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 SIX MONTHS ENDED DECEMBER 31, 2014

The board (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 six months ended December 31, 2014 (the "Period") together with comparative figures for the twelve months ended June 30, 2014, as follows.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended December 31, 2014

	NOTES	**(Six months) 7.1.2014 to 12.31.2014 HK$'000**	(Twelve months) 7.1.2013 to 6.30.2014 HK$'000
Revenue	3	**785,081**	1,664,111
Cost of sales		**(691,037)**	(1,490,820)
Gross profit		**94,044**	173,291
Other income		**22,004**	38,400
Other gains and losses		**(224,948)**	(23,444)
Increase in fair value of investment properties		**4,441**	10,959
Distribution and selling costs		**(21,862)**	(46,217)
Administrative and other expenses		**(99,980)**	(166,885)
Research and development costs		**(25,209)**	(65,598)
Finance costs		**(4,893)**	(7,616)
Loss before taxation		**(256,403)**	(87,110)
Taxation	4	**(14,191)**	(14,458)
Loss for the period/year	5	**(270,594)**	(101,568)
Other comprehensive income (expense)			
Item that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of properties		**–**	57,054
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translation of foreign operations		**(25,922)**	13,445
Fair value change of available-for-sale investments		**–**	15
Total comprehensive expense for the period/year		**(296,516)**	(31,054)

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

For the six months ended December 31, 2014

	NOTE	**(Six months) 7.1.2014 to 12.31.2014** ***HK$'000***	(Twelve months) 7.1.2013 to 6.30.2014 *HK$'000*
Loss for the period/year attributable to:			
Owners of the Company		**(264,543)**	(101,432)
Non-controlling interests		**(6,051)**	(136)
		(270,594)	(101,568)
Total comprehensive expense attributable to:			
Owners of the Company		**(290,419)**	(30,862)
Non-controlling interests		**(6,097)**	(192)
		(296,516)	(31,054)
Loss per share	*7*		
Basic		**(31.8) HK cents**	(12.2) HK cents
Diluted		**(31.8) HK cents**	(12.2) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2014

	NOTES	**12.31.2014** **HK$'000**	6.30.2014 HK$'000
Non-current assets			
Property, plant and equipment		**184,787**	180,610
Deposit paid for acquisition of a subsidiary		**37,005**	26,980
Prepaid lease payments		**8,592**	11,115
Investment properties		**105,446**	100,731
Goodwill		**25,053**	26,506
Intangible assets		**31,488**	37,105
Interest in an associate		**–**	–
Available-for-sale investments		**–**	40,573
Loan to an associate		**23,269**	23,269
Amount due from an associate		**16,194**	15,658
Loan receivables		**27,959**	51,581
Deferred tax assets		**1,669**	2,807
		461,462	516,935
Current assets			
Inventories		**230,243**	273,790
Trade, bills and other receivables	*8*	**369,760**	436,429
Prepaid lease payments		**243**	310
Loan receivables		**–**	10,464
Amount due from an associate		**52,905**	59,151
Bond receivables		**75,242**	98,501
Pledged bank deposits		**117,264**	53,751
Bank balances and cash		**55,883**	74,562
		901,540	1,006,958
Assets classified as held for sale		**39,279**	39,683
		940,819	1,046,641
Current liabilities			
Trade, bills and other payables	*9*	**612,442**	426,113
Tax liabilities		**23,055**	23,818
Bank and other borrowings – due within one year		**299,064**	349,185
Obligations under finance leases		**1,826**	1,817
		936,387	800,933
Net current assets		**4,432**	245,708
		465,894	762,643

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At December 31, 2014

	12.31.2014	6.30.2014
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**83,223**	83,223
Reserves	**289,091**	580,372
Equity attributable to owners of the Company	**372,314**	663,595
Non-controlling interests	**40,009**	53,573
Total equity	**412,323**	717,168
Non-current liabilities		
Bank and other borrowings – due after one year	**7,864**	4,154
Deferred tax liabilities	**32,823**	27,532
Obligations under finance leases	**12,884**	13,789
	53,571	45,475
	465,894	762,643

