

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)

First Quarterly Report
2023

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

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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.

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*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.

CONTENTS

	<i>PAGES</i>
CORPORATE INFORMATION	3
FINANCIAL HIGHLIGHTS	4
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION	8
MANAGEMENT DISCUSSION AND ANALYSIS	15
OTHER INFORMATION	19

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. Lei Kin Keong, *CPA, ACG and HKACG*

Authorised Representatives

Mr. Wong Kai Hung Kelvin
Mr. Lei Kin Keong, *CPA, ACG and HKACG*

Registered Office

Cricket Square, Hutchins Drive,
P.O. Box 2681, Grand Cayman KY1-1111,
Cayman Islands

Headquarters and Principal Place of Business in Hong Kong

Room 1504,
303 Jaffe Road,
Wan Chai, Hong Kong

Hong Kong Branch Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants
17/F, Chubb Tower,
Windsor House,
311 Gloucester Road,
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 Dongguan
No. 101, Block 1, Hyde Plaza,
No. 200, Hongfu Road,
Nancheng District, Dongguan City,
Guangdong Province, PRC

Bank of China (Hong Kong) Limited
No. 72, Guantai Road,
Nancheng District, Dongguan City,
Guangdong Province, PRC

China Construction Bank
Shop A011-A015,
Jiangnan Yazhu, Block H1,
8 Jinfeng Road,
Nancheng District, Dongguan City,
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\$11,410,000 and HK\$1,539,000 respectively for the three months ended 31 March 2023, representing a significant respective increase in revenue and gross profit of approximately 81.8% and 136.8% compared with revenue and gross profit of approximately HK\$6,275,000 and HK\$650,000 respectively for the three months ended 31 March 2022.

While there was a significant increase in revenue and gross profit for the three months ended 31 March 2023, the gross profit margin for the period only increased by 3.1 percent points from approximately 10.4% for the three months ended 31 March 2022 to approximately 13.5% for the three months ended 31 March 2023. The Directors attribute such increase to the combined effect of the increase in sales of yarns which only generated a low profit margin and the effective cost control measures.

The Group recognised a significant increase in selling and distribution expenses due to salary increments and discretionary bonus payments in the first quarter of 2023. On the other hand, such discretionary bonus was only recognised in the second quarter of 2022.

In addition, the Group incurred a significant increase in travelling expenses and entertainment expenses in the first quarter of 2023 due to the increased number of physical meetings with customers in order to maintain the business relationships with customers and explore potential cooperation during the period.

As a result of the foregoing, notwithstanding that the Group has recorded a significant increase in revenue and gross profit for the period, the Group recorded a net loss of HK\$4,052,000 for the three months ended 31 March 2023 when compared with a net loss of HK\$4,475,000 for the three months ended 31 March 2022.

Despite the relaxation of the COVID-19 pandemic control policies in early 2023 by the PRC Government, the demand for the Group's products did not increase in a pace as expected by the management of the Group. In response to this situation, the Group will continue to strive to confirm sales orders with existing customers and will keep on exploring new customers to enlarge the customer base and secure the sales order.

The board of Directors ("**Board**") does not recommend the payment of a dividend for the three months ended 31 March 2023 (three months ended 31 March 2022: Nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2023

	Notes	Three months ended 31 March	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4	11,410	6,275
Cost of sales		(9,871)	(5,625)
Gross profit		1,539	650
Other income		515	572
Selling and distribution expenses		(1,391)	(867)
Administrative and other expenses		(4,318)	(4,394)
Finance costs	6	(397)	(436)
Loss before tax		(4,052)	(4,475)
Income tax expenses	7	-	-
Loss for the period	8	(4,052)	(4,475)
Other comprehensive income for the period			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		2,687	537
Total comprehensive expense for the period		(1,365)	(3,938)

	<i>Notes</i>	Three months ended	
		2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company		(4,052)	(4,475)
Total comprehensive expense for the period attributable to owners of the Company		(1,365)	(3,938)
Loss per share			
– Basic and diluted (<i>HK\$ cents</i>)	9	(0.84)	(0.93)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023

	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	Exchange reserve HK\$'000 (Note b)	
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 income (expense) 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
At 1 January 2023 (audited)	4,800	48,589	1,824	5,926	71,997	(5,386)	127,750
Loss for the period	-	-	-	-	(4,052)	-	(4,052)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	2,687	2,687
Total comprehensive income (expense) for the period	-	-	-	-	(4,052)	2,687	(1,365)
At 31 March 2023 (unaudited)	4,800	48,589	1,824	5,926	67,945	(2,699)	126,385

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 2023

1. GENERAL INFORMATION

ST International Holdings Company Limited (the “**Company**”) 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 (the “**Stock Exchange**”) 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 1504, 303 Jaffe 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 2023 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 2023 are consistent with those adopted in the annual report for the year ended 31 December 2022 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 2023.

