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

(Stock Code: 1418)

DISCLOSURE PURSUANT TO RULE 13.19 OF THE LISTING RULES AND PROFIT WARNING

This announcement is made by the Company pursuant to Rules 13.09(2)(a) and 13.19 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

DISCLOSURE PURSUANT TO RULE 13.19 OF THE LISTING RULES

Based on a preliminary review of the unaudited consolidated management accounts of the Group for FY2019, subject to finalisation and possible adjustments upon review and audit by the Company's auditors, the Group has failed to satisfy certain financial covenants under the Facility Agreements. The Breach constitutes an event of default under the Facility Agreements, in which case the Lenders shall be entitled to declare that the loans under the Loan Facilities, together with accrued interest, be immediately due and payable. As at the date of this announcement, the aggregate outstanding principal amount of the Loan Facilities is approximately HK\$361.1 million.

PROFIT WARNING

The Board wishes to inform the Shareholders and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for FY2019, the Group is expected to record a loss before taxation in the range of approximately HK\$112.0 million to approximately HK\$122.0 million after considering, among other things, the potential impairment loss to be recognised for intangible assets including goodwill, brand name and customer relationship of approximately HK\$132.7 million for FY2019, as compared to a profit before taxation of approximately HK\$27.6 million for FY2018.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made by Sinomax Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

DISCLOSURE PURSUANT TO RULE 13.19 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 13 June 2018 in relation to a facility agreement (the “**2018 Facility Agreement**”) pursuant to which term loan facilities of up to the aggregate principal amount of USD35 million and HK\$273 million have been made available to the Group. In addition to the 2018 Facility Agreement, the Group has also entered into the following facility agreements with its lending banks: (i) a facility agreement dated 5 May 2017 in respect of aggregate loan facilities of up to USD10 million; and (ii) a facility agreement dated 16 July 2018 in respect of aggregate loan facilities of HK\$96 million (together with the 2018 Facility Agreement, the “**Facility Agreements**”; and the loan facilities under the Facility Agreements, the “**Loan Facilities**”; and the lending banks granting the Loan Facilities, the “**Lenders**”).

As at the date of this announcement, the aggregate outstanding principal amount of the Loan Facilities is approximately HK\$361.1 million.

Pursuant to the Facility Agreements, the Group is required to satisfy certain financial covenants. Based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 (“**FY2019**”), subject to finalisation and possible adjustments upon review and audit by the Company’s auditors, the Group has failed to satisfy certain financial covenants under the Facility Agreements (the “**Breach**”). The Breach constitutes an event of default under the Facility Agreements, in which case the Lenders shall be entitled to declare that the loans under the Loan Facilities, together with accrued interest, be immediately due and payable.

The Group has yet to obtain a waiver from the Lenders in respect of the Breach. As at the date of this announcement, the Lenders has not made any demand for immediate repayment of the loans under the Loan Facilities. Further announcement(s) regarding the Loan Facilities and the status of the waivers will be made as and when appropriate.

Notwithstanding the Breach, the Group has not experienced any difficulties in obtaining financing with its banks for its working capital. Based on the Group’s current cash position, the Company considers that the Group has sufficient financial resources to repay its indebtedness and there is no material adverse impact on the operation of the Group as a result of the Breach. On a prudent financial basis, the Company is in the process of re-classifying the Loan Facilities with an aggregate outstanding principal amount of approximately HK\$109.2 million from non-current liabilities to current liabilities in the Group’s unaudited consolidated financial statements for FY2019.

PROFIT WARNING

The board of directors (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for FY2019 and other financial information currently available, the Group is expected to record a loss before taxation in the range of approximately HK\$112.0 million to approximately HK\$122.0 million after considering, among other things, the potential impairment loss to be recognised for intangible assets including goodwill, brand name and customer relationship of approximately HK\$132.7 million for FY2019, as compared to a profit before taxation of approximately HK\$27.6 million for the year ended 31 December 2018 (“**FY2018**”).

The Company is in the process of finalising the Group's financial results for FY2019. This announcement is made based on a preliminary review of the unaudited consolidated management accounts of the Group for FY2019 and other financial information currently available, which are subject to finalisation and possible adjustments upon review and audit by the Company's auditors. Further details of the Group's financial results for FY2019 will be disclosed in the annual results announcement of the Company, which is expected to be published by the end of March 2020.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 21 January 2020

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.