

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.*

**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)**

**2023 THIRD 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 nine months ended 30 September 2023. This announcement, containing the full text of the 2023 third 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 and Executive Director*

Hong Kong, 13 November 2023

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Wong Kai Hung Kelvin, Mr. Xi Bin and Mr. Li Jian; one non-executive Director, namely Mr. Hung Yuk Miu; and three independent non-executive Directors, namely Mr. Sze Irons, BBS, JP, Mr. Fong Kin Tat and Mr. Ng Wing Heng Henry.*

*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](http://www.hkexnews.hk) for at least seven days from the date of publication and on the Company’s website at [www.smart-team.cn](http://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)

(Stock Code: 8521)

Third Quarterly Report  
**2023**



## **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 (the “**Directors**”) of ST International Holdings Company Limited (the “**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 (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 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	9
MANAGEMENT DISCUSSION AND ANALYSIS	17
OTHER INFORMATION	21

## CORPORATE INFORMATION

### Board of Directors

#### Executive Directors

Mr. Wong Kai Hung Kelvin (*Chairman*)  
Mr. Xi Bin (*Chief Executive Officer*)  
Mr. Li Jian

#### 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. Sin Kin Hong Edward, *CPA*

#### Authorised Representatives

Mr. Wong Kai Hung Kelvin  
Mr. Sin Kin Hong Edward, *CPA*

#### Registered Office

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

#### Headquarter and Principal Place of Business in Hong Kong

Room 1504  
303 Jaffe Road  
Wan Chai, Hong Kong

#### Hong Kong Branch Share Registrar and Transfer Office

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  
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](http://www.smart-team.cn)

#### Stock Code

8521

## FINANCIAL HIGHLIGHTS

The Group recorded revenue and gross profit of approximately HK\$77,680,000 and HK\$20,262,000 respectively for the nine months ended 30 September 2023, representing an increase of approximately 3.8% and 11.4% respectively when compared with revenue and gross profit of approximately HK\$74,817,000 and HK\$18,186,000 respectively for the nine months ended 30 September 2022.

The gross profit margin increased by 1.8 percentage points from 24.3% for the nine months ended 30 September 2022 to approximately 26.1% for the nine months ended 30 September 2023. The Directors attribute such increase to the combined effect of (i) the change in product mix which resulted in a relatively high profit margin; and (ii) the decrease in the per unit cost of raw materials and the outsourcing processing fees.

Despite the relaxation of the COVID-19 pandemic control policies in early 2023 by the PRC Government, China's economic recovery was sputtering during the nine months ended 30 September 2023. The Group will continue to strive to confirm sales orders with existing customers and will keep on exploring new customers with a view to securing new sales order and enlarging the customer base.

As a whole, the Group recorded a net profit after tax of approximately HK\$3,666,000 for the nine months ended 30 September 2023 when compared with a net profit after tax of approximately HK\$2,454,000 for the nine months ended 30 September 2022. The increase in net profit after tax for the nine months ended 30 September 2023 was principally due to the increase in revenue and gross profit for the same period.

The board of Directors ("**Board**") does not recommend the payment of a dividend for the nine months ended 30 September 2023 (nine months ended 30 September 2022: Nil).



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine months ended 30 September 2023

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	4	34,925	26,445	77,680	74,817
Cost of sales		(24,715)	(22,385)	(57,418)	(56,631)
Gross profit		10,210	4,060	20,262	18,186
Other income		553	587	1,343	1,630
Selling and distribution expenses		(1,449)	(1,848)	(4,153)	(4,085)
Administrative and other expenses		(2,872)	(2,776)	(11,834)	(11,965)
Impairment loss on trade receivables		-	-	-	-
Finance costs	6	(329)	(258)	(1,115)	(1,059)
Profit (Loss) before tax		6,113	(235)	4,503	2,707
Income tax credit (expense)	7	(376)	273	(837)	(253)
Profit for the period	8	5,737	38	3,666	2,454
<b>Other comprehensive (expense) income for the period</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences arising on translation of foreign operations		746	(3,721)	(2,987)	(10,818)
Total comprehensive income (expense) for the period		6,483	(3,683)	679	(8,364)

	<i>Notes</i>	<b>Three months ended</b>		<b>Nine months ended</b>	
		<b>30 September</b>		<b>30 September</b>	
		<b>2023</b>	2022	<b>2023</b>	2022
		<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
Profit for the period attributable to owners of the Company		<b>5,737</b>	38	<b>3,666</b>	2,454
Total comprehensive income (expense) for the period attributable to owners of the Company		<b>6,483</b>	(3,683)	<b>679</b>	(8,364)
Earnings per share – basic and diluted (HK\$ cents)	9	<b>1.19</b>	0.01	<b>0.76</b>	0.51



