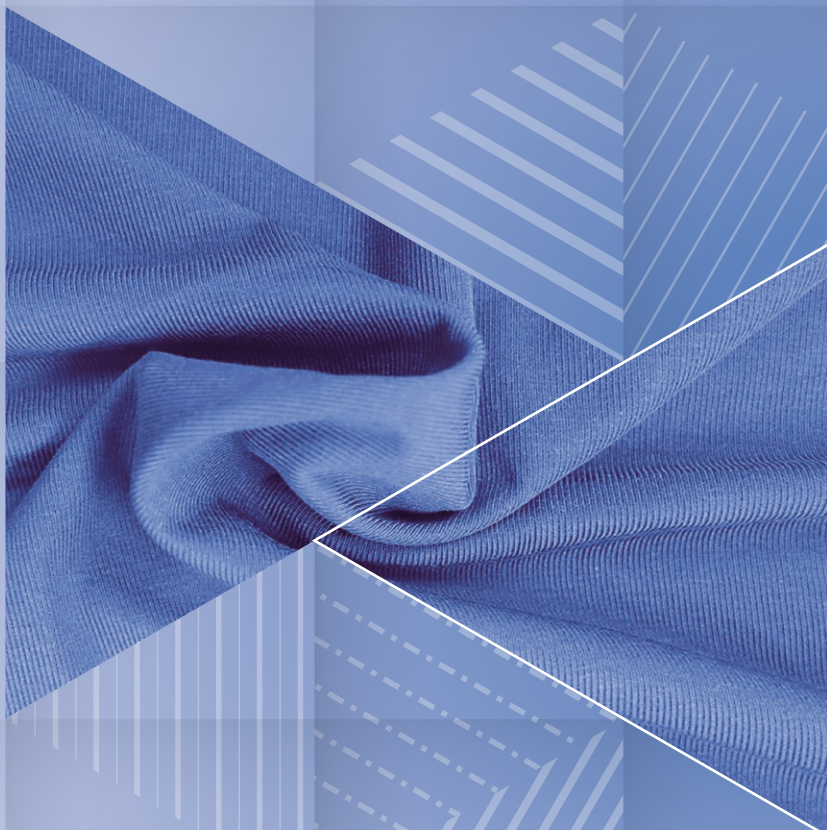


ST International Holdings Company Limited

智紡國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8521



First Quarterly Report
2019

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.

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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.

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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. Chan Chi Yeung (*HKICPA*)

Authorised Representatives

Mr. Wong Kai Hung Kelvin
Mr. Chan Chi Yeung

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 1006, 10/F., Centre Point
181-185 Gloucester Road, Wan Chai
Hong Kong

Hong Kong Branch Share Registrar

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants
43/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Legal Advisor

LCH Lawyers LLP
Room 702, Admiralty Centre Tower One
18 Harcourt Road
Admiralty
Hong Kong

Compliance Adviser

Sunfund Capital Limited
Unit 2620, 26/F
Tower 1, Admiralty Centre
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

Industrial and Commercial Bank of
China (Asia) Limited
1/F 9 Queen's Road Central Hong Kong

China Construction Bank
Shop A1-001 to A1-003
First International H5 Block Area A shops
New Town Center District
Nancheng District, Dongguan
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\$22,933,000 and HK\$7,321,000 for the three months ended 31 March 2019, representing an increase of approximately 6.9% and 4.8% respectively compared with revenue and gross profit of approximately HK\$21,447,000 and HK\$6,989,000 for the three months ended 31 March 2018 which was mainly due to increase in sales orders from existing customers as well as the introduction of new customers during the three months ended 31 March 2019.

The net profit after tax of the Group for the three months ended 31 March 2019 increased by approximately 4.4% to approximately HK\$1,446,000 (three months ended 31 March 2018: HK\$1,385,000). It was mainly due to the increase in gross profit and decrease in income tax expenses, set-off partly by the increase in administrative and other expenses during the three months ended 31 March 2019.

The board of Directors (the “**Board**”) does not recommend the payment of a dividend for the three months ended 31 March 2019 (three months ended 31 March 2018: Nil).

