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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 2025

FINANCIAL HIGHLIGHTS

- The Group's revenue for the year was approximately HK\$449.7 million.
- The Group's loss before finance costs, income tax expense, depreciation and amortisation for the year was approximately HK\$100.2 million.
- The Group's loss for the year was approximately HK\$158.2 million.
- The Group's loss for the year attributable to owners of the Company was approximately HK\$114.6 million.
- The Group's basic loss per share for the year was approximately HK93.1 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 annual results of the Group for the year ended 31 December 2025.

The financial performance of the Group was not satisfactory for the year ended 31 December 2025. As a result of the tight monetary policy globally and the trade war, the revenue of the Group’s products has decreased when compared with the same corresponding period in 2024. 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 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.

To strengthen the financial position of the Group, on 24 October 2025, the Company proposed inter alia, capital reorganisation involving the share consolidation and capital reduction of the Company on the basis that ten issued and unissued shares were consolidated into one adjusted share with par value of HK\$0.1 each in the share capital of the Company and the rights issue on the basis of one rights share for every one adjusted share in issue on the record date. The capital reorganisation became effective on 25 March 2026.

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

BUSINESS OVERVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHT AND BUSINESS OVERVIEW

The Group recorded an increase in gross profit ratio from approximately 9.90% for the year ended 31 December 2024 to approximately 9.99% for the year ended 31 December 2025 due to the improvement in products profit margin of the Group's media entertainment platform related products and other multimedia products segments.

The Group's loss before finance costs, income tax expense, depreciation and amortisation was approximately HK\$100,194,000 (2024: earnings of approximately HK\$14,682,000).

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 decreased by approximately 78.06% as compared with the year ended 31 December 2024.

- The segment revenue of media entertainment platform related products was approximately HK\$37,131,000 (2024: approximately HK\$169,268,000).
- The segment results from operations were approximately HK\$5,181,000 (2024: approximately HK\$12,330,000).
- The segment margin was approximately 13.95% as compared with segment margin of approximately 7.28% in 2024.

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 decreased by approximately 7.20% as compared with the year ended 31 December 2024.

- The segment revenue of other multimedia products was approximately HK\$95,356,000 (2024: approximately HK\$102,752,000).
- The segment results from operations were approximately HK\$12,092,000 (2024: approximately HK\$6,091,000).
- The segment margin was approximately 12.68% as compared with the segment margin of approximately 5.93% in 2024.

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 in North America. The revenue of this segment decreased by approximately 15.78% as compared with the year ended 31 December 2024, while the segment results decreased by approximately 38.94%.

- The segment revenue of satellite TV equipment and antenna products was approximately HK\$317,242,000 (2024: approximately HK\$376,669,000).

- The segment results from operations were approximately HK\$11,462,000 (2024: approximately HK\$18,773,000).
- The segment margin was approximately 3.61% as compared with the segment margin of approximately 4.98% for the year ended 31 December 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 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 2025 was approximately HK\$162,408,000, compared with the year ended 31 December 2024 which was approximately HK\$235,542,000, representing a decrease of approximately 31.05%.
- The Group’s revenue from Asia accounted for approximately 36.11% of the Group’s total revenue for the year ended 31 December 2025 (2024: approximately 36.31%).

EUROPE

- The Group’s revenue from Europe for the year ended 31 December 2025 was approximately HK\$44,483,000, compared with the year ended 31 December 2024 which was approximately HK\$81,932,000, representing a decrease of approximately 45.71%.
- The Group’s revenue from Europe accounted for approximately 9.89% of the Group’s total revenue for the year ended 31 December 2025 (2024: approximately 12.63%).

MIDDLE EAST

- The Group's revenue from the Middle East for the year ended 31 December 2025 was approximately HK\$22,047,000, compared with the year ended 31 December 2024 which was approximately HK\$13,678,000, representing an increase of approximately 61.19%.
- The Group's revenue from the Middle East accounted for approximately 4.90% of the Group's total revenue for the year ended 31 December 2025 (2024: approximately 2.11%).

