PRINCIPAL ACTIVITIES OF THE GROUP**

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 represent quality visco-elastic pillows, mattress toppers and mattresses.

**Completion of each of the Placing and the Subscription is subject to the terms of the Placing Agreement and the Subscription Agreement respectively. As the Placing and the Subscription may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“Business Day”	any day (not being a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business
“Board”	the board of Directors
“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
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the Shareholders' meeting of the Company held on 4 March 2014, pursuant to which the Company is authorised to issue up to 330,000,000 Shares
“Group”	the Company and its subsidiaries from time to time

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Third Parties”	third parties who are not Connected Persons of the Company and are independent of and not connected with the Company and its Connected Persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any institutional, professional and/or individual investors whom the Placing Agent has procured under the Placing Agreement
“Placing”	the placing of a maximum of 100,000,000 Placing Shares by the Placing Agent, on a best effort basis, pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	RHB OSK Securities Hong Kong Limited, a licensed corporation under the Securities and Futures Ordinance permitted to engage in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities
“Placing Agreement”	the placing agreement dated 15 May 2015 made amongst Sinomax Enterprises, the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$1.06 per Share (excluding any SFC transaction levy, Stock Exchange trading fee and other fees or levies as may be payable by the Placees)
“Placing Shares”	a maximum of 100,000,000 Shares to be placed pursuant to the Placing Agreement
“SFC”	The Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Sinomax Enterprises”	Sinomax Enterprises Limited (聖諾盟企業有限公司), a company incorporated in the BVI on 26 July 2004, and one of our Controlling Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by Sinomax Enterprises for the Subscription Shares pursuant to the Subscription Agreement



“Subscription Agreement”	the conditional subscription agreement dated 15 May 2015 made between Sinomax Enterprises and the Company in relation to the Subscription
“Subscription Price”	HK\$1.06 per Subscription Share, which is equivalent to the Placing Price
“Subscription Shares”	a maximum of 100,000,000 new Shares to be conditionally allotted and issued by the Company to Sinomax Enterprises pursuant to the Subscription Agreement
“The Cheung’s Family Trust”	a discretionary trust established by Mr Cheung Tung, the President of the Group and an executive Director, the beneficiaries of which are Mr Cheung Tung and his family members
“The Feng Chen’s Family Trust”	a discretionary trust established by Mr Chen Feng, an executive Director, the beneficiaries of which are Mr Chen Feng and his family members
“The Frankie Trust”	a discretionary trust established by Mr Lam Chi Fan, the Chairman of the Board and an executive Director, the beneficiaries of which are Mr Lam Chi Fan and his family members
“The James’ Family Trust”	a discretionary trust established by Ms Cheung Shui Ying, the beneficiaries of which are Ms Cheung Shui Ying and her family members
“%”	per cent.

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

Hong Kong, 17 May 2015

*As at the date of this announcement, the executive Directors are Mr. Lam Chi Fan (Chairman of the Board), Mr. Cheung Tung (President), Mr. Chen Feng, Mr. Lam Kam Cheung (Chief Financial Officer and Company Secretary) and Ms. Lam Fei Man; the independent non-executive Directors are Mr. Wong Chi Keung, Professor Lam Sing Kwong, Simon, Mr. Fan Chun Wah, Andrew, Mr. Zhang Hwo Jie and Mr. Wu Tak Lung.*

*In the event of any inconsistency between the English and Chinese versions of this announcement, the English version of this announcement shall prevail over the Chinese version.*