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 2023:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
– Sales of functional knitted fabrics	3,677	2,738
– Sales of apparel	1,406	2,511
– Sales of yarns	6,327	1,026
	11,410	6,275

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, apparel and yarns 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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	–	2,123
Customer B	–	1,942
Customer C	6,066	–

6. FINANCE COSTS

	Three months ended	
	31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on:		
– Bank borrowing and overdrafts	380	420
– Lease liabilities	17	16
	397	436

7. INCOME TAX EXPENSES

	Three months ended	
	31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax (" EIT ")	–	–
Deferred taxation	–	–
	–	–

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the three months ended 31 March 2023 and 2022. No provision for Hong Kong Profits Tax has been made as there were no assessable profits for the three months ended 31 March 2023 and 2022.

Under the Law of the PRC on Enterprise Income Tax (the "**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 PRC tax bureau and is entitled to PRC EIT at concessionary rate of 15%.

One of the Group's subsidiaries registered in the PRC is qualified under the Notice of Comprehensive Tax Relief for Small and Micro Enterprises recognised as small and low profit enterprises which have been granted tax concessions by PRC tax bureau and is entitled to PRC enterprise income tax at concessionary rate of 5% for the first portion of less than RMB 1 million taxable income and 10% for the second portion of more than RMB 1 million but less than RMB 3 million taxable income during the reporting period.

No provision for PRC enterprise income tax has been made as the subsidiaries in PRC had no taxable profits for the three months ended 31 March 2023 and 2022.

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 FOR THE PERIOD

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

	Three months ended	
	31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs, excluding directors' emoluments:		
Salaries, allowances and other benefits	3,131	2,992
Contributions to retirement benefits scheme	198	234
	3,329	3,226
Cost of inventories recognised as an expense	9,191	4,724
Depreciation of plant and equipment	526	693
Depreciation charge on right-of-use assets	211	326
Interest income	(23)	(122)
Expenses relating to short-term leases	4	17
Research and development expenses (<i>note</i>)	799	846

Note:

The research and development expenses disclosed herein excluded salaries, allowances and other benefits of approximately HK\$612,000 and HK\$595,000 and contributions to retirement benefits scheme of approximately HK\$44,000 and HK\$18,000 for the period ended 31 March 2023 and 2022 respectively which had been included in salaries, allowances and other benefits and contributions to retirement benefits scheme disclosed above.

9. LOSS PER SHARE

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

	Three months ended	
	31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	(4,052)	(4,475)

	Three months ended	
	31 March	
	2023	2022
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	480,000	480,000

Diluted loss per share was the same as basic loss per share as there were no potential dilutive ordinary shares outstanding for the three months ended 31 March 2023 and 2022.

10. DIVIDENDS

No dividend was paid or proposed during the three months ended 31 March 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

11. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties:

(a) Transactions with related parties

Related parties	Nature of transactions	Three months ended	
		31 March	
		2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Proudy Limited <i>(Note)</i>	Consultancy services	30	30

Note: 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.

(b) Banking facilities

Mr. Xi Bin, an executive Director, and his spouse have provided personal guarantee for the bank borrowings of approximately HK\$35,869,000 to the Group for the period ended 31 March 2023 (31 March 2022: HK\$49,322,000).

(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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	863	854
Post-employment benefits	14	14
	877	868

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 2023, together with the comparative figures for the corresponding period in 2022.

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.

The Group's revenue increased by approximately HK\$5,135,000 or 81.8%, from approximately HK\$6,275,000 for the three months ended 31 March 2022 to approximately HK\$11,410,000 for the three months ended 31 March 2023. The increase was mainly due to the significant increase in revenue from the sales of yarns by HK\$5,301,000. However, the sales of yarn's gross profit margin was only less than 3%.

Despite the relaxation of the COVID-19 pandemic control policies in early 2023 by the PRC Government, the demand for the Group's products did not increase in a pace as expected by the management of the Group. In response to this situation, the Group will continue to strive to confirm sales orders with existing customers and will keep on exploring new customers to enlarge the customer base and secure the sales order.

The management of the Company will continue to strengthen the Group's position in research and development, upgrade our standards of quality on new functional knitted fabrics as well as expand our business into different market segments by strengthening the marketing and sales efforts. 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 2023 and 2022.

