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Sandmartin International Holdings Limited

聖馬丁國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 482)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND RESUMPTION OF TRADING

FINANCIAL HIGHLIGHTS

- The Group's revenue for the year was approximately HK$562.0 million.
- The Group's losses before finance costs, income tax expense, depreciation, amortisation and release of prepaid lease payments for the year was approximately HK$95.1 million.
- The Group's loss for the year was approximately HK$136.6 million.
- The Group's loss for the year attributable to owners of the Company was approximately HK$126.6 million.
- The Group's basic loss per share for the year was approximately HK14.75 cents.

* *For identification purpose only*

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear shareholders of the Company (the "**Shareholders**"),

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Sandmartin International Holdings Limited (the "**Company**", together with its subsidiaries collectively referred to as the "**Group**"), I hereby present the results of the Group for the year ended 31 December 2023.

The financial performance of the Group was not satisfactory for the year ended 31 December 2023. The 2019 novel coronavirus pandemic (the "**Pandemic**") continued to have negative impacts on the business and operations of the Group during the year. As a result of the tight monetary policy globally, the revenue of the Group for the year ended 31 December 2023 has declined when compared with the corresponding period in 2022. The Group has taken some measures to mitigate the unfavourable impacts, including but not limited to sourcing from different suppliers to increase the Group's profit margin.

The tight monetary policy in Nepal had an adverse impact on the economic sentiment in Nepal which led to the decrease in the number of subscribers of Dish Media Network Limited (the Company's associate and the largest satellite pay television operator in Nepal.

The ongoing China-US trade war still has some negative impacts on certain segments of the operations of the Group and the Group sought to mitigate such impacts by sourcing from suppliers in Southeast Asia, for the purpose of avoiding the excessive tariffs imposed by the United States (the "**US**") on products from the People's Republic of China (the "**PRC**" or "**China**").

Although the global economy is gradually recovering from the Pandemic, the geo-political and geo-economic tensions are yet to be resolved. Given these volatilities and challenges, the Group will continue to adopt a prudent approach in managing its cash flow position and will make every endeavour to identify business opportunities with promising potential in the manufacturing segments in emerging markets or even other sectors so as to diversify the Group's income source to weather adverse economic cycle.

Since 2018, the Group has, by outsourcing its production to suppliers in Vietnam, progressively wound down its own production facilities housed in the Group's factory buildings built on an industrial land in Zhongshan, the PRC (the "**Land**") owned by the Group. Most of the Group's factory buildings on the Land had been leased to third parties independent of the Company in return for rental income. However, owing to the age of the factory buildings, the rental return was low. As such, the Group has been exploring opportunities to increase the investment return from such factory buildings. In July 2021, the Group entered into a cooperation agreement with, among others, Guangdong Huasuan International Industrial Park Investment Development Co., Ltd.* (廣東省華算國際產業園投資發展有限公司) ("**Huasuan**") in relation to the cooperation between the Group and Huausan for the purpose of redeveloping the Land into a landmark precision intelligent manufacturing centre and research and development innovation hub (the "**Redevelopment**") and subsequently in July 2023, the Group entered into a joint venture agreement with Huasuan to form an unincorporated joint venture for the purpose of the Redevelopment and for the purpose of governing the cooperation arrangement.

Going forward, the Board believes that the growth of the Group will depend on business opportunities arising from new 5G peripherals, Internet of Things and related products. In anticipation of such business opportunities, the Group's research and development team is developing new 5G-related products with reference to the market trend. New products under development include next generation radio frequency and antenna products. The Group's research and development team is working on these products in its research centre in Hsinchu, Taiwan. Hopefully, the Group's new 5G-related products will bring about more business opportunities as well as revenue and profits to the Group.

To strengthen the financial position and improve the liquidity of the Group, on 27 March 2023, the Company conducted a rights issue on the basis of three rights shares for every two adjusted shares in issue on the record date (the "**Rights Issue**"). The Rights Issue was completed on 5 July 2023.

On behalf of the Board, I would like to take this opportunity to express our gratitude to our invaluable business partners, Shareholders, management and employees for their continuous support and contribution to the Group. We look forward to sharing the rewards ahead with you.

Kuo Jen Hao
Chairman

* *For identification purpose only*

BUSINESS OVERVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHT AND BUSINESS OVERVIEW

The Group recorded an increase in gross profit ratio from approximately 10.68% for the year ended 31 December 2022 to approximately 13.10% for the year ended 31 December 2023 due to the improvement in profit margin of the Group's products in its media entertainment platform related products segment and other multimedia products segment.

The Group's losses before finance costs, income tax expense, depreciation, amortisation and release of prepaid lease payments was approximately HK$95,074,000 (2022: approximately HK$23,070,000).

MEDIA ENTERTAINMENT PLATFORM RELATED PRODUCTS

In response to the challenging economic environment, the Group's media entertainment platform related products segment continued to explore new business opportunities in emerging markets. The revenue of this segment increased by approximately 4.91% as compared with the year ended 31 December 2022.

— The segment revenue of media entertainment platform related products was approximately HK$97,454,000 (2022: approximately HK$92,890,000).

— The segment results from operations were approximately HK$3,552,000 (2022: loss of approximately HK$1,388,000).

— The segment margin was approximately 3.64% as compared with segment loss margin of approximately 1.49% in 2022.

Outlook

The Group is exploring new business opportunities for this segment. The China-US trade war is not expected to have a material adverse impact on this segment as this segment does not have customers in the US.

OTHER MULTIMEDIA PRODUCTS

Owing to the increase in material costs and freight charges, the profitability of the Group's other multimedia products segment was lower than expected. Major products of this segment included cables, multimedia accessories and wireless mobile phone chargers for vehicles. The revenue of this segment decreased by approximately 24.74% as compared with the year ended 31 December 2022.

— The segment revenue of other multimedia products was approximately HK$100,332,000 (2022: approximately HK$133,311,000).

— The segment results from operations were approximately HK$15,690,000 (2022: approximately HK$4,910,000).

