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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)

2022 FIRST QUARTERLY RESULTS ANNOUNCEMENT

The board (“**Board**”) of directors (“**Directors**”) of ST International Holdings Company Limited (“**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited quarterly results of the Group for the three months ended 31 March 2022. This announcement, containing the full text of the 2022 first quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of quarterly results.

On behalf of the Board

ST International Holdings Company Limited

Wong Kai Hung Kelvin

Chairman

Hong Kong, 14 May 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, Mr. Hung Yuk Miu; and three independent non-executive Directors, namely Mr. Sze Irons BBS JP, Mr. Ng Wing Heng Henry 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.

ST International Holdings Company Limited 智紡國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

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First Quarterly Report
2022

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (“**Directors**”) of ST International Holdings Company Limited (“**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**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 report 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 report misleading.

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wong Kai Hung Kelvin (*Chairman*)
Mr. Xi Bin

Non-executive Director

Mr. Hung Yuk Miu

Independent non-executive Directors

Mr. Sze Irons, *BBS JP*
Mr. Fong Kin Tat
Mr. Ng Wing Heng Henry

Audit Committee

Mr. Ng Wing Heng Henry (*Chairman*)
Mr. Sze Irons, *BBS JP*
Mr. Fong Kin Tat

Remuneration Committee

Mr. Fong Kin Tat (*Chairman*)
Mr. Wong Kai Hung Kelvin
Mr. Ng Wing Heng Henry

Nomination Committee

Mr. Sze Irons *BBS JP* (*Chairman*)
Mr. Wong Kai Hung Kelvin
Mr. Ng Wing Heng Henry

Compliance Officer

Mr. Wong Kai Hung Kelvin

Company Secretary

Mr. Chan Chi Yeung, *CPA*

Authorised Representatives

Mr. Wong Kai Hung Kelvin
Mr. Chan Chi Yeung

Registered Office

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P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

Headquarters and Principal Place of Business in Hong Kong

Room 1006, 10/F., Centre Point
181-185 Gloucester Road, Wan Chai
Hong Kong

Hong Kong Branch Share Registrar

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants
43/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Legal Advisor

LCH Lawyers LLP
Room 702, Admiralty Centre Tower One
18 Harcourt Road
Admiralty
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
HSBC Main Building
1 Queen's Road Central, Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road, Central, Hong Kong

China Construction Bank
Shop A1-001 to A1-003
First International H5 Block Area A shops
New Town Center District
Nancheng District, Dongguan
Guangdong Province, PRC

Company's Website

www.smart-team.cn

Stock Code

8521

FINANCIAL HIGHLIGHTS

The Group recorded revenue and gross profit of approximately HK\$6,275,000 and HK\$650,000 for the three months ended 31 March 2022, representing a significant decrease of approximately 56.2% and 86.1% respectively compared with revenue and gross profit of approximately HK\$14,320,000 and HK\$4,681,000, respectively, for the three months ended 31 March 2021. Such significant decrease in revenue could be mainly attributed to the outbreak of the highly transmissible Omicron variant of COVID-19 in the People's Republic of China ("**PRC**") resulting in the significant decrease in purchase orders received from some of the Group's major customers in Eastern and Northern China during the first quarter of 2022 when compared with 2021. During the first quarter of 2022, the implementation of various aggressive and preventive control measures for COVID-19 by the government of the PRC has resulted in a temporary suspension of the business operations of some of the Group's major customers and thus a significant drop in the purchase orders received from such customers. Decrease in gross profit margin (from 32.7% to 10.4%) for the three months ended 31 March 2022 was mainly attributable to the significant drop in revenue while incurring relatively stable amount of research and development expenses and other overhead costs during the period ended 31 March 2022.

As a result of the foregoing, the Group recorded a net loss of HK\$4,475,000 for the three months ended 31 March 2022 when compared with a net profit after tax of HK\$920,000 for the three months ended 31 March 2021.

