



## Sinomax Achieves Remarkable 2014 Annual Results

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**Profit for the Year Up Approximately 40% to HK\$202.9 Million  
Declares a Final Dividend of 2.5 HK Cents Per Share**

### Financial Highlights

<i>(HK\$ million)</i>	For the Year Ended 31 December		Change
	2014	2013	
Revenue	2,683.4	2,369.5	+13.2%
Gross Profit	736.4	620.6	+18.7%
Gross Profit Margin (%)	27.4	26.2	+1.2ppt
Profit for the Year	202.9	145.0	+39.9%
Net Profit Margin (%)	7.6	6.1	+1.5ppt
Basic Earnings per Share (HK cents)	12.37	9.05	+36.7%
Final Dividend (HK cents)	2.5	N/A	N/A

(Hong Kong, 16 March 2015) – **Sinomax Group Limited** (“Sinomax” and together with its subsidiaries, the “Group”) (stock code: 1418), a leading marketer, manufacturer and distributor of quality visco-elastic pillows, mattress toppers and mattresses in the United States (the “U.S.”), Hong Kong and the PRC, today announced its audited consolidated annual results for the year ended 31 December 2014 (“FY2014”), its first annual results since its listing on the Main Board of The Stock Exchange of Hong Kong Limited (“HKSE”) on 10 July 2014.

During the year under review, the Group achieved promising results in all business segments, which combined to contribute to a year-on-year increase of revenue by 13.2% to HK\$2,683.4 million. Gross profit jumped by 18.7% to HK\$736.4 million while gross profit margin was 27.4%, at a similar level as last year. Profit for the year surged by 39.9% to HK\$202.9 million. Excluding the one-off listing expenses of HK\$2.4 million and the share option expense under the Pre-IPO Share Option Scheme of HK\$7.4 million, profit for the year would have been approximately HK\$212.8 million. Basic earnings per share increased 36.7% to 12.37 HK cents (FY2013: HK9.05 cents).

The Board of Directors has resolved to declare a final dividend of HK 2.5 cents per share. Together with the interim dividend of HK 1.0 cent per share already paid during the year, total dividend for FY2014 amounts to HK 3.5 cents (FY2013: N/A).

**Mr. Lam Chi Fan, Chairman of Sinomax Group**, said, “The year 2014 was an especially significant year for Sinomax. The successful listing in Hong Kong, coupled with continuous substantial growth in revenue for the Group’s three operating segments, will propel our business to new heights of success. These milestones underscored the Group’s leading position in the mainstream visco-elastic health and wellness products sectors in the U.S., Hong Kong and the PRC markets. We will continue to grow our business by enhancing brand management and expanding sales channels, as well as promoting the image of health, relaxation and comfort conveyed by our ‘SINOMAX’ brand to the general public.”

## **Business Review**

During FY2014, all three operating segments including export sales, retail and corporate sales and polyurethane foam sales of the Group's business recorded substantial revenue growth of 9.6%, 34.0% and 11.7% respectively compared with FY2013.

### ***Export Sales – Continued to Be the Main Driver of the Group's Revenue Growth***

The segmental revenue generated from export sales grew 9.6% to HK\$1,374.6 million (FY2013: HK\$1,254.2 million), mainly attributable to the product sales under its own brands, namely "ComforZen" and "Dream Serenity," and licensed brands. In this business segment, revenue under its own and licensed brands surged by 69.3% to HK\$1,021.1 million, compared with HK\$603.2 million for the corresponding year, contributing 74.3% of the Group's revenue from the export sales segment (FY2013: 48.1%).

The Group sells its visco-elastic products on a wholesale basis primarily to leading retailers in the U.S. under its own, licensed or third-party brands.

