Sandmartin International Holdings Limited
聖馬丁國際控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 482)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

- Group revenue was HK$1,300.4 million
- Loss for the year was HK$302.8 million
- Loss attributable to shareholders was HK$187.4 million
- Basic loss per share was HK5.7 cents

* *For identification purposes only*

CHAIRMAN'S LETTER TO SHAREHOLDERS

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

On behalf of the board (the "**Board**") of the directors (the "**Directors**") of Sandmartin International Holdings Limited (the "**Company**", together with its subsidiaries collectively referred to as the "**Group**"), I am pleased to present the annual results of the Group for the year ended 31 December 2018.

The year of 2018 was challenging to the Group as our financial results underperformed due to various factors. The Group streamlined its structure by rationalizing its manufacturing segment to improve the utilization rate and efficiency of staff, which included the outsourcing of certain production processes to external service providers and the termination of production lines with low efficiency. The Group downsized the manufacturing segment to save production cost and to reduce internal headcount. For the media segment, the satellite TV broadcasting business was broadening its subscriber base to attain a breakeven level. Dish Media Network Limited ("**Dish Media**"), the largest pay television operator in Nepal and a 47.12%-owned associate of the Company, secured a customer base exceeding a million subscribers and generated strong demand for our set-top boxes which in turn provided support to the development of the media entertainment platform related products segment of the Group. Dish Media also recorded positive revenue growth for the last 5 years. Nevertheless, although the Group is in the process to dispose of its interests in My HD Media FZ-LLC ("**MyHD**"), a 51%-owned subsidiary of the Company, prior to the disposal and during the year ended 31 December 2018, the media segment in the Middle East region has been suffering from significant losses, which adversely impacted the overall financial performance of the Group for the year ended 31 December 2018. On the other hand, the Group struggled with the changes in product mix to cater for the latest market appetites and the ongoing competition from other original equipment manufacturers, especially those from the People's Republic of China (the "**PRC**").

The Group has also completed its restructuring within the year ended 31 December 2018 by redefining the original work flow of its manufacturing activities. The Group invited its suppliers to relocate their individual production facilities as tenants in the Group's industrial park located in Zhongshan, the PRC. As a result, our suppliers were also our tenants, thus aligning our business interests to a certain extent. To save our production costs and reduce our headcount, certain workflows of our manufacturing activities were outsourced to these suppliers as well. Besides, in order to mitigate the impact of the possible trade conflict between the PRC and the United States (the "**US**"), which could definitely jeapardize the Group's export to the US by means of excessive duties and tariffs, the Group strengthened its supply chain management by encouraging our suppliers to establish new production facilities in Vietnam or Taiwan to cope with the production orders of parts and accessories of our products, serving the purpose of avoiding the tariffs imposed by the US on products from the PRC. In anticipation of the booming and progressive digitalization of the pay television market in India and to diversify our capacities and market coverage, we also strived to relocate certain manufacturing workflows to India by establishing local production facilities and securing a foothold in the India market.

During the year ended 31 December 2018, the Group continued to invest in the satellite TV broadcasting business which is correlated to our manufacturing and trading of electronic products business. The satellite TV broadcasting business in the Middle East was still developing its customer base by purchasing high quality television contents and offering promotional packages to attract new subscribers, which incurred substantial amounts of programming and marketing costs inevitably. Since the subscription of new customers of GOBX (being the project in Saudi Arabia launched by MyHD in collaboration with Middle East Broadcasting Center ("**MBC**"), a renowned broadcaster in the Middle East) was slower than expected as a result of political instability in Saudi Arabia, the Group revised the projected breakeven of MyHD to 2020. Given the high running costs-per-subscriber before the subscription revenue achieved the breakeven point, the Group recorded a segment loss of HK$228,346,000 from the satellite TV broadcasting segment for the year ended 31 December 2018. After taking the above factors into consideration, the Group entered into a conditional agreement with an independent third party for the disposal of its 51% interest in MyHD in December 2018. It is believed that the disposal could relieve the Group from the heavy financial burden of providing further financial assistance to MyHD, thus improving our financial performance. Accordingly, the Group will be able to reallocate more internal financial resources to our manufacturing businesses so as to generate a higher revenue for the Shareholders.

On 5 May 2017, the Company received an originating summons against the Company under action number HCMP 1044/2017 in the High Court of Hong Kong (the "**High Court**") for inspecting and making copies of documents in connection with the open offers announced on 24 October 2016 and 20 March 2017 and our investment projects. The Company received a related order granted by the Court of Appeal of Hong Kong on 15 May 2018 under action number CACV 240/2017, ordering that the appeal against the court order dated 17 October 2017 be dismissed and all costs of and occasioned by the appeal be to the Plaintiff. On 6 July 2017, the Company received a petition dated 5 July 2017 against the Company and other parties under action number HCCW 207/2017 for the winding-up of the Company. Finally, the High Court granted an order on 7 January 2019 that the petition presented on 5 July 2017 be dismissed. Since the above actions have come to an end, the management of the Group will be able to concentrate their time and effort on our business operation, which is certainly beneficial to the Group.

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

Looking ahead, given the restructuring of our operation by focusing on the manufacturing segment and the launch of new products, including retractable chargers, we are optimistic on the future development of the Group despite the uncertain impact to be brought about by the possible trade conflicts between the PRC and the US in the coming year. The Group has been distributing quality products for the pay television industry across the globe for three decades. We are committed to strengthening our brand name with enhanced brand management strategies for the purpose of creating the greatest value for our Shareholders.

However, in addition to elevated geo-political and geo-economic tensions, disputes on international trade arising from protectionism are yet to be settled through negotiations, thereby clouding the general economic landscape with uncertainties and financial risks. Given these volatilities and challenges, the Group will make every endeavour to identify business opportunities with promising potential in the manufacturing segment or even other sectors so as to diversify our income source to weather the possible adverse cycle. With the dedicated management and execution capabilities of our top management team, the Group remains confident in seizing the opportunities amidst the challenging landscape.

All in all, we are thankful for the patience and continuous support from our dedicated employees, the management, invaluable business partners, Shareholders and investors. We look forward to sharing the rewards ahead with you.

