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 DECEMBER 31, 2016

Financial Highlights

- Group turnover were HK$1,801.5 million
- Loss for the year were HK$107.4 million
- Loss attributable to shareholders were HK$77.7 million
- Basic loss per share were HK 6.2 cents

* *For identification purpose only*

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

During 2016, it was a challenging year for Sandmartin International Holdings Limited ("SMT" or our "Group"), the overall market remained sluggish in its recovery as the general economy was uncertain, especially in European market and MEMA (Middle East, Mediterranean, and Africa) markets, the Group could not be immune from this macro business environment. Despite this short-term depression in those markets, I am confident in North American market as its economy is being recovered.

Although the total revenue of the Group is increasing due to the economic recovery of North America, as well as new business opportunities in India, however, those business is still in early stage, and huge amount of capital expenditure is needed. We shall target on new business which is correlated to our Digital Entertainment Value Chain Business, for example, we acquired 51% shareholding of MyHD Media FZ LLC ("MyHD") and the transaction is completed in July 2016, we have launched the GOBX project with Middle East Broadcasting Center (''MBC''), a renowned Broadcaster in Middle East since October 2016.

In terms of brand development which is to secure our long-term value in the midstream business and profit margin, our *Dish Home* has recorded substantial growth during the year through expanding our distribution networks. We are investing further to broaden our product range and extend sales channel penetration for our house brand products.

SMT has established itself as a trustworthy brand which distributes quality products and offers professional services for over 29 years. We will continue to build the reputable brand through enhanced brand management strategies.

The Board is pleased to recognize our team of talented colleagues for their dedication and hard work. We look forward to the further growth of SMT under their leadership.

Hung Tsung Chin
Chairman

CHIEF EXECUTIVE OFFICER REPORT

REVIEW OF OPERATIONS

Thanks with our frontline colleagues, the Group amidst achieving a good results in sales, total revenue of our Group for the year ended December 31, 2016 is increased 10.66% compared with the year ended December 31, 2015 although our gross profit margin of the Group is decreased from 10.98% to 10.17% compared with the year ended December 31, 2015.

MEDIA ENTERTAINMENT PLATFORM RELATED PRODUCTS

In 2016, although the market competition was even more fierce than before and our profit margin is affected, however, the Group's media entertainment platform related products saw a turnaround in terms of revenue, with 17.92% increases in revenue and 9.83% decreases in segment results as compared with the year ended December 31, 2015.

- Segment turnover of media entertainment platform related products was approximately HK$379,652,000.
- Segment results from operations was approximately HK$12,325,000.
- Segment margin was 3.25%, decreased by 1.00%.

Outlook

The market competition is remained fierce, therefore we are exploring new markets for our future development, for example television digitalization in India would create a great opportunity to us for our television set-top-box, one of our main products in this segment.

OTHER MULTIMEDIA PRODUCTS

In 2016, the market competition was remain intense, both revenue and profit margin of the Group's other multimedia products were adversely affected. The revenue decreased by 16.21% and the segment results decreased by 19.74% compared with the year ended December 31, 2015.

- Segment turnover of other multimedia products was approximately HK$239,353,000.
- Segment results from operations was approximately HK$23,973,000.
- Segment margin was 10.02%, decreased by 0.44%.

Outlook

We are undergoing our product portfolio enhancement and new business development, one of our major projects is the business of original design manufacturing production and distribution arrangement with a multi-national technology company of computer electronics equipment, we believe this project can achieve fruitful growth for this segment.

SATELLITE TV EQUIPMENT AND ANTENNA PRODUCTS

Despite the market competition was still fierce in 2016, however, we had developed a new products and launched in the market in early 2016, then the profitability of this segment was excellent, with over 14.89% increases in revenue and 163.27% increases in segment results compared with the year ended December 31, 2015.

- Segment turnover of satellite TV equipment and antenna products was approximately HK$1,169,525,000.
- Segment results from operations was approximately HK$104,407,000.
- Segment margin was 8.93%, increased by 5.03%.

Outlook

Year 2016 is a fruitful year for this segment as our production of new low noise blocking downconverters ("LNB(s)") has been started in the Group's Zhongshan and Dongguan production plants. LNBs are receiving devices mounted on satellite dishes used for reception, which collect radio waves from the satellite dishes and facilitates the transmission of satellite television signals, we believe this product is a milestone of this segment.

