Sandmartin International Holdings Limited
聖 馬 丁 國 際 控 股 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 482)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED JUNE 30, 2013

The board of directors (the "Directors") of Sandmartin International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended June 30, 2013 (the "Year") together with comparative figures in 2012, as follows.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2013

	NOTES	2013 HK$'000	2012 HK$'000
Continuing operations			
Revenue	3	**1,398,548**	1,342,950
Cost of sales		**(1,239,569)**	(1,078,484)
Gross profit		**158,979**	264,466
Other income		**24,257**	32,492
Other gains and losses		**(59,070)**	(29,901)
Loss on financial instruments		**(5,224)**	–
Loss on fair value change of derivatives embedded in convertible bonds		**–**	(15,184)
Gain on deemed disposal of interest in a subsidiary		**–**	5,584
Gain on bargain purchase		**–**	3,233
Loss on deemed disposal of interest in an associate		**–**	(9,790)
Share of results of associates		**(21,802)**	(9,209)
Increase in fair value of investment properties		**1,357**	735
Distribution and selling costs		**(41,635)**	(54,369)
Administrative and other expenses		**(187,055)**	(177,867)
Research and development costs		**(35,229)**	(40,820)
Finance costs		**(11,550)**	(4,614)
Loss before taxation		**(176,972)**	(35,244)
Taxation	4	**(43,454)**	2,908
Loss for the year from continuing operations		**(220,426)**	(32,336)
Discontinued operation			
Loss for the year from discontinued operation		**(82,136)**	(25,539)
Loss for the year	5	**(302,562)**	(57,875)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended June 30, 2013

	2013	2012
	HK$'000	*HK$'000*
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of foreign operations	**2,456**	(14,674)
Fair value change of available-for-sale investments	**(12)**	(2,292)
Reclassification upon maturity of available-for-sale investments	**3,002**	–
Total comprehensive expense for the year	**(297,116)**	(74,841)
Loss for the year attributable to owners of the Company:		
– from continuing operations	**(218,622)**	(32,910)
– from discontinued operation	**(52,802)**	(20,331)
	(271,424)	(53,241)
Loss for the year attributable to non-controlling interests:		
– from continuing operations	**(1,804)**	574
– from discontinued operation	**(29,334)**	(5,208)
	(31,138)	(4,634)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended June 30, 2013

	NOTE	2013 HK$'000	2012 HK$'000
Total comprehensive expense attributable to:			
Owners of the Company		**(265,632)**	(70,013)
Non-controlling interests		**(31,484)**	(4,828)
		(297,116)	(74,841)
Loss per share from continuing and discontinued operations	7		
Basic		**(35.2) HK cents**	(7.2) HK cents
Diluted		**(35.2) HK cents**	(7.2) HK cents
Loss per share from continuing operations	7		
Basic		**(28.4) HK cents**	(4.4) HK cents
Diluted		**(28.4) HK cents**	(4.4) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2013

	NOTES	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**173,304**	165,182
Deposit paid for acquisition of a subsidiary		**10,961**	–
Prepaid lease payments		**15,195**	15,253
Investment properties		**38,413**	36,187
Goodwill		**25,771**	47,847
Intangible assets		**46,234**	67,460
Interest in an associate		**–**	31,975
Loan to an associate		**23,269**	–
Amount due from an associate		**14,170**	–
Deferred tax assets		**10,537**	34,839
Loan receivable		**10,238**	12,953
Bond receivables		**95,699**	–
		463,791	411,696
Current assets			
Inventories		**259,403**	198,932
Trade, bills and other receivables	*8*	**550,564**	401,923
Prepaid lease payments		**414**	405
Loan receivable		**4,203**	1,053
Loan to an associate		**–**	15,513
Amount due from an associate		**33,737**	22,842
Available-for-sale investments		**816**	191,367
Pledged bank deposits		**26,324**	48,346
Bank balances and cash		**236,621**	146,016
		1,112,082	1,026,397
Current liabilities			
Trade, bills and other payables	*9*	**454,131**	303,812
Tax liabilities		**38,467**	17,643
Bank and other borrowings			
– due within one year		**353,764**	158,337
Obligations under finance leases		**1,804**	–
		848,166	479,792
Net current assets		**263,916**	546,605
		727,707	958,301

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At June 30, 2013

	2013	2012
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**83,223**	74,065
Reserves	**600,945**	818,341
Equity attributable to owners of the Company	**684,168**	892,406
Non-controlling interests	**(2,889)**	28,595
Total equity	**681,279**	921,001
Non-current liabilities		
Bank and other borrowings – due after one year	**5,696**	17,888
Deferred tax liabilities	**25,114**	19,412
Obligations under finance leases	**15,618**	–
	46,428	37,300
	727,707	958,301

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. Application of new and revised HKFRSs

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA and are mandatorily effective for the Group's financial year beginning July 1, 2012, as follows:

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets; and
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income" introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets” in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment Property” are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the Directors reviewed the Group’s investment property portfolios and concluded that the Group’s investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the Directors have determined that the “sale” presumption set out in the amendments to HKAS 12 is rebutted.

