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Sinomax Group Limited

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1418)

SUPPLEMENTAL ANNOUNCEMENT

**CONTINUING CONNECTED TRANSACTIONS
REVISED PROCUREMENT AGREEMENT WITH GU JIA GROUP
AND
REVISION OF ANNUAL CAP**

Reference is made to the announcement of Sinomax Group Limited (the “**Company**”) dated 1 November 2017 in relation to, among others, the Revised Haining Procurement Agreement with the Gu Jia Group (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 Revised Haining Procurement Agreement.

As disclosed in the Announcement, the price of each type of polyurethane foams 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 Haining Sinomax and Sinomax Kuka 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 (instead of the price quotations to 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, the terms of each sale to the Gu Jia Group 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 Haining Sinomax and Sinomax Kuka 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 Revised Haining 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, 3 November 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, JP, Mr. Zhang Hwo Jie and Mr. Wu Tak Lung.