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Sandmartin International Holdings Limited
聖 馬 丁 國 際 控 股 有 限 公 司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 482)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024 AND CONTINUED SUSPENSION OF TRADING

FINANCIAL HIGHLIGHTS

- The Group's revenue for the year was approximately HK$648.7 million.
- The Group's earnings before finance costs, income tax expense, depreciation, amortisation and release of prepaid lease payments for the year was approximately HK$14.7 million.
- The Group's loss for the year was approximately HK$58.5 million.
- The Group's loss for the year attributable to owners of the Company was approximately HK$30.6 million.
- The Group's basic loss per share for the year was approximately HK2.48 cents.

* *For identification purpose only*

CHAIRMAN'S LETTER TO SHAREHOLDERS

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

On behalf of the board (the "**Board**") of 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 results of the Group for the year ended 31 December 2024.

The financial performance of the Group was not satisfactory for the year ended 31 December 2024. As a result of the tight monetary policy globally, although the revenue of the Group's products has increased, the profit margin has declined when compared with the same corresponding period in 2023. The Group has taken some measures to mitigate the unfavourable impacts, including but not limited to sourcing from different suppliers to increase the profit margin.

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**").

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 flows 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 is 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*

BUSINESS OVERVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHT AND BUSINESS OVERVIEW

The Group recorded a decrease in gross profit ratio from approximately 13.10% for the year ended 31 December 2023 to approximately 9.90% for the year ended 31 December 2024 due to the increase in material costs, global shortage of chips and integrated circuits.

The Group's earnings before finance costs, income tax expense, depreciation, amortisation and release of prepaid lease payments were approximately HK$14,682,000 (2023: losses of approximately HK$95,074,000).

MEDIA ENTERTAINMENT PLATFORM RELATED PRODUCTS

In response to the challenging economic environment, the Group's media entertainment platform related products segment continued to explore new business opportunities in emerging markets. The revenue of this segment increased by approximately 73.69% as compared with the year ended 31 December 2023.

– The segment revenue of media entertainment platform related products was approximately HK$169,268,000 (2023: approximately HK$97,454,000).

– The segment results from operations were approximately HK$12,330,000 (2023: approximately HK$3,552,000).

– The segment margin was approximately 7.28% as compared with segment margin of approximately 3.64% in 2023.

Outlook

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

OTHER MULTIMEDIA PRODUCTS

Owing to the increase in material costs and freight charges, the profitability of the Group's other multimedia products segment was lower than expected. Major products of this segment included cables, multimedia accessories and wireless mobile phone chargers for vehicles. The revenue of this segment increased by approximately 2.41% as compared with the year ended 31 December 2023.

– The segment revenue of other multimedia products was approximately HK$102,752,000 (2023: approximately HK$100,332,000).

– The segment results from operations were approximately HK$6,091,000 (2023: approximately HK$15,690,000).

– The segment margin was approximately 5.93% as compared with the segment margin of approximately 15.64% in 2023.

Outlook

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

SATELLITE TV EQUIPMENT AND ANTENNA PRODUCTS

The segment margin of the Group's satellite TV equipment and antenna products segment showed a decline notwithstanding the gradual recovery of economy from the 2019 novel coronavirus pandemic in North America. The revenue of this segment increased by approximately 3.41% as compared with the year ended 31 December 2023, while the segment results were decreased by approximately 38.23%.

– The segment revenue of satellite TV equipment and antenna products was approximately HK$376,669,000 (2023: approximately HK$364,249,000).

- The segment results from operations were approximately HK$18,773,000 (2023: HK$30,393,000).

- The segment margin was 4.98% as compared with the segment margin of 8.34% for the year ended 31 December 2023.

Outlook

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

GEOGRAPHICAL RESULTS

ASIA

- The Group’s revenue from Asia for the year ended 31 December 2024 was approximately HK$235,542,000, compared with the year ended 31 December 2023 which was approximately HK$94,271,000, representing an increase of 149.86%.

- The Group’s revenue from Asia accounted for approximately 36.31% of the Group’s total revenue for the year ended 31 December 2024 (2023: approximately 16.77%).