The Group continues to recognise deferred tax on changes in fair value of the investment properties, thus the application of the amendments to HKAS 12 has no material effect on the consolidated financial statements.

The Directors anticipate that the application of other new and revised HKFRSs in the current year has had no material effect on the consolidated financial statements.

Except as described above, the application of the other new or revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior accounting periods and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[2]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]
HK(IFRIC) – Int 21	Levies[2]

[1] *Effective for annual periods beginning on or after January 1, 2013.*

[2] *Effective for annual periods beginning on or after January 1, 2014.*

[3] *Effective for annual periods beginning on or after January 1, 2015.*

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets.

HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

Based on the Group's financial assets and financial liabilities as at June 30, 2013, in the opinion of Directors, the application of the new standard do not have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HK (SIC) – Int 12 "Consolidation – Special Purpose Entities" will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

The package of five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after January 1, 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statement for the annual period beginning on July 1, 2013.

However, the Directors anticipate that the application of these five standards do not have significant effect on the Group.

The Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. 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 is consistent with the internal information that are regularly reviewed by the executive Directors of the Company, the chief operating decision maker, for the purposes of resource 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:

1. Media entertainment platform related products

Trading and manufacturing of media entertainment platform related products

– TV set top boxes, which mainly for high definition and standard definition televisions.

2. Other multimedia products

Trading and manufacturing of other multimedia products

– Components of audio and video electronic products such as cable lines.

3. Integration of signal system and traffic communication network

Integration of signal system and traffic communication network

– Provide installation and integration of signal system and traffic communication network.

4. Satellite TV equipment and antenna

Trading of satellite TV equipment and antenna.

In the prior year, the Group had four operating segments (i.e. media entertainment platform related products, other multimedia products, provision of integration system service for public programs and children apparels). During the year, one more business (i.e. satellite TV equipment and antenna) was newly acquired by the Group and an operating segment regarding the retailing and wholesaling of children apparels was discontinued. The segment information reported in this note does not include any amounts for this discontinued operation.

Segment Revenue and Results

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

Year ended June 30, 2013

Continuing operations

	Media entertainment platform related products	Other multimedia products	Integration of signal system and traffic communication network	Satellite TV equipment and antenna	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE					
External sales	**539,211**	**409,248**	**51,170**	**398,919**	**1,398,548**
RESULTS					
Segment results	**30,219**	**13,011**	**2,058**	**20,259**	**65,547**
Other income					**24,257**
Other gains and losses					**(7,273)**
Loss on financial instruments					**(5,224)**
Share of results of associates					**(21,802)**
Increase in fair value of investment properties					**1,357**
Research and development costs					**(35,229)**
Administrative and other expenses					**(187,055)**
Finance costs					**(11,550)**
Loss before taxation (continuing operations)					**(176,972)**

Year ended June 30, 2012

Continuing operations

	Media entertainment platform related products HK$'000	Other multimedia products HK$'000	Integration of signal system and traffic communication network HK$'000	Total HK$'000
REVENUE				
External sales	827,576	486,071	29,303	1,342,950
RESULTS				
Segment results	160,324	42,339	(250)	202,413
Other income				32,492
Other gains and losses				(22,217)
Loss on fair value change of derivatives embedded in convertible bonds				(15,184)
Gain on bargain purchase				3,233
Loss on deemed disposal of interest in an associate				(9,790)
Gain on deemed disposal of interest in a subsidiary				5,584
Share of results of associates				(9,209)
Increase in fair value of investment properties				735
Research and development costs				(40,820)
Administrative and other expenses				(177,867)
Finance costs				(4,614)
Loss before taxation (continuing operations)				(35,244)

The accounting policies of the operating segments are the same as the accounting policies of the Group. Segment results represent the profit (loss) earned or incurred by each segment without allocation of administrative and other expenses, research and development costs, other income, other gains and losses (except impairment loss on goodwill and trade receivables), loss on financial instruments, loss on fair value change of derivatives embedded in convertible bonds, gain on bargain purchase, share of results of associates, loss on deemed disposal of interest in an associate, gain on deemed disposal of interest in a subsidiary, increase in fair value of investment properties and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Geographical Information

The Group's operations are mainly located in the PRC (country of domicile), Taiwan, Europe, North America, Middle East, Africa and South America.