NORTH AMERICA

- The Group's revenue from North America for the year ended 31 December 2025 was approximately HK\$216,051,000, compared with the year ended 31 December 2024 which was approximately HK\$299,419,000, representing a decrease of approximately 27.84%.
- The Group's revenue from North America accounted for approximately 48.04% of the Group's total revenue for the year ended 31 December 2025 (2024: approximately 46.16%).

SOUTH AMERICA

- The Group's revenue from South America for the year ended 31 December 2025 was approximately HK\$4,332,000, compared with the year ended 31 December 2024 which was approximately HK\$17,449,000, representing a decrease of approximately 75.17%.
- The Group's revenue from South America accounted for approximately 0.96% of the Group's total revenue for the year ended 31 December 2025 (2024: approximately 2.69%).

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 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	4	449,729	648,689
Cost of sales		(404,795)	(584,490)
Gross profit		44,934	64,199
Other income, gains and losses		69,242	35,281
Increase in fair value of investment properties		697	72,878
Distribution and selling costs		(16,199)	(27,005)
Administrative and other expenses		(122,462)	(100,939)
Research and development costs		(18,630)	(22,873)
Provision for expected credit losses on financial assets		(29,881)	(12,406)
Impairment loss on goodwill		(17,627)	(16,000)
Impairment loss on other non-financial assets		(28,845)	–
Finance costs		(28,746)	(29,363)
Share of loss of an associate		–	(4)
Loss before income tax		(147,517)	(36,232)
Income tax expense	5	(10,690)	(22,304)
Loss for the year	6	(158,207)	(58,536)
Other comprehensive income, net of tax			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
– Gain on revaluation of properties upon transfer of property, plant and equipment to investment properties, net of tax		22,594	14,933
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation of foreign operations		(15,477)	11,406
Other comprehensive income for the year		7,117	26,339
Total comprehensive income for the year		(151,090)	(32,197)

	2025	2024
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to:		
– Owners of the Company	(114,593)	(30,571)
– Non-controlling interests	(43,614)	(27,965)
	<u>(158,207)</u>	<u>(58,536)</u>
Total comprehensive income for the year attributable to:		
– Owners of the Company	(100,123)	(6,042)
– Non-controlling interests	(50,967)	(26,155)
	<u>(151,090)</u>	<u>(32,197)</u>
	8	
	<i>HK cents</i>	<i>HK cents</i> (Restated)
Loss per share		
– Basic	<u>(93.1)</u>	<u>(24.8)</u>
– Diluted	<u>(93.1)</u>	<u>(24.8)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	<i>Notes</i>	2025	2024
		HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		22,542	95,338
Investment properties		352,502	307,084
Goodwill		–	13,480
Intangible assets		4,383	5,585
Interest in an associate		–	–
Other receivables	10	3,446	4,418
Deferred tax assets		2,556	4,352
		<hr/>	<hr/>
Total non-current assets		385,429	430,257
Current assets			
Inventories		39,175	98,672
Trade, bills and other receivables	10	174,700	219,184
Loan receivables		–	–
Loan to an associate	9	5,330	14,617
Amount due from an associate	9	10,822	28,293
Pledged bank deposits		5,462	4,636
Bank balances and cash		76,538	64,612
		<hr/>	<hr/>
Total current assets		312,027	430,014
Current liabilities			
Trade, bills and other payables	11	365,326	388,499
Contract liabilities		18,171	20,156
Tax liabilities		11,588	10,475
Bank and other borrowings		206,185	211,266
Provision for financial guarantee		27,332	27,332
Lease liabilities		8,560	7,774
		<hr/>	<hr/>
Total current liabilities		637,162	665,502
Net current liabilities		<hr/> (325,135)	<hr/> (235,488)
Total assets less current liabilities		<hr/> 60,294	<hr/> 194,769