EUROPE

- The Group’s revenue from Europe for the year ended 31 December 2024 was approximately HK$81,932,000, compared with the year ended 31 December 2023 which was approximately HK$80,972,000, representing an increase of approximately 1.19%.

- The Group’s revenue from Europe accounted for approximately 12.63% of the Group’s total revenue for the year ended 31 December 2024 (2023: approximately 14.41%).

MIDDLE EAST

– The Group's revenue from the Middle East for the year ended 31 December 2024 was approximately HK$13,678,000, compared with the year ended 31 December 2023 which was approximately HK$8,510,000, representing an increase of approximately 60.73%.

– The Group's revenue from the Middle East accounted for approximately 2.11% of the Group's total revenue for the year ended 31 December 2024 (2023: approximately 1.51%).

NORTH AMERICA

– The Group's revenue from North America for the year ended 31 December 2024 was approximately HK$299,419,000, compared with the year ended 31 December 2023 which was approximately HK$346,801,000, representing a decrease of approximately 13.66%.

– The Group's revenue from North America accounted for approximately 46.16% of the Group's total revenue for the year ended 31 December 2024 (2023: approximately 61.70%).

SOUTH AMERICA

– The Group's revenue from South America for the year ended 31 December 2024 was approximately HK$17,449,000, compared with the year ended 31 December 2023 which was approximately HK$30,185,000, representing a decrease of approximately 42.19%.

– The Group's revenue from South America accounted for approximately 2.69% of the Group's total revenue for the year ended 31 December 2024 (2023: approximately 5.37%).

Outlook

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	4	**648,689**	562,035
Cost of sales		**(584,490)**	(488,427)
Gross profit		**64,199**	73,608
Other income, gains and losses		**35,281**	19,069
Increase/(decrease) in fair value of investment properties		**72,878**	(636)
Distribution and selling costs		**(27,005)**	(23,973)
Administrative and other expenses		**(100,939)**	(95,488)
Research and development costs		**(22,873)**	(26,059)
Provision for expected credit losses on financial assets		**(12,406)**	(11,886)
Impairment loss on goodwill		**(16,000)**	–
Finance costs		**(29,363)**	(28,677)
Share of loss of an associate		**(4)**	(46,717)
Loss before income tax		**(36,232)**	(140,759)
Income tax (expense)/credit	5	**(22,304)**	4,126
Loss for the year	6	**(58,536)**	(136,633)
Other comprehensive income, net of tax			
Item that will not be reclassified subsequently to profit or loss:			
– Gain on revaluation of properties upon transfer of property, plant and equipment to investment properties, net of tax		**14,933**	–
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of foreign operations		**11,406**	11,912
Other comprehensive income for the year		**26,339**	11,912
Total comprehensive income for the year		**(32,197)**	(124,721)

	Note	**2024**	2023
		HK$'000	*HK$'000*
Loss for the year attributable to:			
– Owners of the Company		**(30,571)**	(126,566)
– Non-controlling interests		**(27,965)**	(10,067)
		(58,536)	(136,633)
Total comprehensive income for the year attributable to:			
– Owners of the Company		**(6,042)**	(117,939)
– Non-controlling interests		**(26,155)**	(6,782)
		(32,197)	(124,721)
	8	***HK cents***	*HK cents*
Loss per share			
– Basic		**(2.48)**	(14.75)
– Diluted		**(2.48)**	(14.75)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment		**95,338**	107,330
Prepaid lease payments		**–**	1
Investment properties		**307,084**	197,471
Goodwill		**13,480**	31,145
Intangible assets		**5,585**	5,109
Interest in an associate		**–**	4
Other receivables	*10*	**4,418**	–
Deferred tax assets		**4,352**	4,597
Total non-current assets		**430,257**	345,657
Current assets			
Inventories		**98,672**	123,884
Trade, bills and other receivables	*10*	**219,184**	245,597
Prepaid lease payments		**–**	26
Loan receivables		**–**	–
Loan to an associate	*9*	**14,617**	19,579
Amount due from an associate	*9*	**28,293**	36,684
Pledged bank deposits		**4,636**	5,970
Bank balances and cash		**64,612**	69,359
Total current assets		**430,014**	501,099
Current liabilities			
Trade, bills and other payables	*11*	**388,499**	342,950
Contract liabilities		**20,156**	21,115
Tax liabilities		**10,475**	10,561
Bank and other borrowings		**211,266**	79,728
Provision for financial guarantee		**27,332**	27,332
Lease liabilities		**7,774**	7,497
Total current liabilities		**665,502**	489,183
Net current (liabilities)/assets		**(235,488)**	11,916
Total assets less current liabilities		**194,769**	357,573

