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**Semk Holdings International Limited**

**德盈控股國際有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2250)**

**PROFIT WARNING**

This announcement is made by Semk Holdings International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available to the Board and the preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022, the Group is expected to record (i) a loss attributable to the owners of the Company of not more than HK\$20 million for the six months ended 30 June 2022, as compared to a profit attributable to the owners of the Company of approximately HK\$17.5 million for the six months ended 30 June 2021; and (ii) adjusted net loss under non-HKFRS financial measures (i.e. excluding the listing expenses of approximately HK\$12 million incurred for the six months ended 30 June 2022) of not more than HK\$8 million for the six months ended 30 June 2022, as compared to the adjusted net profit under non-HKFRS financial measures (i.e. excluding the listing expenses of approximately HK\$8.1 million incurred for the six months ended 30 June 2021) of approximately HK\$25.6 million for the six months ended 30 June 2021.

The Board considers that such expected loss attributable to the owners of the Company was mainly attributable to the following reasons:

1. the decrease in royalties generated from the Group’s character licensing business and sales from the Group’s e-commerce business as a result of the resurgence of Coronavirus Disease 2019 (COVID-19) in the People’s Republic of China and relevant measures implemented by government authorities to curb the outbreak of COVID-19, in particular the regional lockdown and suspension of logistic support;

2. in light of the Group’s strategies for broadening character portfolio and enhancing in-house design capability, the headcount of branding team and designers has been increased, and in return, resulting an increase in employee benefit expenses during the six months ended 30 June 2022 as comparing to the six months ended 30 June 2021; and
3. the depreciation of Renminbi against Hong Kong Dollar, which led to the Group recording a foreign exchange loss during the six months ended 30 June 2022, since the reporting currency of the Group is in Hong Kong Dollar while a substantial part of the Group’s revenue is denominated in Renminbi.

The Board wishes to highlight that “adjusted net profit/(loss)” is not defined under the Hong Kong Financial Reporting Standards (“**HKFRS**”). It is defined by the Group as profit/loss for the period adjusted by eliminating the impact of listing expenses, which are non-recurring in nature and not related to the performance of the Group’s operation. The Board believes that the presentation of such non-HKFRS financial measure when shown in conjunction with the corresponding HKFRS measures provides useful information to the Shareholders and potential investors in facilitating a comparison of the Group’s operating performance from period to period by eliminating the impact of listing expenses. Such non-HKFRS financial measures allow investors to evaluate the Group’s operating results and understand the Company’s consolidated results of operations in the same manner as the management of the Company.

The use of the non-HKFRS financial measures have limitations as analytical tools and such non-HKFRS financial measures may differ from the non-HKFRS financial measures used by other companies, and therefore the comparability of such information may be limited. Shareholders and potential investors should not consider such non-HKFRS financial measures in isolation from, or as a substitute for the financial information prepared and presented in accordance with HKFRS.

The Company is still in the process of finalising its interim results for the six months ended 30 June 2022. The information contained in this announcement is only based on the preliminary assessment by the Board on the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022 and the information currently available, which have not been finalised nor reviewed by the Company’s auditor or the audit committee of the Company, and therefore may be subject to adjustments. Shareholders and potential investors are advised to refer to the announcement of the interim results of the Group for the six months ended 30 June 2022, which is expected to be published by end of August 2022.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

On behalf of the Board  
**Semk Holdings International Limited**  
**Hui Ha Lam**  
*Chairman of the Board and Executive Director*

Hong Kong, 16 August 2022

*As at the date of this announcement, the Board comprises Mr. Hui Ha Lam as chairman of the Board and executive Director, Mr. Kwok Chun Kit, Mr. Cheung Chin Yiu, and Mr. Tse Tsz Leong as executive Directors, Mr. Wong Yin Shun Vincent, MH and Mr. Chen Hongjiang as non-executive Directors and Ms. Leung Ping Fun Anita, Mr. Sung Chi Keung and Dr. Chan Kai Yue Jason, MH, JP as independent non-executive Directors.*