The Group's revenue from external customers, based on location of customers, and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets** *(Note)*	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Asia				
– Taiwan	**63,438**	57,755	**14,223**	19,887
– Nepal	**20,762**	22,915	**–**	–
– PRC (country of domicile)	**2,061**	238	**171,405**	192,779
– Others	**53,026**	25,169	**9,015**	56,867
Europe				
– Germany	**39,169**	157,397	**16,101**	15,779
– Italy	**44,313**	53,090	**–**	–
– Spain	**66,014**	52,772	**16,594**	44,794
– Ukaine	**33,239**	28,342	**–**	–
– Portugal	**6,394**	20,883	**–**	–
– France	**9,618**	13,628	**–**	–
– Others	**24,238**	35,231	**–**	–
North America				
– United States of America	**481,847**	212,946	**71,579**	–
– Canada	**48,598**	56,589	**–**	–
– Mexico	**31,244**	51,211	**–**	–
– Others	**1,575**	670	**–**	–
Middle East				
– United Arab Emirates	**152,836**	254,109	**–**	1,823
– Others	**16,114**	22,504	**–**	–
Africa				
– Algeria	**47,543**	101,180	**–**	–
– Morocco	**61,424**	73,278	**–**	–
– Others	**24,625**	13,877	**–**	–
South America				
– Brazil	**26,423**	33,764	**–**	–
– Chile	**53,660**	28,748	**–**	–
– Argentina	**54,062**	14,904	**–**	–
– Others	**34,441**	8,986	**–**	–
Other regions	**1,884**	2,764	**–**	–
	1,398,548	1,342,950	**298,917**	331,929

Note: Non-current assets exclude interest in an associate, deferred tax assets, deposit paid for acquisition of a subsidiary and financial instruments.

4. Taxation

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
The tax charge (credit) comprises:		
Current tax:		
Hong Kong	**–**	410
PRC	**5,616**	4,436
Jurisdictions other than the PRC and Hong Kong	**1,411**	1,640
Withholding tax	**4,597**	4,899
	11,624	11,385
Under(over)-provision in prior years:		
Jurisdictions other than the PRC and Hong Kong	**4**	(403)
Deferred taxation:		
Current year	**28,674**	(15,606)
Effect of change in tax rate	**1,837**	–
Provision for withholding tax	**1,315**	1,716
	31,826	(13,890)
	43,454	(2,908)

5. Loss for the Year

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
Loss for the year has been arrived at after charging:		
Directors' emoluments	**7,048**	6,987
Other staff costs	**111,627**	174,063
Retirement benefit scheme contributions, excluding directors	**4,900**	7,590
Share-based payment expense, excluding directors	**102**	339
Total employee benefit expenses	**123,677**	188,979
Auditor's remuneration	**4,778**	2,902
Depreciation of property, plant and equipment	**16,334**	20,991
Amortisation of intangible assets (included in cost of sales)	**7,624**	2,828
Release of prepaid lease payments	**407**	404
Impairment loss on goodwill (included in other gains and losses)	**32,817**	–
Impairment loss on deposit paid for acquisition of an associate (included in other gains and losses)	**–**	19,467
Write-down of inventories (included in cost of sales)	**10,026**	13,515
Impairment loss on trade receivables (included in other gains and losses)	**18,980**	7,684
Loss on disposal of property, plant and equipment	**–**	60
Net foreign exchange loss (included in other gains and losses)	**8,797**	3,060
and after crediting:		
Interest income	**882**	2,077
Interest income from an associate	**983**	241
Effective interest income on bond receivables	**3,915**	–
Effective interest income on convertible bonds	**6,440**	13,388
Bad debts recovered	**48**	–
Gain on disposal of property, plant and equipment (included in other gains and losses)	**1,524**	–
Net gain on fair value change of derivative financial instruments (included in other gains and losses)	**–**	310
Property rental income with negligible outgoings	**3,374**	3,035
Scrap and sample sales (included in other income)	**2,472**	3,371

	2013	2012
	HK$'000	*HK$'000*
Discontinued operation		
Cost of inventories recognised as expense	**2,785**	620
Amortisation of intangible assets (included in cost of sales)	**5,665**	2,833
Impairment of intangible assets	**49,100**	–
Depreciation of property, plant and equipment	**332**	18
Write-down of inventories (included in cost of sales)	**5,728**	–
Other staff costs	**2,024**	1,800
Foreign exchange	**–**	32
Loss on disposal of property, plant and equipment	**–**	198

Included in the total employee benefit expenses is an aggregate amount of HK$4,930,000 (2012: HK$7,610,000) in respect of contributions of retirement benefits schemes made by the Group.

