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Sandmartin International Holdings Limited

聖馬丁國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 482)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2025, the unaudited revenue of the Group was approximately HK\$225.3 million, representing a decrease of approximately 27.8% as compared to approximately HK\$312.1 million for the corresponding period in last year.
- The loss attributable to owners of the Company for the six months ended 30 June 2025 was approximately HK\$40.2 million (six months ended 30 June 2024: profit of approximately HK\$18.0 million).
- For the six months ended 30 June 2025, basic loss per share was approximately HK3.26 cents (six months ended 30 June 2024: earnings per share of approximately HK1.46 cents).
- The Board has resolved not to declare an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

* For identification purpose 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 hereby present the unaudited consolidated interim results of the Group for the six months ended 30 June 2025.

The financial performance of the Group was not satisfactory for the six months ended 30 June 2025. Although the revenue of the Group’s products has decreased, the profit margin has improved when compared with the same corresponding period in 2024.

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

Although the global economy is gradually recovering from the 2019 novel coronavirus pandemic (the “**Pandemic**”), the geo-political and geo-economic tensions are yet to be resolved. Given these volatilities and challenges, the Group will continue to adopt a prudent approach in managing its cash flow position and will make every endeavour to identify business opportunities with promising potential in the manufacturing segments in emerging markets or even other sectors so as to diversify our income source to weather adverse economic cycle.

Since 2018, the Group has, by outsourcing its production to suppliers in Vietnam, progressively wound down its own production facilities housed in the Group's factory buildings built on an industrial land situated at no.16 Qianjin Second Road, Tanzhou Town, Zhongshan, Guangdong Province the PRC (the “**Land**”) owned by the Group. Most of the Group's factory buildings on the Land had been leased to third parties independent of the Company in return for rental income. However, owing to the age of the factory buildings, the rental return was low. As such, the Group has been exploring opportunities to increase the investment return from such factory buildings. In July 2021, the Group entered into a cooperation agreement with, among others, Guangdong Huasuan International Industrial Park Investment Development Co., Ltd.* (廣東省華算國際產業園投資發展有限公司) (“**Huasuan**”) in relation to the cooperation between the Group and Huausan for the purpose of redeveloping the Land into a landmark precision intelligent manufacturing centre and research and development innovation hub and the properties built thereon shall be for leasing and sale (the “**Redevelopment**”) and subsequently in July 2023, the Group entered into a joint venture agreement with Huasuan to form an unincorporated joint venture for the purpose of the Redevelopment and for the purpose of governing the cooperation arrangement. The Redevelopment is currently under progress.

Looking ahead, the Board recognises that the Group is still in the process of identifying effective avenues for future business growth. We remain committed to pursuing innovation and exploring opportunities that can strengthen the Group's revenue base and long-term profitability.

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

Kuo Jen Hao
Chairman

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHT AND BUSINESS REVIEW

The Group recorded an increase in gross profit margin from 8.73% for the six months ended 30 June 2024 to 11.60% for the six months ended 30 June 2025 due to the improvement in products profit margin of the Group's media entertainment platform related products and other multimedia products segments.

MEDIA ENTERTAINMENT PLATFORM RELATED PRODUCTS

In response to the challenging economic environment, the Group's media entertainment platform related products segment continued to explore new business opportunities in emerging markets. The revenue of this segment decreased by approximately 65.71% as compared with the six months ended 30 June 2024.

- The segment revenue of media entertainment platform related products was approximately HK\$24.1 million (six months ended 30 June 2024: approximately HK\$70.3 million).
- The segment results from operations were approximately HK\$5.5 million (six months ended 30 June 2024: approximately HK\$2.0 million).
- The segment margin was approximately 22.67%, as compared with the segment margin of approximately 2.88% for the six months ended 30 June 2024.

Outlook

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

OTHER MULTIMEDIA PRODUCTS

Major products of this segment included cables, multimedia accessories and wireless mobile phone chargers for vehicles. Segment revenue slightly decreased by approximately 0.25% as compared with the six months ended 30 June 2024.

- The segment revenue of other multimedia products was approximately HK\$43.4 million (six months ended 30 June 2024: approximately HK\$43.5 million).
- The segment results from operations were approximately HK\$6.1 million (six months ended 30 June 2024: approximately HK\$4.8 million).
- The segment margin was approximately 14.13%, as compared with the segment margin of approximately 11.06% for the six months ended 30 June 2024.

Outlook

We are enhancing our product portfolio and developing new businesses to cope with the new demand from customers. The China-US trade war and increase in freight charges have certain impacts on this segment as some of the customers are located in the US and such impacts are partially mitigated by sourcing from suppliers outside the PRC, such as Southeast Asia, and adjusting logistics structure.

SATELLITE TV EQUIPMENT AND ANTENNA PRODUCTS

The segment margin of the Group's satellite TV equipment and antenna products segment showed a decline notwithstanding the gradual recovery of economy from the Pandemic in the North America.

- The segment revenue of satellite TV equipment and antenna products was approximately HK\$157.8 million (six months ended 30 June 2024: approximately HK\$198.3 million).
- The segment results from operations were approximately HK\$8.4 million (six months ended 30 June 2024: approximately HK\$10.7 million).
- The segment margin was approximately 5.30%, as compared with the segment margin of approximately 5.42% for the six months ended 30 June 2024.