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

During the current financial period, the financial year end date of the Group was changed from June 30 to December 31 because the directors of the Company determine to bring the annual financial year end date of the Group in line with that of the United States of America ("USA") subsidiary. Such alignment will facilitate the preparation and reporting of the Group's consolidated financial statements. Accordingly, the consolidated financial statements for the current period cover the six months ended December 31, 2014. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve-month period from July 1, 2013 to June 30, 2014, and therefore may not be comparable with amounts shown for the current period.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current period, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

The application of the new and revised HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current period and prior years 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.

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to HKAS 1	Disclosure initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[3]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[4]
Amendments to HKAS 27	Equity method in separate financial statements[3]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle[3]

[1] *Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.*

[2] *Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.*

[3] *Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.*

[4] *Effective for annual periods beginning on or after July 1, 2014, with earlier application permitted.*

[5] *Effective for annual periods beginning on or after July 1, 2014, with limited exceptions. Earlier application is permitted.*

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' 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 fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities, however, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 "Revenue from contracts with customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKFRS 11 "Accounting for acquisitions of interests in joint operations"

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 "Business combinations". Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 "Impairment of assets" regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after January 1, 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 "Disclosure initiative"

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 "Clarification of acceptable methods of depreciation and amortisation"

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 "Agriculture: Bearer plants"

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

Amendments to HKAS 19 "Defined benefit plans: Employee contributions"

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments to HKAS 19 will have a significant impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans with employee contributions.

Amendments to HKAS 27 "Equity method in separate financial statements"

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements.

- At cost;

- In accordance with HKFRS 9 "Financial instruments" (or HKAS 39 "Financial instruments: Recognition and measurement" for entities that have not yet adopted HKFRS 9); or

- Using the equity method as described in HKAS 28 "Investments in associates and joint ventures".

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 "Consolidated financial statements" and to HKFRS 1 "First-time adoption of Hong Kong Financial Reporting Standards".

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors or the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 "Investment entities: Applying the consolidation exception"

The narrow-scope amendments to HKFRS 10, HKFRS 12 and HKAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual improvements to HKFRSs 2010 – 2012 cycle

The Annual improvements to HKFRSs 2010 – 2012 cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after July 1, 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual improvements to HKFRSs 2011 – 2013 cycle

The Annual improvements to HKFRSs 2011 – 2013 cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of a types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes a contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual improvements to HKFRSs 2012 – 2014 cycle

The Annual improvements to HKFRSs 2012 – 2014 cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-far-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 "Disclosure – Offsetting financial assets and financial liabilities" issued in December 2011 and effective for periods beginning on or after January 1, 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 "Interim financial reporting".

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained profits at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's 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

   – which mainly used for satellite products equipment.

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 and antenna.

Segment Revenue and Results

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

Six months ended December 31, 2014

	Media entertainment platform related products *HK$'000*	Other multimedia products *HK$'000*	Integration of signal system and traffic communication network *HK$'000*	Satellite TV equipment and antenna *HK$'000*	Total *HK$'000*
REVENUE					
External sales	**146,205**	**189,935**	**32,320**	**416,621**	**785,081**
RESULTS					
Segment results	**(7,058)**	**12,015**	**(63,517)**	**30,182**	**(28,378)**
Other income					**22,004**
Other gains and losses					**(124,388)**
Increase in fair value of investment properties					**4,441**
Research and development costs					**(25,209)**
Administrative and other expenses					**(99,980)**
Finance costs					**(4,893)**
Loss before taxation					**(256,403)**

Twelve months ended June 30, 2014

	Media entertainment platform related products *HK$'000*	Other multimedia products *HK$'000*	Integration of signal system and traffic communication network *HK$'000*	Satellite TV equipment and antenna *HK$'000*	Total *HK$'000*
REVENUE					
External sales	325,433	349,613	63,222	925,843	1,664,111
RESULTS					
Segment results	6,350	31,530	1,205	62,323	101,408
Other income					38,400
Other gains and losses					2,222
Increase in fair value of investment properties					10,959
Research and development costs					(65,598)
Administrative and other expenses					(166,885)
Finance costs					(7,616)
Loss before taxation					(87,110)