The board of Directors ("**Board**") does not recommend the payment of a dividend for the three months ended 31 March 2022 (three months ended 31 March 2021: Nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2022

	Notes	Three months ended 31 March	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	4	6,275	14,320
Cost of sales		(5,625)	(9,639)
Gross profit		650	4,681
Other income		572	573
Selling and distribution expenses		(867)	(642)
Administrative and other expenses		(4,394)	(3,212)
Finance costs	6	(436)	(312)
(Loss) profit before tax		(4,475)	1,088
Income tax expenses	7	-	(168)
(Loss) profit for the period	8	(4,475)	920
Other comprehensive income (expense) for the period			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		537	(691)
Total comprehensive (expenses) income for the period		(3,938)	229

		Three months ended	
		31 March	
		2022	2021
<i>Notes</i>		HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
(Loss) profit for the period attributable to owners of the Company		(4,475)	920
Total comprehensive (expense) income for the period attributable to owners of the Company		(3,938)	229
(Loss) earnings per share – Basic and Diluted (<i>HK\$ cents</i>)	<i>9</i>	(0.93)	0.19

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000 (Note a)	Retained earnings HK\$'000	Fair value reserve HK\$'000	Exchange reserve HK\$'000 (Note b)	
At 1 January 2021 (audited)	4,800	48,589	1,824	5,926	115,525	(119)	2,265	178,810
Profit for the period	-	-	-	-	920	-	-	920
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(691)	(691)
Total comprehensive income for the period	-	-	-	-	920	-	(691)	229
At 31 March 2021 (unaudited)	4,800	48,589	1,824	5,926	116,445	(119)	1,574	179,039
At 1 January 2022 (audited)	4,800	48,589	1,824	5,926	83,022	-	7,419	151,580
Loss for the period	-	-	-	-	(4,475)	-	-	(4,475)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	537	537
Total comprehensive loss for the period	-	-	-	-	(4,475)	-	537	(3,938)
At 31 March 2022 (unaudited)	4,800	48,589	1,824	5,926	78,547	-	7,956	147,642

Notes:

(a) Statutory reserve

According to the PRC Company Law, companies in the PRC are required to transfer 10% of their respective after-tax profits, calculated in accordance with the relevant accounting principles and financial regulations applicable to entities established in the PRC, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The statutory reserve can be utilised, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of these companies, provided that such fund is maintained at a minimum of 25% of the registered capital. The statutory reserve is not distributable as cash dividends and must be made before distribution of dividend to equity owners.

(b) Exchange reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to profit or loss on the disposal of the foreign operations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 31 March 2022

1. GENERAL INFORMATION

ST International Holdings Company Limited was incorporated in the Cayman Islands, under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 21 February 2017 and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited on 16 May 2018.

The parent and ultimate holding company of the Company is Cosmic Bliss Investments Limited ("**Cosmic Bliss**"), a company incorporated in the British Virgin Islands ("**BVI**"). The ultimate controlling party is Mr. Wong Kai Hung, Kelvin ("**Mr. Wong**").

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company in Hong Kong is Room 1006, Centre Point, 181-185 Gloucester Road, Wan Chai, Hong Kong.

The Company is an investment holding company and its principal subsidiaries are principally engaged in sales of functional knitted fabrics and apparel.

The condensed consolidated financial information are presented in thousands of units of Hong Kong dollars ("**HK\$**"), which is also the functional currency of the Company and its Hong Kong subsidiary. Renminbi ("**RMB**") is the functional currency of the PRC subsidiaries of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months ended 31 March 2022 have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the GEM Listing Rules. The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated financial statements for the three months ended 31 March 2022 are consistent with those adopted in the annual report for the year ended 31 December 2021 except for the adoption of new or revised HKFRSs which include HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations issued by the HKICPA effective for the Group's financial year beginning on 1 January 2022.

3. PRINCIPAL ACCOUNTING POLICIES

In the current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2022:

Amendments to HKFRS 3	Reference to Conceptual Framework
Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use
Amendments to HKAS 37	Onerous Contracts – cost of fulfilling a contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 Cycle

The application of amendments to HKFRSs in the current period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial information.

4. REVENUE

Revenue represents the amounts received and receivable from sales of goods in the normal course of business, net of sales related tax.