— The segment margin was approximately 15.64% as compared with the segment margin of approximately 3.68% in 2022.

Outlook

The Group is enhancing its product portfolio and developing new businesses to cope with the new demand from customers. The China-US trade war has some impact on this segment as some of the customers are located in the US. The Group's trying to minimise such impact by sourcing from suppliers outside the PRC, such as Southeast Asia and adjusting logistics structure.

SATELLITE TV EQUIPMENT AND ANTENNA PRODUCTS

The segment margin of the Group's satellite TV equipment and antenna products segment showed a decline notwithstanding the gradual recovery of economy from the Pandemic in North America. The revenue of this segment decreased by approximately 29.92% as compared with the year ended 31 December 2022, while the segment results were decreased by approximately 42.68%.

— The segment revenue of satellite TV equipment and antenna products was approximately HK$364,249,000 (2022: approximately HK$519,753,000).

— The segment results from operations were approximately HK$30,393,000 (2022: HK$53,023,000).

— The segment margin was 8.34% as compared with the segment margin of 10.20% for the year ended 31 December 2022.

Outlook

Low noise blocking down converters ("**LNBs**") are receiving devices mounted on satellite dishes used for reception, which collect microwaves from the satellite dishes and facilitate the transmission of satellite television signals. Apart from the sales of LNBs to the customers in North America, The Group is exploring business opportunities in other areas such as cross-selling LNBs to other existing customers of the Group in South Asia. The research and development team of the Group endeavours to develop new products for next generation radio and antenna communications. The China-US trade war has some impact on this segment as most of the customers are located in the US. Such impact is mitigated by sourcing from suppliers outside the PRC, such as Southeast Asia.

GEOGRAPHICAL RESULTS

ASIA

— The Group's revenue from Asia for the year ended 31 December 2023 was approximately HK$94,271,000, compared with the year ended 31 December 2022 which was approximately HK$172,297,000, representing a decrease of 45.29%.

— The Group's revenue from Asia accounted for approximately 16.77% of the Group's total revenue for the year ended 31 December 2023 (2022: approximately 23.10%).

EUROPE

— The Group's revenue from Europe for the year ended 31 December 2023 was approximately HK$80,972,000, compared with the year ended 31 December 2022 which was approximately HK$65,982,000, representing an increase of approximately 22.72%.

— The Group's revenue from Europe accounted for approximately 14.41% of the Group's total revenue for the year ended 31 December 2023 (2022: approximately 8.85%).

MIDDLE EAST

— The Group's revenue from the Middle East for the year ended 31 December 2023 was approximately HK$8,510,000, compared with the year ended 31 December 2022 which was approximately HK$11,289,000, representing a decrease of approximately 24.62%.

— The Group's revenue from the Middle East accounted for approximately 1.51% of the Group's total revenue for the year ended 31 December 2023 (2022: approximately 1.51%).

NORTH AMERICA

— The Group's revenue from North America for the year ended 31 December 2023 was approximately HK$346,801,000, compared with the year ended 31 December 2022 which was approximately HK$447,901,000, representing a decrease of approximately 22.57%.

— The Group's revenue from North America accounted for approximately 61.70% of the Group's total revenue for the year ended 31 December 2023 (2022: approximately 60.04%).

SOUTH AMERICA

— The Group's revenue from South America for the year ended 31 December 2023 was approximately HK$30,185,000, compared with the year ended 31 December 2022 which was approximately HK$46,827,000, representing a decrease of approximately 35.54%.

— The Group's revenue from South America accounted for approximately 5.37% of the Group's total revenue for the year ended 31 December 2023 (2022: approximately 6.28%).

Outlook

As the Group's businesses in Asia, Europe and North America accounted for the majority of the Group's revenue, the Group shall continue to focus on these regions in the future.

RIGHTS ISSUE

References are made to the announcements of the Company dated 27 March 2023, 21 June 2023 and 4 July 2023, the circular of the Company dated 28 April 2023 and the prospectus of the Company dated 5 June 2023 (the "**Rights Issue Prospectus**") in relation to, among other things, the Rights Issue. Unless otherwise specified herein, capitalised terms used herein shall have the same meanings as those defined in the Rights Issue Prospectus.

According to the Rights Issue Prospectus, the Company proposed to issue 738,242,235 Rights Shares by way of the Rights Issue, on the basis of three Rights Shares for every two Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK$0.12 per Rights Share to raise approximately HK$88.6 million before expenses.

The Rights Issue was approved by the Shareholders at the special general meeting of the Company (the "**SGM**") held on 22 May 2023.

The Rights Issue was completed on 5 July 2023, and an aggregate of 738,242,235 Rights Shares were allotted and issued to the Qualifying Shareholders accordingly, which carried an aggregate nominal value of HK$73,824,223.50. The gross proceeds raised from the Rights Issue (before expenses) were approximately HK$88.6 million and the net proceeds from the Rights Issue after deducting the relevant expenses were approximately HK$84.6 million. The net price per Rights Share was approximately HK$0.114. The Company intended to apply the net proceeds from the Rights Issue for partial repayment of outstanding loans of the Company and general working capital of the Group. As at the date of this announcement, the Company had fully utilised the net proceeds in accordance with the said intention. Details of the results of the Rights Issue are disclosed in the announcement of the Company dated 4 July 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	**2023** **HK$'000**	2022 *HK$'000*
Revenue	*4*	**562,035**	745,954
Cost of sales		**(488,427)**	(666,262)
Gross profit		**73,608**	79,692
Other income, gains and losses		**19,069**	41,899
(Decrease)/increase in fair value of investment properties		**(636)**	34,974
Write off of investment properties for re-development		**–**	(21,051)
Distribution and selling costs		**(23,973)**	(23,147)
Administrative and other expenses		**(95,488)**	(92,967)
Research and development costs		**(26,059)**	(22,939)
Share of loss of an associate		**(46,717)**	(45,427)
Loss on changes in ownership interest in an associate		**–**	(1,240)
(Provision for)/reversal of expected credit losses on financial assets		**(11,886)**	10,526
Finance costs		**(28,677)**	(28,161)
Loss before income tax expense		**(140,759)**	(67,841)
Income tax credit/(expense)	*5*	**4,126**	(12,674)
Loss for the year	*6*	**(136,633)**	(80,515)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of foreign operations		**11,912**	(4,676)
– Re-measurement loss on defined benefit plan		**–**	(124)
– Reclassification of currency translation reserve to profit or loss upon changes in ownership interest in an associate		**–**	3,073
Other comprehensive income for the year		**11,912**	(1,727)
Total comprehensive income for the year		**(124,721)**	(82,242)