Outlook

Low noise blocking down converters (“LNBs”) are receiving devices mounted on satellite dishes used for reception, which collect microwaves from the satellite dishes and facilitate the transmission of satellite TV signals. 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 research and development team of the Group endeavours to develop new products for next generation radio and antenna communications. The China-US trade war has some impacts on this segment as some of the Group’s customers are located in the US. Such impacts are minimized by sourcing from suppliers outside the PRC, such as Southeast Asia.

GEOGRAPHICAL RESULTS

Asia

- The Group’s revenue from Asia for the six months ended 30 June 2025 was approximately HK\$69.9 million, as compared with the six months ended 30 June 2024 of approximately HK\$63.9 million.
- Approximately 9.4% increase in the Group’s revenue from Asia compared with the six months ended 30 June 2024.
- The Group’s revenue from Asia shares approximately 31.0% of the Group’s total revenue for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately 20.5%).

Europe

- The Group’s revenue from Europe for the six months ended 30 June 2025 was approximately HK\$30.0 million, as compared with the six months ended 30 June 2024 of approximately HK\$44.0 million.
- Approximately 31.8% decrease in the Group’s revenue from Europe compared with the six months ended 30 June 2024.
- The Group’s revenue from Europe shares approximately 13.3% of the Group’s total revenue for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately 14.1%).

Middle East

- The Group's revenue from Middle East for the six months ended 30 June 2025 was approximately HK\$10.4 million, as compared with the six months ended 30 June 2024 of approximately HK\$8.0 million.
- Approximately 30.0% increase in the Group's revenue from Middle East compared with the six months ended 30 June 2024.
- The Group's revenue from Middle East shares for approximately 4.6% of the Group's total revenue for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately 2.6%).

North America

- The Group's revenue from North America for the six months ended 30 June 2025 was approximately HK\$113.2 million, as compared with the six months ended 30 June 2024 of approximately HK\$189.2 million.
- Approximately 40.2% decrease in the Group's revenue from North America compared with the six months ended 30 June 2024.
- The Group's revenue from North America shares approximately 50.2% of the Group's total revenue for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately 60.6%).

South America

- The Group's revenue from South America for the six months ended 30 June 2025 was approximately HK\$1.6 million, as compared with the six months ended 30 June 2024 of approximately HK\$6.8 million.
- Approximately 76.5% decrease in the Group's revenue from South America compared with the six months ended 30 June 2024.
- The Group's revenue from South America shares approximately 0.7% of the Group's total revenue for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately 2.2%).

Outlook

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2025

		For six months ended	
		30 June	
	<i>NOTES</i>	2025	2024
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	5	225,269	312,076
Cost of sales		<u>(199,129)</u>	<u>(284,821)</u>
Gross profit		26,140	27,255
Other income, gains and losses	6	22,877	16,738
Increase in fair value of investment properties		–	66,988
Distribution and selling costs		(6,187)	(9,672)
Administrative and other expenses		(56,497)	(57,447)
Research and development costs		(6,571)	(8,920)
Provision for expected credit losses on financial assets		(2,291)	(1,680)
Finance costs		(14,180)	(13,463)
Share of loss of an associate		<u>–</u>	<u>(4)</u>
(Loss)/profit before income tax		(36,709)	19,795
Income tax expense	7	<u>(962)</u>	<u>(17,845)</u>
(Loss)/profit for the period	8	<u>(37,671)</u>	<u>1,950</u>
Other comprehensive income, net of tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of foreign operations		<u>(7,229)</u>	<u>(5,888)</u>
Other comprehensive income for the period		<u>(7,229)</u>	<u>(5,888)</u>
Total comprehensive income for the period		<u>(44,900)</u>	<u>(3,938)</u>

		For six months ended	
		30 June	
		2025	2024
	NOTE	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
(Loss)/profit for the period attributable to:			
– Owners of the Company		(40,161)	17,995
– Non-controlling interests		<u>2,490</u>	<u>(16,045)</u>
		<u>(37,671)</u>	<u>1,950</u>
Total comprehensive income attributable to:			
– Owners of the Company		(51,180)	7,028
– Non-controlling interests		<u>6,280</u>	<u>(10,966)</u>
		<u>(44,900)</u>	<u>(3,938)</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share			
	10		
Basic		<u>(3.26)</u>	<u>1.46</u>
Diluted		<u>(3.26)</u>	<u>1.46</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2025

		30 June 2025	31 December 2024
	<i>NOTES</i>	HK\$'000 (unaudited)	HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		83,933	95,338
Investment properties		304,800	307,084
Goodwill		14,778	13,480
Intangible assets		4,755	5,585
Interest in an associate		–	–
Other receivables	<i>12</i>	4,418	4,418
Deferred tax assets		5,532	4,352
Total non-current assets		418,216	430,257
Current assets			
Inventories		56,946	98,672
Trade, bills and other receivables	<i>12</i>	285,885	219,184
Loan receivables	<i>11</i>	–	–
Loan to an associate	<i>13</i>	14,617	14,617
Amount due from an associate	<i>13</i>	29,508	28,293
Pledged bank deposits		6,287	4,636
Bank balances and cash		78,530	64,612
Total current assets		471,773	430,014
Current liabilities			
Trade, bills and other payables	<i>14</i>	473,636	388,499
Contract liabilities		14,140	20,156
Tax liabilities		6,981	10,475
Bank and other borrowings		213,518	211,266
Provision for financial guarantee	<i>15</i>	27,332	27,332
Lease liabilities		7,498	7,774
Total current liabilities		743,105	665,502
Net current liabilities		(271,332)	(235,488)
Total assets less current liabilities		146,884	194,769