	2024	2023
	HK$'000	*HK$'000*
Non-current liabilities		
Bank and other borrowings	**135,765**	281,984
Deferred tax liabilities	**84,870**	60,179
Lease liabilities	**43,294**	52,373
Total non-current liabilities	**263,929**	394,536
Net liabilities	**(69,160)**	(36,963)
Capital and reserves		
Share capital	**123,040**	123,040
Reserves	**(187,442)**	(181,400)
Capital deficiency attributable to owners of the Company	**(64,402)**	(58,360)
Non-controlling interests	**(4,758)**	21,397
Capital deficiency	**(69,160)**	(36,963)

NOTES

FOR THE YEAR ENDED 31 DECEMBER 2024

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 Group is principally engaged in manufacturing and trading of satellite TV equipment products and other electronic goods.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) Adoption of amendments to HKFRS Accounting Standards – effective on 1 January 2024

In the current year, the Group has applied for the first time the following 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 (the "**HKICPA**"), which are effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

None of these amended HKFRS Accounting Standards has a material impact on the Group's results and financial position for the current or prior period and financial statements disclosures. The Group has not early applied any new or amended HKFRS Accounting Standards that is not yet effective for the current accounting period.

(b) New and amendments to HKFRS Accounting Standards that have been issued but are not yet effective

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 HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]

[1] Effective for annual periods beginning on or after 1 January 2025

[2] Effective for annual periods beginning on or after 1 January 2026

[3] Effective for annual periods beginning on or after 1 January 2027

The Directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Directors are currently assessing the possible impact of these new and amendments to HKFRS Accounting Standards on the Group's financial results and financial position in the first year of application. Except for those mentioned below, the directors consider that these new and amendments to HKFRS Accounting Standards are unlikely to have a material impact to the Group's consolidated financial statements.

Amendments to HKFRS 9 and HKFRS 7: *Amendments to the Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognised on the settlement date and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. It also clarifies the classification of financial assets with Environmental, Social and Governance linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments. Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income. The amendments are effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for contingent features only. The Group is currently assessing the impact of these amendments.

HKFRS 18: *Presentation and Disclosure in Financial Statements*

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosures are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. Based on preliminary assessment, the line items presented in the primary financial statements might change as a result of the application of the concept of "useful structured summary" and the enhanced principles on aggregation and disaggregation.

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. Moreover, there will be significant new disclosures required for management-defined performance measures. HKFRS 18 is effective for annual periods beginning on or after 1 January 2027. Retrospective application is required and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all HKFRS Accounting Standards, which is a collective term includes all applicable individual HKFRS Accounting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations as issued by the HKICPA, and have been prepared in compliance with 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.

The Group incurred a net loss of HK$58,536,000 for the year ended 31 December 2024. As of that date, the Group had net current liabilities and net liabilities of approximately HK$235,488,000 and HK$69,160,000 respectively. The Group's current bank and other borrowings amounted to HK$211,266,000, which are subject to repayment or renewal within the twelve months following the end of the reporting period. Included in current borrowings as at 31 December 2024 were other loans (the "**Loan**") with an outstanding balance of approximately HK$155,296,000 and accrued interest of approximately HK$7,029,000, which are scheduled to be fully repayable in April 2025.

