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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)

UPDATE ON FINANCIAL INFORMATION

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 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 2022 (“**1H2022**”) and the information currently available, the Group is expected to record a net profit of not more than HK\$3.0 million for 1H2022 as compared to a net profit of approximately HK\$6.2 million for the six months ended 30 June 2021 (“**1H2021**”).

Such decrease was mainly attributable to (i) the decrease in revenue of around 25% (1H2021: HK\$64.7 million); (ii) the decrease in gross profit by around 20% as a result of the significant decrease in revenue (1H2021: HK\$17.6 million); and (iii) the continuous incurrence of the non-variable administrative and other expenses notwithstanding the decrease in revenue (1H2021: HK\$9.5 million).

The Group is expected to record a decrease in revenue of around HK\$16 million for 1H2022, representing a decrease of approximately 25% as compared to the revenue of HK\$64.7 million for 1H2021 as a result of the outbreak of highly transmissible Omicron variant of COVID-19 in late February 2022 which has led to a significant economic uncertainty in mainland China and hence the lessened demand for products of the Group from its customers.

The drop in the gross profit is in line with the decrease in revenue. However, the gross profit margin for 1H2022 is expected to slightly increase by approximately 2 percent points as a result of the slight decrease in the cost of raw materials and processing fees.

The Group has recorded an increase in selling and distribution expenses of approximately HK\$0.4 million for 1H2022, representing an increase of around 21% as compared to HK\$1.8 million for 1H2021 primarily due to the payment of bonus to the selling staff in 1H2022 while the bonus for the year ended 31 December 2021 (“**FY2021**”) was paid during the second half of FY2021.

The administrative and other expenses of the Group for 1H2022 remained relatively stable with a decrease of approximately 3% which was mainly caused by (i) decrease in depreciation of approximately HK\$0.5 million due to the fact that certain machines in use had been fully depreciated during the first quarter of 2022; (ii) decrease in miscellaneous expenses, mainly including travelling, entertainment, vehicle maintenance and insurance, totally of about HK\$0.4 million; partially offset by (iii) the increase in consultancy fee for IT system improvement and sales and marketing of approximately HK\$0.2 million; and (iv) the increase in staff welfare of approximately HK\$0.3 million due to a change in policy regarding rental charges for government subsidised staff quarters.

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 1H2022, 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 interim results announcement for 1H2022 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, 29 July 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 Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days after the date of publication and on the Company’s website at www.smart-team.cn.