ACQUISITION OF MYHD

The Company increased its shareholding in MyHD from 11% to 51% pursuant to a subscription and shareholders agreement dated 16 May 2016 and MyHD became a 51%-owned subsidiary of the Company on 5 July 2016. MyHD is headquartered in Dubai Media City. It is principally engaged in the business of provision of Direct-to-Home services for satellite television broadcasting in 22 countries in MEMA, including Saudi Arabia, United Arab Emirates, Qatar, Kuwait and Bahrain.

Outlook

With the successful launch of GOBX in October 2016, GOBX will be a growth momentum for the satellite pay television business of MyHD in the MEMA.

GEOGRAPHICAL RESULTS

AFRICA

- Segment revenue of Africa was approximately HK$71,794,000, compared with the year ended December 31, 2015 which was approximately HK$74,577,000.
- 3.73% drop in segment revenue compared with the year ended December 31, 2015.
- Africa share 4.0% total revenue of the Group (year ended December 31, 2015: 4.6%).

ASIA

- Segment revenue of Asia was approximately HK$268,484,000, compared with the year ended December 31, 2015 which was approximately HK$238,272,000.
- 12.68% growth in segment revenue compared with the year ended December 31, 2015.
- Asia share 14.9% total revenue of the Group (year ended December 31, 2015: 14.6%).

EUROPE

- Segment revenue of Europe was approximately HK$157,281,000, compared with the year ended December 31, 2015 which was approximately HK$191,250,000.
- 17.76% drop in segment revenue compared with the year ended December 31, 2015.
- Europe share 8.7% total revenue of the Group (year ended December 31, 2015: 11.7%).

MIDDLE EAST

- Segment revenue of Middle East was approximately HK$62,522,000, compared with the year ended December 31, 2015 which was approximately HK$69,755,000.
- 10.37% drop in segment revenue compared with the year ended December 31, 2015.
- Middle East share 3.5% total revenue of the Group (year ended December 31, 2015: 4.3%).

NORTH AMERICA

- Segment revenue of North America was approximately HK$1,148,707,000, compared with the year ended December 31, 2015 which was approximately HK$953,603,000.
- 20.46% growth in segment revenue compared with the year ended December 31, 2015.
- North America share 63.8% total revenue of the Group (year ended December 31, 2015: 58.6%).

SOUTH AMERICA

- Segment revenue of South America was approximately HK$90,364,000, compared with the year ended December 31, 2015 which was approximately HK$98,631,000.
- 8.38% drop in segment revenue compared with the year ended December 31, 2015.
- South America share 5.0% total revenue of the Group (year ended December 31, 2015: 6.1%).

Outlook

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

Chen Mei Huei
Chief Executive Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	NOTES	2016 HK$'000	2015 HK$'000
Revenue	4	1,801,501	1,627,889
Cost of sales		(1,618,296)	(1,449,177)
Gross profit		183,205	178,712
Other income, gains and losses		(50,408)	(7,551)
Increase/(Decrease) in fair value of investment properties		26,906	(2,447)
Distribution and selling costs		(45,709)	(38,414)
Administrative and other expenses		(155,417)	(172,665)
Research and development costs		(41,595)	(46,135)
Share of profit of an associate		4,931	-
Finance costs		(14,653)	(9,436)
Loss before income tax expense		(92,740)	(97,936)
Income tax expense	5	(14,618)	(10,976)
Loss for the year	6	(107,358)	(108,912)
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
- Gain on revaluation of properties		-	22,523
Items that may be reclassified subsequently to profit or loss:			
- Release of exchange reserve upon disposal of subsidiaries		-	4,462
- Exchange differences on translation of foreign operations		(6,624)	(14,370)
Other comprehensive income for the year		(6,624)	12,615
Total comprehensive income for the year		(113,982)	(96,297)
Loss for the year attributable to:			
- Owners of the Company		(77,655)	(103,162)
- Non-controlling interests		(29,703)	(5,750)
		(107,358)	(108,912)