	Note	2023 HK$'000	2022 HK$'000
Loss for the year attributable to:			
– Owners of the Company		**(126,566)**	(77,548)
– Non-controlling interests		**(10,067)**	(2,967)
		(136,633)	(80,515)
Total comprehensive income attributable to:			
– Owners of the Company		**(117,938)**	(81,052)
– Non-controlling interests		**(6,783)**	(1,190)
		(124,721)	(82,242)
Loss per share	*8*	***HK cents***	*HK cents*
– Basic		**(14.75)**	(15.76)
– Diluted		**(14.75)**	(15.76)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**107,330**	58,809
Prepaid lease payments		**1**	1
Investment properties		**197,471**	231,949
Goodwill		**31,145**	8,772
Intangible assets		**5,109**	3,635
Interest in an associate		**4**	46,722
Deferred tax assets		**4,597**	4,247
Total non-current assets		**345,657**	354,135
Current assets			
Inventories		**123,884**	137,404
Trade, bills and other receivables	*10*	**245,597**	229,071
Prepaid lease payments		**26**	27
Loan receivables		**–**	–
Loan to an associate	*9*	**19,579**	20,803
Amount due from an associate	*9*	**36,684**	38,015
Pledged bank deposits		**5,970**	8,252
Bank balances and cash		**69,359**	79,158
Total current assets		**501,099**	512,730
Current liabilities			
Trade, bills and other payables	*11*	**342,950**	356,072
Contract liabilities		**21,115**	17,673
Tax liabilities		**10,561**	15,697
Bank and other borrowings		**79,728**	269,941
Provision for financial guarantee		**27,332**	27,332
Lease liabilities		**7,497**	4,979
Total current liabilities		**489,183**	691,694
Net current assets/(liabilities)		**11,916**	(178,964)
Total assets less current liabilities		**357,573**	175,171

	2023	2022
	HK$'000	*HK$'000*
Non-current liabilities		
Bank and other borrowings	**281,984**	81,990
Deferred tax liabilities	**60,179**	66,786
Lease liabilities	**52,373**	13,544
Total non-current liabilities	**394,536**	162,320
Net (liabilities)/assets	**(36,963)**	12,851
Capital and reserves attributable to owners of the Company		
Share capital	**123,040**	49,216
Reserves	**(181,400)**	(74,989)
Capital deficiency attributable to owners of the Company	**(58,360)**	(25,773)
Non-controlling interests	**21,397**	38,624
Total (capital deficiency)/equity	**(36,963)**	12,851

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

The Company is incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange.

The Company and its subsidiaries (hereafter referred to as the "**Group**") engage in manufacturing and trading of satellite TV equipment products and other electronic goods.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective on 1 January 2023

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except for Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies, none of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period and financial statements disclosures.

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it consistent with the amendments.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

[1] No mandatory effective date yet determined but available for adoption.
[2] Effective for annual periods beginning on or after 1 January 2024.
[3] Effective for annual periods beginning on or after 1 January 2025.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect the above new or revised HKFRSs to have material impact on the Group's consolidated results and consolidated financial position upon application.

(c) New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory contributions under the mandatory provident fund ("**MPF**") scheme to offset severance payment ("**SP**") and long service payments ("**LSP**") (the "**Abolition**"). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (the "**Transition Date**").

The following key changes will take effect from the Transition Date:

— Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.

— The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the last month's salary of employment termination date.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the ("**HKFRSs**")) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

(b) Basis of measurement and going concern assumption

The consolidated financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

During the year, the Group incurred a net loss of HK$126,566,000 attributable to owners of the Company and at the end of reporting period, the Group had net liabilities of approximately HK$36,963,000. As at the same date, the Group had bank and other borrowings of HK$79,728,000, which is subject to repayment or renewal in the next twelve months after the end of the reporting period. In addition, the Group had capital deficiency attributable to owners of the Company of HK$58,360,000 as at 31 December 2023.

In view of these circumstances, the directors of the Company ("**the Directors**") have given consideration to the future liquidity and performance of the Group and its available sources of finance in the preparation of a cash flow forecast covering a 18-month period from the end of the reporting period ("**Cash Flow Forecast**") for assessing whether the Group will have sufficient financial resources to continue as a going concern. A sensitivity analysis has also been performed by considering reasonably possible changes of the key parameters in the Cash Flow Forecast. In addition, the following plans and measures have been taken into account:

(1) Based on communication with banks, the Group should be able to renew most of the existing bank and other borrowings that have expired or will expire in 2024 on the basis that the Group have complied with the terms of the loan arrangements and, based on the experience of the Directors, there is sufficient headroom of the credit enhancements provided by the Group over the amounts of borrowings; and

(2) As of the date of approval of these financial statements, the Group had unutilised bank loan facilities totalling HK$184,000,000, comprising trade and term loans of HK$85,783,000 and HK$98,217,000 respectively;

(3) The Group has implemented measures to launch new 5G peripherals, Internet of Things and related products and control costs and expenses so as to generate revenue and cash flows to the Group.

