ST INTERNATIONAL HOLDINGS COMPANY LIMITED
智紡國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8521)

PROFIT WARNING

This announcement is made by ST International Holdings Company Limited ("**Company**", together with its subsidiaries, "**Group**") pursuant to Rule 17.10(2) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("**GEM Listing Rules**") and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board ("**Board**") of directors ("**Directors**") of the Company wishes to inform the shareholders of the Company ("**Shareholders**") and potential investors that, based on the preliminary assessment of the latest unaudited consolidated management accounts of the Group for the nine months ended 30 September 2020 ("**2020Q3**") and the information currently available, the net profit after tax of the Group is expected to substantially decrease by over 70% (for the nine months ended 30 September 2019 ("**2019Q3**"): HK$30.2 million). Such decrease was mainly attributable to (i) the decrease in revenue of approximately 30% (2019Q3: HK$131.0 million) as further elaborated below; (ii) the decrease in gross profit margin by around 8.0 percentage points (2019Q3: 37.8%); and (iii) the increase in administrative and other expenses of approximately 14% (2019Q3: HK$13.5 million).

REVENUE

The Directors attribute the aforementioned decrease in revenue for 2020Q3 principally to the poor performance of the Group particularly for the first half of 2020 as a result of the outbreak of coronavirus pandemic ("**COVID-19**") since early 2020. COVID-19 not only caused a temporary suspension of operation of the subsidiaries of the Group in the People's Republic of China ("**PRC**") as well as the business operations of the Group's customers in the PRC during the first quarter of 2020 but also a weakened economy in general resulting in prominent decrease in purchase orders received from customers of the Group during the first half of 2020. Thanks for the effort of management of the Group in actively looking for new customers and purchase orders in spite of the downward economy, the revenue of the Group for the three months ended 30 September 2020 was restored to a similar level compared with the three months ended 30 September 2019.

GROSS PROFIT MARGIN

The decrease in gross profit margin was primarily due to the challenging market environment. Nevertheless, to remain competitive, the Group continuously incurred research and development expenses and other overhead costs despite the decrease in revenue.

ADMINISTRATIVE AND OTHER EXPENSES

The increase in the administrative and other expenses was mainly caused by the increase in bank charge for application of bank loan, training and consultancy expenses for sales team and senior management of the Group and the depreciation of plant and equipment.

As COVID-19 is still prevalent and the economy is yet to be recovered, the business performance of the Group might continue to be adversely affected despite the Group has achieved an improved performance, in terms of quarterly revenue and profits, from the first quarter to the third quarter of 2020. The Company will continue to closely monitor the market conditions and the pandemic development and to adopt a tightened cost control with an aim to cope with the challenging business environment.

The Company is still in the course of finalising its financial results for 2020Q3. The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Company and information currently available to the Board and may be subject to adjustment and change. All such unaudited consolidated management accounts and information currently available have not been reviewed by the auditors of the Company nor the audit committee of the Board. Finalised quarterly results of the Group and other details will be disclosed in the 2020 third quarterly results announcement to be published by the Company in November 2020.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

On behalf of the Board
ST International Holdings Company Limited
Wong Kai Hung Kelvin
Chairman

Hong Kong, 30 October 2020

As at the date of this announcement, the Board comprises two executive directors, namely, Mr. Wong Kai Hung Kelvin and Mr. Xi Bin; one non-executive director, Mr. Hung Yuk Miu; and three independent non-executive directors, namely Mr. Ng Wing Heng Henry, Mr. Sze Irons BBS JP and Mr. Fong Kin Tat.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days after the date of publication and on the Company's website at www.smart-team.cn.