Lau Yau Cheung
Chairman

BUSINESS OVERVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHT AND BUSINESS OVERVIEW

The Group recorded a significant decrease in gross profit from 4.97% for the year ended 31 December 2017 to 1.23% for the year ended 31 December 2018 due to the subscription revenue of the satellite TV broadcasting segment not being able to cover the substantial amount of the programming costs incurred for the satellite TV broadcasting business. Programming costs included payment for content fees, renting satellite channels and transponders and purchase of set-top boxes. The gross profit margin of the Group excluding the satellite TV broadcasting segment slightly decreased from 13.29% for the year ended 31 December 2017 to 11.56% for the year ended 31 December 2018.

MEDIA ENTERTAINMENT PLATFORM RELATED PRODUCTS

In 2018, the Group's media entertainment platform related products segment faced a fierce market competition from other set-top box manufacturers in the PRC. In response to the fierce market competition and the surge in raw material prices, the Group explored new business opportunities in other locations, such as South Asia; and redesigned the set-top boxes and ancillary chargers to reduce material costs. With the strong demand of set-top boxes from Dish Media, the revenue of this segment was able to increase by 44.05% as compared with the year ended 31 December 2017.

— Segment revenue of media entertainment platform related products was approximately HK$341,714,000 (2017: HK$237,214,000).

— Segment results from operations were approximately HK$28,771,000 (2017: HK$30,868,000).

— Segment margin was 8.42% which is decreased by 4.59 percentage-point as compared with segment margin of 13.01% in 2017.

Outlook

The market competition is fierce due to the direct competition from other set-top box manufacturers in the PRC, and the surge in raw material prices which reduced the profit margin of the products. The Group is exploring new markets for its set-top boxes, such as customers in South Asia and East Europe and will leverage its existing distribution channels for the cross-selling of "Philips" brand licensed products in India. Meanwhile, the Group is redesigning its set-top boxes to reduce the material costs so as the impact from the surge of raw material prices. The China-United States trade war is not expected to have material adverse impact on this segment as the Group does not have set-top boxes customers in the US.

OTHER MULTIMEDIA PRODUCTS

In 2018, although the market competition remained intense, we have enhanced our product portfolio and reduced the product costs by outsourcing and supply chain integration, so the Group's other multimedia products segment was able to maintain its profitability. Major products of this segment included high definition multimedia interface ("**HDMI**") cables, multimedia accessories, external batteries, retractable chargers and wireless mobile phone chargers for vehicles. Segment results increased by 41.33% due to the increase in profit margin for the electronic products amidst the fierce competition in the industry.

— Segment revenue of other multimedia products was approximately HK$293,067,000 (2017: HK$260,280,000).

— Segment results from operations were approximately HK$25,912,000 (2017: HK$18,335,000).

— Segment margin was 8.84% which is increased by 1.80 percentage-point as compared with the segment margin of 7.04% in 2017.

Outlook

We are enhancing our product portfolio and developing new businesses. New products, such as retractable chargers and wireless mobile phone chargers have been launched to the market since the second half of 2018. The China-United States trade war has some impact on this segment as some of the customers are in the US. We are trying to minimize the impact by sourcing from suppliers outside the PRC, such as India and Vietnam.

SATELLITE TV EQUIPMENT AND ANTENNA PRODUCTS

Low noise blocking down converters ("**LNB**") are receiving devices mounted on satellite dishes used for reception, which collect microwaves from the satellite dishes and facilitate the transmission of satellite television signals. Due to the change of business strategy by one of the major customers of this segment, this customer decided not to place further orders for the latest model of LNBs after the completion of their delivery in the first half of 2018, but switched to a preceding model of LNBs. As it took time for the Group to resume the production of the preceding model of LNBs, this contributed to the decrease in revenue in 2018. In the fourth quarter of 2018, the Group resumed the delivery of LNBs to this customer. Hence, the revenue of this segment showed a 34.39% decrease compared with the year ended 31 December 2017.

— Segment revenue of satellite TV equipment and antenna products was approximately HK$643,167,000 (2017: HK$980,263,000).

— Segment results from operations were approximately HK$47,958,000 (2017: HK$106,425,000).

— Segment margin was 7.46%, decreased by 3.40 percentage-point as compared with the segment margin of 10.86% for the year ended 31 December 2017.

Outlook

For the year of 2018, the profitability of this segment showed a decline. Apart from the sales of LNBs to the customers in North America, we are exploring business opportunities in other areas such as cross-selling LNBs to other existing customers of the Group in South Asia. The China-United States trade war has some impact on this segment as some of the customers are in the US. We are trying to minimize the impact by relocating some productions to India and sourcing from suppliers outside the PRC.

SATELLITE TV BROADCASTING

The significant loss from operations in this segment was due to the high running costs-per-subscriber before subscription revenue reached break-even. The satellite TV broadcasting business had to build up customer bases by purchasing high quality and highly demanded television content and promoting them to new subscribers. It incurred substantial amounts of programming costs including payment for content fees, renting satellite transponders, purchase of set-top boxes and payment for dealers' commission for marketing and promotion.

— Segment revenue of satellite TV broadcasting was approximately HK$22,410,000 (2017: HK$65,862,000).

— Segment losses from operations were approximately HK$228,346,000 (2017: HK$147,971,000).

— Segment loss margin was 1,018.95% which is increased by 794.28 percentage-point as compared with 224.67% for the year ended 31 December 2017.

Outlook

The growth in the subscriber base of MyHD was low despite having poured large amount of resources in this segment by the Group. Having made due and careful consideration of the uncertainty of future profitability of MyHD and the heavy financial burden of the Group, the Board decided to dispose all the Company's interest in MyHD. On 31 December 2018 after trading hours of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), Health General Limited (a wholly-owned subsidiary of the Company, the "**Vendor**") and Mr. Chen Yaoning (the "**Purchaser**") entered into an agreement (the "**Agreement**") pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the entire issued share capital of Speed Connection Group Limited (the "**Target Company**"), at the nominal consideration of US$1 with effect from 1 January 2019 (the "**Transaction Date**"). The Target Company is a wholly-owned subsidiary of the Company and at the date of the Agreement, the Target Company indirectly held 51% equity interest in MyHD.

