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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)

SUPPLEMENTAL ANNOUNCEMENT

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

THE RENEWAL PROCUREMENT AGREEMENT WITH STUDIO MODERNA

Reference is made to the announcement of Sinomax Group Limited (the “**Company**”) dated 30 December 2016 in relation to the Renewal Procurement Agreement with Studio Moderna (the “**Announcement**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same respective meanings as defined in the Announcement.

In addition to the information disclosed in the Announcement, the Company wishes to provide the Shareholders and the public with additional information in relation to the Renewal Procurement Agreement.

As disclosed in the Announcement, the price of each type of foam products specified in the Price List will be determined with reference to (i) the prevailing market price of such product; and (ii) the price of such product supplied by Sinomax Trading to independent third parties. For the purpose of obtaining market prices, the business team of the Group will make reference to at least two actual transactions with other independent customers for products of comparable quality, quantity and specifications. The actual price together with other relevant terms of the transactions and the relevant supporting documents (including the reasons for the chosen independent third party transactions) are subject to the final review and approval by the sales manager of the Group. In any event, terms of each sale to Studio Moderna and/or its subsidiaries will be no less favourable to the Group than terms which can be obtained from independent third party customers for selling products of comparable quality, quantity and specifications.

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 cost incurred by Sinomax Trading for the supply of such product (including all costs and expenses relating to raw material procurement, production, transportation, marketing, operation and management) and an indicative markup rate to be determined based on the then prevailing market condition. The indicative markup rate will be prepared by the business team of the Group which will reflect the then prevailing market conditions with reference to the markup rate of other comparable products sold by the Group and will be subject to a monthly review and approval by the sales manager of the Group. In any event, the markup rate shall not be lower than the average markup rate of other comparable products sold by the Group. The Directors, including the independent non-executive Directors, are of the view that the aforesaid method and procedures can ensure that the continuing connected transactions under the Renewal Procurement Agreement will be conducted on normal commercial terms.

Save as disclosed above, all other information set out in the Announcement remains unchanged.

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

Hong Kong, 6 January 2017

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.