Based on the cash flow forecast and the sensitivity analysis, the Group would have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due for the at least twelve months subsequent to end of reporting period. Accordingly, the Directors considered that it is appropriate to continue to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, there are inherent uncertainties associated with the future outcome of the Cash Flow Forecast that, inter alia, includes whether the business outlook of the Group would not significantly deteriorate or change out of the Directors' expectation, the sales performance of newly launched products would achieve the targeted sales level and margin, the cost control measures could be effectively implemented without compromising the competitive edge of the Group, the Group would be able to renew the bank and other borrowings within the period of the Cash Flow Forecast. These conditions indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to adjust the value of assets to their estimated net realisable values, to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for any further liabilities which may arise. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

(c) Functional and presentation currency

The functional currency of the Company is United States dollars ("**US$**"), while the consolidated financial statements are presented in Hong Kong dollars ("**HK$**"). As the Company is listed on the Main Board of the Stock Exchange, the Directors consider that it will be more appropriate to adopt HK$ as the Group's and the Company's presentation currency.

4. SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of their goods and services delivered or provided by the Group's operating divisions which are consistent with the internal information that are regularly reviewed by the executive Directors, the chief operating decision maker, for the purposes of resources allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around different products and services.

Specifically, the Group's operating segments under HKFRS 8 are as follows:

(i) Media entertainment platform related products

Trading and manufacturing of media entertainment platform related products, which are mainly used for satellite products equipment.

(ii) Other multimedia products

Trading and manufacturing of components of audio and video electronic products such as cable lines.

(iii) Satellite TV equipment and antenna products

Trading and manufacturing of satellite TV equipment, antenna and other related electronic products.

The following summary describes the operations in each of the Group's reportable segments:

Revenue from contracts with customer within the scope of HKFRS 15:

	2023	2022
	HK$'000	*HK$'000*
Media entertainment platform related products	**97,454**	92,890
Other multimedia products	**100,332**	133,311
Satellite TV equipment and antenna products	**364,249**	519,753
	562,035	745,954

SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Year ended 31 December 2023

	Media entertainment platform related products	**Other multimedia products**	**Satellite TV equipment and antenna products**	**Total**
	HK'000	***HK'000***	***HK$'000***	***HK$'000***
Revenue				
External sales	**97,454**	**100,332**	**364,249**	**562,035**
Results				
Segment results	**3,552**	**15,690**	**30,393**	**49,635**
Provision for expected credit loss on loan to an associate				**(1,224)**
Provision for expected credit loss on the amount due from an associate				**(2,105)**
Provision for expected credit loss on trade receivables				**(8,557)**
Other income, gains and losses				**19,069**
Research and development costs				**(26,059)**
Administrative and other expenses				**(95,488)**
Share of loss of an associate				**(46,717)**
Finance costs				**(28,677)**
Net decrease in fair value of investment properties				**(636)**
Loss before income tax expense				**(140,759)**

Year ended 31 December 2022

	Media entertainment platform related products *HK'000*	Other multimedia products *HK'000*	Satellite TV equipment and antenna products *HK$'000*	Total *HK$'000*
Revenue				
External sales	92,890	133,311	519,753	745,954
Results				
Segment results	(1,388)	4,910	53,023	56,545
Provision for expected credit loss on loan to an associate				(1,260)
Provision for expected credit loss on the amount due from an associate				(1,500)
Reversal of expected credit loss on trade receivables				13,286
Other income, gains and losses				41,899
Research and development costs				(22,939)
Administrative and other expenses				(92,967)
Share of loss of an associate				(45,427)
Finance costs				(28,161)
Write off of investment properties for re-development				(21,051)
Loss on changes in ownership interest in an associate				(1,240)
Increase in fair value of investment properties				34,974
Loss before income tax expense				(67,841)

The accounting policies of the operating segments are the same as the accounting policies of the Group. Segment results represent the profit earned by each segment without allocation of provision for/reversal of expected credit losses, administrative and other expenses, research and development costs, other income, gains and losses, write off of investment properties for re-development, changes in fair value of investment properties, share of loss of an associate, loss on changes in ownership interest in an associate and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

5. INCOME TAX (CREDIT)/EXPENSE

	2023	2022
	HK$'000	*HK$'000*
The tax charge comprises:		
Current tax:		
– the PRC	**2,163**	6,785
– Jurisdictions other than the PRC and Hong Kong	**979**	6,306
	3,142	13,091
Over-provision in prior years:		
– the PRC	**(1,090)**	(2,646)
– Jurisdictions other than the PRC and Hong Kong	**107**	(758)
	(983)	(3,404)
Deferred taxation:		
– Current year	**(6,285)**	2,987
	(4,126)	12,674

The tax rates applicable to the Group's principal operating subsidiaries for the years ended 31 December 2023 and 2022 are as follows:

(i) the PRC

The applicable PRC enterprise income tax rate of the PRC subsidiaries is 25% in accordance with the relevant income tax law and regulations in the PRC.

(ii) Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

No tax is payable on the profit arising in Hong Kong as the entity operating in Hong Kong incurred tax losses for both years.

(iii) United States

The Group's subsidiaries in the US are subject to United States Federal Income Tax at 21% (2022: 21%) and States Income Tax at 6% (2022: 6%).

(iv) Europe

The Group's European subsidiaries are subject to profit tax rates at a range of 25% to 30% (2022: 25% to 30%).

(v) Macau

According to the Macau Complementary Tax Law, complementary tax is imposed on a progressive rate scale ranging from 3% to 9% for taxable profits below or equal to Macanese Pataca ("**MOP**") 300,000 and 12% for taxable profits over MOP 300,000. Taxable profits below MOP 32,000 are exempt from tax.

No tax is payable on the profit arising in Macau as the entity operating in Macau incurred tax losses for both years.

(vi) Others

Other subsidiaries operating in other jurisdictions are subject to applicable tax rates in the relevant jurisdictions.