The Vendor and the Purchaser have agreed that subject to completion of the disposal of the Target Company ("**Completion**"), the Purchaser shall assume all rights, liabilities and obligations of the Target Company and its subsidiaries (the "**Target Group**") arising or accruing on and after the Transaction Date. Accordingly, if Completion takes place, the Target Group shall cease to be subsidiaries of the Company with effect from the Transaction Date and as a result, the financial results of the Target Group shall no longer be consolidated into the financial statements of the Group with effect from the Transaction Date and the Group shall cease to recognize the results of the satellite TV broadcasting segment.

GEOGRAPHICAL RESULTS

AFRICA

— Segment revenue of Africa for the year ended 31 December 2018 was approximately HK$6,659,000, compared with the year ended 31 December 2017 which was approximately HK$12,973,000.

— 48.68% decrease in segment revenue compared with the year ended 31 December 2017.

— Africa shares 0.51% total revenue of the Group for the year ended 31 December 2018 (2017: 0.84%).

ASIA

— Segment revenue of Asia for the year ended 31 December 2018 was approximately HK$347,074,000, compared with the year ended 31 December 2017 which was approximately HK$176,252,000.

— 96.92% growth in segment revenue compared with the year ended 31 December 2017.

— Asia shares 26.69% total revenue of the Group for the year ended 31 December 2018 (2017: 11.41%).

EUROPE

— Segment revenue of Europe for the year ended 31 December 2018 was approximately HK$200,402,000, compared with the year ended 31 December 2017 which was approximately HK$198,355,000.

— 1.03% growth in segment revenue compared with the year ended 31 December 2017.

— Europe shares 15.41% total revenue of the Group for the year ended 31 December 2018 (2017: 12.84%).

MIDDLE EAST

— Segment revenue of Middle East for the year ended 31 December 2018 was approximately HK$48,230,000, compared with the year ended 31 December 2017 which was approximately HK$96,091,000.

— 49.81% decline in segment revenue compared with the year ended 31 December 2017.

— Middle East shares 3.71% total revenue of the Group for the year ended 31 December 2018 (2017: 6.22%).

NORTH AMERICA

— Segment revenue of North America for the year ended 31 December 2018 was approximately HK$679,903,000, compared with the year ended 31 December 2017 which was approximately HK$1,000,050,000.

— 32.01% drop in segment revenue compared with the year ended 31 December 2017.

— North America shares 52.29% total revenue of the Group for the year ended 31 December 2018 (2017: 64.73%).

SOUTH AMERICA

— Segment revenue of South America for the year ended 31 December 2018 was approximately HK$15,108,000, compared with the year ended 31 December 2017 which was approximately HK$59,491,000.

— 74.60% drop in segment revenue compared with the year ended 31 December 2017.

— South America shares 1.16% total revenue of the Group for the year ended 31 December 2018 (2017: 3.85%).

Outlook

As our business in Europe, North America and Asia have continued to attain good performance and share majority of our Group's revenue, therefore we shall focus on these regions in future.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Revenue	*4*	**1,300,358**	1,544,838
Cost of sales		**(1,284,414)**	(1,468,119)
Gross profit		**15,944**	76,719
Other income, gains and losses		**49,055**	42,704
(Decrease)/increase in fair value of investment properties		**(1,526)**	19,580
Impairment loss on goodwill		**(97,643)**	(28,000)
Distribution and selling costs		**(44,921)**	(44,113)
Administrative and other expenses		**(171,158)**	(177,582)
Research and development costs		**(31,530)**	(37,206)
Share of profit of an associate		**14,107**	8,088
Expected credit loss on financial assets		**984**	–
Finance costs		**(32,436)**	(27,223)
Loss before income tax expense		**(299,124)**	(167,033)
Income tax expense	*5*	**(3,706)**	(8,758)
Loss for the year	*6*	**(302,830)**	(175,791)
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
— Re-measurement gain on defined benefit plan		**18**	23
— Gain on revaluation of properties		**44,208**	–
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences on translation of foreign operations		**(7,468)**	(10,699)
Other comprehensive income for the year		**36,758**	(10,676)
Total comprehensive income for the year		**(266,072)**	(186,467)

	Note	**2018**	2017
		HK$'000	*HK$'000*
Loss for the year attributable to:			
— Owners of the Company		**(187,435)**	(105,798)
— Non-controlling interests		**(115,395)**	(69,993)
		(302,830)	(175,791)
Total comprehensive income attributable to:			
— Owners of the Company		**(150,362)**	(115,848)
— Non-controlling interests		**(115,710)**	(70,619)
		(266,072)	(186,467)
Loss per share	*8*	***HK cents***	*HK cents*
— Basic		**(5.7)**	(4.5)
— Diluted		**(5.7)**	(4.5)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**99,432**	149,844
Prepaid lease payments		**1,261**	5,037
Investment properties		**149,738**	73,681
Goodwill		**10,208**	108,297
Intangible assets		**13,165**	17,368
Interest in an associate		**67,800**	59,325
Loan to an associate	*10*	**22,137**	–
Loan receivables		**–**	8,794
Deferred tax assets		**3,147**	6,438
Total non-current assets		**366,888**	428,784
Current assets			
Inventories		**143,308**	258,428
Trade, bills and other receivables	*9*	**389,259**	299,126
Prepaid lease payments		**65**	163
Loan receivables		**8,794**	–
Amount due from an associate	*10*	**113,702**	71,444
Pledged bank deposits		**1,643**	66
Bank balances and cash		**72,695**	132,418
		729,466	761,645
Assets classified as held for sale		**–**	97,396
Total current assets		**729,466**	859,041
Current liabilities			
Trade, bills and other payables	*11*	**505,222**	510,401
Contract liabilities		**23,614**	–
Tax liabilities		**13,371**	16,973
Bank and other borrowings		**454,343**	392,022
Obligations under finance leases		**1,897**	1,886
Total current liabilities		**998,447**	921,282
Net current liabilities		**(268,981)**	(62,241)
Total assets less current liabilities		**97,907**	366,543

	2018	2017
	HK$'000	*HK$'000*
Non-current liabilities		
Bank and other borrowings	**4,728**	1,131
Deferred tax liabilities	**53,448**	41,142
Defined benefit obligation	**136**	103
Obligations under finance leases	**5,481**	7,375
Total non-current liabilities	**63,793**	49,751
Net assets	**34,114**	316,792
Capital and reserves attributable to owners of the Company		
Share capital	**327,882**	327,882
Reserves	**66**	156,548
Equity attributable to owners of the Company	**327,948**	484,430
Non-controlling interests	**(293,834)**	(167,638)
Total equity	**34,114**	316,792

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

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

The Group principally engages in manufacturing and trading of satellite TV equipment products and other electronic goods and satellite TV broadcasting.