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 administrative and other expenses, research and development costs, other income, other gains and losses (except impairment loss on trade and other receivables and loss recognised on projects in respect of restructuring of integration of signal system and traffic communication network), 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	
	(Six months)	(Twelve months)	*(Note)*	
	7.1.2014 to 12.31.2014	7.1.2013 to 6.30.2014	**12.31.2014**	6.30.2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Asia				
– Taiwan	**48,469**	83,462	**4,444**	15,175
– Nepal	**22,133**	50,511	**–**	–
– PRC (country of domicile)	**10,233**	22,908	**221,126**	179,888
– Others	**20,621**	21,785	**60,951**	60,065
Europe				
– Germany	**29,313**	32,629	**14,998**	16,797
– Italy	**15,582**	36,069	**–**	–
– Spain	**40,026**	46,405	**14,255**	16,450
– Ukraine	**–**	15,025	**–**	–
– Portugal	**1,023**	4,503	**–**	–
– France	**3,947**	8,549	**–**	–
– Others	**24,042**	34,092	**–**	–
North America				
– United States of America ("USA")	**322,554**	823,259	**39,592**	67,692
– Canada	**33,418**	45,755	**–**	–
– Mexico	**31,883**	86,816	**–**	–
– Others	**4,452**	6,945	**–**	–
Middle East				
– United Arab Emirates ("UAE")	**56,370**	99,967	**–**	–
– Others	**6,376**	8,219	**–**	–
Africa				
– Algeria	**22,645**	19,026	**–**	–
– Morocco	**24,528**	61,740	**–**	–
– Others	**4,998**	6,579	**–**	–
South America				
– Brazil	**28,406**	53,670	**–**	–
– Chile	**3,958**	37,877	**–**	–
– Argentina	**4,694**	21,582	**–**	–
– Others	**23,814**	34,601	**–**	–
Other regions	**1,596**	2,137	**–**	–
	785,081	1,664,111	**355,366**	356,067

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

4. TAXATION

	(Six months) 7.1.2014 to 12.31.2014 ***HK$'000***	(Twelve months) 7.1.2013 to 6.30.2014 *HK$'000*
The tax charge comprises:		
Current tax:		
PRC	**1,919**	3,153
Jurisdictions other than the PRC and Hong Kong	**1,988**	(609)
	3,907	2,544
Underprovision in prior years:		
PRC	**–**	2,325
Jurisdictions other than the PRC and Hong Kong	**3,880**	857
	3,880	3,182
Deferred taxation:		
Current year	**5,943**	7,873
Provision for withholding tax	**461**	859
	6,404	8,732
	14,191	14,458

5. LOSS FOR THE PERIOD/YEAR

	(Six months) 7.1.2014 to 12.31.2014 ***HK$'000***	(Twelve months) 7.1.2013 to 6.30.2014 *HK$'000*
Loss for the period/year has been arrived at after charging:		
Directors' emoluments	**2,995**	6,930
Other staff costs	**78,092**	180,678
Retirement benefit scheme contributions, excluding directors	**3,751**	7,185
Share-based payment expense, excluding directors	**–**	22
Total employee benefit expenses	**84,838**	194,815
Auditor's remuneration	**2,200**	3,732
Depreciation of property, plant and equipment	**12,271**	20,407
Amortisation of intangible assets (included in cost of sales)	**5,505**	10,660
Release of prepaid lease payments	**190**	252
Write-down of inventories (included in cost of sales)	**–**	8,469
Loss on disposal of property, plant and equipment (included in other gains and losses)	**3,460**	–
Impairment loss on trade receivables (included in other gains and losses)	**35,070**	25,666
Impairment loss on other receivables (included in other gains and losses)	**6,089**	–
Impairment loss on bond receivables (included in other gains and losses)	**24,758**	–
Impairment loss on loan receivables (included in other gains and losses)	**60,687**	–
Impairment loss on available for sales investments (included in other gains and losses)	**40,573**	–
Loss recognised on projects in respect of integration of signal system and traffic communication network (included in other gains and losses)	**59,401**	–
and after crediting:		
Interest income	**3,569**	2,263
Interest income from an associate	**505**	1,003
Effective interest income on bond receivables	**4,544**	8,802
Gain on disposal of property, plant and equipment (included in other gains and losses)	**–**	684
Property rental income with negligible outgoings	**5,216**	5,934
Scrap and sample sales (included in other income)	**32**	1,423
Net foreign exchange gain (included in other gains and losses)	**5,090**	1,538