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Bank and other borrowings	143,710	135,765
Deferred tax liabilities	96,879	84,870
Lease liabilities	27,544	43,294
	<hr/>	<hr/>
Total non-current liabilities	268,133	263,929
	<hr/>	<hr/>
Net liabilities	(207,839)	(69,160)
	<hr/> <hr/>	<hr/> <hr/>
Capital and reserves		
Share capital	123,040	123,040
Reserves	(282,898)	(187,442)
	<hr/>	<hr/>
Capital deficiency attributable to owners of the Company	(159,858)	(64,402)
Non-controlling interests	(47,981)	(4,758)
	<hr/>	<hr/>
Capital deficiency	(207,839)	(69,160)
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NOTES

FOR THE YEAR ENDED 31 DECEMBER 2025

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 Company and its subsidiaries (hereafter referred to as 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 2025

In the current year, the Group has applied for the first time the following amendments to HKFRS Accounting Standards, 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

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 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

The directors of the Company (“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 Hong Kong Institute of Certified Public Accountants (“**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\$158,207,000 for the year ended 31 December 2025 and as of that date, the Group had net current liabilities and net liabilities of HK\$325,135,000 and HK\$207,839,000 respectively. As at 31 December 2025, the Group’s current bank and other borrowings amounted to HK\$206,185,000, which mainly comprised bank borrowings of HK\$35,757,000 repayable within one year and are subject to renewal and other loan of HK\$155,666,000 that is repayable on demand. Whilst the Group had cash and bank balances of HK\$76,538,000 only as at 31 December 2025. These conditions may cast significant doubt on the Group’s ability to continue as a going concern.

In view of these circumstances, in preparing the consolidated financial statements of the Group for the year ended 31 December 2025, the Directors have given careful consideration to the Group’s future liquidity, performance and available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least twelve months from the end of the reporting period. The Directors have prepared a cash flow forecast covering a 15-month period from the end of the reporting period (“**Cash Flow Forecast**”), and taking into account the following plans and measures:

- (1) Included in the Group’s current bank and other borrowings as at 31 December 2025 was other loan (the “**Loan**”) with principal of US\$20,000,000, equivalent to approximately HK\$155,666,000. The Loan was initially scheduled to be repaid in April 2025 but remained outstanding as at 31 December 2025.

Pursuant to the letters of intent dated 10 September 2025 and 12 February 2026 entered into between the Company and the lender of the Loan (the “**Lender**”), the Company proposed and the Lender agreed to:

- (i) extend the repayment date of the outstanding principal amount of the Loan from 23 April 2025 to 22 April 2027, subject to repayment of the outstanding interest up to the payment date in full by 30 June 2026 (**Scenario 1**); or
- (ii) extend the repayment date of the outstanding principal of the Loan from 23 April 2025 to 22 April 2027 and waive 50% of the outstanding interest accrued up to 31 December 2025, subject to repayment of the principal of the Loan in the sum of US\$10 million (equivalent to approximately HK\$78 million) and payment of 50% of the outstanding interest accrued up to 31 December 2025 by 30 June 2026 (**Scenario 2**).

Notwithstanding the above repayment proposal, the Loan has not been legally extended and the Lender may enforce its right to demand immediately repayment at its discretion.

As at 31 December 2025, the outstanding interest of the Loan amounted to HK\$21,055,000 (included in other payables) and the interest that would be waived under Scenario 2 had the conditions been met amounted to approximately HK\$10.5 million.

The funding required under Scenario 1 and Scenario 2 are estimated to be HK\$28.1 million and HK\$88.5 million respectively.

In connection to the above repayment proposals, the Company proposed to implement a rights issue on the basis of one rights share for every one adjusted share (as adjusted as a result of the proposed capital reorganisation as mentioned below) held on the record date at the subscription price of HK\$0.75 per rights share (the “**Rights Issue**”). The Company intends to apply the proceeds of the Rights Issue to finance the above repayment proposal.

