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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)

INSIDE INFORMATION ANNOUNCEMENT

This announcement is made by Sinomax Group Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Directors**”) of the Company would like to inform the shareholders of the Company and potential investors that the purchase price of a key raw material of polyurethane foam (a major product of the Group), namely toluene diisocyanate (“**TDI**”), has been increasing in the second half of 2016, particularly in late September and October 2016. Based on the recent quotations provided by the domestic suppliers of the Group, the purchase price of TDI reached approximately RMB50,000 per tonne in October 2016, representing more than three times of the purchase price of TDI procured by the Group in August 2016. The Directors believe that such significant increase was mainly due to the shortage of supply of TDI, which drove up the market price of TDI.

The Directors expect that there will be an increase in the cost of sales of the Group due to the increase in the price of TDI and has been liaising with its key customers in transferring the cost increment to them. If the Group cannot pass such cost increment to the customers in a timely manner or the purchase price of TDI continues to rise, it may have a material adverse impact on the sales, gross margins, financial condition and results of operations of the Group. As at the date of this announcement, the financial impact of the above situation is yet to be determined. The Company will closely monitor the situation and keep its shareholders posted of the development as and when required under the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 20 October 2016

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; and 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.