Note: Cost of inventories recognised as an expense approximates cost of sales as shown in the consolidated statement of profit or loss and other comprehensive income for both years.

6. Dividends

The Directors do not recommend the payment of a dividend for the year ended June 30, 2013 (2012: nil).

7. Loss per share

From continuing and discontinued operations

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

	2013	2012
	HK$'000	*HK$'000*
Loss for the purposes of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	**(271,424)**	(53,241)

	Number of shares	
	2013	2012
Weighted average number of ordinary shares for the purpose of basic loss per share	**770,005,280**	740,646,101
Effect of dilutive potential ordinary shares in respect of share options *(Note)*	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**770,005,280**	740,646,101

Note: The computation of diluted loss per share for the year ended June 30, 2013 and 2012 does not include the share options as the assumed exercise of these share options has an anti-dilutive effect.

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Loss for the purposes of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	**(218,622)**	(32,910)

The denominators used are the same as those for continuing and discontinued operations.

From discontinued operation

Both basic loss per share and diluted loss per share for the discontinued operation attributable to the owners of the Company is HK6.9 cents per share (2012: HK2.7 cents per share), based on the loss for the year from the discontinued operation of HK$52,802,000 (2012: HK$20,331,000) and the denominators detailed above for both basic and diluted loss per share.

8. Trade, bills and other receivables

The Group allows an average credit period of 60 to 120 days to its trade customers. The following is an aged analysis of trade and bills receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting periods:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**240,750**	116,645
31 – 60 days	**78,490**	86,044
61 – 90 days	**44,859**	53,361
91 – 180 days	**68,548**	66,839
More than 180 days	**25,730**	14,749
	458,377	337,638
Other receivables	**92,187**	64,285
Total trade, bills and other receivables	**550,564**	401,923

9. Trade, bills and other payables

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

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**224,019**	103,598
31 – 60 days	**81,386**	61,328
61 – 90 days	**28,763**	35,011
91 – 180 days	**21,187**	25,593
181 – 365 days	**7,832**	1,762
More than 365 days	**143**	–
	363,330	227,292
Accrued expenses	**38,896**	26,263
Receipt in advance	**17,607**	22,805
Consideration payable	**4,797**	–
Other payables	**29,501**	27,452
Total trade, bills and other payables	**454,131**	303,812

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the year, the Group recorded an unsatisfactory performance notwithstanding the stable operation of its core businesses. The loss was mainly brought by: (1) the impairment loss on intangible assets due to the termination of the licensed children apparels business under the brand name of "Pleasant Goat and Big Big Wolf"; (2) the ailing European, Middle East and North African economies; and (3) the investment in product portfolio adjustments.

(1) Termination of children apparels business

During the year, the Group incurred a significant amount of impairment loss on intangible assets due to the early termination of the licensed children apparels business under the brand name of "Pleasant Goat and Big Big Wolf". The Group's strategy is to focus on its core business of the design, manufacturing and sales of media entertainment platform related products. Following the termination of the children apparels business, the Group will continue to pour its resources into its transformation from product manufacturer to platform owner.

(2) Middle East and North African markets and European debt crisis

The Middle East and North African markets have all along been very important trading markets for the Group representing a considerable proportion of the Group's total operating revenue.

In 2012, the Middle East remained the hotspot of conflicts and the situation has been deteriorating. Despite the downfall of old regimes, new order has yet to take shape. During the vacuum period, internal tribal, factional and social clashes erupted while geopolitical confrontations and the wrestling between superpowers intensified. People were struggling through the rockiest patch before things could get better as it was hoped.

The turbulent situations had seriously affected the economies and trades in these regions, and inevitably led to a significant reduction in the Group's sales and, hence, its total operating revenue in the past year.

Due to the European debt crisis, the Group recorded operating losses and impairment losses on asset in the past two years. With the Group's proactive and proper efforts, the business has now been streamlined and the Group is expected to reduce the loss in its accounts for the coming year. With the gradual easing of the crisis as well as the launch of next-generation products, the Group's results might even return to profit.