Included in the total employee benefit expenses is an aggregate amount of HK$3,766,000 (twelve months ended June 30, 2014: HK$7,215,000) 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 periods.

6. DIVIDENDS

The directors do not recommend the payment of a dividend for the six months ended December 31, 2014 (twelve months ended June 30, 2014: nil).

7. LOSS PER SHARE

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

	(Six months)	(Twelve months)
	7.1.2014 to	7.1.2013 to
	12.31.2014	6.30.2014
	HK$'000	*HK$'000*
Loss for the purposes of basic and diluted loss per share		
Loss for the period/year attributable to owners of the Company	**(264,543)**	(101,432)

	Number of shares	
	12.31.2014	6.30.2014
Weighted average number of ordinary shares for the purpose of basic loss per share	**832,228,862**	832,228,862
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	**832,228,862**	832,228,862

Note: The computation of diluted loss per share for the six months ended December 31, 2014 and twelve months ended June 30, 2014 does not include the share options as the assumed exercise of these share options has an anti-dilutive effect.

8. TRADE, BILLS AND OTHER RECEIVABLES

	12.31.2014	6.30.2014
	HK$'000	*HK$'000*
Trade receivables	**438,315**	471,054
Bills receivables	**518**	698
Less: allowance for doubtful debts	**(147,376)**	(120,832)
	291,457	350,920
Other receivables	**78,303**	85,509
Total trade, bills and other receivables	**369,760**	436,429

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:

	12.31.2014	6.30.2014
	HK$'000	*HK$'000*
0 – 30 days	**185,894**	178,700
31 – 60 days	**34,661**	53,512
61 – 90 days	**28,387**	30,086
91 – 180 days	**18,340**	27,376
More than 180 days	**24,175**	61,246
	291,457	350,920

9. TRADE, BILLS AND OTHER PAYABLES

	12.31.2014	6.30.2014
	HK$'000	*HK$'000*
Trade payables	**391,379**	319,051
Bills payables	**1,897**	6,910
Other payables	**219,166**	100,152
	612,442	426,113

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

	12.31.2014	6.30.2014
	HK$'000	*HK$'000*
0 – 30 days	**156,260**	114,135
31 – 60 days	**69,055**	82,026
61 – 90 days	**61,478**	42,043
91 – 180 days	**62,734**	45,007
181 – 365 days	**42,638**	42,740
More than 365 days	**1,111**	10
	393,276	325,961
Accrued expenses	**61,099**	41,149
Receipt in advance	**15,184**	12,529
Other payables	**142,883**	46,474
Total trade, bills and other payables	**612,442**	426,113

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Over the past six months, the overall market remained sluggish in its recovery as the general economy was uncertain. The Group has been going through a period of transition to integrate its different business units and to upgrade its production facilities gradually with automation systems so as to improve production efficiency and to reduce the operating costs. As a result of these efforts, the gross profit margin of the Group was improved from 10.4% for the year ended June 30, 2014 to 12.0% for the six months ended December 31, 2014.

The Group recorded an unsatisfactory performance for the six months ended December 31, 2014 due to certain one-off impairment losses. The losses were mainly brought by (i) impairment losses on its customers' receivables, (ii) operational and restructuring losses from the business of E-Passing Co., Ltd., (iii) impairment on bond receivables; and (iv) impairment loss on available-for-sale financial assets.