	30 June 2025 <i>HK\$'000</i> (unaudited)	31 December 2024 <i>HK\$'000</i> (audited)
Non-current liabilities		
Bank and other borrowings	133,411	135,765
Deferred tax liabilities	86,982	84,870
Lease liabilities	<u>40,550</u>	<u>43,294</u>
Total non-current liabilities	<u>260,943</u>	<u>263,929</u>
NET LIABILITIES	<u>(114,059)</u>	<u>(69,160)</u>
Capital and reserves		
Share capital	123,040	123,040
Reserves	<u>(238,621)</u>	<u>(187,442)</u>
Capital deficiency attributable to owners of the Company	(115,581)	(64,402)
Non-controlling interests	<u>1,522</u>	<u>(4,758)</u>
CAPITAL DEFICIENCY	<u>(114,059)</u>	<u>(69,160)</u>

NOTES

1. GENERAL INFORMATION

The Company is incorporated in Bermuda with limited liability and its shares are listed on Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and its principal place of business is located at Unit 516, 5th Floor, Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong. The Group principally engages in manufacturing and trading of satellite TV equipment products and other electronic goods.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The condensed consolidated financial statements should be read in conjunction with the 2024 annual financial statements. Except as described below, the accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2024.

Basis of measurement and going concern assumption

The condensed consolidated interim 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.

The Group incurred a net loss of HK\$37,671,000 for the six months ended 30 June 2025. As of that date, the Group had net current liabilities and net liabilities of approximately HK\$271,332,000 and HK\$114,059,000 respectively. The Group’s current bank and other borrowings amounted to HK\$213,518,000, which are subject to repayment or renewal within the twelve months following the end of the reporting period. Among these current borrowings, other borrowings amounting to approximately HK\$171,204,000 have expired as at 30 June 2025, which included an other loan (the “**Loan**”) with an outstanding balance of approximately HK\$156,996,000. The related accrued interest of HK\$14,112,000 as at 30 June 2025 was recorded under other payables. The Loan and accrued interest was scheduled to be fully repayable in April 2025. The remaining current bank borrowings of approximately HK\$42,314,000 will expire within twelve months from the end of the reporting period.

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

- (1) Based on communication with banks and lenders, the Group should be able to renew most of its existing bank and other borrowings, including the Loan, that have expired or will expire in 2025, on the basis that the Group has complied with the terms of the loan arrangements and, based on the Director’s experience, there is sufficient headroom of the credit enhancements provided by the Group over the amounts of borrowings;
- (2) Subsequent to the end of the reporting period, the lender of the Loan conditionally agreed with the Group, upon repayment of the accrued interest of approximately HK\$17,674,000 as at the date of this announcement, to enter into a supplemental loan agreement to extend the repayment date of the balance of the Loan of US\$20,000,000 (equivalent to approximately HK\$156,996,000) to 20 April 2027. Also, another borrowing of HK\$7,850,000 that has expired as at 30 June 2025 was subsequently renewed and the repayment date was extended to 11 August 2026;
- (3) As of the date of this announcement, the Group has unutilised bank and other loan facilities totalling HK\$199,660,000, comprising trade loans of HK\$51,115,000 and term loans of HK\$148,545,000 respectively.

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

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

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

3. ADOPTION OF HKFRS ACCOUNTING STANDARDS

In the current period, the Group has applied for the first time the following revised or amendments to HKFRS Accounting Standards (includes Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2025.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
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None of these revised or amended HKFRS Accounting Standards has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRS Accounting Standards that is not yet effective for the current accounting period.

The following new and amendments to HKFRS Accounting Standards, potentially relevant to the Group's consolidated 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.

Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2024 annual financial statements.

5. SEGMENT INFORMATION

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

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

(i) Media entertainment platform related products

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

(ii) Other multimedia products

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

(iii) Satellite TV equipment and antenna products

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

Segment Revenue and Results

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

Six months ended 30 June 2025

	Media entertainment platform related products <i>HK\$'000</i> (unaudited)	Other multimedia products <i>HK\$'000</i> (unaudited)	Satellite TV equipment and antenna products <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
REVENUE				
External sales	<u>24,098</u>	<u>43,413</u>	<u>157,758</u>	<u>225,269</u>
Timing of revenue recognition				
At a point in time	<u>24,098</u>	<u>43,413</u>	<u>157,758</u>	<u>225,269</u>
RESULTS				
Segment results	<u>5,463</u>	<u>6,133</u>	<u>8,357</u>	19,953
Other income, gains and losses				22,877
Administrative and other expenses				(56,497)
Research and development costs				(6,571)
Provision for expected credit losses on trade receivables				(1,571)
Provision for expected credit losses on amount due from an associate				(720)
Finance costs				<u>(14,180)</u>
Loss before income tax				<u>(36,709)</u>