In view of these circumstances, the Directors have given consideration to the future liquidity and performance of the Group and its available sources of finance in the preparation of a cash flow forecast covering a 24-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 have complied with the terms of the loan arrangements and, based on the Director's experience, there is sufficient headroom in 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$16,946,000 as at the date of approval of these financial statements, to enter into a supplemental loan agreement to extend the repayment date of the remaining balance of the Loan of US$20,000,000 (equivalent to approximately HK$155,296,000) to 20 April 2027;

(3) As of the date of approval of these financial statements, the Group has unutilised bank and other loan facilities totalling HK$212,300,000, comprising trade loans of HK$60,613,000 and term loans of HK$151,687,000 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 the at least twelve months from the end of the reporting period. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, there are inherent uncertainties associated with the future outcome of the Cash Flow Forecast that, inter alia, includes whether the business outlook of the Group would not significantly deteriorate or change out of the Directors' expectation, the sales performance of newly launched products would achieve the targeted sales level and margin, the cost control measures could be effectively implemented without compromising the competitive edge of the Group, the Group would be able to renew the bank and other borrowings within the period of the Cash Flow Forecast.

These conditions indicate the existence of a material uncertainty that 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 or discharge its liabilities in the normal course of business.

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

(c) Functional and presentation currency

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

4. SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of their goods 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.

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

(i) Media entertainment platform related products

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

(ii) Other multimedia products

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

(iii) Satellite TV equipment and antenna products

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

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

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

	2024	2023
	HK$'000	*HK$'000*
Media entertainment platform related products	**169,268**	97,454
Other multimedia products	**102,752**	100,332
Satellite TV equipment and antenna products	**376,669**	364,249
	648,689	562,035

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 2024

	Media entertainment platform related products *HK'000*	Other multimedia products *HK'000*	Satellite TV equipment and antenna products *HK$'000*	Total *HK$'000*
Revenue				
External sales	169,268	102,752	376,669	648,689
Results				
Segment results	12,330	6,091	18,773	37,194
Provision for expected credit losses on loan to an associate				(4,962)
Provision for expected credit losses on the amount due from an associate				(9,834)
Reversal of expected credit losses on trade receivables				2,390
Impairment loss on goodwill				(16,000)
Other income, gains and losses				35,281
Research and development costs				(22,873)
Administrative and other expenses				(100,939)
Share of loss of an associate				(4)
Finance costs				(29,363)
Net increase in fair value of investment properties				72,878
Loss before income tax				(36,232)

Year ended 31 December 2023

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

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

5. INCOME TAX EXPENSE/(CREDIT)

	2024	2023
	HK$'000	*HK$'000*
The tax charge/(credit) comprises:		
Current tax:		
– the PRC	**2,904**	2,163
– Jurisdictions other than the PRC and Hong Kong	**(483)**	979
	2,421	3,142
Over-provision in prior years:		
– the PRC	**(1,981)**	(1,090)
– Jurisdictions other than the PRC and Hong Kong	**(10)**	107
	(1,991)	(983)
Deferred taxation:		
– Current year	**21,874**	(6,285)
	22,304	(4,126)

The tax rates applicable to the Group's principal operating subsidiaries for the years ended 31 December 2024 and 2023 are as follows:

(i) the PRC

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

(ii) Hong Kong

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

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

(iii) United States

The Group's subsidiaries in the US are subject to United States Federal Income Tax at 21% (2023: 21%) and States Income Tax at 6% (2023: 6%).

(iv) Europe

The Group's European subsidiaries are subject to profit tax rates at a range of 25% to 30% (2023: 25% to 30%)

(v) Others

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

6. LOSS FOR THE YEAR

	2024	2023
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging/(crediting):		
Auditor's remuneration	**2,210**	3,142
Directors' emoluments	**3,125**	3,109
Other staff costs	**70,239**	79,789
Contributions to defined contribution plans, excluding Directors	**2,010**	1,885
Total employee benefit expenses *(Note (ii))*	**75,374**	84,783
Carrying amount of inventories sold	**588,935**	485,679
Write-down of inventories *(Note (i))*	**–**	3,423
Reversal of inventory provision *(Note (i))**	**(4,445)**	(675)
Cost of inventories recognised as expenses	**584,490**	488,427
Provision for expected credit losses on loan to an associate	**4,962**	1,224
Provision for expected credit losses on amount due from an associate	**9,834**	2,105
(Reversal of)/provision for expected credit losses on trade receivables	**(2,390)**	8,557
Provision for expected credit losses on financial assets	**12,406**	11,886
Depreciation of property, plant and equipment *(Note (iii))*	**9,408**	9,441
Depreciation of right-of-use assets *(Note (iii))*	**11,580**	7,191
Amortisation of intangible assets *(Note (i))*	**536**	376
Direct operating expenses arising from investment properties that generate rental income	**1,024**	873
Loss on disposal of property, plant and equipment	**178**	939

Note (i): Included in cost of sales

Note (ii): Included in the total employee benefit expenses is an aggregate amount of HK$2,028,000 (2023: HK$1,903,000) in respect of contributions to defined contribution plans, including Directors.