	NOTE	2016	2015
		HK$'000	HK$'000
Total comprehensive income attributable to:			
- Owners of the Company		(84,503)	(89,670)
- Non-controlling interests		(29,479)	(6,627)
		(113,982)	(96,297)

	NOTE	2016	2015
Loss per share	8		
Basic		(HK6.2cents)	(HK10.8cents)
Diluted		(HK6.2cents)	(HK10.8cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	NOTES	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		142,554	157,046
Deposit paid to an associate		46,306	46,306
Prepaid lease payments		4,859	5,350
Investment properties		146,648	124,241
Goodwill		134,874	8,523
Intangible assets		21,698	26,469
Interest in an associate		4,931	-
Available-for-sale investments		-	-
Loan to an associate		25,309	23,269
Amount due from an associate		-	14,685
Loan receivables		-	56,423
Deferred tax assets		9,134	2,263
Total non-current assets		536,313	464,575
Current assets			
Inventories		267,095	284,778
Trade, bills and other receivables	9	349,892	308,912
Prepaid lease payments		152	162
Amount due from an associate		78,256	53,201
Bond receivables		-	59,971
Pledged bank deposits		14,925	18,022
Bank balances and cash		76,065	93,236
Total current assets		786,385	818,282
Current liabilities			
Trade, bills and other payables	10	575,591	483,438
Tax liabilities		18,071	13,402
Bank and other borrowings		390,433	348,739
Obligations under finance leases		1,856	1,840
Total current liabilities		985,951	847,419
Net current liabilities		(199,566)	(29,137)
Total assets less current liabilities		336,747	435,438

	2016	2015
	HK$'000	HK$'000
Non-current liabilities		
Bank and other borrowings	1,288	1,699
Deferred tax liabilities	44,155	40,998
Obligations under finance leases	9,186	11,036
Total non-current liabilities	54,629	53,733
Net assets	282,118	381,705
Capital and reserves attributable to owners of the Company		
Share capital	131,153	104,586
Reserves	245,435	242,044
Equity attributable to owners of the Company	376,588	346,630
Non-controlling interests	(94,470)	35,075
Total equity	282,118	381,705

1. GENERAL INFORMATION

The Company is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (hereafter referred to as the "Group") principally engages in manufacturing and trading of satellite TV equipment products and other electronic goods and satellite TV broadcasting.

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

During the year, the Group has adopted all the amended HKFRSs which are first effective for the reporting year and relevant to the Group. The adoption of these amended HKFRSs did not result in material changes to the Group's accounting policies.

At the date of this results announcement, certain new and amended HKFRSs have been published but are not yet effective, and have not been early adopted by the Group.

The directors of the Company anticipate that all of the 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 impact of the new and amended HKFRSs upon initial application. So far, the directors have preliminarily concluded that the initial application of these HKFRSs will not result in material financial impact on the consolidated financial statements. Information on new and amended HKFRSs that are expected to have an impact on the Group's accounting policies is provided below.

HKFRS 9 – Financial Instruments

This standard is effective for accounting periods beginning on or after 1 January 2018. HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

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

HKFRS 9 – Financial Instruments - Continued

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

This standard is effective for accounting periods beginning on or after 1 January 2018. The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - Continued

HKFRS 16 - Leases

This standard is effective for accounting periods beginning on or after 1 January 2019. HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

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

3. BASIS OF PREPARATION

(a) Statement of compliance

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

3. BASIS OF PREPARATION - Continued

(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, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

During the year, the Group incurred a net loss of HK$107,358,000 and at the end of reporting period, the Group had net current liabilities of approximately HK$199,566,000. These conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In particular, the directors of the Company have considered the following measures: (1) As of 31 December 2016, the Group has unutilised bank loan facilities totalling HK$150,514,000 available to finance its future operations; (2) The Group obtained new loan facilities of an amount of HK$279,000,000 with repayment term of 18 months, which is pledged with the Group's 59.1% equity interests in Pro Brand Technology, Inc. and the Group is able to renew the existing banking facilities upon expiry (3) On 20 March 2017, the Company proposes the open offer of 1,967,295,000 new shares on the basis of three open offer shares for every two shares held at HK$0.12 per share (details are set out in the Company's announcement dated 20 March 2017). The open offer is conditional upon approval at the Special General Meeting and if the open offer take place, the Company will receive gross proceeds of HK$236.1 million; and (4) Although the winding up petition (HCCW 90/2017) may potentially have an impact on the open offer, company is of the view the petition is vexatious and has sought legal advice on making an application to strike out the petition.

