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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, the “**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 that, based on the preliminary assessment of the latest unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (“**FY2022**”) and the information currently available (“**Currently Available Information**”), the Group is expected to record a loss of approximately HK\$11 million, as compared with a loss of approximately HK\$33 million for the year ended 31 December 2021 (“**FY2021**”).

The Directors attribute the improved financial performance mainly to the substantial reduction in the impairment loss on trade receivables during FY2022, which only amounted to approximately HK\$0.3 million (FY2021: HK46.3 million).

However, the Group is expected to record a decrease in revenue and gross profit for FY2022 of around 17.7% (FY2021: HK\$122.8 million) and 45.0% (FY2021: HK\$34.7 million) respectively. During the outbreak of the Omicron variant of COVID-19 in early 2022, some of the major customers temporarily suspended their business operations, eventually reducing demand for the Group’s products for FY2022. In addition, the Group recognised an impairment loss on machinery of approximately HK\$5.9 million in FY2022 (FY2021: Nil).

The decrease in gross profit margin for FY2022 by around 9.4 percentage points was mainly due to (i) the decrease in revenue of around 17.7% compared to FY2021; (ii) the increase in the per unit cost of raw materials, the outsourcing and processing cost and the shared fixed overhead included in the cost of sales; (iii) the recognised loss on disposal of the substandard products at approximately HK\$2.7 million in September 2022 and (iv) the written off the obsolete and scrap inventory at approximately HK\$4.7 million.

The information contained in this announcement is solely based on the preliminary assessment by the Board upon its review of the Currently Available Information, which have not been audited nor reviewed by the Company's auditor and may be subject to change or adjustments. The financial results of the Group for FY2022 will only be ascertained after all the relevant results and accounting treatments have been finalised. Shareholders and potential investors of the Company are advised to refer to the details of the Company's final results announcement for FY2022 to be published.

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, 8 March 2023

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.