Note (iii): Depreciation charges are recognised in the cost of sales of approximately HK$4,585,000 (2023: approximately HK$4,104,000), distribution and selling costs of approximately HK$148,000 (2023: approximately HK$127,000) and administrative and other expenses of approximately HK$16,255,000 (2023: approximately HK$12,401,000) for the year ended 31 December 2024.

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

7. DIVIDENDS

The Board has resolved not to recommend the payment of both interim and final dividend for the year ended 31 December 2024 (2023: Nil).

8. LOSS PER SHARE

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

	2024	2023
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purposes of calculating basic loss per share	**(30,571)**	(126,566)

	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	**1,230,403,725**	858,248,735
Basic and diluted loss per share *(HK cents)*	**(2.48)**	(14.75)

There was no movement in ordinary shares during the year ended 31 December 2024. The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2023 has included the increase in number of ordinary shares for the rights issue which took place on 5 July 2023.

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

Diluted loss per share

Diluted loss per share for each of the two years ended 31 December 2024 and 2023 are the same as the basic loss per share because there were no dilutive potential ordinary shares during both years.

9. AMOUNT DUE FROM/LOAN TO AN ASSOCIATE

	2024	2023
	HK$'000	*HK$'000*
Current assets		
Loan to an associate *(Note (i))*	**14,617**	19,579
Trade receivables *(Note (ii))*	**25,595**	33,923
Interest receivable on loan receivables	**2,698**	2,761
Amount due from an associate	**28,293**	36,684

Notes:

(i) The loan is unsecured and bears interest at a fixed rate of 4.75% (2023: 4.75%) per annum. The loan to an associate will mature on 31 December 2025 (2023: 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:

	2024	2023
	HK$'000	*HK$'000*
More than 360 days	**25,595**	33,923

Based on the Group's assessment, the Group recognised the provision for expected credit losses on trade receivables due from an associate of HK$9,834,000 (2023: provision for HK$2,105,000) and provision for expected credit losses on loan to an associate of HK$4,962,000 (2023: HK$1,224,000) during the year.

10. TRADE, BILLS AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade and bills receivables	**90,244**	107,777
Other receivables *(Note)*	**133,358**	137,820
Total trade, bills and other receivables	**223,602**	245,597

Represented by:	**2024**	2023
	HK$'000	*HK$'000*
Non-current assets	**4,418**	–
Current assets	**219,184**	245,597
	223,602	245,597

Note: As at 31 December 2024, other receivables included rental deposits of HK$37,467,000 (2023: HK$20,879,000), among which rental deposits of HK$4,418,000 are non-current assets (2023: Nil). The remaining receivables are unsecured, non-interest bearing and repayable on demand.

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:

	2024	2023
	HK$'000	*HK$'000*
0-30 days	**82,038**	15,873
31-90 days	**9,097**	59,862
91-180 days	**2,454**	28,496
More than 180 days	**115,414**	134,750
	209,003	238,981
Less: Loss allowance	**(118,759)**	(131,204)
	90,244	107,777

The other classes within trade, bills and other receivables do not contain impaired assets. Based on the Group's assessment, the reversal of expected credit losses on trade receivables of HK$2,390,000 (2023: provision of expected credit losses of HK$8,557,000) was recognised during the year.

11. TRADE, BILLS AND OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**174,898**	174,406
Bills payables	**823**	1,489
Deposits received	**64,795**	66,211
Other payables and accruals *(Note)*	**147,983**	100,844
	388,499	342,950

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

	2024	2023
	HK$'000	*HK$'000*
0-30 days	**123,310**	112,037
31-90 days	**8,281**	10,970
91-360 days	**15,255**	30,042
More than 360 days	**28,875**	22,846
	175,721	175,895

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

Note: An amount due to a director of HK$1,515,000 (2023: HK$1,162,000) which was included in other payables. It is unsecured, interest free and repayable on demand.