In the opinion of the directors of the Company, the Group's forecast and projections, after taking into account of financial performance, operation as well as capital expenditure and the above financing arrangements of the Group, the Group is expected to have sufficient liquidity to finance its operations for the next twelve months subsequent to end of reporting period. Therefore, the consolidated financial statements of the Group have been prepared on a going concern basis.

3. BASIS OF PREPARATION - Continued

(b) Basis of measurement and going concern assumption - Continued

Should the proceeds from the above 4 measures be excluded, the Group will not be able to continue in business as a going concern, adjustments would have to be made to adjust the value of assets to their estimated realisable values, to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for any further liabilities which may arise. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

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

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

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

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

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

(c) Functional and presentation currency

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

4. SEGMENT INFORMATION

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

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

(i) Media entertainment platform related products

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

(ii) Other multimedia products

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

(iii) Integration of signal system and traffic communication network

Integration of signal system and traffic communication network
- provide installation and integration of signal system and traffic communication network.

(iv) Satellite TV equipment and antenna

Trading of satellite TV and antenna.

(v) Satellite TV broadcasting

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

4. SEGMENT INFORMATION - Continued

Segment revenue and results

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

Year ended December 31, 2016

	Media Entertainment platform related products	Other multimedia products	Integration of signal system and traffic communication network	Satellite TV equipment and antenna	Satellite TV broadcasting	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE						
External sales	379,652	239,353	1,430	1,169,525	11,541	1,801,501
RESULTS						
Segment results	12,325	23,973	(162)	104,407	(69,670)	70,873
Other income, gains and losses						16,215
Increase in fair value of investment properties						26,906
Research and development costs						(41,595)
Administrative and other expenses						(155,417)
Share of profit of an associate						(4,931)
Finance costs						(14,653)
Loss before income tax expense						(92,740)

4. SEGMENT INFORMATION - continued

Segment revenue and results - continued

Year ended December 31, 2015

	Media Entertainment platform related products	Other multimedia products	Integration of signal system and traffic communication network	Satellite TV equipment and antenna	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE					
External sales	321,959	285,671	2,282	1,017,977	1,627,889
RESULTS					
Segment results	13,669	29,870	126	39,658	83,323
Other income, gains and losses					49,424
Decrease in fair value of investment properties					(2,447)
Research and development costs					(46,135)
Administrative and other expenses					(172,665)
Share of profit of an associate					-
Finance costs					(9,436)
Loss before income tax expense					(97,936)

The accounting policies of the operating segments are the same as the accounting policies of the Group. Segment results represent the profit earned/loss suffered by each segment without allocation of administrative and other expenses, research and development costs, other income, gains and losses (except impairment loss on trade and other receivables and loss recognised on projects in respect of integration of signal system and traffic communication network business), changes in fair value of investment properties and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. INCOME TAX EXPENSE

	2016 HK$'000	2015 HK$'000
The tax charge comprises:		
Current tax:		
PRC	7,112	1,774
Jurisdictions other than the PRC and Hong Kong	10,995	5,688
	18,107	7,462
(Over)/Under-provision in prior years:		
PRC	62	28
Jurisdictions other than the PRC and Hong Kong	(850)	112
	(788)	140
Deferred taxation:		
Current year	(3,113)	2,962
Provision for withholding tax	412	412
	(2,701)	3,374
	14,618	10,976

The tax rates applicable to the Group's principal operating subsidiaries for the years ended 31 December 2016 and 2015 are as follows:

(i) PRC

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

(ii) Hong Kong

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

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

(iii) United States of America

The Group's subsidiaries in USA are subjected to United States Federal Income Tax at 34% and States Income Tax at 6%.