Despite the recent substantial increase in orders from various departments, the production value and the output were affected by the labour shortage and high labour turnover rate in the coastal areas of China. The Group has been actively seeking solutions and alternatives with the aims of securing output in order to meet customers' demand in the near future.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended December 31, 2014 was HK$785.1 million (twelve months ended June 30, 2014: HK$1,664.1 million).

Gross profit

Gross profit for the six months ended December 31, 2014 amounted to HK$94.0 million (twelve months ended June 30, 2014: HK$173.3 million). Gross profit margin for the six months ended December 31, 2014 was 12.0%, representing an increase of 1.6 percentage points from 10.4% for the twelve months ended June 30, 2014.

Administrative and other expenses

The Group's administrative and other expenses for the six months ended December 31, 2014 was HK$100.0 million (twelve months ended June 30, 2014: HK$166.9 million).

Segment information

The Group's turnover is derived from the sale 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 the sale of media entertainment platform related products for the six months ended December 31, 2014 amounted to HK$146.2 million (twelve months ended June 30, 2014: HK$325.4 million). The turnover generated from the sale of other multimedia products for the six months ended December 31, 2014 amounted to HK$189.9 million (twelve months ended June 30, 2014: HK$349.6 million).

The turnover generated from the sale of satellite TV equipment and antenna products for the six months ended December 31, 2014 amounted to HK$416.6 million (twelve months ended June 30, 2014: HK$925.8 million).

The turnover generated from integration of signal system and traffic communication network for the six months ended December 31, 2014 amounted to HK$32.3 million (twelve months ended June 30, 2014: HK$63.2 million).

Revenue by geographic markets

	Middle East	Europe	North America	Africa	South America	Asia	Other regions	Total
Revenue for the period *(HK$m)*	62.7	113.9	392.3	52.2	60.9	101.5	1.6	785.1
% of Group's revenue	8.0	14.5	50.0	6.6	7.8	12.9	0.2	100.0

Net loss for the period

Net loss for the six months ended December 31, 2014 amounted to HK$270.6 million (twelve months ended June 30, 2014: HK$101.6 million). The increased in net loss margins from 6.1% for last year to 34.5% for the current period was mainly a result of impairment loss on trade and loan receivables of HK$95.8 million and the provision for the restructure of E-passing Co., Ltd. of HK$59.4 million.

Working capital efficiency

The average inventory turnover days for the six months ended December 31, 2014 and the twelve months ended June 30, 2014 were 67 days and 65 days respectively.

The average trade receivables turnover days for the six months ended December 31, 2014 and the twelve months ended June 30, 2014 were 75 days and 89 days respectively.

The average trade payables turnover days for the six months ended December 31, 2014 and the twelve months ended June 30, 2014 were 95 days and 84 days respectively.

Liquidity and financial resources

At December 31, 2014, an overall cash and cash equivalent was HK$55.9 million (June 30, 2014: HK$74.6 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 1.0 at December 31, 2014 (June 30, 2014: 1.3).

As at December 31, 2014, the Group's total borrowings were HK$321.6 million (June 30, 2014: HK$368.9 million). The gearing ratio (total borrowings over total assets of the Group) slightly decreased from 23.6% at June 30, 2014 to 22.9% at December 31, 2014.

Charges on assets

As at December 31, 2014, the Group's general banking facilities including bank loans were secured by the following assets of the Group: (i) bank deposits of HK$117.3 million, (ii) leasehold land and buildings with a carrying value of HK$57.8 million, and (iii) investment properties of HK$84.7 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, management continuously assesses the foreign exchange risks, with an aim to minimise the impact of foreign exchange fluctuations on business operations.

Contingent liabilities

The Group did not have any significant contingent liabilities at December 31, 2014 (June 30, 2014: Nil).