6. LOSS FOR THE YEAR

	2023	2022
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging/(crediting):		
Directors' emoluments	**3,109**	3,179
Other staff costs	**79,789**	74,922
Contributions to defined contribution plans, excluding Directors	**1,885**	2,067
Total employee benefit expenses	**84,783**	80,168
Carrying amount of inventories sold	**485,679**	664,586
Write-down of inventories *(note i)*	**3,423**	4,036
Reversal of inventory provision *(note i)**	**(675)**	(2,360)
Cost of inventories recognised as expenses	**488,427**	666,262
Provision for expected credit loss on loan to an associate	**1,224**	1,260
Provision for expected credit loss on amount due from an associate	**2,105**	1,500
Provision for/(reversal of) expected credit loss on trade receivables	**8,557**	(13,286)
Provision for/(reversal of) expected credit loss on financial assets	**11,886**	(10,526)
Auditor's remuneration	**3,142**	3,406
Depreciation of property, plant and equipment	**9,441**	10,230
Write off of investment properties for re-development	**–**	(21,051)
Depreciation of right-of-use assets	**7,191**	6,016
Amortisation of intangible assets *(note i)*	**376**	336
Direct operating expenses arising from investment properties that generate rental income	**785**	821
Release of prepaid lease payments	**–**	28
Government subsidy *(note ii)*	**(242)**	(749)
Loss on disposal of property, plant and equipment *(note ii)*	**939**	7
Loss arising from the formation of joint operation *(note ii)*	**23,475**	–
Interest income *(note ii)*	**(2,523)**	(552)
Interest income from an associate *(note ii)*	**(1,012)**	(1,012)
Property rental income *(note ii)*	**(15,695)**	(16,958)
Net foreign exchange (gain)/loss *(note ii)*	**(2,065)**	2,779

Note i: Included in cost of sales

Note ii: Included in other income, gains and losses

* *The reversal of inventory provision mainly arose from inventories that were sold subsequently during the year*

Included in the total employee benefit expenses is an aggregate amount of HK$1,903,000 (2022: HK$2,086,000) in respect of contributions to defined contribution plans, including the Directors.

7. DIVIDENDS

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	2023	2022
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	**(126,566)**	(77,548)

	2023	2022
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**858,248,735**	492,161,490
Basic and diluted loss per share *(HK cents)*	**(14.75)**	(15.76)

The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2023 has included the increase in shares for the rights issue which took place on 5 July 2023. There was no movement in ordinary shares in the year ended 31 December 2022.

The subscription price of the rights issue was equal to its market price before the exercise of rights issue, therefore, there were no bonus element in the rights issue. Accordingly, the weighted average number of ordinary shares has not been adjusted for the year ended 31 December 2022 and for the period from 1 January 2023 to the date of rights issue took place.

Diluted loss per share

Diluted loss per share for each of the two years ended 31 December 2023 and 2022 are the same as the basic loss per share because there were no dilutive potential ordinary shares during both years.

9. AMOUNT DUE FROM/LOAN TO AN ASSOCIATE

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Current assets			
Loan receivables	*(i)*	**19,579**	20,803
Trade receivables	*(ii)*	**33,923**	35,986
Interest receivable on loan receivables		**2,761**	2,029
Amount due from an associate		**56,263**	58,818

Notes:

(i) The amount is unsecured and bears interest at a fixed rate of 4.75% (2022: 4.75%) per annum. The loan receivables will mature on 31 December 2024 (2022: 31 December 2023).

(ii) The amount is unsecured and interest-free. The Group allows a credit period of 360 days.

The following is an ageing analysis of trade receivables due from an associate, presented based on the invoice date, at the end of the reporting period:

	2023 *HK$'000*	2022 *HK$'000*
More than 360 days	**33,923**	35,986

Based on the Group's assessment, the Group recognised the provision for expected credit loss on trade receivables due from an associate of HK$2,105,000 (2022: HK$1,500,000) and provision for expected credit loss on loan to an associate of HK$1,224,000 (2022: HK$1,260,000) during the year.

10. TRADE, BILLS AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade and bills receivables	**107,777**	135,945
Other receivables	**137,820**	93,126
Total trade, bills and other receivables	**245,597**	229,071

The Group allows an average credit period of 60 to 120 days to its trade customers. The following is an ageing analysis of trade and bills receivables presented based on the invoice date at the end of the year:

	2023	2022
	HK$'000	*HK$'000*
0 - 30 days	**15,873**	114,995
31 - 90 days	**59,862**	10,889
91 - 180 days	**28,496**	6,591
More than 180 days	**134,750**	126,733
	238,981	259,208
Less: Loss allowance	**(131,204)**	(123,263)
	107,777	135,945

The other classes within trade, bills and other receivables do not contain impaired assets. Based on the Group's assessment, the Group recognised provision for expected credit loss on trade receivables of HK$8,557,000 (2022: reversal of expected credit loss of HK$13,286,000) during the year.

11. TRADE, BILLS AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**174,406**	187,988
Bills payables	**1,489**	83
Deposits received	**66,211**	67,167
Other payables and accruals *(note)*	**100,844**	100,834
	342,950	356,072

The following is an aged analysis of trade and bills payables, presented based on the invoice date at the end of the reporting periods:

	2023	2022
	HK$'000	*HK$'000*
0 – 30 days	**112,037**	99,967
31 – 90 days	**10,970**	25,818
91 – 360 days	**30,042**	44,256
More than 360 days	**22,846**	18,030
	175,895	188,071

The average credit period for purchases of goods is 90 days.

Note: An amount due to a Director of HK$1,162,000 (2022: HK$1,704,000) which was included in other payables. It is unsecured, interest free and repayable on demand.

