



Sinomax Achieves Satisfactory 2014 Interim Results

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**Profit for the Period Up 27.5% to HK\$85.5 million
Declares an Interim Dividend of 1 HK Cent Per Share**

Financial Highlights

(HK\$ million)	For the Six Months Ended 30 June		Change
	2014	2013	
Revenue	1,233.3	1,012.5	+21.8%
Gross Profit	325.3	271.3	+19.9%
Gross Profit Margin (%)	26.4%	26.8%	-0.4pt
Profit for the Period	85.5	67.1	+27.5%
Net Profit Margin (%)	6.9%	6.6%	+0.3pt
Basic Earnings per Share (HK cents)	5.44	4.18	+30.1%
Interim Dividend (HK cents)	1.0	nil	nil

(Hong Kong, 28 August 2014) – **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 unaudited interim results for the six months ended 30 June 2014, its first interim results since its listing on the Main Board of The Stock Exchange of Hong Kong Limited (“HKSE”) on 10 July 2014.

During the period under review, the Group captured favorable opportunities and achieved substantial sales growth in all three business segments, namely export sales, retail and corporate sales and polyurethane foam sales, contributing to a surge in revenue of 21.8% to HK\$1,233.3 million. Gross profit increased by 19.9% to HK\$325.3 million while gross profit margin was 26.4%, a similar level as last year. The Group reported a satisfactory performance with profit for the period amounting to HK\$85.5 million, representing an increase of 27.5% compared with the corresponding period last year. Excluding the one-off listing expenses of HK\$2.4 million and the share-based expense under the Pre-IPO Share Option Scheme of HK\$1.6 million, profit for the period would have surged by 33.3% to HK\$89.5 million. Basic earnings per share increased 30.1% to 5.44 HK cents.

The Board of Directors has resolved to declare an interim dividend of 1 HK cent per share, in order to maintain stable returns for shareholders.

Mr. Lam Chi Fan, Chairman of Sinomax Group, said, “In the first half of 2014, we have achieved remarkable accomplishments, including promising results in all business segments as well as the successful listing on the HKSE. These milestones underscored the Group’s leading position in the mainstream visco-elastic health and wellness products sector in the U.S., Hong Kong and the PRC markets. We will continue our efforts to enrich our product mix and brand recognition as well as introduce the ‘SINOMAX Life Store’ concept into all stores in Hong Kong and the PRC for promoting healthy living thereby, effectively boosting our profitability.”

Business Review

All three operating segments of the Group's business, namely export sales, retail and corporate sales and polyurethane foam sales, recorded substantial growth of 16.7%, 49.0% and 19.7% respectively compared with the corresponding period last year:

Export Sales – Remains a Stable Major Revenue Contributor

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.

During the period under review, revenue from export sales grew 16.7% to HK\$625.5 million (1H 2013: HK\$536.0 million), mainly attributable to product sales under its own brands, namely "ComforZen" and "Dream Serenity", as well as under licensed brands. In this business segment, revenue under its own and licensed brands increased by 39.3% to HK\$317.4 million, compared with HK\$227.9 million for the corresponding period last year, contributing 54.8% of the Group's revenue (1H 2013: 49.2%).

Retail and Corporate Sales – The Key Growth Driver in Its Blooming Markets

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 corporates and other customers in Hong Kong and the PRC, as well as online sales.

During the period under review, the Group has actively expanded its retail network by opening two new "Sinomax Life Stores" in Hong Kong and the PRC. Besides, in terms of sales channels, the "Sinomax Life Stores" recorded a same-store sales growth ("SSSG") of 18.1%. Thanks to the strong retail network and effective marketing campaigns, sales of products under the Group's flagship brand "SINOMAX" substantially increased which has driven a strong 49.0% growth of revenue from retail and corporate sales in the first six months of 2014 to HK\$189.8 million (1H 2013: HK\$127.4 million).

Polyurethane Foam Sales – Captures the Potential Growth in the Emerging Market

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

Revenue from polyurethane foam sales increased by 19.7% to HK\$417.9 million (1H 2013: HK\$349.1 million) due to increasing demand for high quality furniture and home accessories in the PRC market, in turn driving a rise in demand for the Group's polyurethane foam products during the period under review.

Prospects

Looking ahead, the Group will continue to strengthen its position as the leading marketer, manufacturer and distributor of quality visco-elastic pillows, mattress toppers and mattresses in the U.S., Hong Kong and the PRC. To fuel sustainable growth, the Group will bolster its presence in different geographical markets through expansion of its production facilities and distribution network as well as boost its brand recognition.

To better tap the U.S. market, the Group will enhance its vertically integrated business model by improving its operational efficiency. The Group plans to acquire or set up production facilities in the U.S., enabling it to provide products made in the U.S. so as to capture different market segments in the country and also shorten the lead time between production and delivery and thus better serve customers. Besides, the Group plans to promote the "SINOMAX" brand with the focus on the mid-range to high-end retail markets to broaden the customer base.

In view of enlarging its market share in Hong Kong, the PRC and Macau, the Group will further develop brand awareness through marketing activities to boost its overall image and reinforce the association between its products and the concept of health, relaxation and comfort under the "SINOMAX" brand. Additionally, to expand its distribution network and diversify its sales channels, the Group specifically will enrich the wide range of health care product offerings under its flagship brand as well as expand the retail network by opening an additional eight "Sinomax Life Stores" in Hong Kong and the PRC in the second half of 2014. Sinomax will also expand its e-commerce platforms to appeal to online shoppers.

Mr. Eric Cheung, President of Sinomax Group, concluded, "Despite the gloomy consumer market environment, the Group has continued to achieve satisfactory results. In light of China's rising urban population, the increase in its consumers' purchasing power as well as the greater health awareness among the new generation, we are optimistic about the growth potential in different geographical markets. As a renowned quality brand, we are committed to become an innovative leader in the industry and generate sustainable returns for our shareholders."

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 US, 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 US. 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 30 June 2014, the Group had an estimated retail and distribution network comprising more than 6,000 points of sale in the US and 470 points of sale in Hong Kong, the PRC and Macau.