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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)

PROFIT WARNING

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) 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 year ended 31 December 2021 (“**FY2021**”) and the information currently available, the Group is expected to record a loss of not less than HK\$30 million, as compared with a profit for the period of approximately HK\$6 million for the year ended 31 December 2020 (“**FY2020**”).

The Board attributes such turnaround in financial performance principally to the combined effect of (i) the provision for bad debt of approximately HK\$46 million in respect of the entire balance of trade receivables due from a customer. While the management of the Group, acting prudently, has made the said provision, the Group had initiated legal proceedings against such customer in the third quarter of 2021 with a view to recovering the outstanding trade receivables. As at the date of this announcement, the legal proceedings are still on-going; (ii) the increase in selling and distribution expenses of approximately HK\$0.8 million as a result of the Group undertaking more marketing activities and also in line with the Group’s increased business activities during FY2021 (FY2020: HK\$3 million); and (iii) the increase in depreciation of plant and equipment of approximately HK\$1.1 million (FY2020: approximately HK\$1.9 million) as a result of the addition of machines in late 2020 and the Group accounted for depreciation in respect of such machines for the full year in FY2021.

Notwithstanding that the Group is expected to record a loss for FY2021, the Directors wish to inform the Shareholders and potential investors that the revenue of the Group for FY2021 increased by approximately HK\$2 million (FY2020: approximately HK\$121 million), and the gross profit for the same period increased by approximately 26% (FY2020: approximately HK\$28 million) while the gross profit margin also increased by approximately 5 percentage points (FY2020: 23.6%).

The information contained in this announcement is solely based on the preliminary assessment by the Board of Directors of the Company upon its review of the unaudited consolidated management accounts of the Group and the currently available information to the Board which have not been audited nor reviewed by the Company's auditor. The financial results of the Group for FY2021 will only be ascertained after all the relevant results and accounting treatments have been finalized. Shareholders and potential investors of the Company are advised to refer to the details of the Company's final results announcement for FY2021 to be published.

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, 10 March 2022

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.