Six months ended 30 June 2024

	Media entertainment platform related products <i>HK\$'000</i> (unaudited)	Other multimedia products <i>HK\$'000</i> (unaudited)	Satellite TV equipment and antenna products <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
REVENUE				
External sales	<u>70,268</u>	<u>43,520</u>	<u>198,288</u>	<u>312,076</u>
Timing of revenue recognition				
At a point in time	<u>70,268</u>	<u>43,520</u>	<u>198,288</u>	<u>312,076</u>
RESULTS				
Segment results	<u>2,027</u>	<u>4,814</u>	<u>10,742</u>	17,583
Other income, gains and losses				16,738
Increase in fair value of investment properties				66,988
Administrative and other expenses				(57,447)
Research and development costs				(8,920)
Provision for expected credit losses on trade receivables				(1,603)
Provision for expected credit losses on amount due from an associate				(77)
Finance costs				(13,463)
Share of loss of an associate				<u>(4)</u>
Profit before income tax				<u>19,795</u>

Segment results represent the profit earned by each segment without allocation of other income, gains and losses, changes in fair value of investment properties, administrative and other expenses, research and development costs, provision for expected credit losses, finance costs and share of loss of an associate. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

6. OTHER INCOME, GAINS AND LOSSES

	For six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Ancillary service income from tenants	6,682	6,251
Interest income	1,998	3,138
Interest income from an associate	499	504
Rental income	6,095	7,521
Net foreign exchange loss	(2,914)	(6,539)
Others	10,517	5,863
	<u>22,877</u>	<u>16,738</u>

7. INCOME TAX EXPENSE

	For six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The tax charge comprises:		
Current tax:		
the PRC	94	78
Jurisdictions other than the PRC and Hong Kong	<u>43</u>	<u>2,856</u>
	137	2,934
Under-provision in prior years:		
the PRC	103	193
Deferred taxation	<u>722</u>	<u>14,718</u>
	<u>962</u>	<u>17,845</u>

(i) the PRC

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

(ii) Hong Kong

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

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

(iii) US

The Group's subsidiaries in US are subjected to United States Federal Income Tax at 21% and States Income Tax at 6%.

(iv) Europe

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

(v) Others

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

8. (LOSS)/PROFIT FOR THE PERIOD

	For six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss)/profit for the period has been arrived at after charging/ (crediting):		
Directors' emoluments	1,878	1,658
Other staff costs	35,201	43,047
Contributions to defined contribution plans, excluding Directors	664	466
Total employee benefit expenses	37,743	45,171
Provision for expected credit losses on trade receivables	1,571	1,603
Provision for expected credit losses on amount due from an associate	720	77
Provision for expected credit losses on financial assets	2,291	1,680
Amortisation of intangible assets (<i>Note (i)</i>)	260	1,194
Depreciation of property, plant and equipment (<i>Note (iii)</i>)	3,456	4,139
Depreciation of right-of-use assets	5,511	3,935
Release of prepaid lease payments	–	12
Loss/(gain) on disposal of property, plant and equipment (<i>Note (ii)</i>)	470	(137)

Notes:

- (i) Included in cost of sales
- (ii) Included in other income, gains and losses
- (iii) Depreciation charges are recognised in the cost of sales of approximately HK\$2,605,000 (six months ended 30 June 2024: approximately HK\$1,728,000), distribution and selling costs of approximately HK\$3,000 (six months ended 30 June 2024: approximately HK\$843,000) and administrative and other expenses of approximately HK\$848,000 (six months ended 30 June 2024: approximately HK\$1,568,000) for the six months ended 30 June 2025.

9. DIVIDENDS

No dividend was paid or declared during the interim period. The Board has resolved not to declare an interim dividend for the period.

10. (LOSS)/EARNINGS PER SHARE

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

	For six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
(Loss)/profit for the period attributable to owners of the Company for the purposes of calculating basic and diluted (loss)/earnings per share (<i>HK\$'000</i>)	<u>(40,161)</u>	<u>17,995</u>
Number of shares		
Weighted average number of ordinary shares at 30 June	<u>1,230,403,725</u>	<u>1,230,403,725</u>
Diluted (loss)/earnings per share		

Diluted (loss)/earnings per share for each of the six months ended 30 June 2025 and 2024 respectively are the same as the basic (loss)/earnings per share because there were no dilutive potential ordinary shares during both periods.

11. LOAN RECEIVABLES

	30 June	31 December
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Loans receivables (<i>Note (i)</i>)	12,989	12,989
Loans and interest receivables due from former subsidiaries (<i>Note (ii)</i>)	<u>1,070,776</u>	<u>1,025,139</u>
	1,083,765	1,038,128
Less: allowance for doubtful debts (<i>Note (iii)</i>)	<u>(1,083,765)</u>	<u>(1,038,128)</u>
	<u>-</u>	<u>-</u>

Notes:

- (i) As at 30 June 2025 and 31 December 2024, the Group had loan receivable amounting to HK\$12,989,000 from a third party. The amount was unsecured and bore interest at 1.2% (31 December 2024: 1.2%) per annum. This loan receivable was fully impaired as at 30 June 2025 and 31 December 2024.
- (ii) During the year ended 31 December 2019, the Group disposed of the entire equity interest in Speed Connection Group Limited (the “**Disposal**”), and since then, the loan receivables from Speed Connection Group Limited and its subsidiary, MyHD Media FZ LLC (“**MyHD**”) were classified as loan receivables due from former subsidiaries.

The loan receivables due from former subsidiaries were arising from the disposal of all interests in MyHD and the extension of the existing loans to MyHD. For details, please refer to the announcement of the Company dated 31 December 2018 and the circular of the Company dated 25 May 2019. The amounts were unsecured, interest-bearing at rates ranged from 3 months London inter-bank offered rates (“**LIBOR**”) plus 100 basis point per annum to 10% per annum and will be matured on 31 December 2020.