(iv) Europe

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

5. INCOME TAX EXPENSE - continued

(v) Macau

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

(vi) Others

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

6. LOSS FOR THE YEAR

	2016 HK$'000	2015 HK$'000
Loss for the year has been arrived at after charging/(crediting):		
Director emoluments	5,051	4,829
Other staff costs	193,558	209,227
Retirement benefits scheme contribution, excluding directors	9,086	7,701
Total employee benefit expenses	207,695	221,757
Auditor's remuneration	2,673	3,104
Depreciation of property, plant and equipment	27,851	29,118
Amortisation of intangible assets (note i)	4,807	6,371
Release of prepaid lease payments	160	219
Carrying amount of inventories sold	1,613,131	1,446,376
Write-down of inventories (note i)	5,165	2,801
Cost of inventories recognised as expenses	1,618,296	1,449,177
Loss/(Gain) on disposal of property, plant and equipment (note ii)	2,103	(2,042)
Impairment loss on trade and other receivables (note ii)	43,901	39,063
Reversal of bond receivables (note ii)	-	(24,758)
Impairment loss on loan receivables (note ii)	39,155	48,828
Impairment loss on goodwill (note ii)	-	14,917
Gain on disposal on subsidiaries (note ii)	-	(5,241)
Reversal of loss recognised on projects in respect of integration of signal system and traffic communication network (note ii)	-	(1,787)
Interest income (note ii)	(1,946)	(5,146)
Interest income from an associate (note ii)	(2,185)	(2,136)
Effective interest income on bond receivables (note ii)	(1,282)	(7,992)
Property rental income (note ii)	(11,505)	(8,925)
Scrap and sample sales (note ii)	(498)	(1,460)
Net foreign exchange gain (note ii)	(3,761)	(2,997)

Note i: Included in cost of sales
Note ii: Included in other income, gains and losses

Included in the total employee benefit expenses is an aggregate amount of HK$9,115,000 (2015: HK$7,730,000) in respect of contributions of retirement benefits schemes made by the Group.

7. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2016 (2015: Nil).

8. LOSS PER SHARE

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

	2016	2015
	HK$'000	HK$'000
Loss for the purposes of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	(77,655)	(103,162)

	2016	2015
Number of Shares		
Weighted average number of ordinary shares	1,252,152,266	951,475,865
Effect of dilutive potential ordinary shares (Note)	-	-
Weighted average number of ordinary shares for the purpose of diluted loss per share	1,252,152,266	951,475,865

Note: The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options and conversion of convertible bonds as the exercise price of those options is higher than the average market price for shares and conversion impact of convertible bonds has anti-dilutive impact.

9. TRADE, BILLS AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade and bills receivables (note)	442,790	351,223
Less: allowance for doubtful debts	(145,157)	(102,293)
	297,633	248,930
Other receivables	52,259	59,982
Total trade, bills and other receivables	349,892	308,912

Note: Included an amount due from a non-controlling interest of a subsidiary of HK$15,850,000 as at 31 December 2015. It was fully settled during the year.

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

	2016 HK$'000	2015 HK$'000
0 - 30 days	133,369	124,420
31 - 90 days	117,738	81,568
91 - 180 days	33,368	22,793
More than 180 days	13,158	20,149
	297,633	248,930

10. TRADE, BILLS AND OTHER PAYABLES

	2016 HK$'000	2015 HK$'000
Trade payables	424,264	374,626
Bills payables	11,089	895
Other payables and accruals (note)	140,238	107,917
	575,591	483,438

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

	2016 HK$'000	2015 HK$'000
0 - 30 days	239,087	210,396
31 - 90 days	67,798	116,450
91 - 360 days	121,082	47,314
More than 360 days	7,386	1,361
	435,353	375,521

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

Note: An amount due to a director of HK$14,254,000 (2015: HK$15,157,000) which included in other payable whose term is unsecured, interest free and repayable on demand.

REVIEW OF FINANCIAL POSITION

Liquidity and financial resources

At December 31, 2016, an overall cash and cash equivalent was HK$76.1 million (December 31, 2015: HK$93.2 million). The Group's major financial resources derived from cash generated from financing activities and internal generated cash flow.

The Group's current ratio (ratio of current assets to current liabilities) was 0.80 at December 31, 2016 (December 31, 2015: 0.97).

As at December 31, 2016, the Group's total borrowings were HK$402.8 million (December 31, 2015: HK$363.3 million). The gearing ratio (total borrowings over total assets of the Group) increased from 28.3% at December 31, 2015 to 30.5% at December 31, 2016.