REVIEW OF FINANCIAL POSITION

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, an overall cash and cash equivalent of the Group was approximately HK$69.4 million (2022: approximately HK$79.2 million). The Group managed its capital structure and liquidity to finance its operations by using bank and other borrowings and funds generated from operations. The Group's current ratio (ratio of current assets to current liabilities) was approximately 1.02 at 31 December 2023 (2022: approximately 0.74). As at 31 December 2023, the Group's total borrowings were approximately HK$421.6 million (2022: approximately HK$370.5 million), out of which approximately HK$87.2 million (2022: approximately HK$274.9 million) were due within one year and the rest of approximately HK$334.4 million (2022: approximately HK$95.5 million) were due over one year. Approximately 42.0% of the Group's bank and other borrowings were in US dollars and the rest of them were in Renminbi ("**RMB**"), Euro and New Taiwan dollars. The effective interest rates on the Group's bank and other borrowings ranged from 2.20% to 9.00% per annum. The gearing ratio (total borrowings over total assets of the Group) increased from approximately 42.73% at 31 December 2022 to approximately 49.79% at 31 December 2023.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2023, except the Equity Pledge (as defined below) and the Land Pledge disclosed in the section headed "Cooperation Agreement and JV Agreement in relation to Redevelopment" below, the Group's general banking facilities included bank loans and other borrowings which were secured by the following assets of the Group: (i) bank deposits of HK$6.0 million; (ii) property, plant and equipment with a carrying value of HK$13.6 million; (iii) investment properties of HK$197.5 million; (iv) trade receivables of HK$45.3 million; (v) inventories of HK$17.8 million; and (vi) pledge of the Company's interests in Pro Brand Technology, Inc.

FOREIGN EXCHANGE EXPOSURE

The Group's sales and purchases were denominated mainly in US$ and RMB. The Group was exposed to certain foreign currency exchange risks but it does not expect future currency fluctuations to cause material operation difficulties on the ground that the recent pressure from depreciation of RMB is manageable. However, the management will continuously assess the foreign exchange risks, with an aim to minimise the impact of foreign exchange fluctuations on business operations.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had provided guarantees to a bank to secure the mortgage arrangement of certain property buyers. The outstanding guarantees to the bank amounted to approximately RMB38,507,000 (equivalent to approximately HK$42,493,000) which will be discharged upon satisfaction of the terms stated in the guarantee contracts, including the release of the guarantee by the bank upon delivery of the properties to the relevant buyers and completion of the relevant properties registration.

The Directors considered that the fair values of these guarantee contracts provided are insignificant at initial recognition and the expected credit loss was insignificant as at 31 December 2023 as the bank has the rights to sell the properties and recover the outstanding sum from the sale proceeds upon the occurrence of any default by the property buyers.

LITIGATIONS

Lawsuit in India

In October 2020, Aggressive Digital Systems Private Ltd. ("**AD**", a non-wholly owned subsidiary of the Company) received a summons from the National Company Law Tribunal ("**NCLT**") at Chandigarh in India that was filed by Aggressive Electronics Manufacturing Services Private Limited ("**AEMS**", a minority shareholder of AD) and Mr. Neeraj Bharara (collectively, the "**Petitioners**") against Top Dragon Development Limited (a wholly-owned subsidiary of the Company and the shareholder of AD), AD and certain directors of AD (collectively, the "**Respondents**") alleging that the Respondents made undue acts either of oppression or mismanagement and claiming for losses caused to the Petitioners arising from such undue acts. The last hearing was originally scheduled on 24 November 2023 at NCLT but was adjourned. The date of the next hearing has yet to be determined.

After consulting with the Company's legal counsel in India and taking into account the possible factors including, but not limited to, the possible amount involved in the case, the Board considered it not probable that the Group will incur any material losses resulting from this litigation. Accordingly, after discussion with the Company's auditors, no provision was made in the consolidated financial statements of the Group as at 31 December 2022 and 2023.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed a total of 1,054 (2022: 669) full time employees. The employees of the Group are remunerated according to their performance and responsibilities. They receive training depending on their scope of work, especially training relating to workplace health and safety.

The Directors and senior management of the Company receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of the Group. The Company regularly reviews and determines the remuneration and compensation packages of the Directors and senior management.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Saved as disclosed below, there were no significant investments held as at 31 December 2023 nor were there other plans for material investments on capital assets as at the date of this announcement.

DISPOSAL OF ALL INTERESTS IN MYHD AND CONTINUATION OF LOANS AND GUARANTEE

References are made to the announcement of the Company dated 31 December 2018 (the "**Announcement**") and the circular of the Company dated 25 May 2019 (the "**Circular**"). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement and in the Circular. On 31 December 2018, the Vendor and the Purchaser entered into the Agreement pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the entire issued share capital of the Target Company, at the nominal consideration of US$1 with effect from the Transaction Date. The Target Company was a wholly-owned subsidiary of the Company and indirectly held 51% interests in MyHD. All the Conditions set out in the Agreement had been satisfied and the Disposal was completed on 25 June 2019.

The Vendor had agreed with the Purchaser under the Agreement to procure that the Existing Loans shall continue to be advanced by the Company or SMT (as the case may be) to the Target Company and/or MyHD (as the case may be) under the then existing arrangements notwithstanding the Completion taking place. Such arrangement confers the right to the Company or SMT (as the case may be) to receive the payments for the Existing Loans from the Target Company and/or MyHD (as the case may be) when the financial positions of the Target Company and/or MyHD (as the case may be) improve and have sufficient cash to settle the Existing Loans. As at 31 December 2023, the Existing Loans which were past due amounted to an aggregate amount of US$119,756,000, comprising aggregate principal amount of US$71,298,000 and aggregate accrued interest (calculated based on the terms of agreements of Existing Loans) of US$48,458,000 owed by the Target Company and/or MyHD to the Company and/or SMT (as the case may be), the particulars of which are as follows:

Lenders	Debtors	Prevailing interest rate	Maturity date	Principal amount outstanding as at 31 December 2023	Accrued interest as at 31 December 2023
SMT	Target Company	3 months LIBOR + 100 basis points(Note 1)	31.12.2020	US$9,554,000 (approximately HK$74,651,000)	US$2,477,000 (approximately HK$19,354,000)
SMT	MyHD	3 months LIBOR + 100 basis points(Note 1)	31.12.2020	US$10,500,000 (approximately HK$82,043,000)	US$2,461,000 (approximately HK$19,229,000)
SMT	MyHD	10% per annum(Note 2)	31.12.2020	US$42,653,000 (approximately HK$333,273,000)	US$36,227,000 (approximately HK$283,063,000)
The Company	MyHD	10% per annum(Note 2)	31.12.2020	US$8,591,000 (approximately HK$67,127,000)	US$7,293,000 (approximately HK$56,985,000)
			Total	US$71,298,000 (approximately HK$557,094,000)	US$48,458,000 (approximately HK$378,631,000)

Notes:

1. As a reference, 3 months London inter-bank offered rates ("**LIBOR**") as applicable to these two loans during the period between 1 May 2012 to 31 December 2023 ranged between 0.11775% and 5.54543%.