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Three months ended	
	31 March	
	2022	2021
	HK\$'000	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
– Sales of functional knitted fabrics	2,738	12,591
– Sales of apparel	2,511	1,729
– Sales of yarns	1,026	–
	6,275	14,320

The above revenue are all recognised at a point in time.

5. SEGMENT INFORMATION

Operating segments and the amounts of each segment item reported in the unaudited condensed consolidated financial information are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

The Group is organised into a single operating segment as sales of functional knitted fabrics and apparel primarily in the PRC and all revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to this single segment. Accordingly, no segment analysis by business and geographical information is presented.

Information about major customers

Revenue from customers of the periods contributing over 10% of the total revenue of the Group is as follows:

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	2,123	456
Customer B	1,942	5,070

6. FINANCE COSTS

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on bank borrowing and overdrafts	420	285
Interest on lease liabilities	16	27
	436	312

7. INCOME TAX EXPENSES

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	–	163
Deferred taxation	–	5
	–	168

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the three months ended 31 March 2022 and 2021.

No provision for Hong Kong Profits Tax has been made as the subsidiary in Hong Kong has no assessable profits for the three months ended 31 March 2022 and 2021.

Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and implementation regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008.

One of the Group's subsidiaries established in the PRC is recognised as a High and New-Technology Enterprise which has been granted tax concessions by the local tax bureau and is entitled to PRC EIT at concessionary rate of 15%.

Two of the Group's subsidiaries registered in the PRC are qualified under the Notice of Comprehensive Tax Relief for Small and Micro Enterprises recognised as small and micro enterprises which have been granted tax concessions by the PRC tax bureau and are entitled to PRC enterprise income tax at concessionary rate of 2.5% for the first portion of less than RMB1 million taxable income and 5% for the second portion of more than RMB1 million but less than RMB3 million taxable income during the reporting period.

Pursuant to the rules and regulations of the BVI and the Cayman Islands, the Group is not subject to any income tax in these jurisdictions.

8. (LOSS) PROFIT FOR THE PERIOD

(Loss) profit for the period has been arrived at after charging/(crediting):

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs, excluding directors' emoluments:		
Salaries, allowances and other benefits	2,992	2,766
Contributions to retirement benefits scheme	234	238
	3,226	3,004
Cost of inventories recognised as an expense	4,724	7,189
Depreciation of plant and equipment	693	719
Depreciation charge on right-of-use assets	326	318
Interest income	(122)	(25)
Expenses relating to short-term leases	17	11
Research and development expenses (note)	846	1,265

Note:

The research and development expenses disclosed herein excluded salaries, allowances and other benefits of approximately HK\$595,000 and HK\$766,000 and contributions to retirement benefits scheme of approximately HK\$18,000 and HK\$61,000 for the period ended 31 March 2022 and 2021 respectively which had been included in salaries, allowances and other benefits and contributions to retirement benefits scheme disclosed above.

9. (LOSS) EARNINGS PER SHARE

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

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss) Profit attributable to equity shareholders of the Company	(4,475)	920

	Three months ended 31 March	
	2022	2021
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	480,000	480,000

Diluted (loss) earnings per share were the same as basic (loss) earnings per share as there were no potential dilutive ordinary shares outstanding for the three months ended 31 March 2022 and 2021.

10. DIVIDENDS

No dividend was paid or proposed during the three months ended 31 March 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

11. RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere in the condensed consolidated financial information, the Group had the following transactions with related parties:

(a) Transactions with related parties

Related parties	Nature of transactions	Three months ended 31 March	
		2022	2021
		HK\$'000	HK\$'000
Zhongshan Da Chong Elastic Thread Factory Ltd. * (Note 1)	Purchase of yarns	–	9
Proudy Limited (Note 2)	Consultancy services	30	44

Note:

- (1) Purchases of materials from 中山市大涌線廠有限公司 (Zhongshan Da Chong Elastic Thread Factory Ltd.*), a related company owned as to 15% by Mr. Wong and as to 85% collectively by the close family members of Mr. Wong, for the three months ended 31 March 2021 were made on terms mutually agreed by the Group and the related party and with reference to the prevailing market prices of the materials under the purchase agreement.
- (2) The consultancy agreement was entered into by the Group and Proudy Limited, a company wholly owned by Mr. Hung Yuk Miu, a non-executive director of the Company, for the provision of certain consultancy services to the Group. Such consultancy agreement was negotiated on arm's length basis and the terms thereof were on normal commercial terms.