(3) Investment in product portfolio adjustments

During the past two years, the Group has been going through a period of transition from a designer and manufacturer to a platform owner. Huge amount of research and development expenditure has also been set aside for next-generation 4G and two-way broadband products. Such material transformation will need time to flourish and require continuous investment and accumulation of substantial manpower and resources.

FINANCIAL REVIEW

Revenue

For the year ended June 30, 2013, the Group has recorded revenue of HK$1,398.5 million (2012: HK$1,343.0 million) from continuing operations, representing an increase of 4.1%, which was attributable to the new acquisition during the year.

Gross profit and gross profit margin

Gross profit from continuing operations amounted to HK$159.0 million, representing a decrease of 39.9% year-on-year. Gross profit margin reduced to 11.4% in 2013 (2012: 19.7%). The decrease in gross profit margin was mainly due to the acquisition of a subsidiary, Pro Brand International, Inc., in February 2013 which contributed lower gross profit margin.

Segment information

The Group's turnover is derived from sales of media entertainment platform related products, satellite TV equipment and antenna products, other multimedia products and revenue from provision of integration of signal system and traffic communication network.

The turnover generated from sales of media entertainment platform related products for the year amounted to HK$539.2 million (2012: HK$827.6 million), representing a decrease of 34.8% as compared to last year. The turnover generated from sales of other multimedia products for the year amounted to HK$409.2 million (2012: HK$486.1 million), representing a decrease of 15.8% as compared to last year. Turnover from both segments decreased owing to the impact of the worsening of the Europe's sovereign debt crisis which has depressed consumer spending sentiment.

The turnover generated from sales of satellite TV equipment and antenna products amounted to HK$398.9 million for the year (2012: Nil), representing 28.5% of the Group's turnover. The turnover from this segment was wholly contributed by the new acquisition.

The turnover generated from integration of signal system and traffic communication network for the year amounted to HK$51.2 million (2012: HK$29.3 million). A steady increase in turnover from this segment gave a favourable contribution to the Group's turnover.

Revenue by geographic markets

	Middle East	Europe	North America	Africa	South America	Asia	Other regions	Total
Revenue for the Year *(HK$m)*	168.9	223.0	563.2	133.6	168.6	139.3	1.9	1,398.5
% of Group's revenue	12.1	15.9	40.3	9.6	12.0	10.0	0.1	100
% growth (decline) from last year	(38.9)	(38.3)	75.2	(29.1)	95.1	31.3	(31.8)	4.1

Operating results

The Group's loss for the year attributable to the owners of the Company was amounted to HK$271.4 million, as compared to last year's loss attributable to the owners of the Company of HK$53.2 million. The loss in the current year was mainly due to the followings:

1) A decrease in gross profit margin;

2) An increase in administrative and other expenses by 5.2% to approximately HK$187.1 million (2012: HK$177.9 million) mainly due to the acquisition of new business; and

3) Non-recurring provisions and impairments amounted to HK$61.8 million, majority of which are non-cash items including:

   a) non-cash impairment of goodwill arising from the acquisition of BCN Distribuciones, S.A. in Spain of HK$32.8 million;

   b) provision of doubtful debts of HK$19.0 million; and

   c) provision for aged inventory of HK$10.0 million.

In addition, a significant amount of impairment loss on intangible assets due to the termination of licensed children apparels business under the brand name of "Pleasant Goat and Big Big Wolf" of HK$49.1 million has been charged to the consolidated statement of profit or loss and other comprehensive income. Excluding such impairment loss on intangible assets and the discontinued operations of the distribution of children apparels, the Group's loss for the year attributable to the owners of the Company was amounted to HK$218.6 million (2012: HK$32.9 million).

Finance costs

Finance costs for the year ended June 30, 2013 were amounted to HK$11.6 million (2012: HK$4.6 million), representing an increase of HK$7.0 million. The increase in finance costs was primarily attributable to the increase in the amount of bank borrowings.

Working capital efficiency

The average inventory turnover days for the year ended June 30, 2013 and 2012 were 67 days and 67 days respectively.

The average trade receivables turnover days for the year ended June 30, 2013 and 2012 were 104 days and 86 days respectively.

The average trade payables turnover days for the year ended June 30, 2013 and 2012 were 87 days and 73 days respectively.

Liquidity and financial resources

At June 30, 2013, the Group had cash and cash equivalent balances totaled HK$236.6 million (2012: HK$146.0 million). The Group's major financial resources derived from cash generated from financing activities and internal generated cash flow.

