



## Sinomax Achieves Satisfactory 2015 Interim Results

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**Profit for the Period Up 15.1% to HK\$98.5 million**  
**Declares an Interim Dividend of 1.5 HK Cents per Share**

### Financial Highlights

<i>(HK\$ million)</i>	For the Six Months Ended 30 June		Change
	2015	2014	
Revenue	1,378.6	1,233.3	+11.8%
Gross Profit	393.0	325.3	+20.8%
Gross Profit Margin (%)	28.5	26.4	+2.1ppts
Profit for the Period	98.5	85.5	+15.1%
Net Profit Margin (%)	7.1	6.9	+0.2ppts
Basic Earnings per Share (HK cents)	5.65	5.44	+3.9%
Interim Dividend (HK cents)	1.5	1.0	+50%

(Hong Kong, 21 August 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 unaudited interim results for the six months ended 30 June 2015 (“1H 2015” or the “Period”).

During the Period, the Group achieved a growth in revenue of 11.8% to HK\$1,378.6 million. Gross profit surged by 20.8% to HK\$393.0 million while gross profit margin climbed to 28.5% (1H 2014: 26.4%). The Group reported a satisfactory performance with profit for the Period amounting to HK\$98.5 million, representing a year-on-year rise of 15.1%. Basic earnings per share increased by 3.9% to 5.65 HK cents.

The Board of Directors has resolved to declare an interim dividend of 1.5 HK cents per share (1H 2014: 1 HK cent per share), in order to maintain stable returns for shareholders.

**Mr. Lam Chi Fan, Chairman of Sinomax Group**, said, “Despite the gloomy retail market in the U.S., we are delighted that Sinomax has managed to cope with the market challenges and has achieved an overall business growth for 1H 2015. During the period under review, the Group devoted tireless efforts in enriching its brand recognition and product offerings as well as broadening our sales network and distribution channels. At the same time, the Group has effectively provided more healthy products using technology for customers, with the ultimate goal of boosting our profitability. We are in a better position to capture market opportunities arising.”

## **Business Review**

### ***Export Sales – Manages to Cope with Challenges Despite the Gloomy Retail Market***

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.

In 1H 2015, the strict buying guidelines in the U.S. and retailer preferences in sourcing “made in U.S.” products have seriously affected market sentiment and limited the Group’s business development in the U.S. market. Yet, the Group has managed to cope with the challenges and achieved revenue of HK\$599.2 million (1H 2014: HK\$625.5 million). To tackle this purchasing perception issue in the U.S., the Group has been actively seeking to set up a manufacturing facility in the region with works in progress with an aim to provide “made in U.S.” products to the market to better fulfil customer needs.

### ***Retail and Corporate Sales – Continues to Expand Sales Network and Achieves Substantial Growth***

The Group sells its products under its “SINOMAX” brand through its sales network comprising stand-alone retail shops (the “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, and maintains online sales.

The segmental revenue jumped by 53.5% year-on-year to HK\$291.4 million, mainly attributable to the increase of products sales under the Group’s flagship brand “SINOMAX.” In addition, the Group continued to actively expand its sales network by opening 10 new Sinomax Life Stores in the PRC. In terms of sales channels, same-store sales grew approximately 3.9% in 1H 2015. Same-store sales for each of Sinomax Life Stores and concession counters grew by approximately 2.3% and 4.4% respectively. Furthermore, e-commerce sales of the Group started to bear fruit and recorded a substantial growth of 90.9% to approximately HK\$10.5 million.

### ***Polyurethane Foam Sales – Successful Acquisition to Capture the Market Potential in the PRC***

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

Driven by the increasing demand for high quality furniture and home accessories in the PRC market, the revenue of polyurethane foam sales increased 16.8% year-on-year to HK\$488.0 million. In March 2015, the Group acquired Shanghai Luen Tai Polyurethane Co. Ltd.<sup>1</sup> (上海聯大海綿有限公司) with an immediate contribution of RMB51.6 million (equivalent to approximately to HK\$64.2 million) to the Group’s revenue for the last three months in the Period under review. The acquisition secures a supply of core materials for its products and creates powerful synergies with Sinomax in terms of customer base and product portfolio.

## **Prospects**

In view of the growing demand for “made in U.S.” products in that country, the Group is going to set up a manufacturing facility in the U.S. This new manufacturing facility would significantly shorten the lead time between production and order delivery, thus better serve our customers and further enhance the Group’s vertically-integrated business model and cost efficiency. Moreover, the Group plans to promote its flagship brand “SINOMAX” in the U.S., focusing on the mid-range to high-end retail segments to further enlarge the customer base in the region.

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<sup>1</sup> The English name of the Company is for identification purpose only

In Hong Kong and the PRC markets, the Group will further enhance brand management through marketing activities to reinforce brand recognition and enhance the image and promise of health, relaxation and comfort of the “SINOMAX” brand. To diversify its sales network, the Group keeps strengthening its e-commerce sales channels and will continue to develop more exclusive products for e-commerce in order to attract online shoppers. Corporate customers will continue to be the Group’s target segment in the coming years to generate more income sources.

**Mr. Eric Cheung, President of Sinomax Group**, concluded, “Going forward, the Group will strengthen its market-leading position in different geographical markets by enhancing production facilities and expansion of its sales network. We will continue to explore possible strategic acquisition and partnership opportunities in line with the business vision of Sinomax to further grow our business, which in turn would also achieve sustainable growth and bring better value and returns to shareholders.”

**About Sinomax Group Limited (stock code: 1418)**

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,” “Dream Serenity,” “Customizer” and “Zeopedic” and licensed brands “Sharper Image,” “Awaken by Joan Lunden” and “HoMedics.” As at 30 June 2015, the Group had an estimated retail and distribution network comprising more than 6,000 points of sale in the U.S. and 442 points of sale in Hong Kong, the PRC and Macau.