2. The prevailing interest rate shall be increased to 11% per annum after maturity date.

In December 2019, the Company was given to understand that the Target Company and MyHD were in serious financial problem and ceased to operate in late 2019. As such, the Company considered these loan receivables were credit impaired and full impairment in the amount of HK$646,366,000 was provided as at 31 December 2019. No interest income was recognised on the outstanding loan principal for the year ended 31 December 2023 as the recoverability of such interest receivables is remote.

The Vendor had also agreed that the Guarantee given by the Company to MyHD shall continue for the time being after the Completion. The maximum amount payable by the Company under the Guarantee would not exceed US$3,500,000 (equivalent to HK$27,332,000). Notwithstanding that MyHD ceased its operation in late 2019, the Company has not received any demand for payment from MyHD under the Guarantee. As at 31 December 2022 and 2023, the Group had recognised the provision for financial guarantee in the amount of US$3,500,000 (equivalent to HK$27,332,000) in relation to the Guarantee.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Saved as disclosed in this announcement, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2023.

COOPERATION AGREEMENT AND JV AGREEMENT IN RELATION TO REDEVELOPMENT

(i) Cooperation Agreement and JV Agreement in Relation to the Redevelopment

References are made to (1) the announcement of the Company dated 17 August 2021 (the "**17 August Announcement**") in relation to the cooperation agreement dated 26 July 2021 and entered into between, among others, Sandmartin (Zhong Shan) Electronic Co., Ltd.* (中山聖馬丁電子元件有限公司), an indirect wholly-owned subsidiary of the Company ("**ZSS**"), and Guangdong Huasuan International Industrial Park Investment Development Co., Ltd.* (廣東省華算國際產業園投資發展有限公司) ("**Huasuan**") (the "**Cooperation Agreement**"), and (2) the announcements of the Company dated 19 July 2023 and 10 August 2023 (the "**19 July and 10 August Announcements**") in relation to the joint venture agreement dated 19 July 2023 and entered into between ZSS and Huasuan (the "**JV Agreement**").

Pursuant to the Cooperation Agreement, Huasuan and ZSS shall cooperate to upgrade certain blocks of factory buildings and dormitories constructed on the land situated at No. 16, Qianjin Second Road, Tanzhou Town, Zhongshan, Guangdong Province, the PRC (the "**Land**") owned by ZSS and to redevelop some vacant and undeveloped parts of the Land subject to prior consents and planning approvals from the relevant PRC government authorities.

With a view to strengthening the cooperation between the parties, ZSS and Huasuan entered into the JV Agreement to form a joint venture in the form of an unincorporated joint venture under the name of "**Huasuan-Sandmartin Intelligent Manufacturing Park"** (聖馬丁智造園)(**the "Joint Venture**") in the PRC and for the purpose of governing the cooperation arrangement.

The sole purpose and business of the Joint Venture is to redevelop the Land into a landmark precision intelligent manufacturing centre and research and development innovation hub and the properties built thereon shall be for leasing or for sale (the "**Redevelopment**"). Pursuant to the JV Agreement, the Redevelopment shall be carried out on the Land. The Group shall contribute the Land for the Redevelopment and Huasuan shall be responsible for funding the entire costs for the Redevelopment (save for the Land contributed by ZSS). If required, ZSS as the entity undertaking the Redevelopment shall secure the bank loans (the "**ZSS Development Loan**") used solely for funding the Redevelopment. As stipulated in the JV Agreement, Huasuan has the sole responsibility of repaying the ZSS Development Loan, both loan principal and interests.

In relation to the allocation of the properties constructed on the Land, the Group shall continue to be entitled to certain blocks of buildings constructed on the Land as at the date of the JV Agreement (which comprise factory buildings) (the "**Existing Buildings**"), the vacant area and roads covered under the current real estate title certificate issued to the Group. In relation to the new buildings to be constructed on certain parts of the Land which are currently vacant, the Group and Huasuan shall be entitled to 20% and 80%, respectively, of (i) the total gross floor area of the new buildings; and (ii) the corresponding revenue that is generated from the new buildings. In the event where certain parts of the Existing Buildings are to be demolished and redeveloped under the Redevelopment, the Group shall be entitled to (i) firstly, certain gross floor area of the newly built buildings; and (ii) secondly, an additional 5% of the remaining total gross floor area of the newly built buildings. After the aforesaid allocations to the Group, Huasuan shall be entitled to all of the entire balance of the gross floor area.

As continued commitment to the Redevelopment, Huasuan had paid to the Group a cooperation fund amounting to RMB60 million as security deposit (the "**Cooperation Fund**"), and in return, the Group had provided in favour of Huasuan (i) 100% of the shareholding interests in ZSS (the "**Equity Pledge**"), and (ii) one of the three pieces of land parcels within the Land (the "**Land Pledge**") as securities for the Cooperation Fund. Upon the aforesaid allocation of the newly built buildings and the corresponding revenue, the Cooperation Fund shall be refunded by the Group to Huasuan and the Equity Pledge and the Land Pledge shall be released by Huasuan.

For more details, please refer to the 17 August Announcement and the 19 July and 10 August Announcements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2023, the Company has applied the principles and has complied with all the mandatory disclosure requirements and the code provisions ("**Code Provision(s)**") of the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code ("**Corporate Governance Code**") as set out in Appendix C1 (formerly Appendix 14) to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except for the deviation with following reason.