* *The English translation of the name is for reference only. The official name of this entity is in Chinese.*

(b) Banking facilities

Mr. Xi Bin, an executive Director, and his spouse have provided personal guarantee for the bank borrowings of approximately HK\$49,322,000 to the Group for the period ended 31 March 2022 (31 March 2021: HK\$33,128,000).

(c) Compensation of key management personnel

The remuneration of key management personnel representing the directors of the Company, during the periods was as follows:

	Three months ended	
	31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	854	851
Post-employment benefits	14	14
	868	865

The remuneration of the key management personnel is determined by the board of directors having regards to the performance of individuals and market norm.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the unaudited condensed consolidated financial information of the Group for the three months ended 31 March 2022, together with the comparative figures for the corresponding period in 2021.

Business Review and Outlook

The Group is a functional knitted fabrics provider in the PRC. Our products are primarily sold directly to (i) lingerie and apparel brand owners; (ii) sourcing agents; and (iii) garment manufacturers. We design functional knitted fabrics through our product innovation capabilities, source our raw materials comprising primarily synthetic fibres and yarns and engage third party factories to carry out production processes comprising yarn spinning, knitting and dyeing for our direct sales of functional knitted fabrics to our customers. With a view to diversifying our source of revenue and creating cross-selling opportunity, we also engage in the sales of apparel made of our functional knitted fabrics for our customers which are lingerie and apparel brand owners.

During the three months ended 31 March 2022, the Group's business were adversely affected by the outbreak of the highly transmissible Omicron variant of COVID-19 since late February in 2022 causing significant economic uncertainty in mainland China and the Group's customers became more conservative to make purchase order from the Group when compared with the corresponding period in 2021. The implementation of various aggressive preventive control measures by the government of the PRC has resulted in a temporary suspension of business operations of some of the Group's major customers in Eastern and Northern China and thus a significant drop in purchase orders received from these customers. The Group's revenue therefore decreased significantly by approximately 56.2% when compared with the corresponding period in 2021. The management of the Company has been monitoring closely the pandemic development and will respond to the momentum of market recovery once the pandemic situation is improved.

Amid the challenging market and business environment under the impacts of Omicron variant of COVID-19 outbreak in mainland China, the Group will continue to devote resources towards the research and development of functional knitted fabrics as well as the dyeing methodology. The Group is also focusing on the following business strategies: (i) to strengthen the Group's market position in the PRC by improving its product offering; and (ii) to strengthen the Group's marketing efforts.

Financial Review

Revenue

The following table sets forth an analysis of our revenue by products during the three months ended 31 March 2022 and 2021.

	Three months ended	
	31 March	
	2022	2021
	HK\$'000	HK\$'000
Sales of functional knitted fabrics	2,738	12,591
Sales of apparel	2,511	1,729
Sales of yarns	1,026	–
	6,275	14,320

The Group's revenue decreased by approximately HK\$8,045,000 or 56.2%, from approximately HK\$14,320,000 for the three months ended 31 March 2021 to approximately HK\$6,275,000 for the three months ended 31 March 2022. The decrease was mainly due to the significant decrease in revenue from the sales of functional knitted fabrics as a result of the decrease in sales orders from some of major customers when compared with the corresponding period in 2021, which could be mainly attributed to the reason that the business operations of the Group's major customers were temporarily suspended due to the outbreak of Omicron variant of COVID-19.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$4,031,000 or 86.1%, from approximately HK\$4,681,000 for the three months ended 31 March 2021 to approximately HK\$650,000 for the three months ended 31 March 2022 which was mainly caused by the decrease in sales orders. The gross profit margin decreased by approximately 22.3 percent points from approximately 32.7% for the three months ended 31 March 2021 to approximately 10.4% for the three months ended 31 March 2022. The decrease in gross profit margin was mainly due to relatively stable incurrence of the research and development expenses and other overhead costs notwithstanding a decrease in revenue during the three months ended 31 March 2022 compared with the corresponding period in 2021.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately HK\$225,000, or 35.0%, from approximately HK\$642,000 for the three months ended 31 March 2021 to approximately HK\$867,000 for the three months ended 31 March 2022 which was mainly due to the increase of marketing consultancy fee for marketing and brand image building strategies of about HK\$235,000; increase in staff cost due to more headcounts for sales staff of around HK\$110,000; partially offset by decrease in travelling expenses of about HK\$71,000 due to lesser travelling under pandemic situation compared with the three months ended 31 March 2021.