SIGNIFICANT ACQUISITIONS, DISPOSAL AND TRANSACTION

Acquisition of 49% Equity Interest in Weblink Technology Limited

On November 12, 2014, Top Dragon Development Limited (the "Purchaser"), an indirect wholly-owned subsidiary of the Company entered into an agreement with the Sodium Zone Limited (the "First Vendor") and Mr. Lin Shi Chi (the "Second Vendor"), pursuant to which, the Purchaser had agreed to acquire and the First Vendor and the Second Vendor had agreed to dispose of 49% equity interest in Weblink Technology Limited ("Weblink"), an indirect non-wholly owned subsidiary of the Company at a consideration of HK$8,329,000 and to be settled by the issue of consideration shares of the Company. On November 16, 2014, a supplemental agreement was entered into among the Purchaser, the First Vendor and the Second Vendor, pursuant to which, the payment method of the consideration was changed from the issue of consideration shares to the payment wholly in cash.

The principal activity of Weblink and its subsidiaries is the manufacturing and trading of optical fibre products. The acquisition of 49% equity interest in Weblink will strengthen the Group's control over the operations in Weblink, including but not limited to the acquisition and disposal of assets in Weblink. The Group is in the process to integrate the current operations of Weblink with other subsidiaries of the Group in the PRC so as to reduce the operation costs of Weblink.

The Directors consider that the terms and conditions of the acquisition of 49% equity interest in Weblink, including the basis of determining consideration, are fair and reasonable and are in the interests of the Company and the Company's shareholders as a whole.

The acquisition of 49% equity interest in Weblink was completed on December 15, 2014.

Formation of Pro Brand Technology, Inc. and Acquisition of Sksteck Inc.

On December 2, 2013, the Company entered into the joint venture agreement ("JV Agreement") with Wha Yu Industrial Co., Ltd. ("Whayu"), pursuant to which the Company and Whayu had agreed to establish Pro Brand Technology, Inc., a joint venture company (the "JV Company") as an investment holding company to hold the 100% equity interests of Sksteck Inc. ("SKS") and Pro Brand International, Inc. ("PBI"), the wholly-owned subsidiaries of Whayu and the Company respectively.

After the establishment of the JV Company, each of the Company and Whayu subscribed for shares in the JV Company (the "Subscription") by the injection of their respective 100% equity interest in PBI and SKS. Upon the completion of the Subscription, the Company holds 59.1% equity interest of the JV Company, and the JV Company is a non-wholly owned subsidiary of the Company; and PBI and SKS are wholly owned subsidiaries of the JV Company and indirect non-wholly owned subsidiaries of the Company. PBI continues to be accounted for as a subsidiary of the Company.

The consideration for the Company to obtain the majority shareholding of the JV Company is by the injection of PBI into the JV Company. The consideration of PBI is determined by the net asset value of PBI as at October 31, 2013 plus a premium of NT$300 million (approximately HK$79.2 million), with reference to the premium of US$11 million for the acquisition of PBI by the Company in March 2013.

The consideration for the Subscription was determined after arm's length negotiations between the parties with reference to (i) unaudited net asset value of SKS and PBI as at October 31, 2013 plus their respective premiums; and (ii) market approach estimation, which was based on price-to-book multiples of comparable companies. Based on the preliminary unaudited net asset values of PBI (US$4,715,000, approximately HK$36,555,000) and SKS (NT$254,603,000, approximately HK$66,197,000) as at October 31, 2013, the estimated considerations of PBI and SKS were HK$114,555,000 and HK$71,818,000 respectively.

The formation of JV Company is a strategic alliance between Whayu and the Company. With the efficient production facilities of SKS in the PRC and the long established distribution channels and customers' base of PBI in North America and Latin America, the formation of the JV Company will build up an efficient supply chain that covers the design, manufacture and distribution of low noise blocks ("LNB") products and other equipment to meet different customer demands for high-end satellite television and LNB products.

Following the successful integration of SKS and PBI, it is expected that the profit margin of both companies will be improved as a result of lower production costs of LNB products by SKS which can be achieved by the economy of scale of production and increase in the utilization rate of production capacity of SKS, i.e. lower fixed overhead cost per unit of product. With the integration of research and development functions of SKS and PBI, both companies will be equipped with the advance technologies capable of developing the next generation products in satellite television receiving system and LNB products.