Up to the date of approval of these consolidated financial statements, the Rights Issue was approved by the independent shareholders in the special general meeting held on 23 March 2026 and the proposed capital reorganisation of the share capital of the Company, being one of the conditions of the Right Issues, became effective on 25 March 2026. Despite the Rights Issue has not yet been completed on the date of approval of these consolidated financial statements, the Directors assessed that the Right Issues will be duly completed in May 2026, and the net proceeds generated from the Right Issues would amount to HK\$90.2 million, assuming 123,040,372 rights shares are fully subscribed, or HK\$21.0 million, assuming subscription only by all connected persons of the Company.

- (2) As of the date of approval of these consolidated financial statements, the Group has unutilised bank facilities totalling HK\$116 million.

- (3) Based on the recent communication with the banks providing facilities, the Group expects to renew most of its existing banking facilities on the basis that the Group has complied with the terms of the loan arrangements and that, based on the Directors' experience and communication with relevant banks, there remains sufficient headroom in the credit enhancements, mainly security of the investment properties, provided by the Group over the outstanding borrowings.
- (4) The Group has put effort in boosting its sales performance particularly the satellite TV equipment and antenna products segment. Also, the management would adopt costs control measures to enhance operating cash flows.

Sensitivity analysis has also been performed by considering reasonably possible changes of the key parameters in the Cash Flow Forecast.

Based on the Cash Flow Forecast and the sensitivity analysis, the Group will 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 the reporting period. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, the use of the going concern basis depends on successful implementation of the above plans and measures and there are inherent uncertainties associated with the future outcome of the Cash Flow Forecast that, inter alia, includes (i) the subscription level of the Rights Issue given the Rights Issue is on a non-underwritten basis; (ii) whether the repayment date of the outstanding principal of the Loan could be extended to 22 April 2027; (iii) whether the Group is able to timely renew its bank borrowings and facilities as they fall due throughout the period covered by the Cash Flow Forecast; and (iv) whether the Group's business outlook will not significantly deteriorate or deviate from the Directors' expectation and costs control measures could be effectively implemented without adversely affecting the Group's operations.

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 carrying values of the Group's assets to their estimated net realisable value, 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 adjustments have not been reflected in these 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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Media entertainment platform related products	37,131	169,268
Other multimedia products	95,356	102,752
Satellite TV equipment and antenna products	<u>317,242</u>	<u>376,669</u>
	<u><u>449,729</u></u>	<u><u>648,689</u></u>

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 2025

	Media entertainment platform related products <i>HK\$'000</i>	Other multimedia products <i>HK\$'000</i>	Satellite TV equipment and antenna products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
External sales	<u>37,131</u>	<u>95,356</u>	<u>317,242</u>	<u>449,729</u>
Results				
Segment results	<u>5,181</u>	<u>12,092</u>	<u>11,462</u>	28,735
Provision for expected credit losses on loan to an associate				(9,287)
Provision for expected credit losses on the amount due from an associate				(19,678)
Provision for expected credit losses on trade receivables				(916)
Impairment loss on goodwill				(17,627)
Impairment loss on other non-financial assets				(28,845)
Other income, gains and losses				69,242
Research and development costs				(18,630)
Administrative and other expenses				(122,462)
Finance costs				(28,746)
Net increase in fair value of investment properties				<u>697</u>
Loss before income tax				<u>(147,517)</u>

Year ended 31 December 2024

	Media entertainment platform related products <i>HK\$'000</i>	Other multimedia products <i>HK\$'000</i>	Satellite TV equipment and antenna products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
External sales	<u>169,268</u>	<u>102,752</u>	<u>376,669</u>	<u>648,689</u>
Results				
Segment results	<u>12,330</u>	<u>6,091</u>	<u>18,773</u>	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				<u>72,878</u>
Loss before income tax				<u>(36,232)</u>