Administrative and other expenses

The Group's administrative and other expenses increased by approximately HK\$1,182,000, or 36.8%, from approximately HK\$3,212,000 for the three months ended 31 March 2021 to approximately HK\$4,394,000 for the three months ended 31 March 2022. The increase during the first quarter of 2022 when compared with 2021 was mainly caused by (a) an increase in depreciation of plant and equipment of approximately HK\$476,000; (b) an increase in legal and professional expenses of approximately HK\$116,000 due to consultancy for IT network system improvement and registration of patents; and (c) an increase in staff welfare expenses of approximately HK\$290,000 as a result of change in policy of local government regarding rental charges for government subsidised staff quarters, which the rental was retrospectively charged to the Group's staff since outbreak of COVID-19 in early 2020.

Income tax expenses

For the three months ended 31 March 2022 and 2021, the income tax expenses were nil and approximately HK\$168,000, respectively, and the effective tax rate for the same period was approximately 0% and 15.4%, respectively. The income tax expenses were nil for the three months ended 31 March 2022 since there was no assessable profit recorded.

Loss/profit for the period attributable to owners of the Company

As a result of the foregoing, the loss attributable to the owners of the Company was approximately HK\$4,475,000 for the three months ended 31 March 2022 compared with the profit of approximately HK\$920,000 for the three months ended 31 March 2021.

Dividend

The Board does not recommend the payment of any dividend for the three months ended 31 March 2022 (three months ended 31 March 2021: Nil).

Future Plans for Material Investments and Capital Assets

As at 31 March 2022, the Group had no plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

For the three months ended 31 March 2022, the Group did not have any material acquisitions or disposals of subsidiaries or affiliated companies.

Significant Investment Held

The Group did not hold any significant investments during the three months ended 31 March 2022.

Commitments and Contingent Liabilities

As at 31 March 2022, the Group had no material capital commitments and contingent liabilities.

Employees and Remuneration Policies

As at 31 March 2022, the Group had 69 employees (31 March 2021: 74) and most of them were working in our Dongguan office. We incurred staff costs inclusive of salaries, allowances and other benefits, contributions to retirement benefits scheme, performance related bonus, discretionary bonus and Directors' remuneration in the aggregate amount of approximately HK\$4,094,000 and HK\$3,869,000 for the three months ended 31 March 2022 and 2021, respectively. We regularly review the performance of our employees and make reference to such performance reviews in our salary review and promotional appraisal in order to attract and retain talented employees.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 March 2022, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") which are (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); (b) required to be recorded in the register required to be kept under section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long Positions in the Shares or the ordinary shares of the associated corporations of the Company

Name of Director	Name of Group member/associated corporation	Capacity/nature of Interest	Total number of shares	Percentage of interest
Mr. Wong Kai Hung Kelvin ("Mr. Wong")	The Company	Interest in a controlled corporation	360,000,000 Shares (Note 1)	75.00%
Mr. Wong	Cosmic Bliss Investments Limited ("Cosmic Bliss") (Note 2)	Beneficial owner	1 share of US\$1.00	100.00%

Notes:

- 1 These Shares are registered in the name of Cosmic Bliss, a company wholly owned by Mr. Wong. By virtue of the provisions in Part XV of the SFO, Mr. Wong is deemed to be interested in all the Shares held by Cosmic Bliss. Mr. Wong is the sole director of Cosmic Bliss.
- 2 Cosmic Bliss is an associated corporation of the Company by virtue of its being the holding company of the Company. Cosmic Bliss is wholly owned by Mr. Wong.