The principal amounts of these loan receivables at the date of the Disposal were US\$71,298,000 (equivalent to approximately HK\$559,675,000), in which amount of US\$9,554,000 (equivalent to approximately HK\$74,997,000) due from Speed Connection Group Limited, bore interest rate at 3 months LIBOR plus 100 basis points per annum; and amount of US\$51,244,000 (equivalent to approximately HK\$402,255,000) and amount of US\$10,500,000 (equivalent to approximately HK\$82,423,000) due from MyHD (the non-wholly owned subsidiary of Speed Connection Group Limited), bore interest rate at 10% per annum and at 3 months LIBOR plus 100 basis points per annum respectively, and the corresponding interest receivables were US\$11,728,000 (equivalent to approximately HK\$92,062,000). These loan receivables and the interest receivables, net of the provision of expected credit loss of approximately HK\$219,103,000 as at the date of the Disposal, amounted to approximately HK\$429,410,000 were recognised as loan receivables upon the Disposal.

In December 2019, management was given to understand that Speed Connection Group Limited and MyHD were in serious financial problem and ceased to operate in late 2019. As such, management considered these loan receivables were credit-impaired and recognised life time expected credit losses of the total net carrying amount of these loan receivables of approximately HK\$429,410,000 at 31 December 2019.

The provision of expected credit losses was determined by the management of the Group based on the creditworthiness and the past collection history of the borrowers.

(iii) Allowances for doubtful debts

	30 June 2025 <i>HK\$'000</i> (unaudited)	31 December 2024 <i>HK\$'000</i> (audited)
At the beginning of period/year	1,038,128	948,715
Unwinding of discount	46,524	95,258
Exchange realignment	(887)	(5,845)
	<u>1,083,765</u>	<u>1,038,128</u>
At the end of period/year	<u>1,083,765</u>	<u>1,038,128</u>

12. TRADE, BILLS AND OTHER RECEIVABLES

	30 June 2025 <i>HK\$'000</i> (unaudited)	31 December 2024 <i>HK\$'000</i> (audited)
Trade and bills receivables	71,463	90,244
Other receivables	<u>218,840</u>	<u>133,358</u>
Total trade, bills and other receivables	<u>290,303</u>	<u>223,602</u>
Represented by:		
	30 June 2025 <i>HK\$'000</i> (unaudited)	31 December 2024 <i>HK\$'000</i> (audited)
Non-current assets	4,418	4,418
Current assets	<u>285,885</u>	<u>219,184</u>
	<u>290,303</u>	<u>223,602</u>

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

	30 June 2025 <i>HK\$'000</i> (unaudited)	31 December 2024 <i>HK\$'000</i> (audited)
0-30 days	66,837	82,038
31-90 days	4,840	9,097
91-180 days	6,663	2,454
More than 180 days	<u>119,688</u>	<u>115,414</u>
	198,028	209,003
Less: loss allowance	<u>(126,565)</u>	<u>(118,759)</u>
	<u><u>71,463</u></u>	<u><u>90,244</u></u>

Based on the Group's assessment, a provision for expected credit losses on trade receivables of HK\$1,571,000 (six months ended 30 June 2024: HK\$1,603,000) was recognised to the statement of profit or loss during the period.

13. AMOUNT DUE FROM/LOAN TO AN ASSOCIATE

		30 June 2025 <i>HK\$'000</i> (unaudited)	31 December 2024 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
Current assets			
Loan to an associate	(i)	<u><u>14,617</u></u>	<u><u>14,617</u></u>
Trade receivables	(ii)	26,497	25,595
Interest receivable on loan receivables		<u>3,011</u>	<u>2,698</u>
Amount due from an associate		<u><u>29,508</u></u>	<u><u>28,293</u></u>

Notes:

- (i) The amount is unsecured and bears interest at a fixed rate of 4.75% (31 December 2024: 4.75%) per annum. The loan to an associate will be matured on 31 December 2025 (2024: 31 December 2024).
- (ii) The amount due from an associate is unsecured and interest-free. The Group allows a credit period of 360 days.

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

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
More than 360 days	26,497	25,595

Based on the Group's assessment, the Group recognised the provision for expected credit losses on trade receivables due from an associate of HK\$720,000 (six months ended 30 June 2024: HK\$77,000) to the statement of profit or loss during the period.

14. TRADE, BILLS AND OTHER PAYABLES

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Trade payables	141,222	174,898
Bills payables	3,512	823
	144,734	175,721
Deposits received	65,789	64,795
Other payables and accruals (<i>Note</i>)	263,113	147,983
Total trade, bills and other payables	473,636	388,499

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

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
0-30 days	94,614	123,310
31-90 days	5,172	8,281
91-360 days	15,067	15,255
More than 360 days	29,881	28,875
	<u>144,734</u>	<u>175,721</u>

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

Note: An amount due to a director of HK\$990,000 (31 December 2024: HK\$1,515,000) which was included in other payables. It is unsecured, interest free and repayable on demand.

15. PROVISION FOR FINANCIAL GUARANTEE

The Company had pursuant to the guarantee (the “**Guarantee**”) given in favour of MyHD irrevocably guaranteed to pay all financial obligations of MyHD in relation to the third amendment agreement to the content supply agreement (the “**Content Supply Agreement**”) dated 3 October 2016 which was entered into between MyHD and MBC FZ LLC. The Guarantee does not expire and the maximum amount payable by the Company under the Guarantee should not exceed US\$3,500,000 (equivalent to approximately HK\$27,332,000).