Segment results represent the profit earned by each segment without allocation of provision for/reversal of expected credit losses, impairment loss on goodwill, impairment loss on other non-financial assets, 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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
The tax charge/(credit) comprises:		
Current tax:		
– the PRC	2,858	2,904
– Jurisdictions other than the PRC and Hong Kong	<u>52</u>	<u>(483)</u>
	<u>2,910</u>	<u>2,421</u>
Under/(over)-provision in prior years:		
– the PRC	2,184	(1,981)
– Jurisdictions other than the PRC and Hong Kong	<u>99</u>	<u>(10)</u>
	<u>2,283</u>	<u>(1,991)</u>
Deferred taxation:		
– Current year	<u>5,497</u>	<u>21,874</u>
	<u>10,690</u>	<u>22,304</u>

The tax rates applicable to the Group's principal operating subsidiaries for the years ended 31 December 2025 and 2024 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% (2024: 21%) and States Income Tax at 6% (2024: 6%).

(iv) **Europe**

The Group's European subsidiaries are subject to profit tax rates at a range of 25% to 30% (2024: 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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year has been arrived at after charging/(crediting):		
Auditor's remuneration	2,255	2,210
Directors' emoluments	3,007	3,125
Other staff costs	71,511	70,239
Contributions to defined contribution plans, excluding Directors	<u>2,278</u>	<u>2,010</u>
Total employee benefit expenses (<i>Note (ii)</i>)	<u>76,796</u>	<u>75,374</u>
Carrying amount of inventories sold	410,745	588,935
Reversal of inventory provision (<i>Note (i)</i>)*	<u>(5,950)</u>	<u>(4,445)</u>
Cost of inventories recognised as expenses	<u>404,795</u>	<u>584,490</u>
Provision for expected credit losses on loan to an associate	9,287	4,962
Provision for expected credit losses on amount due from an associate	19,678	9,834
Provision/(reversal of) for expected credit losses on trade receivables	<u>916</u>	<u>(2,390)</u>
Provision for expected credit losses on financial assets	<u>29,881</u>	<u>12,406</u>
Depreciation of property, plant and equipment (<i>Note (iii)</i>)	7,587	9,408
Depreciation of right-of-use assets (<i>Note (iii)</i>)	10,447	11,580
Amortisation of intangible assets (<i>Note (i)</i>)	543	536
Direct operating expenses arising from investment properties that generate rental income	508	1,024
Loss on disposal of intangible assets	1,018	–
Loss on disposal of property, plant and equipment	<u>1,866</u>	<u>178</u>

Note (i): Included in cost of sales

Note (ii): Included in the total employee benefit expenses is an aggregate amount of HK\$2,296,000 (2024: HK\$2,028,000) in respect of contributions to defined contribution plans, including Directors.

Note (iii): Depreciation charges are recognised in the cost of sales of approximately HK\$4,483,000 (2024: approximately HK\$4,585,000), distribution and selling costs of approximately HK\$129,000 (2024: approximately HK\$148,000) and administrative and other expenses of approximately HK\$13,422,000 (2024: approximately HK\$16,255,000) for the year ended 31 December 2025.

* 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 2025 (2024: 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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purposes of calculating basic loss per share	<u>(114,593)</u>	<u>(30,571)</u>
	2025	2024 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	123,040,372	123,040,372
Basic and diluted loss per share (<i>HK cents</i>)	<u>(93.1)</u>	<u>(24.8)</u>

The proposed capital reorganisation of the share capital of the Company was completed on 25 March 2026, pursuant to which every ten issued and unissued ordinary shares were consolidated into one share of the Company and the number of consolidated shares was rounded down to the nearest whole number by disregarding each and every fractional consolidated share which would otherwise arise. The weighted average number of shares for calculating basic loss per share have been adjusted on the assumption that the share consolidation has been effective in both years accordingly, comparative figures was restated.