The Group's current ratio (ratio of current assets to current liabilities) was 1.3 at June 30, 2013 (2012: 2.1).

As at June 30, 2013, the Group's total borrowings were HK$359.5 million (2012: HK$176.2 million). The gearing ratio (total borrowings over total assets of the Group) increased to 23.9% at June 30, 2013 from 12.3% at June 30, 2012. The increase in gearing was mainly due to the fact that an increase in new bank loan was greater than the increase in total assets.

Charges on assets

As at June 30, 2013, the Group's general banking facilities including bank loans were secured by the following assets of the Group: (i) bank deposits of HK$26.3 million, and (ii) leasehold land and buildings with a carrying value of HK$57.4 million.

Foreign exchange exposure

The Group's sales and purchases were denominated mainly in US dollars and Renminbi ("RMB"). The Group was exposed to certain foreign currency exchange risk but it does not expect future currency fluctuations to cause material operation difficulties on the ground that HK dollars are pegged to US dollars and the recent pressure from appreciation of RMB was manageable. However, the Group continuously monitors its foreign currency exchange risk exposure.

Contingent liabilities

The Group did not have any significant contingent liabilities at June 30, 2013 (2012: Nil).

PROSPECTS

(1) New developments in American markets

In March 2013, the Group acquired Pro Brand International, Inc. ("Pro Brand") in its entirety. Pro Brand is a pure research, development and marketing company of the world's leading radio frequency, antenna and microwave electronic technologies. Pro Brand has a century-old powerful and professional team of capable engineers with Direct-to-Home (DTH) services for satellite television broadcasting capability.

Pro Brand principally offers low noise blocks (LNB), antennas and two-way broadband antennas. It is a major supplier of the largest satellite television operator in North America, and has recently obtained certification from advanced digital satellite communication and other broadcasting and signal processing equipment manufacturers, leading American telecommunication operators and leading 4G Long Term Evolution (LTE) mobile communication device manufacturers. It has already established footholds in the mainstream two-way broadband and 4G LTE markets. Pro Brand is also one of the major suppliers of satellite receiving products in the United States and Latin America.

Two-way broadband launch – To cope with the rising demand for network bandwidth and mobile data services, satellite communication, particularly two-way satellite communication, has become the most cost-efficient broadband solution owing to its ability to meet the needs for data uploading and downloading at the same time. For instance, the number of its users in the United States has reached 1 million households while the number of potential users in this market is estimated to be approximately 40 million households. Players within the industry believe that the two-way broadband antenna market will sustain constant growth at an annual rate of 5-10% in the next few years.

4G Long Term Evolution – The global sales volume of smartphones has grown from 490 million units in 2011 to the record-breaking 700 million units in 2012. It is expected that by 2015, there will be 3.5 billion mobile broadband users around the globe. Being the mainstream and leading next-generation mobile broadband solution, 4G LTE has been adopted by many key telecommunication operators in the world. As at the date hereof, telecommunication operators in, among others, the United States, Hong Kong, Japan and Korea have acquired a total of 145 LTE commercial networks, representing an increase of 97 networks as compared with 2012. The current number of 4G LTE users around the world has reached nearly 60 million, showing a resilient growth.

With a leading global satellite equipment manufacturer and distribution channels to the Middle East and North African markets on hand, the Group aims at capitalizing on the 30-year strength of Pro Brand in terms of research and development of microwave and satellite communication technologies and customer base in order to seize the enormous market opportunities brought by the global demand for next-generation 4G and satellite communication technologies.

(2) Pay television system platform in Nepal

Dish Media Network Private Limited ("DMN") is the only satellite television operator in Nepal. In 2011, the Group invested in DMN and turned from a hardware manufacturer into a platform owner. After over two years of active market planning and expansion, the pay television system platform in Nepal has turned the corner. The number of subscribers has risen to 215,000 from approximate 40,000 at the start of the Group's investment in March 2011. Currently, an amendment in the laws of Nepal to allow foreign ownership of local enterprise of over 51% is pending. The Group has recently leased the second satellite channel receiving and sending system in order to enter the market of Kathmandu, the capital of Nepal. The Group expects the number of its subscribers will be increased in 2014 so as to broaden its pay television monthly subscription income in the future.

(3) Concentrate on pay television (Pay TV) industry in Middle East and North African markets

In the past two years, the Group has successfully completed the development and market launch of certain products. It is expected that in tandem with the digitalization and investments in the production and encryption of high-definition programs by producers in the Middle East and North African markets, a DTH subscription fever will sweep through these regions one by one. The fever will also boost the demand for middle-and-high-end products and turn the local entertainment focus from free television services to Pay TV systems.