The Guarantee does not contain any conditions which need to be fulfilled or any circumstances which must arise before MyHD can enforce the same and demand payment from the Company. Notwithstanding that MyHD failed to observe all its payment obligations under the third amendment agreement to the Content Supply Agreement, since the date of the Guarantee up to the reporting date, the Company has not received any demand for payment from MyHD under the Guarantee.

At 30 June 2025 and 31 December 2024, the Group had recognised the provision for financial guarantee amounting to US\$3,500,000 (equivalent to approximately HK\$27,332,000) in relation to the Guarantee.

REVIEW OF FINANCIAL POSITION

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, the overall cash and cash equivalent of the Group was approximately HK\$78.5 million (31 December 2024: approximately HK\$64.6 million). The Group managed its capital structure and liquidity to finance its operations by using bank and other borrowings and funds generated from operations.

The Group's current ratio (ratio of current assets to current liabilities) was 0.63 as at 30 June 2025 (31 December 2024: 0.65).

As at 30 June 2025, the Group's total borrowings were approximately HK\$395.0 million (31 December 2024: approximately HK\$398.1 million), out of which approximately HK\$221.0 million (31 December 2024: approximately HK\$219.0 million) were due within one year and the rest of approximately HK\$174.0 million (31 December 2024: approximately HK\$179.1 million) were due over one year. Approximately 45.2% of the Group's bank and other borrowings were denominated in US dollars ("US\$") and the rest of them were denominated in Renminbi ("RMB"), Vietnamese Dongs and New Taiwan dollars. The effective interest rates on the Group's variable interest rate bank and other borrowings ranged from 2.38% to 12.00% per annum for the six months ended 30 June 2025. The gearing ratio (total borrowings over total assets of the Group) decreased from approximately 46.28% as at 31 December 2024 to approximately 44.38% as at 30 June 2025.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2025, except the Equity Pledge (as defined below) and the Land Pledge (as defined below) as disclosed in the section headed "Cooperation Agreement and JV Agreement in relation to Redevelopment" below, 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 approximately HK\$6.3 million (31 December 2024: approximately HK\$4.6 million), (ii) property, plant and equipment with a carrying value of approximately HK\$13.7 million (31 December 2024: approximately HK\$20.9 million), (iii) investment properties of approximately HK\$304.8 million (31 December 2024: approximately HK\$307.1 million), (iv) trade receivables of approximately HK\$39.9 million (31 December 2024: approximately HK\$42.8 million), (v) inventories of approximately HK\$16.4 million (31 December 2024: approximately HK\$20.8 million), and (vi) pledge of the Company's interest in Pro Brand Technology, Inc.

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

Saved as disclosed in the section headed “Cooperation Agreement and JV Agreement in relation to Redevelopment”, there were no significant investments held as at 30 June 2025 nor were there other plans for material investments on capital assets as at the date of this announcement.

FOREIGN EXCHANGE EXPOSURE

The Group’s sales and purchases were denominated mainly in US\$ and RMB. The Group was exposed to certain foreign currency exchange risks but it does not expect future currency fluctuations to cause material operation difficulties because the recent pressure from depreciation of RMB was manageable. However, the management continuously assesses the foreign exchange risks, with an aim to minimise the impact of foreign exchange fluctuations on business operations. For the six months ended 30 June 2025, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

LITIGATIONS

Lawsuit in India

In October 2020, Aggressive Digital Systems Private Ltd. (“**AD**”, a non-wholly owned subsidiary of the Company) received a summons to the National Company Law Tribunal (“**NCLT**”) at Chandigarh in India that was filed by Aggressive Electronics Manufacturing Services Private Limited (“**AEMS**”, a minority shareholder of AD) and Mr. Neeraj Bharara (collectively the “**Petitioners**”) against Top Dragon Development Limited (a wholly owned subsidiary of the Company and the shareholder of AD), AD and certain directors of AD (collectively the “**Respondents**”) alleging that the Respondents made undue acts either of oppression or mismanagement and claiming for losses caused to the Petitioners arising from such undue acts. The last hearing was originally scheduled on 25 October 2025 at NCLT and was further adjourned. The date of next hearing has yet to be determined.

After consulting the Company’s legal counsel in India and taking into account the possible factors including, but not limited to, the possible amount involved in the case, the Board considered that it is not probable that the Group will incur any material losses resulting from this litigation. Accordingly, no provision was made in the consolidated financial statements of the Group as at 30 June 2025 and 31 December 2024.

SUBSEQUENT EVENTS

There were no material subsequent events after the six months ended 30 June 2025.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

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

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

The Vendor had agreed with the Purchaser under the Agreement to procure that the Existing Loans shall continue to be advanced by the Company or SMT (as the case may be) to the Target Company and/or MyHD (as the case maybe) under the then existing arrangements notwithstanding the Completion taking place. Such arrangement confers the right to the Company or SMT (as the case may be) to receive the payments for the Existing Loans from the Target Company and/or MyHD (as the case may be) when the financial positions of the Target Company and/or MyHD (as the case may be) improve and have sufficient cash to settle the Existing Loans. As at 30 June 2025, the Existing Loans which were past due amounted to an aggregate amount of US\$138,060,000 comprising aggregate principal amount of US\$71,298,000 and aggregate accrued interest (calculated based on the terms of agreements of Existing Loans) of US\$66,762,000 owing by the Target Company and/or MyHD to the Company and/or SMT (as the case may be), the particulars of which are as follows:

Lenders	Debtors	Prevailing interest rate	Maturity date	Principal amount outstanding as at 30 June 2025	Accrued interest as at 30 June 2025
SMT	Target Company	3 months LIBOR + 100 basis points (Note 1)	31.12.2020	US\$9,554,000 (approximately HK\$74,997,000)	US\$3,343,000 (approximately HK\$26,242,000)
SMT	MyHD	3 months LIBOR + 100 basis points (Note 1)	31.12.2020	US\$10,500,000 (approximately HK\$82,423,000)	US\$3,414,000 (approximately HK\$26,799,000)
SMT	MyHD	10% per annum (Note 2)	31.12.2020	US\$42,653,000 (approximately HK\$334,817,000)	US\$49,949,000 (approximately HK\$392,090,000)
The Company	MyHD	10% per annum (Note 2)	31.12.2020	US\$8,591,000 (approximately HK\$67,438,000)	US\$10,056,000 (approximately HK\$78,937,000)
Total				US\$71,298,000 (approximately HK\$559,675,000)	US\$66,762,000 (approximately HK\$524,068,000)

Notes:

- As a reference, 3 months LIBOR as applicable to these two loans during the period between 1 May 2012 to 30 June 2025 ranged between 0.11775% and 5.54543%.
- The prevailing interest rate shall be increased to 11% per annum after maturity date.

In December 2019, the Company was given to understand that the Target Company and MyHD were in serious financial problem and ceased to operate in late 2019. As such, the Company considered these loan receivables were credit impaired and full impairment in the amount of HK\$646,366,000 was provided as at 31 December 2019. No interest income was recognised on the outstanding loan principal for the six months ended 30 June 2024 and 2025 as the recoverability of such interest receivables is remote.

The Vendor had also agreed that the Guarantee given by the Company to MyHD shall continue for the time being after the Completion. The maximum amount payable by the Company under the Guarantee would not exceed US\$3,500,000 (equivalent to approximately HK\$27,332,000). Notwithstanding that MyHD ceased its operation in late 2019, the Company has not received any demand for payment from MyHD under the Guarantee. At 30 June 2024 and 2025, the Group had recognised the provision for financial guarantee in the amount of US\$3,500,000 (equivalent to approximately HK\$27,332,000) in relation to the Guarantee.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Saved as disclosed in this announcement, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2025.

COOPERATION AGREEMENT AND JV AGREEMENT IN RELATION TO REDEVELOPMENT

Reference is made to the announcement of the Company dated 17 August 2021 (the “**17 August Announcement**”) in relation to the cooperation agreement dated 26 July 2021 entered into between, among others, the Group and Huasuan, pursuant to which Huasuan and Sandmartin (Zhong Shan) Electronic Co., Ltd.* (中山聖馬丁電子元件有限公司) (“**ZSS**”) (an indirect wholly-owned subsidiary of the Company) (the “**Parties**”) would cooperate to upgrade certain blocks of factory buildings and dormitories constructed on an industrial land situated in Zhongshan, Guangdong Province, the PRC (the “**Land**”) owned by ZSS and to redevelop some vacant and undeveloped parts of the Land subject to prior consents and planning approvals from the relevant PRC government authorities.

* For identification purpose only

Please refer to the 17 August Announcement for details of the Cooperation Agreement.

The Redevelopment is developed under the name of ZSS. To ensure the continued commitment in the Redevelopment, Huasuan would pay to the Group a cooperation fund amounting to RMB60 million as security deposit (the “**Cooperation Fund**”). The Group is contractually allowed to use the Cooperation Fund without any restriction during the Redevelopment, and is liable to return the same amount of cash to Huasuan upon the completion of the Redevelopment. As securities for such Cooperation Fund, the Group pledged to Huasuan (i) 100% of the shareholding interests in ZSS which holds the Land (the “**Equity Pledge**”); and (ii) one of the three pieces of land parcels within the Land (the “**Land Pledge**”). Huasuan shall release both the Equity Pledge and the Land Pledge upon full repayment of the Cooperation Fund by the Group and completion of the Redevelopment and revenue apportionment. If the Redevelopment is unable to proceed, the Cooperation Fund shall be refunded to Huasuan without interest within 10 business days failing which there is a default interest of 8% per annum payable by the Group within three months.

As at the date of this announcement, Huasuan had paid to the Group the Cooperation Fund in full and the Group had provided the Equity Pledge to Huasuan for security repayment of the Cooperation Fund and also provided the Land Pledge to Huasuan.

References are made to the announcements of the Company dated 19 July 2023 and 10 August 2023 (the “**19 July and 10 August Announcements**”) in relation to the joint venture agreement dated 19 July 2023 (the “**JV Agreement**”) and entered into between the Group and Huasuan, pursuant to which they both have agreed to form the joint venture in the form of an unincorporated joint venture under the name of “Huasuan-Sandmartin Intelligent Manufacturing Park” (華算聖馬丁智造園) (the “**Joint Venture**”) in the PRC for the Redevelopment and for the purpose of governing the cooperation arrangement.

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

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

Please refer to the 19 July and 10 August Announcements for details of the JV Agreement and the Joint Venture. The Redevelopment is currently under progress.