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

(a) Adoption of new/revised HKFRSs — effective 1 January 2018

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of HKFRSs
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKFRS 1, First-time Adoption of HKFRSs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of HKFRSs, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

The adoption of these amendments has no impact on these financial statements as the periods to which the transition provision exemptions related have passed.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

The adoption of these amendments has no impact on these financial statements as the Group is not a venture capital organisation.

Amendments to HKFRS 2 — Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of these amendments has no impact on these financial statements as the Group does not have any cash-settled share-based payment transaction and has no share-based payment transaction with net settlement features for withholding tax.

HKFRS 9 — Financial Instruments

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 "**Financial Instruments: Recognition and Measurement**" for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of accumulated losses as of 1 January 2018 as follows:

	HK$'000
Accumulated losses	
Accumulated losses as at 31 December 2017	(566,789)
Increase in expected credit losses ("**ECLs**") on trade receivables and trade receivable due from an associate *(note 2(a)(ii) below)*	(4,920)
Increase in ECLs in loan receivables at amortised cost *(note 2 (a)(ii) below)*	(1,200)
Restated accumulated losses as at 1 January 2018	(572,909)

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVTPL**"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("**amortised costs**"); (ii) financial assets at fair value through other comprehensive income ("**FVOCI**"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The accounting policies would be applied to the Group's financial assets as follows:

Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 January 2018 under HKAS 39** *HK$'000*	**Carrying amount as at 1 January 2018 under HKFRS 9** *HK$'000*
Trade, bills and other receivables	Loans and receivables	Amortised cost	299,126	298,293
Amount due from an associate (including loan receivable)	Loans and receivables	Amortised cost	71,444	66,157
Pledged bank deposits	Loans and receivables	Amortised cost	66	66
Bank balances and cash	Loans and receivables	Amortised cost	132,418	132,418
Loan receivables	Loans and receivables	Amortised cost	8,794	8,794

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "ECLs model". HKFRS 9 requires the Group to recognised ECL for trade receivables, financial assets at amortised costs, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents and pledged bank deposits are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12 months ECLs. The 12 months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECL model

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which recognises lifetime ECLs for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance as at 1 January 2018 was determined for trade receivables and trade receivables due from an associate as follows:

Trade receivables

1 January 2018	**Current**	**Less than 3 months past due**	**3 to 6 months past due**	**More than 6 months past due**	**Total**
Expected credit loss rate (%)	2.3%	2.8%	12.0%	89.9%	
Gross carrying amount (HK$'000)	153,039	31,697	40,294	154,844	379,874
Loss allowance (HK$'000)	3,566	1,268	3,396	140,381	148,611

Trade receivables due from an associate

1 January 2018	**Current**	**Less than 3 months past due**	**3 to 6 months past due**	**More than 6 months past due**	**Total**
Expected credit loss rate (%)	9.9%	9.9%	9.9%	–	
Gross carrying amount (HK$'000)	5,640	12,287	23,428	–	41,355
Loss allowance (HK$'000)	557	1,215	2,315	–	4,087

The increase in loss allowance for trade receivables and trade receivables due from an associate upon the transition to HKFRS 9 as of 1 January 2018 were HK$833,000 and HK$4,087,000. The loss allowances has been reversed for HK$9,015,000 for trade receivables and further increased for HK$8,100,000 for trade receivables due from an associate during the year ended 31 December 2018.

Applying the ECL model on loan receivables result in the recognition of ECL of HK$1,200,000 on 1 January 2018.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the statement of financial position on 1 January 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "**DIA**"):

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity investments not held for trading as at FVOCI.

HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 January 2018). As a result, the financial information presented for 2017 has not been restated.

The following tables summarised the impact of adopting HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018. There was no material impact on the Groups' consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flow for the year ended 31 December 2018:

Impact on the consolidated statement of financial position as of 31 December 2018

	Amounts reported in accordance with HKFRS 15	**Hypothetical amounts under HKASs 18 and 11**	**Increase/ (Decrease)**
	HK$'000	*HK$'000*	*HK$'000*
Liabilities			
Current liabilities			
Contract liabilities	23,614	–	23,614
Trade, bills and other payables	505,222	528,836	(23,614)

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below:

Note	**Product/service**	**Nature of the goods or services, satisfaction of performance obligations and payment terms**	**Nature of change in accounting policy and impact on 1 January 2018**
(i)	Trading of satellite TV equipment products and other electronic goods	Customers obtain control of the satellite TV equipment products and other electronic goods when the goods are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted the satellite TV equipment products and other electronic goods. There is generally only one performance obligation. Invoices are usually payable within 60 to 120 days.	HKFRS 15 did not result in significant impact on the Company's accounting policies. Upon the adoption of HKFRS 15 advance from customers recognised in relation to the sale of good were classified from other payables to contract liabilities.
(ii)	Satellite TV broadcasting	Revenue for satellite TV broadcasting generally includes only one performance obligation. The Group has concluded that revenue from satellite TV broadcasting should be recognised over time as those services are provided.	

Amendments to HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first, year.

Amendments to HKAS 40, Investment Property — Transfers of Investment Property

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

The adoption of these amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously assessed transfers.

HK(IFRIC)-Int 22 — Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The adoption of these amendments has no impact on these financial statements as the Group has not paid or received advance consideration in a foreign currency.

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

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

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2020

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "**Leases**" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 3 — Definition of a Business

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKFRS 9 — Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met — instead of at fair value through profit or loss.