Placing of Shares

On January 13, 2016, the Group had completed placing of new shares. A total of 104,500,000 placing shares had been successfully placed at the placing price of HK$0.50 per share ("Placing 1"). Details of the Placing 1 are set out in the announcement of the Company dated January 13, 2016.

The net proceeds from the Placing 1, after deducting relevant expenses incurred in relation to the Placing 1, amount to approximately HK$51.2 million which is used as general working capital of the Group and business expansion.

On June 14, 2016, the Group had completed placing of new shares. A total of 75,000,000 placing shares had been successfully placed at the placing price of HK$0.40 per share ("Placing 2"). Details of the Placing 2 are set out in the announcement of the Company dated June 14, 2016.

The net proceeds from the Placing 2, after deducting relevant expenses incurred in relation to the Placing 2, amount to approximately HK$28.8 million which is presently expected to be used for potential promotion plan of MyHD Media FZ LLC's satellite broadcasting services in the Middle-East, Mediterranean and Africa after the completion of the acquisition of additional interest in MyHD Media FZ LLC by the Company.

Subscription of Shares

On January 21, 2016, 48,000,000 shares have been successfully subscribed by the subscriber at the subscription price of HK$0.50 per share ("Subscription 1"). Details of the Subscription 1 are set out in the announcement of the Company dated January 21, 2016.

The net proceeds from the Subscription 1, after deducting relevant expenses incurred in relation to the Subscription 1, amount to approximately HK$23.8 million which is used as general working capital of the Group and business expansion.

On August 31, 2016, 38,168,000 shares have been successfully subscribed by the subscriber at the subscription price of HK$0.262 per share ("Subscription 2"). Details of the Subscription 2 are set out in the announcement of the Company dated August 31, 2016.

The net proceeds from the Subscription 2, after deducting relevant expenses incurred in relation to the Subscription 2, amount to approximately HK$9.86 million which is used as general working capital of the Group and business expansion.

Charges on assets

As at December 31, 2016, the Group's general banking facilities including bank loans were secured by the following assets of the Group: (i) bank deposits of HK$14.6 million, (ii) property, plant and equipment with a carrying value of HK$44.7 million, (iii) investment properties of HK$146.6 million, (iv) trade receivables of HK$104.6 million, and (v) inventory of HK$103.1 million.

Foreign exchange exposure

The Group's sales and purchases were denominated mainly in US dollars and Renminbi ("RMB"). The Group was exposed to certain foreign currency exchange risk but it does not expect future currency fluctuations to cause material operation difficulties on the ground that HK dollars are pegged to US dollars and the recent pressure from depreciation of RMB was manageable. However, management continuously assesses the foreign exchange risks, with an aim to minimise the impact of foreign exchange fluctuations on business operations.

Contingent liabilities

The Group did not have any significant contingent liabilities at December 31, 2016 (2015: Nil).

LITIGATIONS

HCA 2948/2016

On November 29, 2016, the Company received a writ of summons filed by Zhi, Charles, as the plaintiff (the "Plaintiff") against the Company, certain executive directors of the Company and other parties as the defendants (collectively "All Parties") under action number HCA 2948/2016 in the High Court of Hong Kong.

In the Writ, the Plaintiff claimed for (i) a declaration that All Parties have committed an offence under section 25(1) of the Organized and Serious Crime Ordinance, namely they knew, or had reasonable grounds to believe, that on multifarious and repetitive occasions, and through complex "layering" vehicles mostly related to investments in the Company, were dealing with the proceeds of an indictable offence; (ii) a declaration that All Parties have committed an offence under Part XV of the SFO which requires directors, chief executives and substantial shareholders to disclose their interests in the shares and debentures of the Company; (iii) a declaration that Morton Securities Limited, beneficially owned and controlled by Mr. Akihiro Nagahara, had aided and abetted in money laundry; (iv) an order for the Company to exert its power under Section 329 of SFO to investigate the holders of interests in its shares and debentures, and (v) an injunction to restrain the Company to continue its proposed open offer and specific mandate as announced by the Company on October 24, 2016.