The Directors consider that the terms and conditions of the Subscription, including the basis of determining consideration, are fair and reasonable and are in the interests of the Company and the Company's shareholders as a whole.

The Subscription was completed on May 28, 2014.

Subscription of Additional Shares in DMN

On May 10, 2013, the Company and Dish Media Network Private Ltd. ("DMN") 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 DMN 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 DMN upon completion of the subscription. Upon completion of the Share Subscription, the Company's interest in DMN will increase from 47% to 60% and DMN will become a non-wholly owned subsidiary of the Company.

DMN 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 DMN 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 DMN, without interest, to the Company.

As at the date of this announcement, the Share Subscription is still in process and the appropriate consents from the DOI and MOF have not been obtained by the Company and DMN.

PROSPECTS

1. The Group is exposed to intense price competition in the retail market of set-top boxes. The Group has been actively seeking potential partners, while research and develop higher-end, more complete and more price competitive products, thereby continuing the occupation in the Middle East and North African markets, while opening up new markets in South America, Asia and so on.

2. By the end of the second half of last year, Nepal Satellite TV has nearly 500,000 subscribers, local dealers and agents has reached more than 2,000, distributed in every corner, to provide subscribers with the opening and stored value services. The Group has enjoyed a certain local reputation, and well-respected by the local people. Nepalese authorities are also working together to accelerate the digital home entertainment technology, and related policy implementation. By the end of this year, subscribers may further increase dramatically. Moreover, with the increase of the market share, and it is the sole owner of Nepal's local legal broadcast satellite operators license, DMN is also planning to charge the price for its value-added services and richer channel content, and raise the monthly subscription fees in the near future, to continue to demonstrate the success of its transformation.

3. New high-tech products, such as OTT Hybrid will join the retail and pay-TV market, service to the open internet video, the terminal can be a TV, computer, set-top boxes, PAD, smart phones, etc. That is the internet to provide services through the internet transmission of video programming, such as the content of PPS, UUSEE or other platforms transmitted to the display screen (including TV).

4. The Group will focus on outdoor satellite transmission equipment, continue to lock the DTV professional and advanced supplier position for the world's largest DTH customer, improve automation processes to increase productivity and ensure quality. At present, the order in 2016 has been guarantee.

5. The Group will continue in brand services for its spare parts products, being a professional purchasing agent of the world-renowned brand, provide and manufacture spare parts for global manufacturers. It is expected to manufacture DTV components for the world's largest professional DTH customers this year.

DIVIDEND

The Directors do not recommend the payment of final dividend for the six months ended December 31, 2014 (twelve months ended June 30, 2014: Nil).

CLOSURE OF REGISTER OF MEMBERS

The transfer of books and register of shareholders will be closed from Friday, May 8, 2015 to Monday, May 11, 2015, 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 ("AGM"), 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, May 7, 2015.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's consolidated financial statements for the six months ended December 31, 2014, in conjunction with the Company's independent auditors.

EMPLOYEES

As at December 31, 2014, the Group employed a total of 3,230 (June 30, 2014: 3,100) full-time employees. Employees are remunerated accordingly to their performance and responsibilities and the total employee benefit expenses, excluding directors, for the six months ended December 31, 2014 amounted to HK$81.8 million (twelve months ended June 30, 2014: HK$187.9 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 Period, the Company has complied the Code Provisions set out in the Code, except for Code Provision A.6.7 in relation to the Directors attending the general meetings of the Company. Mr. Wu Chia Ming and Mr. Han Chien Shan, the independent non-executive directors were unable to attend the AGM of the Company held on December 8, 2014 due to their respective overseas engagements.

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 Period.

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 Period.

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 Report for the six months ended December 31, 2014 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 of the Company 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 of the Company are Mr. Lee Chien Kuo, Mr. Han Chien Shan and Mr. Wu Chia Ming.

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

Hong Kong, 30 March 2015