Amendments to HKAS 1 and HKAS 8 — Definition of Material

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

Amendments to HKAS 28

The amendment clarifies that HKFRS 9 applies to long-term interests ("**LTI**") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement and going concern assumption

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

During the year, the Group incurred a net loss of HK$187,435,000 attributable to owners of the Company and at the end of reporting period, the Group had net current liabilities of approximately HK$268,981,000. The Group had bank loans and other loans of HK$196,915,000 and HK$257,428,000 at 31 December 2018, which would require consents from various banks and financial institutions on the annual renewal of relevant facilities in the coming twelve months. The Group is dependent upon the financial support from the banks and financial institutions to meet its financial obligations. There is no certainty that bank loans and other loans of the Group will be renewed in the future. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In particular, the directors of the Company have considered the following: (1) On 31 December 2018, the Group entered into a conditional agreement with an independent third party (the "**Purchaser**") to sell its interest in the Satellite TV broadcasting business which has been incurring substantial losses and requiring substantial financial assistance from the Group for its development to build up customer bases. It has been agreed that, subject to the completion of the conditions in the agreement, the Purchaser will assume all rights, liabilities and obligations of the Satellite TV broadcasting business arising or accruing on and after 1 January 2019. Upon the completion of this proposed disposal, it will relieve the financial burden of the Group. Details of this proposed disposal are set out in the Company's announcement dated 31 December 2018; (2) The Group maintains good relationship with major banks and financial institutions providing finance or facilities to the Group and the Group had successfully renewed its banking facilities based on past experience. The Group has successfully renewed its banking facilities of NTD30,000,000 (equivalent to approximately HK$7,685,000) and US$14,000,000 (equivalent to approximately HK$109,633,000) and other loans of US$30,000,000 (equivalent to approximately HK$234,927,000) after 31 December 2018 upon their expiry; (3) as of 31 December 2018, the Group has unutilised bank loan facilities totalling HK$299,199,000 available to finance its future operations and financial obligations.

In the opinion of the directors of the Company, after taking into account of financial performance, operation as well as capital expenditure and the above financing arrangements of the Group, the Group is expected to have sufficient liquidity to finance its operations for the next twelve months subsequent to end of reporting period.

Therefore, the consolidated financial statements of the Group have been prepared on a going concern basis.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Functional and presentation currency

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

4. SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of their goods and services delivered or provided by the Group's operating divisions which 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 resources allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around different products and services.

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

(i) Media entertainment platform related products

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

(ii) Other multimedia products

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

(iii) Integration of signal system and traffic communication network

Installation and integration of signal system and traffic communication network.

(iv) Satellite TV equipment and antenna products

Trading and manufacturing of satellite TV equipment and antenna products.

(v) Satellite TV broadcasting

Provision of Direct-to-Home services for satellite TV broadcasting in the areas of Middle East, Mediterranean and Africa.

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

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

	2018	2017
	HK$'000	*HK$'000*
Media entertainment platform related products	**341,714**	237,214
Other multimedia products	**293,067**	260,280
Integration of signal system and traffic communication network	**–**	1,219
Satellite TV equipment and antenna products	**643,167**	980,263
Satellite TV broadcasting	**22,410**	65,862
	1,300,358	1,544,838

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18 and HKAS 11.

Segment revenue and results

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

Year ended 31 December 2018

	Media entertainment platform related products *HK$'000*	**Other multimedia products** *HK$'000*	**Integration of signal system and traffic communication network** *HK$'000*	**Satellite TV equipment and antenna products** *HK$'000*	**Satellite TV broadcasting** *HK$'000*	**Total** *HK$'000*
Revenue						
External sales	**341,714**	**293,067**	**–**	**643,167**	**22,410**	**1,300,358**
Results						
Segment results	**28,771**	**25,912**	**–**	**47,958**	**(228,346)**	**(125,705)**
Other income, gains and losses						**49,055**
Decrease in fair value of investment properties						**(1,526)**
Research and development costs						**(31,530)**
Administrative and other expenses						**(171,158)**
Share of profit of an associate						**14,107**
Finance costs						**(32,436)**
Reversal of expected credit loss on loan to an associate						**69**
Loss before income tax expense						**(299,124)**

Year ended 31 December 2017

	Media entertainment platform related products *HK$'000*	Other multimedia products *HK$'000*	Integration of signal system and traffic communication network *HK$'000*	Satellite TV equipment and antenna products *HK$'000*	Satellite TV broadcasting *HK$'000*	Total *HK$'000*
Revenue						
External sales	237,214	260,280	1,219	980,263	65,862	1,544,838
Results						
Segment results	30,868	18,335	80	106,425	(147,971)	7,737
Other income, gain and losses						39,573
Increase in fair value of investment properties						19,580
Research and development costs						(37,206)
Administrative and other expenses						(177,582)
Share of profit of an associate						8,088
Finance costs						(27,223)
Loss before income tax expense						(167,033)

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

5. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
The tax charge comprises:		
Current tax:		
PRC	**1,323**	1,240
Jurisdictions other than the PRC and Hong Kong	**776**	9,127
	2,099	10,367
Under/(over)-provision in prior years:		
PRC	**–**	(77)
Jurisdictions other than the PRC and Hong Kong	**4**	3
	4	(74)
Deferred taxation:		
Current year	**1,603**	(1,535)
	1,603	(1,535)
	3,706	8,758

The tax rates applicable to the Group's principal operating subsidiaries for the years ended 31 December 2018 and 2017 are as follows:

(i) PRC

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

(ii) Hong Kong

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

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

(iii) United States of America ("USA")

The Group's subsidiaries in USA are subject to United States Federal Income Tax at 22% (2017: 34%) and States Income Tax at 5% (2017: 6%).

(iv) Europe

The Group's European subsidiaries are subject to profit tax rates at a range of 21% to 35% (2017: 21% to 33%).

(v) Macau

As stated in the Decree Law No. 58/99/M, Chapter 2, Article 12, dated 18 October 1999, the Macau subsidiary is exempted from Macao Complementary Tax since its income is generated from business outside Macau.