The Board of ST International Holdings Company Limited is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2019 together with comparative figures for the last corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2019

	Notes	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	22,933	21,447
Cost of sales		(15,612)	(14,458)
Gross profit		7,321	6,989
Other income		276	232
Selling and distribution expenses		(1,360)	(1,174)
Administrative and other expenses		(4,393)	(4,085)
Finance costs	6	(117)	(80)
Profit before tax		1,727	1,882
Income tax expenses	7	(281)	(497)
Profit for the period	8	1,446	1,385
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		2,151	2,773
Total comprehensive income for the period		3,597	4,158

	<i>Notes</i>	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Profit for the period attributable to:			
Equity shareholders of the Company		1,446	1,242
Non-controlling interests		–	143
		1,446	1,385
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		3,597	3,997
Non-controlling interests		–	161
		3,597	4,158
Earnings per share			
– basic and diluted (<i>HK\$ cents</i>)	9	0.30	0.35

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Attributable to equity shareholders of the Company							Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note a)	Statutory reserve HK\$'000 (Note b)	Retained earnings HK\$'000	Exchange reserve HK\$'000	Total HK\$'000		
At 1 January 2018 (audited)	-	-	335	4,941	51,126	539	56,941	(315)	56,626
Profit for the period	-	-	-	-	1,242	-	1,242	143	1,385
Exchange differences arising on translation of foreign operations	-	-	-	-	-	2,755	2,755	18	2,773
Total comprehensive income for the period	-	-	-	-	1,242	2,755	3,997	161	4,158
Issue of shares	100	-	(100)	-	-	-	-	-	-
Transfer to PRC statutory reserve	-	-	-	70	(70)	-	-	-	-
At 31 March 2018 (unaudited)	100	-	235	5,011	52,298	3,294	60,938	(154)	60,784
At 1 January 2019 (audited)	4,800	53,389	2,235	5,797	74,551	(3,466)	137,306	(411)	136,895
Profit for the period	-	-	-	-	1,446	-	1,446	-	1,446
Exchange differences arising on translation of foreign operations	-	-	-	-	-	2,151	2,151	-	2,151
Total comprehensive income for the period	-	-	-	-	1,446	2,151	3,597	-	3,597
Acquisition of non-controlling interest	-	-	(411)	-	-	-	(411)	411	-
At 31 March 2019 (unaudited)	4,800	53,389	1,824	5,797	75,997	(1,315)	140,492	-	140,492

Notes:

(a) Capital reserves

Capital reserve represents:

- (i) the difference between the consideration paid for acquisition of non-controlling interest of Dongguan Smart Union Textiles Technology Co., Ltd. (東莞聯兆紡織科技有限公司) ("**Smart Union**") and the carrying amount of the non-controlling interests; and
- (ii) the difference between the consideration paid for acquisition of non-controlling interest of Magic Team (Beijing) International Fashion Design Co., Ltd. (幻天(北京)國際服裝設計有限公司) ("**Magic Team**") and the carrying amount of the non-controlling interests.

(b) Statutory reserve

According to The People's Republic of China (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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 31 March 2019

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 the 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, a company incorporated in the British Virgin Islands (the "**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 1006, Centre Point, 181-185 Gloucester 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

Pursuant to the reorganisation as described in the section headed "History, Reorganisation and Corporate Structure" in the prospectus of the Company dated 30 April 2018 (the "**Prospectus**"), the Company became the holding company of the companies now comprising the Group on 28 February 2018 (the "**Reorganisation**").

The companies now comprising the Group have been under the common control and beneficially owned by Mr. Wong before and after the Reorganisation. Accordingly, the Reorganisation has been accounted for as if the Company had always been the holding company of the companies comprising the Group for the three months ended 31 March 2018.

The condensed consolidated statement of profit or loss and other comprehensive income, and condensed consolidated statement of changes in equity of the companies now comprising the Group have been prepared as if the current group structure had been in existence for the three months ended 31 March 2018.

3. PRINCIPAL ACCOUNTING POLICIES

For the purpose of preparing and presenting the condensed consolidated financial information for the three months ended 31 March 2019, the Group has consistently adopted all the new and revised HKFRSs, which include HKFRSs, HKASs, amendments and interpretations (“**Int(s)**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning on 1 January 2019.

The condensed financial information have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial information are consistent with those used in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2018 except for the new accounting policies as set out below.

Change in accounting policies

Except as described below, the accounting policies applied in the condensed consolidated financial information are the same as those applied in the Group’s audited financial statements set out in the annual report for the year ended 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Group’s condensed consolidated financial information as at and for the three months ended 31 March 2019.

The Group has initially adopted HKFRS 16 *Leases* from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group’s condensed consolidated financial information.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

The Group has applied HKFRS 16 using the modified retrospective approach, under which there is no significant effect of initial application recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under HKAS 17 and related interpretations.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

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	
	2019	2018
	HK\$'000	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Disaggregated by major products		
– Sales of functional knitted fabrics	19,985	19,103
– Sales of apparel	2,948	2,322
– Sales of yarns	–	22
	22,933	21,447

The manufacturing contracts are with an original expected duration of less than one year. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price for the performance obligations that are unsatisfied as of the end of the reporting period.