Diluted loss per share

Diluted loss per share for each of the two years ended 31 December 2025 and 2024 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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current assets		
Loan to an associate (<i>Note (i)</i>)	<u>5,330</u>	<u>14,617</u>
Trade receivables (<i>Note (ii)</i>)	9,609	25,595
Interest receivable on loan receivables	<u>1,213</u>	<u>2,698</u>
Amount due from an associate	<u>10,822</u>	<u>28,293</u>

Notes:

- (i) The loan is unsecured and bears interest at a fixed rate of 4.75% (2024: 4.75%) per annum. The loan to an associate will mature on 31 December 2026 (2024: 31 December 2025).
- (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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
More than 360 days	<u>9,609</u>	<u>25,595</u>

Expected credit losses on trade receivables due from and loan to an associate was provided in accordance with the Group's accounting policy.

Based on the Group's assessment, the Group recognised the provision for expected credit losses on trade receivables due from an associate of HK\$19,678,000 (2024: HK\$9,834,000) and provision for expected credit losses on loan to an associate of HK\$9,287,000 (2024: HK\$4,962,000) during the year.

10. TRADE, BILLS AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade and bills receivables	87,729	90,244
Other receivables (<i>Note</i>)	<u>90,417</u>	<u>133,358</u>
Total trade, bills and other receivables	<u>178,146</u>	<u>223,602</u>
Represented by:	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current assets	3,446	4,418
Current assets	<u>174,700</u>	<u>219,184</u>
	<u>178,146</u>	<u>223,602</u>

Note: As at 31 December 2025, other receivables included rental deposits of HK\$9,426,000 (2024: HK\$37,467,000), among which rental deposits of HK\$3,446,000 are non-current assets (2024: HK\$4,418,000). 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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0-30 days	78,332	82,038
31-90 days	14,078	9,097
91-180 days	2,485	2,454
More than 180 days	<u>100,592</u>	<u>115,414</u>
	195,487	209,003
<i>Less:</i> Loss allowance	<u>(107,758)</u>	<u>(118,759)</u>
	<u>87,729</u>	<u>90,244</u>

The other classes within trade, bills and other receivables do not contain impaired assets. Expected credit losses on trade receivables was provided in accordance with the Group's accounting policy. Based on the Group's assessment, the provision for expected credit losses on trade receivables of HK\$916,000 (2024: reversal of expected credit losses of HK\$2,390,000) was recognised during the year.

11. TRADE, BILLS AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	170,150	174,898
Bills payables	426	823
Deposits received	66,430	64,795
Other payables and accruals (<i>Note</i>)	<u>128,320</u>	<u>147,983</u>
	<u>365,326</u>	<u>388,499</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0-30 days	123,613	123,310
31-90 days	7,305	8,281
91-360 days	13,888	15,255
More than 360 days	<u>25,770</u>	<u>28,875</u>
	<u>170,576</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\$1,697,000 (2024: HK\$1,515,000) 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 2025, the overall cash and cash equivalent of the Group was approximately HK\$76.5 million (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 approximately 0.49 at 31 December 2025 (2024: approximately 0.65). As at 31 December 2025, the Group's total borrowings were approximately HK\$386.0 million (2024: approximately HK\$398.1 million), out of which approximately HK\$214.7 million (2024: approximately HK\$219.0 million) were due within one year and the rest of approximately HK\$171.3 million (2024: approximately HK\$179.1 million) were due over one year. Approximately 52.8% of the Group's bank and other borrowings were in US dollars ("US\$") 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 2.38% to 12.00% per annum. The gearing ratio (total borrowings over total assets of the Group) increased from approximately 46.28% at 31 December 2024 to approximately 55.34% at 31 December 2025.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2025, except the Equity Pledge (as defined below) and the Land Pledge (as defined below) disclosed in the section headed "Cooperation Agreement and JV Agreement in Relation to the 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 HK\$5.5 million; (ii) property, plant and equipment with a carrying value of HK\$0.7 million; (iii) investment properties of HK\$352.5 million; (iv) trade receivables of HK\$31.0 million; and (v) 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, management continuously assesses 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 RMB120,286,000 (equivalent to approximately HK\$133,177,000) (2024: RMB126,149,000 (equivalent to approximately HK\$136,230,000)) 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.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Save as disclosed in the section headed "Capital Reorganisation and Rights Issue" below, there was no other material event subsequent to the end of the Reporting Period and up to the date of this announcement.