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 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)	
<b>At 1 January 2022 (audited)</b>	<b>4,800</b>	<b>48,589</b>	<b>1,824</b>	<b>5,926</b>	<b>83,022</b>	<b>7,419</b>	<b>151,580</b>
Profit for the period	-	-	-	-	2,454	-	2,454
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(10,818)	(10,818)
Total comprehensive income (expense) for the period	-	-	-	-	2,454	(10,818)	(8,364)
<b>At 30 September 2022 (unaudited)</b>	<b>4,800</b>	<b>48,589</b>	<b>1,824</b>	<b>5,926</b>	<b>85,476</b>	<b>(3,399)</b>	<b>143,216</b>
<b>At 1 January 2023 (audited)</b>	<b>4,800</b>	<b>48,589</b>	<b>1,824</b>	<b>5,926</b>	<b>71,997</b>	<b>(5,386)</b>	<b>127,750</b>
Profit for the period	-	-	-	-	3,666	-	3,666
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(2,987)	(2,987)
Total comprehensive income (expense) for the period	-	-	-	-	3,666	(2,987)	679
<b>At 30 September 2023 (unaudited)</b>	<b>4,800</b>	<b>48,589</b>	<b>1,824</b>	<b>5,926</b>	<b>75,663</b>	<b>(8,373)</b>	<b>128,429</b>

*Notes:*

(a) Statutory reserve

According to the People's Republic of China ("PRC") Company Law, companies established 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 the accumulated losses or to increase the 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 and nine months ended 30 September 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 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 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 unaudited 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 information for the nine months ended 30 September 2023 (the “**Period**”) have been prepared on the historical cost basis.

The unaudited condensed consolidated financial information for the Period have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**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 Period 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, Hong Kong Accounting Standards (“**HKASs**”), amendments and interpretations issued by the HKICPA effective for the Group’s financial year beginning on 1 January 2023. Details of any changes in accounting policies are set out in note 3.



### 3. PRINCIPAL ACCOUNTING POLICIES

In the 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 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 30 September 2023		Nine months ended 30 September 2023	
	HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15				
Disaggregated by major products				
– Sales of functional knitted fabrics	32,242	26,048	66,129	68,342
– Sales of apparel	2,604	326	4,566	3,495
– Sales of yarns	79	71	6,985	2,980
	<b>34,925</b>	26,445	<b>77,680</b>	74,817

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 are presented.

### Information about major customers

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

	Three months ended 30 September		Nine months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer A	11,477	7,247	22,122	20,282
Customer B	8,477	5,087	19,312	22,711
Customer C	2,494	249	9,084	1,992

## 6. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interests on:				
– Bank borrowings and overdrafts	316	248	1,070	1,020
– Lease liabilities	13	10	45	39
	329	258	1,115	1,059

## 7. INCOME TAX (CREDIT) EXPENSE

	Three months ended 30 September 2023		Nine months ended 30 September 2023	
	HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax:				
– PRC Enterprise Income Tax (“EIT”)	376	(273)	837	253
Deferred taxation	–	–	–	–
	<b>376</b>	<b>(273)</b>	<b>837</b>	<b>253</b>

Hong Kong profit tax is calculated at 16.5% on the estimated assessable profit for the Period and the corresponding period in the preceding year.

No provision for Hong Kong profit tax has been made as the subsidiary in Hong Kong has no assessable profits for the Period and the corresponding period in the preceding year.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and implementation regulations of the EIT Law, the tax rate applicable 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 and has been granted tax concessions by the local tax bureau and is entitled to PRC EIT at a concessionary tax 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 a small and micro enterprise which has been granted tax concession by 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 regulation of the British Virgin Islands (“BVI”) and the Cayman Islands, the Group is not subject to any income tax in these jurisdictions.



## 8. PROFIT FOR THE PERIOD

Profit for the periods has been arrived at after charging/(crediting):

	Three months ended		Nine months ended	
	30 September	2022	30 September	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Staff costs, excluding directors' emolument: Salaries, allowances and other benefits	<b>3,131</b>	2,288	<b>8,578</b>	9,371
Contributions to retirement benefits scheme	<b>368</b>	92	<b>749</b>	586
	<b>3,499</b>	2,380	<b>9,327</b>	9,957
Cost of inventories recognised as an expense	<b>22,718</b>	19,976	<b>54,247</b>	51,542
Depreciation of plant and equipment	<b>214</b>	840	<b>1,576</b>	2,195
Depreciation of right-of-use assets	<b>203</b>	375	<b>619</b>	1,016
Interest income	<b>(18)</b>	(10)	<b>(66)</b>	(44)
Expenses relating to short term lease	<b>3</b>	194	<b>9</b>	233
Research and development expenses <i>(note)</i>	<b>1,114</b>	2,180	<b>2,889</b>	3,796

*Note:*

The research and development expenses disclosed herein excluded salaries, allowances and other benefits of approximately HK\$2,349,000 and HK\$2,105,000 and contributions to retirement benefits scheme of approximately HK\$162,000 and HK\$122,000 for the periods ended 30 September 2023 and 2022 respectively which had been included in salaries, allowances and other benefits disclosed above.