### ***Retail and Corporate Sales – Expanded Sales Network Strengthens Reach to Customers***

The Group has actively expanded its retail network by opening ten new "Sinomax Life Stores" across Hong Kong and the PRC in FY2014, fulfilling its shop opening target set earlier in the year. In terms of sales channels, the "Sinomax Life Stores" recorded a same-store sales growth of 5%, indicating the Group's concept in promoting healthy living through first-hand experience has been widely accepted by its customers. Through the broader retail network and effective marketing campaigns, sales of products under the Group's flagship brand "SINOMAX" have substantially increased which has driven a robust 34.0% growth in revenue from retail and corporate sales in FY2014 to HK\$380.5 million (FY2013: HK\$284.1 million).

The Group sells its products under its "SINOMAX" brand through its retail network comprising Sinomax Life Stores and concession counters in department stores in Hong Kong, the PRC and Macau. The Group also conducts direct sales to corporate and other customers in Hong Kong and the PRC, as well as online sales.

### ***Polyurethane Foam Sales – Captured the Huge Business Potential in the PRC Market***

Revenue from polyurethane foam sales increased by 11.7% to HK\$928.3 million (FY2013: HK\$831.3 million) due to the increasing demand for high quality furniture and home accessories in the PRC market, which in turn has bolstered the demand for the Group's polyurethane foam products during FY2014.

The Group supplies quality polyurethane foam on a wholesale basis to furniture manufacturers in the PRC under the "Tung Ah" (東亞) brand.

## **Prospects**

To capture different market segments in the U.S. market and shorten the lead time between production and order delivery, the Group plans to acquire or set up production facilities in the country, with the ultimate goal to enhance the Group's vertically-integrated business model and operational efficiency. Moreover, the Group plans to promote the "SINOMAX" brand focusing on the mid-range to high-end retail markets to further enlarge the customer base in the U.S.

Turning to the Hong Kong, the PRC and Macau markets, the Group will implement a two-pronged retail network expansion strategy to broaden its customer reach there. In addition to opening more "Sinomax Life Stores" in Hong Kong and the PRC in FY2015, the Group will further strengthen its e-commerce sales channels dedicated for online shoppers. The Group will also devote greater efforts to brand building through the brand ambassadors and a range of marketing activities to boost its overall image and reinforce the association between its products and the concept of health, relaxation and comfort under our flagship "SINOMAX" brand.

Furthermore, the Group has been exploring strategic acquisitions and collaboration opportunities that are in line with its business vision. In January 2015, the Group has entered into the Acquisition Agreement with third parties to acquire 100% equity interests in Shanghai Luen Tai Polyurethane Co. Ltd., at a consideration of RMB35.0 million (the “Acquisition”) and it was approved by the independent shareholders of the Group at the Extraordinary General Meeting held on 6 March 2015. The Acquisition would create powerful synergies with Sinomax in terms of customer base and product portfolio, as well as securing a steady supply of core materials for the Group’s products.

**Mr. Eric Cheung, President of Sinomax Group**, concluded, “Looking ahead, the Group sees tremendous opportunity for Sinomax and is determined to allocate more resources to its brand development to fuel sustainable business growth. The Group will bolster its presence in different geographical markets, enhance its competitive advantages through expansion of production facilities and distribution network as well as exploring strategic acquisition opportunities in order to remain ahead of the competition and solidifying its leading position in the industry.”

#### **About Sinomax Group Limited**

Sinomax Group Limited is a leading marketer, manufacturer and distributor of quality visco-elastic pillows, mattress toppers and mattresses in the U.S., Hong Kong and the PRC. It is a well-known brand in both Hong Kong and the PRC retail markets for visco-elastic health and wellness products and it is also one of the leading suppliers of mainstream visco-elastic health and wellness products in the U.S. The Group sells its comprehensive product line in different markets under its own brands “SINOMAX,” “ComforZen” and “Dream Serenity” and licensed brands “Sharper Image,” “Awaken by Joan Lunden” and “HoMedics.” As at 31 December 2014, the Group had an estimated retail and distribution network comprising more than 6,000 points of sale in the U.S. and 480 points of sale in Hong Kong, the PRC and Macau.