REVIEW OF FINANCIAL POSITION

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, an overall cash and cash equivalent of the Group was approximately HK$64.6 million (2023: approximately HK$69.4 million). The Group managed its capital structure and liquidity to finance its operations by using bank and other borrowings and funds generated from operations. The Group's current ratio (ratio of current assets to current liabilities) was approximately 0.65 at 31 December 2024 (2023: approximately 1.02). As at 31 December 2024, the Group's total borrowings were approximately HK$398.1 million (2023: approximately HK$421.6 million), out of which approximately HK$219.0 million (2023: approximately HK$87.2 million) were due within one year and the rest of approximately HK$179.1 million (2023: approximately HK$334.4 million) were due over one year. Approximately 44.0% of the Group's bank and other borrowings were in US dollars and the rest of them were in Renminbi ("**RMB**"), Vietnamese Dongs and New Taiwan dollars. The effective interest rates on the Group's bank and other borrowings ranged from 2.00% to 12.00% per annum. The gearing ratio (total borrowings over total assets of the Group) decreased from approximately 49.79% at 31 December 2023 to approximately 46.28% at 31 December 2024.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2024, except the Equity Pledge (as defined below) and the Land Pledge as disclosed in the section headed "Cooperation Agreement and JV Agreement in relation to Redevelopment" below, the Group's general banking facilities included bank loans and other borrowings which were secured by the following assets of the Group: (i) bank deposits of HK$4.6 million; (ii) property, plant and equipment with a carrying value of HK$20.9 million; (iii) investment properties of HK$307.1 million; (iv) trade receivables of HK$42.8 million; (v) inventories of HK$20.8 million; and (vi) pledge of the Company's interests in Pro Brand Technology, Inc.

FOREIGN EXCHANGE EXPOSURE

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

CONTINGENT LIABILITIES

As at the end of the reporting period, the Group had issued guarantees to the bank to secure the mortgage arrangement of property buyers. The outstanding guarantees to the bank amounted to RMB126,149,000 (equivalent to approximately HK$136,230,000) (2023: RMB38,507,000 (equivalent to approximately HK$42,493,000)) which will be terminated upon satisfaction of the terms stated on the guarantee contracts, including the release by bank upon delivery of the properties to the purchasers and completion of the relevant mortgage properties registration.

The Directors considered the fair values of these financial guarantee contracts to the purchasers are insignificant at initial recognition and the expected credit losses were insignificant as at the end of the reporting period as the bank has the rights to sell the property and recover the outstanding loan balance from the sale proceeds upon the occurrence of any default of the property buyers default payment.

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 31 December 2023 and 2024.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed a total of 1,116 (2023: 1,054) full time employees. The employees of the Group are remunerated according to their performance and responsibilities. They receive training depending on their scope of work, especially training relating to workplace health and safety. The Directors and senior management of the Company receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of the Group. The Company regularly reviews and determines the remuneration and compensation packages of the Directors and senior management.

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

Saved as disclosed below, there were no significant investments held as at 31 December 2024 nor were there other plans for material investments on capital assets as at the date of this announcement.

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

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

The Vendor had agreed with the Purchaser under the Agreement to procure that the Existing Loans shall continue to be advanced by the Company or SMT (as the case may be) to the Target Company and/or MyHD (as the case may be) under the then existing arrangements notwithstanding the Completion taking place. Such arrangement confers the right to the Company or SMT (as the case may be) to receive the payments for the Existing Loans from the Target Company and/or MyHD (as the case may be) when the financial positions of the Target Company and/or MyHD (as the case may be) improve and have sufficient cash to settle the Existing Loans. As at 31 December 2024, the Existing Loans which were past due amounted to an aggregate amount of US$132,023,000, 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$60,725,000 owed by the Target Company and/or MyHD to the Company and/or SMT (as the case may be), the particulars of which are as follows:

Lenders	**Debtors**	**Prevailing interest rate**	**Maturity date**	**Principal amount outstanding as at 31 December 2024**	**Accrued interest as at 31 December 2024**
SMT	Target Company	3 months LIBOR + 100 basis points*(Note 1)*	31.12.2020	US$9,554,000 (approximately HK$74,185,000)	US$3,057,000 (approximately HK$23,737,000)
SMT	MyHD	3 months LIBOR + 100 basis points*(Note 1)*	31.12.2020	US$10,500,000 (approximately HK$81,531,000)	US$3,099,000 (approximately HK$24,063,000)
SMT	MyHD	10% per annum*(Note 2)*	31.12.2020	US$42,653,000 (approximately HK$331,193,000)	US$45,425,000 (approximately HK$352,716,000)
The Company	MyHD	10% per annum*(Note 2)*	31.12.2020	US$8,591,000 (approximately HK$66,708,000)	US$9,144,000 (approximately HK$71,006,000)
			Total	US$71,298,000 (approximately HK$553,617,000)	US$60,725,000 (approximately HK$471,522,000)

Notes:

1. As a reference, 3 months London inter-bank offered rates ("**LIBOR**") as applicable to these two loans during the period between 1 May 2012 to 31 December 2024 ranged between 0.11775% and 5.54543%.

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

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

The Vendor had also agreed that the Guarantee given by the Company to MyHD shall continue for the time being after the Completion. The maximum amount payable by the Company under the Guarantee would not exceed US$3,500,000 (equivalent to HK$27,332,000). Notwithstanding that MyHD ceased its operation in late 2019, the Company has not received any demand for payment from MyHD under the Guarantee. As at 31 December 2023 and 2024, the Group had recognised the provision for financial guarantee in the amount of US$3,500,000 (equivalent to HK$27,332,000) in relation to the Guarantee.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Saved as disclosed in this announcement, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

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 (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 the 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 the 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 the 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.

For the year ended 31 December 2024, the change in fair value was recognised in profit or loss arising from investment properties under the joint operation amounted to HK$87,880,000 (2023: HK$24,253,000). As at 31 December 2024, investment properties of HK$79,957,000 (2023: Nil) and investment properties under development of HK$51,533,000 (2023: HK$42,539,000) are recognised based on the Allocation of the joint operation.

As at 31 December 2024, the Group has recognised a deposit received from Huasuan of HK$64,795,000 (2023: HK$66,211,000) (Note 11) and an amount due to Huasuan of HK$63,857,000 included in other payables (Note 11) (2023: an amount due from Huasuan of HK$41,987,000 included in other receivables (Note 10)).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2024, the Company has applied the principles and has complied with all the mandatory disclosure requirements and the code provisions ("**Code Provision(s)**") of the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code ("**Corporate Governance Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except for the deviation with following reason.

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

Mr. Kuo Jen Hao, a non-executive Director and chairman of the Board, Mr. Wu Chia Ming and Mr. Lu Ming-Shiuan, both independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 7 June 2024 due to their respective other engagements.

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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 during the year ended 31 December 2024.

As at 31 December, 2024, the Company did not hold any treasury shares.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out in the Model Code throughout the year ended 31 December 2024. No incident of non-compliance was noted by the Company for the year ended 31 December 2024.

REVIEW OF ANNUAL RESULTS

The consolidated financial results of the Group for the year ended 31 December 2024 and the figures in respect of the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position of the Group, and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by our auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on this announcement.

REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2024, including the accounting principles and practices adopted by the Group.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

BDO Limited (the "**Auditor**") was engaged to audit the consolidated financial statements of the Group. The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2024.

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 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 3(b) in the consolidated financial statements, which indicates that the Group incurred a net loss of HK$58,536,000 during the year ended 31 December 2024 and, as of that date, the Group's current liabilities exceeds its current assets by HK$235,488,000 and had net liabilities of HK$69,160,000. As stated in note 3(b), these conditions, along with other matters 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.

DELAY IN PUBLICATION OF THE 2024 ANNUAL RESULTS ANNOUNCEMENT

The Board wishes to provide additional information in relation to the announcement dated 19 March 2025 and the subsequent announcements of the Company in relation to the delay in publication of the annual results announcement of the Group for the year ended 31 December 2024 (the "**2024 Annual Results Announcement**"), postponement of Board meeting to consider and approve the 2024 Annual Results Announcement and suspension of trading in the shares of the Company (collectively, the "**Announcements**").