## 9. 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 30 September 2023		Nine months ended 30 September 2023	
	HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	5,737	38	3,666	2,454
	Three months ended 30 September 2023		Nine months ended 30 September 2023	
	'000 (Unaudited)	2022 '000 (Unaudited)	'000 (Unaudited)	2022 '000 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	480,000	480,000	480,000	480,000

Diluted earnings per share were the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding for the three months and nine months ended 30 September 2023 and 2022.

## 10. DIVIDENDS

The Board has resolved not to declare dividend for the Period (nine months ended 30 September 2022: Nil).

## 11. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the unaudited condensed consolidated financial information, the Group has entered into the following transactions with its related parties:

### (a) Transactions with related parties

Related party	Nature of transaction	Three months ended		Nine months ended	
		30 September		30 September	
		2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Proudy Limited	Consultancy services (Note)	30	30	90	90

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. Such consultancy agreement was negotiated on arm's length basis and the terms thereof are on normal commercial terms.

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

### (b) Bank facilities

Mr. Xi Bin, an executive Director, and his spouse have provided personal guarantee for the bank borrowings of approximately HK\$31,713,000 and HK\$16,253,000 to the Group for the periods ended 30 September 2023 and 2022, respectively.



## 11. RELATED PARTY TRANSACTIONS *(Continued)*

### (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 30 September 2023		Nine months ended 30 September 2023	
	HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Short-term benefits	842	845	2,548	2,567
Post-employment benefits	11	13	39	41
	<b>853</b>	858	<b>2,587</b>	2,608

The remuneration of the key management personnel is determined by the board of directors of the Company having regards to, among others, the performance of individuals and market trends.

## 12. EVENTS AFTER THE REPORTING PERIOD

On 25 October 2023, an aggregate of 96,000,000 shares have been successfully allotted and issued to not less than six independent placees at the placing price of HK\$0.185 per share. The net proceeds from the placing amounted to approximately HK\$17,400,000.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively, the “**Group**”) for the three and nine months ended 30 September 2023, together with the comparative figures for the corresponding periods 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 opportunities, we also engage in the sales of apparel made of our functional knitted fabrics for our customers which are lingerie and apparel brand owners.

Despite the relaxation of the COVID-19 pandemic control policies in early 2023 by the PRC Government, China’s economic recovery was sputtering during the nine months ended 30 September 2023. The Group will continue to strive to maintain sales orders with existing customers and will keep on exploring new customers with a view to securing new sales order and enlarging the customer base.

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 and nine months ended 30 September 2023 and 2022.

	Three months ended 30 September		Nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Sales of functional knitted fabrics	32,242	26,048	66,129	68,342
Sales of apparel	2,604	326	4,566	3,495
Sales of yarns	79	71	6,985	2,980
	<b>34,925</b>	26,445	<b>77,680</b>	74,817

The Group's revenue increased by approximately HK\$2,863,000 or 3.8%, from approximately HK\$74,817,000 for the nine months ended 30 September 2022 to approximately HK\$77,680,000 for the Period. The increase was mainly due to the increase in revenue from the sales of apparel and yarns as a result of the increase in sales orders from some of the major customers when compared with the corresponding period in 2022.

### Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$2,076,000, or 11.4%, from approximately HK\$18,186,000 for the nine months ended 30 September 2022 to approximately HK\$20,262,000 for the Period, which was mainly caused by the increase in sales orders. The gross profit margin increased by approximately 1.8 percentage points from approximately 24.3% for the nine months ended 30 September 2022 to approximately 26.1% for the Period. The increase in gross profit margin was mainly due to (i) the change in product mix which resulted in a relatively high profit margin; and (ii) the decrease in the per unit cost of raw materials and the outsourcing processing fees.

### Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately HK\$68,000, or 1.7%, from approximately HK\$4,085,000 for the nine months ended 30 September 2022 to approximately HK\$4,153,000 for the Period.

During the Period, the Group has incurred more exhibition expenses and travelling expenses due to the relaxation of the COVID-19 pandemic control policies. The additional expenses amounted to approximately HK\$798,000 but was offset by the decrease in product inspection fee of approximately HK\$795,000.

### ***Administrative and other expenses***

The Group's administrative and other expenses decreased by approximately HK\$131,000, or 1.1%, from approximately HK\$11,965,000 for the nine months ended 30 September 2022 to approximately HK\$11,834,000 for the Period.