(vi) Others

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

6. LOSS FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging/(crediting):		
Directors' emoluments	**2,596**	4,206
Other staff costs	**134,202**	209,586
Retirement benefit scheme contributions, excluding directors	**5,659**	9,405
Defined benefit obligation expenses	**–**	123
Total employee benefit expenses	**142,457**	223,320
Auditor's remuneration	**2,190**	2,515
Depreciation of property, plant and equipment	**26,050**	29,154
Amortisation of intangible assets *(note i)*	**4,524**	4,719
Release of prepaid lease payments	**163**	156
Carrying amount of inventories sold	**1,305,265**	1,447,645
Write-down of inventories *(note i)*	**351**	20,474
Reversed of inventory provision *(note i)*	**(21,202)**	–
Cost of inventories recognised as expenses	**1,284,414**	1,468,119
Loss/(Gain) on disposal of property, plant and equipment *(note ii)*	**2,346**	(1,225)
Impairment loss on goodwill	**97,643**	28,000
Impairment loss on property, plant and equipment	**1,723**	–
Impairment loss on trade and other receivables *(note ii)*	**–**	20,273
Reversal of impairment loss on loan and trade receivables *(note ii)*	**–**	(32,199)
Reversal of expected credit loss on trade receivables	**(9,015)**	–
Reversal of expected credit loss on loan to an associate	**(69)**	–
Expected credit loss on amount due from an associate	**8,100**	–
Loss on disposal on subsidiaries *(note ii)*	**2,247**	157
Interest income *(note ii)*	**(5,500)**	(2,057)
Interest income from an associate *(note ii)*	**(8,586)**	(1,598)
Property rental income *(note ii)*	**(10,891)**	(11,621)
Government subsidy	**(955)**	(439)
Scrap and sample sales *(note ii)*	**(1,027)**	(375)
Net foreign exchange loss/(gain) *(note ii)*	**4,076**	(10,756)

Note i: Included in cost of sales

Note ii: Included in other income, gain and losses

Included in the total employee benefit expenses is an aggregate amount of HK$5,672,000 (2017: HK$9,432,000) in respect of expense for defined contribution plans.

7. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2018 (2017: Nil).

8. 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:

	2018	2017
	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	**(187,435)**	(105,798)

	2018	2017
Number of Shares		
Weighted average number of ordinary shares	**3,278,825,335**	2,352,317,330
Effect of dilutive potential ordinary shares *(Note)*	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**3,278,825,335**	2,352,317,330

Note: The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares.

9. TRADE, BILLS AND OTHER RECEIVABLES

	31 December 2018	**1 January 2018**	31 December 2017
	HK$'000	***HK$'000***	*HK$'000*
Trade and bills receivables	**287,022**	**231,263**	232,096
Other receivables	**102,237**	**67,030**	67,030
Total trade, bills and other receivables	**389,259**	**298,293**	299,126

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

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**143,838**	157,804
31–90 days	**108,396**	45,542
91–180 days	**13,990**	21,171
More than 180 days	**20,798**	7,579
	287,022	232,096

10. AMOUNT DUE FROM/LOAN TO AN ASSOCIATE

	Note	**31 December 2018** *HK$'000*	**1 January 2018** *HK$'000*	31 December 2017 *HK$'000*
Non-current assets				
Loan receivables	*(i)*	**22,137**	**–**	–
Current assets				
Trade receivables	*(ii)*	**109,674**	**37,268**	41,355
Loan receivables	*(i)*	**–**	**24,104**	25,304
Interest receivables	*(iii)*	**4,028**	**4,785**	4,785
Amount due from an associate		**113,702**	**66,157**	71,444

Notes:

(i) The amount is unsecured and bearing fixed interest rate at 4.75% per annum as at 31 December 2018, the loan receivables is classified as non-current assets as repayment date was extended to 31 December 2022;

(ii) amount being unsecured, interest-free and the Group allows a credit period of 360 days to its associate which is trade in nature; and

(iii) amount of HK$4,028,000 (2017: HK$4,785,000) being interest receivables related to the loan to an associate.

The following is an ageing analysis of trade receivable due from an associate, which is trade in nature, presented based on the invoice date, at the end of the year:

	2018 *HK$'000*	2017 *HK$'000*
0–30 days	**24,884**	–
31–90 days	**26,800**	–
91–360 days	**17,409**	5,640
More than 360 days	**40,581**	35,715
	109,674	41,355

11. TRADE, BILLS AND OTHER PAYABLES

	31 December 2018 *HK$'000*	1 January 2018 *HK$'000*	31 December 2017 *HK$'000*
Trade payables	**383,805**	326,036	326,036
Bills payables	**2,099**	314	314
Other payables and accruals *(note)*	**119,318**	127,398	184,051
	505,222	453,748	510,401

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

	2018 *HK$'000*	2017 *HK$'000*
0–30 days	**277,967**	209,629
31–90 days	**48,595**	42,877
91–360 days	**33,499**	67,560
More than 360 days	**25,843**	6,284
	385,904	326,350

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

Note: An amount due to a director of HK$5,447,000 (2017: HK$13,308,000) which was included in other payable which term is unsecured, interest free and repayable on demand.

REVIEW OF FINANCIAL POSITION

LIQUIDITY AND FINANCIAL RESOURCES

At 31 December 2018, an overall cash and cash equivalent of the Group was HK$72.7 million (2017: HK$132.4 million). The Group's major financial resources derived from cash generated from financing activities and investing activities.

The Group's current ratio (ratio of current assets to current liabilities) was 0.73 at 31 December 2018 (2017: 0.93).

As at 31 December 2018, the Group's total borrowings were approximately HK$466.5 million (2017: HK$402.4 million). The gearing ratio (total borrowings over total assets of the Group) increased from 31.25% at 31 December 2017 to 42.55% at 31 December 2018.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2018, the Group's general banking facilities including bank loans and other borrowings were secured by the following assets of the Group: (i) bank deposits of HK$1.6 million; (ii) property, plant and equipment with a carrying value of HK$30.7 million; (iii) investment properties of HK$149.7 million; (iv) trade receivables of HK$56.3 million; (v) inventory of HK$55.9 million; and (vi) pledge of the Company's interests in Pro Brand Technology, Inc.

FOREIGN EXCHANGE EXPOSURE

The Group's sales and purchases were denominated mainly in US dollars and Renminbi ("**RMB**"). The Group was exposed to certain foreign currency exchange risks but it does not expect future currency fluctuations to cause material operation difficulties on the ground that the recent pressure from 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 31 December 2018 (2017: Nil).

LITIGATIONS

HCMP 1044/2017

The Company was served an originating summons under section 740 of the Companies Ordinance (Cap.622) (the "**Summons**") on 5 May 2017 filed by Fung Chuen as the plaintiff (the "**Plaintiff**") against the Company as the defendant under action number HCMP No.1044/2017 in the High Court of Hong Kong (the "**Court**"). Details of the Summons are set out in the announcement of the Company dated 5 May 2017.