As disclosed in the Announcements, the Company was unable to publish the 2024 Annual Results Announcement on time due to delay in the audit process of certain overseas subsidiaries of the Component (as defined below). Specifically, KPMG Taiwan, serving as the component auditor (the "**Component Auditor**") of Pro Brand Technology (TW) Inc. ("**Pro Brand**" or "**Component**"), expressed that they were not able to provide the required reporting packages of Pro Brand to the Auditor on time and by 31 March 2025, for the audit of the Group. Consequently, the audit of the consolidated financial statements of the Group would not be able to be completed on or before 31 March 2025. The Company holds 59.1% interest in Pro Brand. Pro Brand is a non-wholly owned subsidiary of the Company and represents a significant part of the Group. Pro Brand principally engages in manufacturing satellite television equipment and antenna products. The operations of Pro Brand are mainly in the PRC, the US, Taiwan, India and Vietnam. Based on the annual report of the Company for the year ended 31 December 2023, Pro Brand contributed a revenue of approximately HK$377.1 million for the year ended 31 December 2023. Pro Brand contributed a loss of approximately HK$20.5 million to the Group's overall loss for the year ended 31 December 2023. The assets and liabilities of Pro Brand had been consolidated into the Group's financial statements on a line-by-line basis, with a net asset amounted to HK$168.1 million as at 31 December 2023.

As disclosed in the Announcements, due to the loss of the finance personnel of the Component and the fact that the Group was not able to timely recruit suitable and qualified persons with the required experience, the Component was not able to timely provide all the required information to the Component Auditor for the Component Auditor to carry out the audit of the Component. Also, the delay in the audit process as aforesaid stems from a change in audit approach, necessitated by the India subsidiary's business growth which accounts for a larger portion of Pro Brand's results compared to the previous year, adopted by the Component Auditor. The business growth of the India subsidiary of Pro Brand has prompted the Component Auditor to transit from the high-level analytical review previously employed to more comprehensive audit procedures, including vouching and confirmation arrangements. The situation has become further complicated by personnel losses in the India office of Pro Brand and the inability to timely recruit suitable and qualified persons, creating additional challenges for Pro Brand in providing all the required information to the Component Auditor and completing the expanded scope of work in a timely manner as aforesaid. Subsequently after Pro Brand has provided all the outstanding information the Component Auditor required for the audit of the Component, the Component Auditor was not able to allocate adequate resources to carry out the audit of the Component before it could resume the outstanding audit work and provide the required reporting packages to the Auditor for the Auditor to complete the audit of the Group.

As disclosed in the Announcements, the delay in the audit process of the Group as aforesaid was procedural rather than indicative of substantive accounting or financial reporting issues within the Group.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT

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

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

As disclosed in the Announcements, owing to the delay in the publication of the 2024 Annual Results Announcement, the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**") was not despatched and the Environmental, Social and Governance Report of the Company regarding the period from 1 January 2024 to 31 December 2024 (the "**ESG Report**") was not published by the Company by 30 April 2025. The Company will keep the Shareholders and potential investors updated on the expected date of the despatch of the 2024 Annual Report and the publication of the ESG Report in due course.

DELAY IN PUBLICATION OF 2025 INTERIM RESULTS ANNOUNCEMENT AND DESPATCH OF 2025 INTERIM REPORT

As disclosed in the announcement of the Company dated 21 August 2025, as the publication of the 2024 Annual Results Announcement was still pending, the Company would not publish preliminary announcement for the interim results of the Group for the six months ended 30 June 2025 (the "**2025 Interim Results Announcement**") by 31 August 2025. The Company anticipates it will publish the 2025 Interim Results Announcement by or before end of September 2025. It is also expected that the despatch of the interim report of the Group for the six months ended 30 June 2025 (the "**2025 Interim Report**") will also be delayed to a date after 30 September 2025. The Company will publish further announcement(s) to keep the Shareholders and potential investors informed in relation to the publication of the 2025 Interim Results Announcement and the despatch of the 2025 Interim Report as and when appropriate.

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