The decrease was mainly caused by (i) the decrease in depreciation of plant and equipment by approximately HK\$619,000 because certain office equipment and software in use had been fully depreciated during the first quarter of 2023 or impaired at the end of 2022; and (ii) the decrease in legal and professional fee by approximately HK\$400,000.

Such decrease was partially offset by the donation of RMB150,000 (equivalent to HK\$169,000) made by the Group to China Green Carbon Foundation (“中國綠色碳滙基金會”) and the increase in miscellaneous administrative expenses such as building management fee, government rates, travelling expenses, testing fee and sundry expenses by approximately HK\$712,000.

### ***Income tax expenses***

For the nine months ended 30 September 2023 and 2022, the income tax expenses were approximately HK\$837,000 and HK\$253,000, respectively, and the effective tax rate for the same period was approximately 18.6% and 9.3%, respectively. The significant increase in the effective tax rate was mainly attributable to the Group's profit before tax for the period in 2023.

### ***Profit for the period attributable to owners of the Company***

As a result of the foregoing, the Group recorded a net profit after tax of HK\$3,666,000 for the Period when compared with a net profit after tax of HK\$2,454,000 for the nine months ended 30 September 2022.

### ***Dividends***

The Board did not declare any dividends for the Period (nine months ended 30 September 2022: Nil).

### ***Future Plans for Material Investments and Capital Assets***

The Group currently does not have any significant investment or acquisition of capital assets but will continue to seek potential investment or acquisition opportunities according to the Group's development needs.

### ***Material Acquisitions and Disposals of Subsidiaries and Associated Companies***

For the Period, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.



## Significant Investment Held

The Group did not hold any significant investments during the Period.

## Commitments and Contingent Liabilities

As at 30 September 2023, the Group had no material capital commitments and contingent liabilities.

## Employees and Remuneration Policies

As at 30 September 2023, the Group had 56 employees (30 September 2022: 66) and most of them were working in our Dongguan office. The Group incurred staff costs inclusive of performance related bonus, other bonus and Directors' remuneration in the aggregate amount of approximately HK\$11,914,000 and HK\$12,565,000 for the nine months ended 30 September 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.

## Events after the Reporting Period

On 11 October 2023, the Company entered into the placing agreement with Emperor Securities Limited (the "**Placing Agent**"), pursuant to which the Company has conditionally agreed to appoint the Placing Agent, and the Placing Agent has conditionally agreed to act as placing agent of the Company for the purpose of procuring, on a best effort basis, the placees to subscribe for a maximum of 96,000,000 placing shares (the "**Placing Shares**") at the placing price of HK\$0.185 (the "**Placing Price**") per Placing Share. Completion of the placing took place on 25 October 2023. A total of 96,000,000 Placing Shares, representing approximately 16.67% of the issued share capital of the Company as at the date of Completion (as enlarged by the allotment and issue of the Placing Shares), have been placed to not less than six placees at the Placing Price of HK\$0.185 per Placing Share. The net proceeds from the placing are approximately HK\$17.40 million which are planned to be used for replenishment of the working capital of the Company to support its business operations.

## 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 30 September 2023, the interests and short positions of the Directors and chief executive 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) (the "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 in 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***

<b>Name of Director</b>	<b>Name of Group member/associated corporation</b>	<b>Capacity/nature of Interest</b>	<b>Total number of shares</b>	<b>Percentage of interest</b>
Mr. Wong Kai Hung Kelvin (" <b>Mr. Wong</b> ")	The Company	Interest in a controlled corporation	5,000 Shares ( <i>Note 1</i> )	0%
Mr. Li Jian	The Company	Beneficial owner	89,495,000 Shares	18.64%

*Note:*

- 1 These Shares are registered in the name of Cosmic Bliss Investments Limited ("**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.

Save as disclosed above, as at 30 September 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 Rule 5.46 of the GEM Listing Rules.

## Directors' Rights to Acquire Shares and Debentures

At no time during the Period and up to the date of this report was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements 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 corporates.

## 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 30 September 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 Divisions 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
Ms. Li Yingyang	The Company	Beneficial owner	81,595,000 Shares	17%
Mr. Yuan Bo	The Company	Beneficial owner	139,200,000 Shares	29%

Save as disclosed above, as at 30 September 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 Period 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) are interested in any businesses which compete or may compete, either directly or indirectly, with the businesses of the Group nor has or may have any conflicts of interest with any businesses of the Group.

## Audit Committee

The Company has established the audit committee (the "**Audit Committee**") in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and with its 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 (the "**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 Period, which has been approved by the Board on 13 November 2023 prior to its issuance. The Audit Committee is of the view that the unaudited condensed consolidated financial information for the Period 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 (the "**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 Period and up to the date of this report.



## **Purchase, Sale or Redemption of Listed Securities of the Company**

During the Period 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 and up to the date of this report, the Company has complied with all the applicable code provisions of the CG Code.

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

Hong Kong, 13 November 2023

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