5. SEGMENT INFORMATION

Operating segments and the amounts of each segment item reported in the 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 and apparel 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 corresponding periods contributing over 10% of the total revenue of the Group is as follows:

	Three months ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A ^{1,3}	3,377	–
Customer B ^{2,3}	2,239	1,075
Customer C ^{1,2,3}	1,956	4,692
Customer D ^{1,3}	1,254	3,696

¹ Revenue from sales of functional knitted fabrics.

² Revenue from sales of apparel.

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. FINANCE COSTS

	Three months ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on bank borrowing and overdrafts	88	80
Interest on lease liabilities	29	–

7. INCOME TAX EXPENSES

	Three months ended	
	31 March	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	281	497
Deferred taxation	–	–
	281	497

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the three months ended 31 March 2018 and 2019.

No provision for Hong Kong Profits Tax has been made as the group company in Hong Kong has no assessable profits for the three months ended 31 March 2018 and 2019.

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 subsidiaries of the Company established in the PRC is 25% for the three months ended 31 March 2018 and 2019.

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 local tax bureau and is entitled to PRC EIT at concessionary rate of 15% starting from 1 January 2016 to 31 December 2018.

Pursuant to the rules and regulation of the BVI and Cayman Islands, the Group is not subject to any income tax in these jurisdictions.

8. PROFIT FOR THE PERIOD

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

	Three months ended	
	31 March	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs:		
Salaries, allowances and other benefits	2,802	2,892
Contributions to retirement benefits scheme	232	291
	3,034	3,183
Amount of inventories recognised as an expense	14,663	12,148
Depreciation of plant and equipment	431	213
Interest income	(43)	(11)
Listing expenses	–	630
Operating lease rentals in respect of rented premises	–	376
Depreciation charge on right-of-use assets	272	–
Expenses relating to short-term leases	23	–
Research and development expenses (<i>note</i>)	1,782	1,814

Note:

The research and development expenses disclosed herein excluded salaries, allowances and other benefits of approximately HK\$887,000 and HK\$691,000 and contributions to retirement benefits scheme of approximately HK\$69,000 and HK\$36,000 for the period ended 31 March 2018 and 2019 respectively which had been included in salaries, allowances and other benefits and contributions to retirement benefits scheme 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 31 March	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to equity shareholders of the Company	1,446	1,242

	Three months ended 31 March	
	2019	2018
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	480,000	360,000

The weighted average numbers of ordinary shares for the purpose of calculating basic earnings per share for the three months ended 31 March 2018 have been retrospectively adjusted for the effects of the capitalisation issue pursuant to the Reorganisation as stated in note 2.

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 ended 31 March 2018 and 2019.

10. DIVIDENDS

No dividend was paid or proposed during the three months ended 31 March 2018 and 2019, nor has any dividend been proposed since the end of the reporting period.

11. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

Related party	Nature of transaction	Three months ended 31 March	
		2019 HK\$'000	2018 HK\$'000
Zhongshan Da Chong Elastic Thread Factory Ltd.	Purchase of yarns	685	–

Note:

Purchases of materials from 中山市大涌線廠有限公司 (Zhongshan Da Chong Elastic Thread Factory Ltd.*), a related company, for the three months ended 31 March 2019 were made on terms mutually agreed with the Group and related party and with reference to the prevailing market prices of the materials under the purchases agreement.

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

(b) Banking facilities

Mr. Xi Bin, an executive Director, has provided personal guarantee for the bank borrowings of HK\$5,654,000 to the Group for the period ended 31 March 2019.

(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	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Short-term benefits	873	821
Post-employment benefits	18	17
	891	838

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 2019, together with the comparative figures for the corresponding period in 2018. This information should be read in conjunction with the prospectus of the Company dated 30 April 2018 (the "**Prospectus**").

Business Review and Outlook

The shares of the Company (the "**Shares**") were successfully listed (the "**Listing**") on GEM operated by the Stock Exchange ("**GEM**") on 16 May 2018 (the "**Listing Date**") by way of share offer (the "**Share Offer**").

The Listing is a significant milestone for the Company which not only enhanced our corporate image, but also provided capital for our expansion and helped us to establish better recognitions in the industry and to broaden our client base.

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.

During the three months ended 31 March 2019, the Group has continued to grow its business through promoting existing functional knitted fabrics and developing new functional knitted fabrics to the customers. The Group has also continued to recruit new talented sales and marketing executives to develop new markets during the three months ended 31 March 2019.