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 next hearing is scheduled on 30 April 2026.

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 2024 and 2025.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

This decision reflects the Board’s commitment to preserving funds for future strategic initiatives and operational needs, ensuring the Company remains well-positioned for long-term growth and resilience.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2025, the Group employed a total of 856 (2024: 1,116) 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 2025 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 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 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 2025, the Existing Loans which were past due amounted to an aggregate amount of US\$144,508,000, 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\$73,210,000 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 2025	Accrued interest as at 31 December 2025
SMT	Target Company	3 months LIBOR + 100 basis points ^(Note 1)	31.12.2020	US\$9,554,000 (approximately HK\$74,362,000)	US\$3,635,000 (approximately HK\$28,292,000)
SMT	MyHD	3 months LIBOR + 100 basis points ^(Note 1)	31.12.2020	US\$10,500,000 (approximately HK\$81,725,000)	US\$3,734,000 (approximately HK\$29,063,000)
SMT	MyHD	10% per annum ^(Note 2)	31.12.2020	US\$42,653,000 (approximately HK\$331,981,000)	US\$54,807,000 (approximately HK\$426,579,000)
The Company	MyHD	10% per annum ^(Note 2)	31.12.2020	US\$8,591,000 (approximately HK\$66,866,000)	US\$11,034,000 (approximately HK\$85,881,000)
			Total	US\$71,298,000 (approximately HK\$554,934,000)	US\$73,210,000 (approximately HK\$569,815,000)

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 2025 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 recognised on the outstanding loan principal for the year ended 31 December 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 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 2024 and 2025, 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 2025.

Deemed Disposal

Pro Brand Technology (TW) Inc., a non-wholly owned subsidiary of the Company, underwent a rights issue. The rights issue was completed on 24 November 2025. Since the Company did not participate in the rights issue, the equity interest of the Group in the subsidiary has been diluted from approximately 59.1% to approximately 54.2% upon completion of the rights issue, constituting a deemed disposal of equity interest in the subsidiary by the Company under Rule 14.29 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

CAPITAL REORGANISATION AND RIGHTS ISSUE

References are made to the announcements of the Company dated 24 October 2025, 14 November 2025, 25 November 2025, 5 December 2025, 8 December 2025, 24 December 2025, 16 January 2026, 6 February 2026, 12 February 2026, 23 March 2026, 24 March 2026 and the circular of the Company dated 27 February 2026 in relation to, among other things, the capital reorganisation and rights issue of the Company (the “**Capital Reorganisation and Rights Issue Announcements and Circular**”). Unless otherwise specified herein, capitalised terms used herein shall have the same meanings as those defined in the Capital Reorganisation and Rights Issue Announcements and Circular.

The Capital Reorganisation comprised, among other things, the Share Consolidation, the Capital Reduction and the Share Premium Reduction on the basis that every ten issued and unissued Existing Shares of a par value of HK\$0.10 each shall be consolidated into one Consolidated Share of a par value of HK\$1.00 each in the share capital of the Company. Immediately after the Share Consolidation and Capital Reduction, the issued share capital of the Company was reduced by (i) rounding down the number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (ii) cancelling the paid-up capital of the Company to the extent of HK\$0.90 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share was reduced from HK\$1.00 to HK\$0.10. The credit arising from the Capital Reduction was credited to the contributed surplus account of the Company within the meaning of the Companies Act and then was applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reorganisation, thereby reducing the accumulated losses of the Company. The Capital Reorganisation was approved by the Shareholders at the SGM held on 23 March 2026 and became effective on 25 March 2026.