The Company has engaged legal adviser to handle the action, and filed a defence to the High Court of Hong Kong on March 29, 2017 and request a further and better particulars from the plaintiff.

HCA 3346/2016

On December 22, 2016, the Company received a writ of summons filed by Zhi, Charles as the plaintiff (the "Plaintiff") against the Company, executive directors of the Company and other party as the defendants under action number HCA 3346/2016 in the High Court of Hong Kong. Details of the writ of summons are set out in the announcement of the Company dated December 22, 2016.

In the Writ, the Plaintiff claimed for (i) a declaration that All Parties have committed an offence under Part XV of the SFO which requires directors, chief executives and substantial shareholders to disclose their interests in the shares and debentures of the Company; (ii) a declaration that executive directors of the Company have breached their fiduciary duties to the Company; (iii) a declaration that Yuming Investment Management Limited, willfully and knowingly advised the Company to hide critical information about the connected parties on proposed Open Offer and Specific Mandate, announced by the Company on October 24, 2016; (iv) an order for clarification announcement that The Stock Exchange of Hong Kong Limited was not oppressive but not ruled based; and (v) an order for the Company to exert its power under Section 329 of SFO to investigate the holders of interests in its shares and debentures.

The Company has engaged legal adviser to handle the action, and filed a defence to the High Court of Hong Kong on March 29, 2017 and request a further and better particulars from the plaintiff.

HCMP 284/2017

On February 11, 2017, the Company received a writ of summons filed by Zhi, Charle, Kim Sungho, Kim Kyungsoo, Lim Hang Young and Joung Jong Hyun as the plaintiffs (the "Plaintiffs") against the Company, executive directors of the Company, the auditor of the Company and other party as the defendants (the "Parties") under action number HCMP 284/2017 in the High Court of Hong Kong.

In the Writ, the Plaintiffs claim against the Defendants for, among others, the following orders:
(i) the Parties produce the copies of all ledger accounts of the Company, relating to the impairment losses of loans and receivables of the Company, in its 2015 Annual Report, caused by the operations in Nepal of the Company, through its subsidiaries, associate companies, agents or connected parties;
(ii) the Parties produce the copies of all the corresponding and related documents in paragraph (i) above;
(iii) the Parties produce the copies of all communications between the auditor of the Company and the Company regarding among their directors and any of their agents, pertinent to the alleged connected transactions, and pertinent to Lam Pik Wah's strong objection to the write-off's and the undue pressures by senior management of the auditor of the Compan to record impairments; and
(iv) the copies of the documents be inspected by the Plaintiffs and Financial Reporting Council, which will then make necessary complaints as it deems fit.

As at the date of this announcement, there is no evidence from any of the Plaintiff to substantiate such allegation.

HCCW 90/2017

On March 23, 2017, the Company received a petition dated March 23, 2017 filed by Zhi, Charles ("Petitioner") against the Company, directors of the Company and other party ("Respondents"). Pursuant to the Petition, the Petitioner petitioned for an order that the Company be wound up by the Court under the provisions of the Companies (Winding-Up and Miscellaneous Provisions) Ordinance and others.

Pursuant to the Petition, the Petitioner petitioned for: (i) An order that the Company be wound up by the Court under the provisions of the Companies (Winding-Up and Miscellaneous Provisions) Ordinance. (ii) An order that the Company identify all the shares associated with and warehoused by the 2nd Respondent and cancel them. (iii) An order that the Company identify all the loans of the Company used for the money laundering purposes and have the 2nd to 10th Respondents to make the loan repayments for the Company. (iv) An order that the 2nd to 10th Respondents make equitable and adequate compensations to the Company for unfair and prejudicial, in amount to less than $250,000,000. (v) Such other order and costs may be made in the premises as shall be just.

On March 29, 2017, a striking-out summons (the ''Summons'') was filed by the Company to apply for an order to strike out the Petition in the Court. The hearing of the Summons has been fixed to be heard on July 7, 2017. Subject to other directions or orders which may be made by the Court, the Summons is expected to be determined by the Court on July 7, 2017.

The Company considers that all the above writs are vexatious, frivolous and erroneous in facts/oppressive.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend (2015: Nil) for the year ended December 31, 2016.