Looking ahead, the Group will continue to devote more resources towards the research and development of functional knitted fabrics as well as the dyeing methodology. The Group will focus on the following business strategies: (i) to strengthen the Group's market position in the PRC by improving its product offering; (ii) to strengthen the Group's marketing efforts; and (iii) to recruit talents to support the Group's future growth. Details of the business strategies have been disclosed in the Prospectus.

Financial Review

Revenue

The following table set forth an analysis of our revenue by products during the three months ended 31 March 2019 and 2018.

	Three months ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
Sales of functional knitted fabrics	19,985	19,103
Sales of apparel	2,948	2,322
Sales of yarns	–	22
	22,933	21,447

The Group's revenue increased by approximately HK\$1,486,000 or 6.9%, from approximately HK\$21,447,000 for the three months ended 31 March 2018 to approximately HK\$22,933,000 for the three months ended 31 March 2019. The increase was mainly due to the increase in revenue from sales of functional knitted fabrics which was resulted from the increase in sales orders from the existing customers as well as the introduction of new customers during the three months ended 31 March 2019.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$332,000, or 4.8%, from approximately HK\$6,989,000 for the three months ended 31 March 2018 to approximately HK\$7,321,000 for the three months ended 31 March 2019. The increase was in line with the increase in revenue. The gross profit margin slightly decreased by approximately 0.7% from approximately 32.6% for the three months ended 31 March 2018 to approximately 31.9% for the three months ended 31 March 2019. The decrease in gross profit margin was mainly due to the depreciation of Renminbi during the three months ended 31 March 2019 compared with the corresponding period in 2018.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately HK\$186,000, or 15.8%, from approximately HK\$1,174,000 for the three months ended 31 March 2018 to approximately HK\$1,360,000 for the three months ended 31 March 2019 which was mainly due to increase in marketing and exhibition expenses compared with the three months ended 31 March 2018.

Administrative and other expenses

The Group's administrative and other expenses increased by approximately HK\$308,000, or 7.5%, from approximately HK\$4,085,000 for the three months ended 31 March 2018 to approximately HK\$4,393,000 for the three months ended 31 March 2019. The increase was mainly due to the increase in depreciation of plant and equipment.

Income tax expenses

For the three months ended 31 March 2019 and 2018, our income tax expenses were approximately HK\$281,000 and HK\$497,000, respectively, and our effective tax rate (excluding the non-recurring listing expenses) for the same period was approximately 16.3% and 19.8%, respectively.

Profit for the period attributable to owners of the Company

As a result of the foregoing, the profit for the period attributable to owners of the Company increased from approximately HK\$1,242,000 for the three months ended 31 March 2018 to approximately HK\$1,446,000 for the three months ended 31 March 2019.

Dividend

The Board does not recommend the payment of any dividend for the three months ended 31 March 2019 (three months ended 31 March 2018: Nil).

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Prospectus, the Group does not have other plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

For the three months ended 31 March 2019, the Group did not have any material acquisitions or disposals of subsidiaries or affiliated companies save for those related to the internal reorganisation, details of which are set out in the Prospectus.

Significant Investment Held

The Group did not hold any significant investments during the three months ended 31 March 2019.

Commitments and Contingent Liabilities

As at 31 March 2019, the Group had no material capital commitments and contingent liabilities.

Employees and Remuneration Policies

As at 31 March 2019, the Group had 83 employees (31 March 2018: 98) and most of them were working in our Dongguan office. We incurred staff costs inclusive of performance related bonus, bonus and Directors' remuneration in the aggregate amount of approximately HK\$3,183,000 and HK\$3,034,000 for the three months ended 31 March 2018 and 2019, 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.

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 2019, 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) (the "SFO") which are (a) recorded in the register required to be kept under section 352 of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) 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 5.47 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 our 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 2019, 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 to 5.67 of the GEM Listing Rules.

Directors' Rights to Acquire Shares and Debentures

At no time since the Listing Date 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 2019, 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 as 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 2019, 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 2019 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 (the “**Audit Committee**”) on 23 April 2018 in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and with written terms of reference. The terms of reference which was updated on 1 January 2019 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 three months ended 31 March 2019, which have been approved by the Board on 15 May 2019 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 2019 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 under review and up to the date of this report.

Purchase, Sale or Redemption of Listed Securities of the Company

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

Interest of the Compliance Adviser

As notified by Sunfund Capital Limited ("**Sunfund**"), the Company's compliance adviser, save for the compliance agreement entered into between the Company and Sunfund dated 7 April 2017 in connection with the Listing, none of Sunfund or its directors, employees or close associates (as defined in the GEM Listing Rules) had any interest in the Group as at 31 March 2019 and up to the date of this report, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

Hong Kong, 15 May 2019

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.