As a result, the amount of HK\$110,736,335.25 standing to the credit of the share premium account of the Company was reduced to nil and that the credit arising therefrom was transferred to the contributed surplus account of the Company.

Upon the Capital Reorganisation becoming effective, the Company will conduct a Rights Issue to raise approximately HK\$92.3 million before expenses by issuing 123,040,372 Rights Shares, on the basis of one Rights Share for every one Adjusted Share in issue on the Record Date then held at the Subscription Price of HK\$0.75 per Rights Share, representing a premium of approximately 2.7% to the theoretical closing price of HK\$0.73 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.073 per Share as quoted on the Stock Exchange on 23 October 2025, being the last full trading day before the release of the announcement of the Company dated 24 October 2025 in relation to the Rights Issue.

The Company considered that the Rights Issue would allow (i) the Group to improve the financial position (i.e. reducing its indebtedness and finance costs) without incurring debt financing cost and (ii) the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company, and was fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will apply the net proceeds from the Rights Issue for partial repayment of the outstanding loans of the Company as disclosed in the Capital Reorganisation and Rights Issue Announcements and Circular. As at the date of this announcement, it is expected that the Rights Issue will proceed according to the timetable disclosed in the Capital Reorganisation and Rights Issue Announcements and Circular.

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 (the “**Redevelopment**”).

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.

* *For identification purpose only*

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 nearly completed.

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 2024, 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 2025, the change in fair value was recognised in profit or loss arising from investment properties under the joint operation amounted to loss of HK\$36,699,000 (2024: gain of HK\$87,880,000). As at 31 December 2025, investment properties of HK\$96,053,000 (2024: HK\$79,957,000 and investment properties under development of HK\$51,533,000) are recognised based on the Allocation of the joint operation.

As at 31 December 2025, the Group has recognised a deposit received from Huasuan of HK\$66,430,000 (2024: HK\$64,795,000).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2025, 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 Listing Rules, except for the deviation with following reason.

Under Code Provision F.1.3 of the Corporate Governance Code, chairman of the Board should attend general meetings.

Mr. Kuo Jen Hao, a non-executive Director and chairman of the Board was unable to attend the annual general meeting of the Company held on 30 June 2025 due to his 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 2025.

As at 31 December 2025, 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 2025. No incident of non-compliance was noted by the Company for the year ended 31 December 2025.

REVIEW OF ANNUAL RESULTS

The consolidated financial results of the Group for the year ended 31 December 2025 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 2025 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 2025. 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 2025, 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 2025.

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 2025, 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 2025, 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) to the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$158,207,000 during the year ended 31 December 2025 and, as of that date, the Group’s current liabilities exceeds its current assets by HK\$325,135,000 and the Group had net liabilities of HK\$207,839,000. 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.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend, speak and vote at the forthcoming annual general meeting of the Company to be held on Tuesday, 30 June 2026, the register of members of the Company ("**Register of Members**") will be closed as appropriate as set out below:

Latest time to lodge transfer documents accompanied by the relevant share certificates for registration with the Branch Share Registrar	No later than 4:30 p.m. on Wednesday, 24 June 2026
Record Date	Tuesday, 30 June 2026
Closure of the Register of Members	Thursday, 25 June 2026 to Tuesday, 30 June 2026 (both days inclusive)

For purpose mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Branch Share Registrar, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong no later than the aforementioned latest time.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website (www.sandmartin.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2025 containing all the information required by the Listing Rules will be disseminated and despatched to Shareholders and published on the above websites in due course.

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

Hong Kong, 31 March 2026

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