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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)

POSITIVE PROFIT ALERT

This announcement is made by ST International Holdings Company Limited (“**Company**”, together with its subsidiaries, the “**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).

The board (“**Board**”) of directors (“**Directors**”) of the Company wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors of the Company that, based on the preliminary assessment of the latest unaudited consolidated management accounts of the Group for the six months ended 30 June 2021 (“**1H2021**”) and the information currently available, the Group is expected to record a net profit of approximately HK\$6 million for 1H2021 as compared to a net profit of approximately HK\$1.2 million for the six months ended 30 June 2020 (“**1H2020**”).

The expected increase in the net profit is primarily due to (i) the increase in revenue and gross profit; and (ii) the decrease in administrative and other expenses.

INCREASE IN REVENUE AND GROSS PROFIT

The Company expects to record an increase in revenue of not less than HK\$22 million for 1H2021, representing an increase of more than 50% as compared to a revenue of HK\$42.1 million for 1H2020 as the business of the Group is recovering from the adverse impact brought by COVID-19.

The gross profit is expected to increase by not less than HK\$4 million, representing an increase of more than 30% as compared to a gross profit of HK\$13.4 million for 1H2020. However, the gross profit margin for 1H2021 is expected to decrease by more than 4.0 percent points as a result of the increase in the cost of raw materials and the more competitive pricing of the products offered by the Group under the challenging market environment.

DECREASE IN ADMINISTRATIVE AND OTHER EXPENSES

The Company expects to record a decrease in administrative and other expenses of approximately HK\$1.2 million for 1H2021, representing a decrease of more than 11.5% as compared to HK\$10.7 million for 1H2020 primarily due to (i) a decrease in staff wages of approximately HK\$1.5 million by reason of delayed distribution of discretionary bonus until the second half of 2021; (ii) a decrease in entertainment, staff welfare and training expenses of approximately HK\$0.9 million as a result of cost control measures; and (iii) partially offset by an increase in depreciation of the machineries of approximately HK\$1.2 million.

As the Company is still in the process of finalising the interim results of the Group, the information contained in this announcement is only a preliminary assessment by the management of the Company with reference to the information currently available including the unaudited consolidated management accounts of the Group for 1H2021, which has not been audited or reviewed by the auditors of the Company nor reviewed by the audit committee of the Board, and may be subject to adjustments and changes. Finalised interim results of the Group and other details will be disclosed in the 2021 interim results announcement to be published by the Company.

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, 3 August 2021

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, namely, 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.