Leveraging on the vertical integration and diversification of its core business, coupled with the continual efforts of the Group in recruiting able research and development talents from around the world and that of its frontline marketing teams in exploring business opportunities, the Group has already jump-started its integration and is actively planning for and moving forward to a new phase of business development. A moderate improvement in the Group's overall profitability is forecasted for 2014 and the fruit of the transformation can be expected after 2015.

SIGNIFICANT ACQUISITIONS, DISPOSAL AND TRANSACTION

Acquisition of Pro Brand International, Inc.

On October 31, 2012, the Company entered into a share acquisition agreement ("the Agreement") with the majority of selling shareholders of Pro Brand International, Inc. ("Pro Brand") and Pro Brand, pursuant to which the Company conditionally agreed to acquire and the majority of selling shareholders of Pro Brand conditionally agreed to sell the entire issued share capital of Pro Brand for a consideration not exceeding US$33.5 million (approximately equivalent to HK$259.6 million) (the "Acquisition").

Pro Brand currently has a product portfolio covering more than 260 items in both antenna and LNB products and it has strong research and development ("R&D") capabilities and in-house facilities in the design and development of advanced satellite and radio frequency ("RF") related equipment as well as next generation new products and solutions for satellite Pay TV system.

Following the acquisition of Pro Brand and integration of its technologies and R&D capabilities, it will strengthen the Group's R&D capabilities and enhance the Group's technological competitiveness to meet customer demands for high-end satellite television and RF related equipment.

The long established customer relationships of Pro Brand in North America and Latin America will also strengthen the Group's presence in the North America and Latin America markets with Pro Brand acting as a stronghold for the distribution and marketing of the Group's other media entertainment platform related products and accessories as supplement to existing satellite Pay TV products and equipment. In return, the high-end satellite television and wireless communication products of Pro Brand will enrich the Group's product portfolios and enable the Group to reach potential customer in the rest of the world for high-end satellite television and wireless communication products.

With the Group's efficient and cost effective production facilities located in China, the Acquisition will position the Group to become one of the largest providers for satellite Pay TV system and equipment through the integration of Pro Brand's existing long established customer relationships with its customers.

Having taken into account the above reasons and benefits, the management of the Company is of the view that the terms of the Agreement are fair and reasonable and the Acquisition is conducted under normal commercial terms and is in the interests of the Company and the Company's shareholders as a whole.

On March 6, 2013, all the conditions precedent to the Acquisition was satisfied and complete, and Pro Brand becomes a wholly-owned subsidiary of the Company.

Subscription of Bond

On December 27, 2012, the Company and Heng Xin China Holdings Limited ("Heng Xin") entered into a subscription agreement in relation to the subscription of Bond (the "Bond Subscription"), pursuant of which, the Company had conditionally agreed to subscribe for the Bond in the principal amount of HK$100,000,000 for a term of two years with coupon rate of 6% per annum, payable quarterly in arrears.

Reference is made to the convertible bonds which the Company subscribed for in December 2010 (the "2010 Convertible Bonds"). The 2010 Convertible Bonds were matured on December 27, 2012 and after arm's length discussions with Heng Xin, it was agreed that the Company and Heng Xin would enter into a subscription agreement to refinance half of the outstanding principal amount of the 2010 Convertible Bonds and Heng Xin would repay the remaining half of the outstanding principal amount of the 2010 Convertible Bonds. It has been one of the Group's corporate strategies to explore the market of digital television equipment in Mainland China with good business potential and growth prospects, which coincides with the business of Heng Xin. The Directors consider that the Bond Subscription provides an opportunity for the Group to enhance its strategic position in the market of digital television equipment in Mainland China with a reasonable interest return from the Bond Subscription. All the conditions precedent to the Bond Subscription were fulfilled and the transaction was completed on December 27, 2012.

Termination of the Children Apparels Business

On February 5, 2013, Sino Light Enterprise Limited ("SLE"), an indirect non-wholly owned subsidiary of the Company, and The Walt Disney Company (Asia Pacific) Limited (the "Master Distributor") entered into a termination agreement, pursuant to which SLE and the Master Distributor had agreed to early terminate the license agreement between SLE and the Master Distributor dated December 21, 2010 and as amended on May 26, 2011 for the sale of children apparels under the brand name of "Pleasant Goat and Big Big Wolf" in the PRC, excluding Hong Kong, Macau and Taiwan (the "License Agreement") would be early terminated with effect from February 15, 2013 (the "Termination Date").