Under Code Provisions C.1.6 and F.2.2 of the Corporate Governance Code, independent non-executive directors and other non-executive directors and chairman of the board should attend general meetings, respectively.

Mr. Kuo Jen Hao, a non-executive Director and chairman of the Board, and Mr. Wu Chia Ming, an independent non-executive Director, were unable to attend the SGM of the Company held on 22 May 2023 due to their respective other engagements.

Mr. Kuo Jen Hao, a non-executive Director and chairman of the Board, and Mr. Lu Ming-Shiuan, an independent non-executive Director, were unable to attend the annual general meeting of the Company held on 28 June 2023 due to their respective other engagements.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out in the Model Code throughout the year ended 31 December 2023. No incident of non-compliance was noted by the Company for the year ended 31 December 2023.

REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2023, including the accounting principles and practices adopted by the Group.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

BDO Limited (the "**Auditor**") was engaged to audit the consolidated financial statements of the Group. The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2023.

Opinion

We have audited the consolidated financial statements of Sandmartin International Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 3(b) in the consolidated financial statements, which indicates that the Group incurred a net loss of HK$126,566,000 attributable to owners of the Company during the year ended 31 December 2023 and, as of that date, the Group's had net liabilities of HK$36,963,000. As stated in note 3(b), these conditions, along with other matter as set forth in note 3(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

REASONS FOR DELAY IN PUBLICATION OF THE 2023 ANNUAL RESULTS ANNOUNCEMENT

The Board wishes to provide additional information in relation to the announcement dated 28 March 2024 in relation to the delay in publication of the 2023 annual results announcement, postponement of board meeting and suspension of trading (the "**28 March Announcement**").

As disclosed in the 28 March Announcement, the delay in publication of the 2023 Annual Results was mainly due to the fact that (i) certain component auditors of the significant components of the Group did not timely provide all the required information of the significant components to the Auditor; and (ii) the Company is in the process of providing the Auditor with certain information related to accounting estimates, and as such the Auditor requires additional time to complete the audit of the consolidated financial statements of the Group.

The significant components of the Group involved are Dish Media Network Limited ("**Dish Media**") and Pro Brand Technology (TW) Inc. ("**Pro Brand**").

Dish Media

Dish Media is an associate of the Company and the leading direct-to-home service provider in Nepal offering true digital high-definition television channels. Based on the annual report of the Company for the year ended 31 December 2022 (the "**2022 Annual Report"),** the Company's interest in Dish Media, which also represented Dish Media's contribution to the Group's assets, was approximately HK$46.7 million for the year ended 31 December 2022. The Group recorded a share of loss of this associate of approximately HK$45.4 million for the year ended 31 December 2022.

During the audit of the Group, the component auditor of Dish Media (the "**Nepal Component Auditor**") was tasked with providing to the Auditor the reporting packages containing various information pertaining to Dish Media, mainly including the audited financial information and information about the deferred tax asset assessment. The Nepal Component Auditor did not timely provide all the required information to the Auditor due to delays in its audit of Dish Media's financial information including but not limited to audit procedures related to auditing revenue and property, plant and equipment. Based on the latest communication between the Company and the Nepal Component Auditor, all the necessary information have been provided to the Auditor.

Pro Brand

Pro Brand is a non-wholly owned subsidiary of the Company, which principally engages in manufacturing satellite television equipment and antenna products. Based on the 2022 Annual Report, Pro Brand has contributed a revenue of approximately HK$524.2 million for the year ended 31 December 2022. Pro Brand contributed a loss of approximately HK$0.2 million to the Group's overall loss for the year ended 31 December 2022. The assets and liabilities of Pro Brand have been consolidated to the Group's financial statements on a line-by-line basis, with a net asset amounted to HK$191.6 million as at 31 December 2022.

During the audit of the Group, the component auditor of Pro Brand (the "**Taiwan Component Auditor**") was tasked with providing to the Auditor the reporting packages containing various information pertaining to Pro Brand, mainly including the audited financial information of Pro Brand and information including but not limited to the impairment assessment on the non-financial assets of Pro Brand. The Taiwan Component Auditor did not timely provide all the required information to the Auditor due to delays in its audit of Pro Brand's financial information including but not limited to audit procedures related to impairment assessment on the non-financial assets of Pro Brand. Based on the latest communication between the Company and the Taiwan Component Auditor, all the necessary information have been provided to the Auditor.

In addition, the Company was requested by the Auditor to provide certain information including but not limited to impairment assessment of the non-financial asset which have been provided to the Auditor as of the date of this announcement.

In light of the above, the Auditor previously required additional time to complete the audit of the consolidated financial statements of the Group.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend, speak and vote at the forthcoming annual general meeting of the Company to be held on Friday, 7 June 2024, the register of members of the Company ("**Register of Members**") will be closed as appropriate as set out below:

Latest time to lodge transfer documents accompanied by the relevant share certificates for registration with the Branch Share Registrar	No later than 4:30 p.m. on Friday, 31 May 2024
Record Date	Friday, 31 May 2024
Closure of the Register of Members	Monday, 3 June 2024 to Friday, 7 June 2024 (both days inclusive)

For purpose mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Branch Share Registrar, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong no later than the aforementioned latest time.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website (www.sandmartin.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2023 will be dispatched to the Shareholders and will be made available on the respective websites of the Company and the Stock Exchange in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the Company's shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024, pending the release of this results announcement. Following the publication of this results announcement, an application has been made by the Company to the Stock Exchange for resumption of trading in the Company's shares with effect from 9:00 a.m. on Monday, 15 April 2024.

By order of the Board
Sandmartin International Holdings Limited
Kuo Jen Hao
Chairman

Hong Kong, 12 April 2024

As at the date of this announcement, the Directors are:

Executive Directors
Mr. Hung Tsung Chin and Mr. Chen Wei Chun

Non-Executive Director
Mr. Kuo Jen Hao *(Chairman)*

Independent Non-Executive Directors
Mr. Wu Chia Ming, Ms. Chen Wei-Hui and Mr. Lu Ming-Shiuan