Save as disclosed above, as at 31 March 2022, none of the Directors or chief executive of the Company nor their associates had registered an interest or short position in any Shares or underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are taken or deemed to have under such provisions of the SFO) or that was required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 of the GEM Listing Rules.

Directors' Rights to Acquire Shares and Debentures

At no time during the three months ended 31 March 2022 and up to the date of this report was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement which would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

So far as is known to any Directors or chief executive of the Company, as at 31 March 2022, the following persons (other than Directors or chief executive of the Company whose interests are disclosed under the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above) have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or as required to be recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in the Shares of the Company

Name of person	Name of Group member	Capacity/nature of Interest	Number and class of securities	Percentage of interest
Cosmic Bliss (Note 1)	The Company	Beneficial owner	360,000,000 Shares	75.00%
Ms. Kwan, Vivian Wun-kwan (Note 2)	The Company	Interest of spouse	360,000,000 Shares	75.00%

Notes:

- 1 The entire issued share capital of Cosmic Bliss is wholly owned by Mr. Wong, an executive Director.
- 2 These Shares are registered in the name of Cosmic Bliss, a company wholly owned by Mr. Wong. Ms. Kwan, Vivian Wun-kwan is the spouse of Mr. Wong. By virtue of the provisions in Part XV of the SFO, Ms. Kwan, Vivian Wun-kwan is deemed to be interested in all the Shares in which Mr. Wong is interested or deemed to be interested.

Save as disclosed above, as at 31 March 2022, the Directors were not aware of any other person who had or deemed to have interests or short positions in the Shares and underlying Shares which has disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO.

Competing Interests

During the three months ended 31 March 2022 and up to the date of this report, none of the Directors or the substantial shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) is interested in any business which competes or may compete, either directly or indirectly, with the business of the Group nor has or may have any conflicts of interest with any business of the Group.

Audit Committee

The Company has established the audit committee ("**Audit Committee**") on 23 April 2018 in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and with written terms of reference. The full terms of reference setting out details of duties of the Audit Committee are in compliance with the Corporate Governance Code ("**CG Code**") set out in Appendix 15 to the GEM Listing Rules and are available on the websites of the Stock Exchange and the Company. The Audit Committee comprises three independent non-executive Directors, namely Mr. Ng Wing Heng Henry, Mr. Sze Irons, *BBS JP* and Mr. Fong Kin Tat. Mr. Ng Wing Heng Henry is the chairman of the Audit Committee.

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial information for the three months ended 31 March 2022, which have been approved by the Board on 14 May 2022 prior to its issuance. The Audit Committee is of the view that the unaudited condensed consolidated financial information for the three months ended 31 March 2022 are in compliance with the applicable accounting standards, the GEM Listing Rules and other legal requirements, and that sufficient disclosure has been made.

Securities Transactions by Directors

The Company has adopted a code of conduct ("**Code of Conduct**") regarding the dealing in securities of the Company by the Directors in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has confirmed, having made specific enquiries of all Directors, that all Directors have complied with the Code of Conduct during the three months ended 31 March 2022 and up to the date of this report.

Purchase, Sale or Redemption of Listed Securities of the Company

During the three months ended 31 March 2022 and up to the date of this report, the Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of the Company's listed securities.

Corporate Governance Practices

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the CG Code. During the period under review and up to the date of this report, the Company has complied with all applicable code provisions of the CG Code.

For and on behalf of the Board
ST International Holdings Company Limited
Wong Kai Hung Kelvin
Chairman

Hong Kong, 14 May 2022

As at the date of this report, the executive Directors are Mr. Wong Kai Hung Kelvin and Mr. Xi Bin; the non-executive Director is Mr. Hung Yuk Miu; and the independent non-executive Directors are Mr. Sze Irons, BBS JP, Mr. Fong Kin Tat and Mr. Ng Wing Heng, Henry.