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Sales of functional knitted fabrics	3,677	2,738
Sales of apparel	1,406	2,511
Sales of yarns	6,327	1,026
	11,410	6,275

The Group's revenue increased by approximately HK\$5,135,000 or 81.8%, from approximately HK\$6,275,000 for the three months ended 31 March 2022 to approximately HK\$11,410,000 for the three months ended 31 March 2023. The increase was mainly due to the significant increase in revenue from the sales of yarns by approximately HK\$5,301,000.

However, the Group's revenue has not yet resumed to pre-epidemic level during the three months ended 31 March 2023. The sales of functional knitted fabrics only increased by HK\$939,000 or 34.3% and the sales of apparel recorded a reduction of HK\$1,105,000 or 44.0% compared to the corresponding period in 2022.

Gross profit and gross profit margin

The gross profit margin increased by 3.1 percent points from 10.4% for the three months ended 31 March 2022 to approximately 13.5% for the three months ended 31 March 2023, which was due to the combined effect of the increase in sales of yarns which only generated a low profit margin and the effective cost control measures.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately HK\$524,000, or 60.4%, from approximately HK\$867,000 for the three months ended 31 March 2022 to approximately HK\$1,391,000 for the three months ended 31 March 2023. The increase was mainly caused by (i) the increase in staff cost by approximately HK\$388,000 due to more headcount of sales staff, salary increment, and the payment of the discretionary bonus to the selling team in the first quarter of 2023; and (ii) the increase in entertainment expenses by approximately HK\$55,000 and travelling expenses by approximately HK\$102,000 due to the increased number of physical customers meetings to maintain the business relationship and explore potential cooperation.

Administrative and other expenses

The Group's administrative and other expenses decreased by approximately HK\$76,000, or 1.7%, from approximately HK\$4,394,000 for the three months ended 31 March 2022 to approximately HK\$4,318,000 for the three months ended 31 March 2023. The decrease during the first quarter of 2023, when compared with 2022, was mainly caused by (i) the decrease in depreciation of plant and equipment by approximately HK\$264,000 because certain machines in use had been fully depreciated during the first quarter of 2023, and several leased pieces of machinery were partially impaired at the end of 2022; and (ii) the staff welfare and allowance was decreased by approximately HK\$382,000.

Such decrease was partially offset by the donation of RMB150,000 (equivalent to HK\$171,000) made by the Group to China Green Carbon Foundation ("中國綠色碳滙基金會") and the increase in staff cost of approximately HK\$428,000. The staff cost increase was due to the earlier payment of the discretionary bonus to administrative staff in the first quarter of 2023, while such kind of bonus was recognised in the second quarter of 2022, and the Group also made compensation to staff who was laid off in 2023.

Income tax expenses

For the three months ended 31 March 2023 and 2022, the income tax expenses were nil and the effective tax rate for the same period was 0%. The income tax expenses were nil for the three months ended 31 March 2023 since the Group recorded no assessable profit.

Loss for the period attributable to owners of the Company

As a result of the foregoing, the loss for the period attributable to owners of the Company was approximately HK\$4,052,000 for the three months ended 31 March 2023 compared with the loss of approximately HK\$4,475,000 for the three months ended 31 March 2022.

Dividend

The Board does not recommend the payment of any dividend for the three months ended 31 March 2023 (three months ended 31 March 2022: Nil).

Future Plans for Material Investments or Capital Assets

As of the date of this report, the Group had no plans for material investments or capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

For the three months ended 31 March 2023, the Group did not have any material acquisitions or disposals of subsidiaries or affiliated companies.

Significant Investment

The Group did not hold any significant investments during the three months ended 31 March 2023.

Commitments and Contingent Liabilities

As at 31 March 2023, the Group had no material capital commitments and contingent liabilities.

Employees and Remuneration Policies

As at 31 March 2023, the Group had 63 employees (31 March 2022: 69) 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\$4,206,000 and HK\$4,094,000 for the three months ended 31 March 2023 and 2022, 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. For our sales staff, we offer a remuneration package comprising a basic salary and a performance-based bonus.

OTHER INFORMATION

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 2023, 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 (<i>Note 1</i>)	75.00%
Mr. Wong	Cosmic Bliss Investments Limited (" Cosmic Bliss ") (<i>Note 2</i>)	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 2023, 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 2023 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 2023, 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 2023, 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 2023 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**") 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 2023, which have been approved by the Board on 12 May 2023 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 2023 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 2023 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 2023 and up to the date of this report, the Company has not redeemed 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, 12 May 2023

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.