Upon the formation of the Joint Venture, the Group recognised the Joint Venture as a joint operation and account for the assets relating to its interest in a joint operation. During the year ended 31 December 2023, the Group derecognised investment properties under development attributed to Huasuan with carrying amount of HK\$30,756,000, derecognised other payables due to Huasuan of HK\$7,281,000 which the obligation was contractually discharged and recognised a loss arising from the formation of joint operation of HK\$23,475,000. Following the construction of new buildings under the Redevelopment, the Group recognised investment properties under development of HK\$42,539,000, based on the Allocation of the joint operation, as at 31 December 2023.

During the year ended 31 December 2024, the construction of new buildings under the Redevelopment was in progress and as at 31 December 2024, the construction of certain blocks of buildings was completed. As at 31 December 2024, investment properties of HK\$79,957,000 and investment properties under development of HK\$51,533,000 were recognised based on the Allocation of the joint operation, and change in fair value was recognised in profit or loss arising from investment properties under the joint operation amounted to HK\$87,880,000.

During the six months ended 30 June 2025, the Redevelopment was in progress. In the opinion of the Directors, as at 30 June 2025, the stage of completion of the Redevelopment approximated the status as at 31 December 2024 and no change in fair value was recognised in profit or loss for the six months ended 30 June 2025. As at 30 June 2025, the fair value of investment properties recognised under the Redevelopment was RMB121,760,000 (approximately HK\$133,509,000) (31 December 2024: RMB121,760,000 (approximately HK\$131,490,000)).

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2025, the Group employed a total of 872 (31 December 2024: 1,116) fulltime employees. Employees of the Group are remunerated according to their performance and responsibilities. They receive training depending on their scope of works, especially those training relating to workplace health and safety.

The Directors and senior management of the Company receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of the Group. The emoluments of the Directors are decided by the Board based on the recommendation of the remuneration committee, having regard to market competitiveness, individual performance and achievement. The Company regularly reviews and determines the remuneration and compensation packages of the Directors and senior management.

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

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, sold (including sale of treasury shares, if any) or redeemed any of the Company's listed securities.

As at 30 June 2025, the Company did not hold any treasury shares.

CORPORATE GOVERNANCE

The Group continues to improve its corporate governance practices, emphasising the attainment and maintenance of a quality board, sound risk management and internal controls, and high transparency and accountability to the Shareholders. The Board and the management are committed to the principles of good corporate governance which are consistent with prudent management and enhancement of shareholder value. The Board believes that good corporate governance will bring long-term benefits to the Shareholders and the Group.

During the six months ended 30 June 2025, the Company has applied the principles and has complied with code provisions of the Corporate Governance Code (the “**Code Provision(s)**”) as contained in Appendix C1 to the Listing Rules, except for the following deviations with reason.

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

Mr. Kuo Jen Hao, a non-executive Director and chairman of the Board, and Mr. Lu Ming-Shiuan, an independent non-executive Director, were unable to attend the annual general meeting of the Company held on 30 June 2025 due to their respective other engagements.

AUDIT COMMITTEE

The Company has established an audit committee of the Board (the “**Audit Committee**”) for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. As at the date of this announcement, the Audit Committee comprises three members, Ms. Chen Wei-Hui (chairperson of the Audit Committee), Mr. Lu Ming-Shiuan and Mr. Wu Chia Ming, all of whom are independent non-executive Directors. The interim financial information for the six months ended 30 June 2025 has not been audited by the independent auditor of the Company. The Audit Committee has reviewed the Group’s unaudited condensed consolidated interim financial statements and the interim report for the six months ended 30 June 2025 and held discussion with the management. Based on the review and the discussion with the management, the Audit Committee was satisfied that the unaudited condensed consolidated interim financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the six months ended 30 June 2025.

DELAY IN DESPATCH OF 2024 ANNUAL REPORT AND PUBLICATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board wishes to provide additional information in relation to the announcement dated 30 April 2025 and the subsequent announcements of the Company in relation to, among other things, the delay in the despatch of the annual report of the Company for the year ended 31 December 2024 (the “**2024 Annual Report**”) and the publication of the Environmental, Social and Governance Report of the Company regarding the period from 1 January 2024 to 31 December 2024 (the “**ESG Report**”). The Company will publish further announcement(s) to keep the Shareholders and potential investors informed in relation to the expected date of the despatch of the 2024 Annual Report and the publication of the ESG Report in due course.

DELAY IN DESPATCH OF 2025 INTERIM REPORT

The Board wishes to provide additional information in relation to the announcement of the Company dated 21 August 2025 in relation to, among other things, the delay in the despatch of the interim report of the Group for the six months ended 30 June 2025 (the “**2025 Interim Report**”). The Company will publish further announcement(s) to keep the Shareholders and potential investors informed in relation to the expected date of the despatch of the 2025 Interim Report in due course.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT

This announcement is published on the Company’s website (www.sandmartin.com.hk) and the Stock Exchange’s website (www.hkexnews.hk).

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all the Shareholders for their support to the Company.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 1 April 2025 and will remain suspended until further notice pending the Company's fulfilment of the resumption guidance set out in the announcement of the Company dated 30 June 2025.

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

Hong Kong, 30 September 2025

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

Executive Directors

Mr. Hung Tsung Chin and Mr. Chen Wei Chun

Non-Executive Director

Mr. Kuo Jen Hao (*Chairman*)

Independent Non-Executive Directors

Mr. Wu Chia Ming, Ms. Chen Wei-Hui and Mr. Lu Ming-Shiuan