In accordance with the terms of the termination agreement, SLE had agreed to pay a termination payment of US$498,000 to the Master Distributor in respect of royalties arising from the sale of licensed products made before the Termination Date and any guarantees and advances that would have been due to the Master Distributor under the License Agreement and remain unpaid as at the Termination Date. SLE would cease the sales of the licensed children apparels under the brand names of "Pleasant Goat and Big Big Wolf" with effect from the Termination Date, and SLE would be released of its obligations to make the balance payment of license fees under the License Agreement.

The early termination of the License Agreement ceased the children apparel business of the Group. It is the Group's strategy to focus on its core business of design, manufacturing and trading of media entertainment platform related products and continue to invest resources in the transformation from an integrated device manufacturer to a platform owner. The early termination of License Agreement was completed on Termination Date.

Subscription of Additional Shares in Dish Media

On May 10, 2013, the Company and Dish Media Network Private Ltd. ("Dish Media") entered into the agreement, pursuant of which, the Company has conditionally agreed to subscribe for 6,195,652 new shares ("Subscription Shares") in the capital of Dish Media for an aggregate subscription price of US$7,289,002 (equivalent to HK$56,489,765) (the "Share Subscription"). The Subscription Shares represent 12.88% of the enlarged issued share capital of Dish Media upon completion of the subscription. Upon completion of the Share Subscription, the Company's interest in Dish Media will increase from 47% to 60% and Dish Media will become a non-wholly owned subsidiary of the Company.

Dish Media is the only satellite television operator in Nepal and currently it provides Direct-to-Home satellite television services to its subscribers under the brand name of Dish Home which offers over 50 channels to its subscribers covering the full spectrum of satellite television contents. As the reception quality of satellite television outplayed cable television services in Nepal and the satellite television broadcasting is still in its initial stage of development, the Directors consider that Nepal market present good business opportunities and growth potential for the Group's products. The Share Subscription will enable the Company to consolidate its control over Dish Media and provide the Group with a strategic platform to explore and develop the market of set top boxes and other digital media equipment in Nepal. It is the Group's strategy to continue investing resources for the transformation from an integrated device designer and manufacturer to a multimedia platform owner.

Completion of the Share Subscription is subject to the obtaining of the appropriate consents from the Department of Industries ("DOI") and the Ministry of Finance ("MOF") of Nepal as to the allotment of the Subscription Shares to the Company. In the event that the DOI or the MOF do not approve the contemplated transactions, all consideration paid under the Share Subscription shall be refunded by Dish Media, without interest, to the Company.

As at the date of this announcement, the Share Subscription is still in process and it is expected to be completed in December 2013.

DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended June 30, 2013 (2012: Nil).

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of shareholders will be closed from Friday, November 8, 2013 to Monday, November 11, 2013, both days inclusive, during which period no share transfer will be registered. In order to be eligible for attending and voting at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, November 7, 2013.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended June 30, 2013, in conjunction with the Company's independent auditors prior to their approval by the Board.

EMPLOYEES

As at June 30, 2013, the Group employed a total of 2,358 (2012: 2,739) full-time employees. Employees are remunerated accordingly to their performance and responsibilities and the total employee benefit expenses, excluding directors, for the Year amounted to HK$118.7 million (2012: HK$183.8 million). Other employee benefits include, inter alias, share option scheme, provident fund, insurance and medical coverage.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Company's shareholders. The directors of the Company (the "Directors") believe that good corporate governance provides a framework and platform that is essential for and advantageous to effective management and successful business growth.

The Company has adopted the code provisions ("Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report (taking effect from April 1, 2012) (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Throughout the Year, the Company has complied with the Code Provisions set out in the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by Directors. All Directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code throughout the Year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the shares of the Company during the Year.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the Company's website at www.sandmartin.com.hk and the Stock Exchange's website at www.hkexnews.hk. The 2013 Annual Report and the Notice of Annual General Meeting will be despatched to Shareholders and will be available at the Company's website and the Stock Exchange's website in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the executive directors are Mr. Hung Tsung Chin, Ms. Chen Mei Huei, Mr. Liao Wen I, Mr. Frank Karl-Heinz Fischer, Mr. Mu Yean Tung and Mr. Shou Philip Ming-Yung, the independent non-executive directors are Mr. Hsu Chun Yi, Mr. Lee Chien Kuo and Mr. Han Chien Shan.

By order of the Board
Sandmartin International Holdings Limited
Hung Tsung Chin
Chairman

Hong Kong, September 30, 2013