HUMAN RESOURCES

As at December 31, 2016, SMT employed a total of 2,267 (2015: 3,446) full-time employees. Employees are remunerated accordingly to their performance and responsibilities.

SMT offers competitive compensation and benefits to attract and retain talents, for which annual review held in June for each year is conducted to maintain their market competitiveness, as well as to motivate employees to attain company goals and objectives.

Employee wellness also contributes to employee engagement. SMT continues our efforts in organizing various social, recreational activities for our colleagues and their family members, including corporate incentive tour to enrich their work and family lives.

SMT is also committed to employee safety and health. Regular safety reviews are performed in accordance with the statutory and industry requirements.

CORPORATE GOVERNANCE

SMT is always to maintain high standards of corporate governance. Our Board believes that good corporate governance practices are important to promote investor confidence and protect the interest of our shareholders. We establish various corporate policies, which together form the basis of our governance practices. We respect the laws, rules and regulations of each jurisdiction in which we operate, and we always ensure a healthy and safe working environment for our colleagues, which is our paramount concern. Besides a good development, we also contribute to the sustainable development of

SMT, with particular focus on our accountability to shareholders and stakeholders.

SMT has applied the principles and complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules on the Stock Exchange throughout the year ended December 31, 2016.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the year ended December 31, 2016.

MODEL CODE FOR 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 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by Directors. All Directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standards set out in the Model Code throughout the year.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended December 31, 2016, including the accounting principles and practices adopted by the Group.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2016.

Qualified 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 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the "Basis For Qualified Opinion" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Loan receivables and trade receivables due from two debtors

As at 31 December 2015, the Group had loan receivables and trade receivables due from two customers (the "Debtors") with gross amount of HK$32,023,000 and HK$56,459,000 respectively of which HK$7,363,000 and HK$29,685,000 had been impaired during the year ended 31 December 2015. The Debtors are engaged in the operation of cable television in Nepal. During the year ended 31 December 2016, no sales were made to the Debtors and settlements of HK$1,327,000 were received from the Debtors. Even though the Group was in a net current liabilities position and had limited financial resources, the Group further advanced a loan of HK$14,491,000 to the Debtors during the year. We have not been provided with satisfactory explanation in this regard.

As at 31 December 2016, before the recognition of further impairment loss in 2016, the net carrying amounts of loan receivables and trade receivables from the Debtors were HK$39,155,000 and HK$25,446,000 respectively. For the impairment assessment of loan receivables and trade receivables from the Debtors as at 31 December 2016, the directors have considered the financial conditions of the Debtors and concluded that impairment of HK$39,155,000 and HK$25,446,000 on loan receivables and trade receivables from the Debtors should be made and recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016. After the recognition of the impairment loss, the carrying amounts of the loan receivables and trade receivables from the Debtors were HK$nil as at 31 December 2016. However, the directors have not provided us with sufficient supporting documents in relation to their impairment assessment in 2016.

Due to the circumstances as described above, there were no other satisfactory audit procedures that we could adopt to obtain sufficient audit evidence to understand these transactions and we were unable to determine whether the full impairment losses on loan receivables and trade receivables were appropriate. Any adjustments found to be necessary would have an effect on the net assets of the Group as at 31 December 2016 and net loss of the Group for the year then ended and the elements making up the consolidated statement of cash flows.

Emphasis of Matter

We draw attention to note 49 to the consolidated financial statements, which describes the details of litigations for the Company. Our opinion is not modified in respect of this matter.

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$107,358,000 during the year ended 31 December 2016 and, as of that date, the Group's current liabilities exceeded its current assets by HK$199,566,000. As stated in note3(b), these events and conditions 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.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

A copy of this announcement will be found on SMT's website (www.sandmartin.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The Annual Report 2016 will be made available on the respective websites of SMT and the Stock Exchange in due course.

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

Hong Kong, March 31, 2017

As at the date of this announcement, the executive directors of the Company are Mr. Hung Tsung Chin, Ms. Chen Mei Huei, Mr. Liao Wen I, Mr. Frank Karl-Heinz Fischer and Mr. Chen Wei Chun; the independent non-executive directors of the Company are Mr. Han Chien Shan, Mr. Wu Chia Ming and Mr. Li Chak Hung.