In the Summons, the Plaintiff applied to the Court for, among others, the following orders (the "**Application**"):

(i) The Plaintiff and/or his authorised agent be authorised to inspect and make copies of the documents in relation to the investment in Dish Media and the debtors;

(ii) The Plaintiff and/or his authorised agent be authorised to inspect and make copies of the documents in relation to the investment in MyHD; and

(iii) The Plaintiff and his authorised agent be authorised to inspect and make copies of the documents in relation to the open offers announced by the Company on 24 October 2016 and 20 March 2017 respectively.

Pursuant to the order of the Court dated 17 October 2017 (the "**Order dated 17 October 2017**"), it was ordered that the Company shall produce to the Plaintiff those documents listed in the schedule of the Order dated 17 October 2017. On 27 October 2017, the Company filed a notice of appeal (the "**Notice of Appeal**") to the Court for a stay of execution of the Order dated 17 October 2017 pending the final determination of the appeal.

On 15 December 2017, the Court held that the appeal had no reasonable prospect of success and ordered that the Company's application for stay be refused but that the time for the Company to comply with the Order dated 17 October 2017 be extended to 5 January 2018.

On 22 December 2017, the Company amended its Notice of Appeal and applied to the Court of Appeal of Hong Kong for a stay of execution of the Order dated 17 October 2017 pending final determination of the appeal (the "**Stay Application**"). Pursuant to order dated 22 December 2017, an interim stay of the Order dated 17 October 2017 pending determination of the Stay Application was granted.

At the hearing held on 17 April 2018, the appeal of the Stay Application under action number CACV 240 of 2017 by the Company was dismissed by the Court of Appeal of Hong Kong and the costs of the Stay Application was awarded to the Plaintiff. On 11 May 2018, the Company had complied with the Order and produced the documents as listed in the schedule of the Order dated 17 October 2017 to the Plaintiff.

HCCW 207/2017

On 6 July 2017, the Company was served a petition for winding-up dated 5 July 2017 (the "**Winding-Up Petition**") filed by Fung Chuen (the "**Petitioner**") against the Company, Mr. Hung Tsung Chin (the "**2nd Respondent**") and Ms. Chen Mei Huei (the "**3rd Respondent**") in the proceedings HCCW No.207/2017.

Pursuant to the Winding-Up Petition, the Petitioner petitioned for (i) an order that the Company be wound up by the Court under section 327(3)(c) of the Companies (Winding-Up and Miscellaneous Provisions) Ordinance (Cap.32) (the "**CWUMPO**") of the Laws of Hong Kong; (ii) an order that a liquidator be appointed by the Court to investigate into the affairs of the Company upon the winding-up of the Company; (iii) an order that the 2nd Respondent and/or the 3rd Respondent do account to the Company for such payments or dispositions which they had procured to be made for their own benefit and/or for the benefit of entities substantially owned or controlled by them and/or other than for the Company's proper purpose and operation of its business; (iv) an order that costs of the Petitioner and the Company be paid by the 2nd Respondent and the 3rd Respondent; and (v) such other order as the Court thinks fit and appropriate.

On 10 July 2017, a summons to apply for a validation order was issued by the Company, 2nd and 3rd Respondents. At the hearing held on 17 August 2017, a validation order was granted by the Court on the terms as follows: the following disposition of property and transfer of shares of the Company (the "**Shares**") shall not be void by virtue of the provisions of section 182 of the CWUMPO: (a) payment made (or to be made) into and out of the Company's bank account in the ordinary course of business of the Company between the date of presentation of the Winding-Up Petition and the date of judgment on the Winding-Up Petition; (b) disposition of property of the Company made (or to be made) in the ordinary course of business for proper value between the date of presentation of the Winding-Up Petition and the date of judgment on the Winding-Up Petition; and (c) allotment and issuance of 1,967,295,201 Shares pursuant to the open offer announced by the Company on 20 March 2017 and use of the proceeds therefrom by the Company. The Court has also ordered the Petitioner to pay the costs of the validation order to the Company and the 2nd Respondent and the 3rd Respondent.

On 30 August 2017, the Company applied for another validation order under section 182 of the CWUMPO, which provides that any transfer of the Shares shall not be void by virtue of the said section. The validation order was also granted by the Court on 25 October 2017.

On 4 December 2017, the Company filed and served its points of defence.

At the case management hearing held on 25 April 2018, the Court made an order that:

1. the Petitioner, the Company, the 2nd Respondent and the 3rd Respondent (collectively the "**Winding-Up Petition Parties**") do file and serve their respective list of documents within 42 days after the date thereof, with inspection to be conducted within 7 days thereafter;

2. the Winding-Up Petition Parties do file and exchange signed witness statements as to fact within 70 days thereafter, i.e. by 22 August 2018;

3. the Winding-Up Petition Parties do file and exchange such witness statements in reply (if any) within 28 days thereafter, i.e. by 19 September 2018;

4. the witness statements filed with the Court do stand as evidence-in-chief unless the trial judge directs otherwise;

5. the Winding-Up Petition Parties shall obtain counsel's advice (if necessary) by 28 November 2018; and all interlocutory applications if so advised, shall be taken out within 42 days thereafter;

6. the Winding-Up Petition Parties shall attend a case management hearing on a date to be fixed in consultation with counsel's diaries not earlier than September 2018 with 30 minutes reserved;

7. there be liberty to apply; and

8. costs be in the course.

On 27 September 2018, the Winding-Up Petition Parties filed and exchanged the witness statements.

At the case management hearing held on 25 October 2018, the Court made an order that:

1. the time for the exchange of the witness statement in reply by the Petitioner be extended to 5:00 p.m. on 30 November 2018;

2. leave be given to the Winding-Up Petition Parties to set down the matter for trial, with an estimate of 2 days before a bilingual judge;

3. subject to the direction of the trial judge, witness statements of the Winding-Up Petition Parties are to stand as evidence-in-chief;

4. there be a pre-trial review 2 months before the trial is due to commence;

5. the Winding-Up Petition Parties are to agree on English translation, or obtain certified English translation of such documents in Chinese as may be necessary;

6. the Respondents are to lodge the trial bundles with the Court 2 weeks before the trial;

7. written opening submissions and list of authorities of the Petitioner be lodged and served on all the other Winding-Up Petition Parties 7 working days before the trial;

8. written opening submissions and lists of authorities of the Respondents be lodged and served on all the other Winding-Up Petition Parties 3 working days before the trial;

9. any application for time be made before 5:00 p.m. on 26 November 2018; and

10. costs be in the cause.

After an amicable negotiation with the Petitioner, on 21 December 2018, the Company, the Petitioner, the 2nd Respondent and the 3rd Respondent, without admission of any liability, entered into a settlement agreement (the "**Settlement Agreement**"). Pursuant to the Settlement Agreement, the Winding-Up Petition Parties have agreed to a full and final settlement of all the disputes of and in the relation to the proceedings in HCCW 207/2017, HCMP 1044/2017 and CACV 240/2017 (the "**Proceedings and Disputes**").

The principal terms of the Settlement Agreement are as follows:

(a) the Company shall, within 7 days from 21 December 2018, pay the sum of HK$1,800,000 (the "**Sum**") to the Petitioner in full and final settlement of all disputes, claims, or potential claims, in or arising out of or in connection with the Proceedings and Disputes;

(b) the Petitioner shall execute a consent summons with the Company for the dismissal of the Winding-Up Petition with no order as to costs (the "**Consent Summons**"), and an undertaking not to take any action against the Company and/or the existing or former Directors in relation to the Proceedings and Disputes (the "**Undertaking**");

(c) the Winding-Up Petition Parties agree and acknowledge that the payment of the Sum by the Company shall be in full and final settlement of all disputes, claims, actions, interests or costs among the Winding-Up Petition Parties, including those in the Proceedings and Disputes, accrued before and/or after 21 December 2018. Each Winding-Up Petition Party shall bear his own legal costs of and incidental to the negotiation, preparation, execution and carrying into effect of the Settlement Agreement; and

(d) upon the performance of the Settlement Agreement, the Winding-Up Petition Parties irrevocably and unconditionally fully and forever release and discharge each other from and waive any and all claims, demands, actions, causes of actions, contracts, obligations, debts, costs or liability of any kind, whether direct or indirect, known or unknown, foreseen or unforeseen, prospective or contingent or actual, present or future, arising or capable of arising out of, or in any way connected with the Proceedings and Disputes, including those accrued before and/or after 21 December 2018.

As at 21 December 2018, the Petitioner had executed the Consent Summons and the Undertaking.

Upon the joint application of the Petitioner, the Company and the 2nd and 3rd Respondents by way of consent summons dated 21 December 2018, the Court had granted an order on 7 January 2019 that:

1. the Winding-Up Petition presented on 5 July 2017 be dismissed;

2. the costs of the Official Receiver be deducted from the deposits and the balance be returned to the Petitioner; and

3. there be no order as to costs in the action, including the Consent Summons application.

A sealed copy of the said order was received by the Company on 17 January 2019. At the date of approval of this announcement, there is no outstanding winding-up petition against the Company.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

HUMAN RESOURCES

As at 31 December 2018, the Group employed a total of 777 (2017: 1,526) full-time employees. Employees are remunerated according to their performance and responsibilities. Employees of the Group receive training depending on their scope of work, especially those training relating to workplace health and safety.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2018, the Company has applied the principles and has complied with the code provisions ("**Code Provision(s)**") of the Corporate Governance Code as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except for certain deviations as specified and explained below with considered reasons for such deviations.

1. Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings.

   Messrs. Kuo Jen Hao, a non-executive Director, Li Chak Hung and Wu Chia Ming, both independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 12 June 2018 due to other engagements.

2. Under Code Provision C.1.2, management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under rule 3.08 and chapter 13 of the Listing Rules.

   The Group completed its restructuring by redefining the original work flow of its manufacturing activities, including but not limited to outsourcing production processes to external service providers, and reducing headcount of the Group to a sustainable level with higher efficiency. During the year ended 31 December 2018, the management had provided all members of the Board with updates giving a balanced and understandable assessment of the Company's performance, position and prospect on a proactive and as requested basis.

3. Under Code Provision C.2.5, the issuer should have an internal audit function.

   Following the appointment of the new internal audit manager in February 2018, he has taken up the internal audit function. As the internal audit manager put his priority on upgrading the existing internal controls to risk-based system for major operating cycles of the Group's business, the effectiveness of the internal control systems of the Group will be tested after the update and key control points has been completed and set up respectively. Besides, the Group also engaged an internal control review advisor to perform a special review on the Group's key internal control procedures to assist the Board and management of the Group to evaluate the effectiveness of the internal control systems.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

COMPLIANCE WITH THE MODEL CODE

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 code of conduct for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out in the Model Code throughout the year ended 31 December 2018. No incident of non-compliance was noted by the Company for the year ended 31 December 2018.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2018, including the accounting principles and practices adopted by the Group.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2018.

OPINION

We have audited the consolidated financial statements of Sandmartin International Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3(b) in the consolidated financial statements, which indicates that the Group incurred a net loss of HK$187,435,000 attributable to owners of the Company during the year ended 31 December 2018 and, as of that date, the Group's current liabilities exceeded its current assets by HK$268,981,000. As stated in note 3(b), these conditions, along with other matter as set forth in note 3(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend, speak and vote at the 2019 AGM, the register of members of the Company ("**Register of Members**") will be closed as appropriate as set out below:

Latest time to lodge transfer documents for registration with the Branch Share Registrar	At 4:30 p.m. on Wednesday, 5 June 2019
Record Date	Wednesday, 5 June 2019
Closure of the Register of Members	Thursday, 6 June 2019 to Wednesday, 12 June 2019 (both days inclusive)

For purpose mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Branch Share Registrar, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than the aforementioned latest time.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the Company's website (www.sandmartin.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The Annual Report 2018 will be made available on the respective websites of the Company and of the Stock Exchange in due course.

By order of the Board
Sandmartin International Holdings Limited
Lau Yau Cheung
Chairman

Hong Kong, 21 March 2019

As at the date of this announcement, the directors of the Company are:

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

Non-Executive Director
Mr. Kuo Jen Hao

Independent Non-Executive Directors
Mr. Lau Yau Cheung (**Chairman**), Mr. Li Chak Hung and Mr. Wu Chia Ming