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HM International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8416)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of the Company dated 23 August 2019 in respect of the acquisition of 22.85% equity interest in the Target Company (the “**Announcement**”). Unless otherwise stated herein, terms and expressions used herein shall have the same meaning as used in the Announcement.

The Board wishes to further disclose the following supplementary information on the Announcement:

1. The Company noted an inadvertent typographical error on page 2 and page 8 of the Announcement and wishes to clarify that the company name of HM Investment should be **HM Investment Limited**.
2. As disclosed in the section headed “Determination of the Consideration” on page 3 of the Announcement, when determining the Consideration, the Directors went through arm’s length negotiations with the Existing Shareholders of the Target Company.

The Directors evaluated the Consideration based on the profitable position and business potential of the Target Company, and in particular, the software technology possessed by the Target Company in relation to its collaborative platform for the management of typesetting and translation projects with a computer-aided translation tool would align with the focus and future development strategies of the Group and further strengthen and complement the Group’s core business of financial printing. With the development of IT technology, computer-aided translation process has potential to be highly scalable due to the high market demand and the Directors believe that by developing and streamlining the Group’s translation process, the Group could strengthen its service solutions to its existing and potential clients, thereby bringing positive returns to the Group. The Directors are optimistic that an investment in the Target Company would bring about future business prospects and therefore agreed with the Existing Shareholders to acquire the Subscription Shares at the Consideration.

The Directors are of the view that the factors considered are fair and reasonable for the determination of the Consideration and the Consideration can reflect and show the Company’s investment value.

3. Supplemental to the section headed “Information of the Target Company and the Existing Shareholders” on page 5 of the Announcement, the book value of net asset value and the net profits attributable to the Target Company for the two financial years immediately preceding the Subscription are as follows:

	For the year ended 31 December	
	2017	2018
	<i>(Euro)</i>	<i>(Euro)</i>
Book value of net asset value	789,682.76	936,449.07
Net profits before tax	211,299.45	200,078.02
Net profits after tax	152,106.71	146,766.31

4. As disclosed in the section headed “Rights and obligations as shareholders of the Target Company – Drag along” on page 4 of the Announcement, in the event that a shareholder or a group of shareholders owning at least half of the shares of the Target Company wished to transfer all the shares of the Target Company he/she/it/they own(s) to one or more persons, the other shareholder(s) will be required to sell his/her/its/their shares to the potential purchaser under the same terms and conditions.

In so far as HM Investment is concerned, HM Investment will be obliged to sell its shares in the Target Company, along with the other shareholders when the drag along right is exercised pursuant to the Agreement. For the purpose of the GEM Listing Rules 19.72, 19.73, 19.74(1) and 19.76(1), the drag along right is an “option” and where the exercise of an option is not at the Company’s discretion, the transaction will be classified as if the option had been exercised upon its grant. Based on the Agreement, when the drag along is triggered, all the shareholders will sell their shares of the Target Company under the same terms and conditions, and at the price of 122.61 Euros per share (which is the investment cost by HM Investment) plus interest calculated at a simple annual interest rate of 7% (the “**Rate**”). When determining the Rate, the Company went through arm’s length negotiations with the Existing Shareholders and referred to the Company’s net profit ratio and return on equity of 2018, which was approximately 6% and 8%, respectively.

As disclosed in the section headed “Rights and obligations as shareholders of the Target Company – Duration” on page 5 of the Announcement, the duration of the Agreement is 7 years. Based on the maximum exercise price of 1,490,000 Euros (being 1,000,000 Euros x (1 + 7% x 7)), the grant of the drag along right, which is considered as if it had been exercised upon its grant, constitutes a discloseable transaction under Chapter 19 of the GEM Listing Rules as the applicable percentage ratios exceed 5% but less than 25%, and is subject to notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

This clarification announcement is supplemental to and should be read in conjunction with the Announcement. Save as disclosed above, all other information in the Announcement shall remain unchanged.

By order of the Board
HM International Holdings Limited
Yu Chi Ming
Chairman

Hong Kong, 12 September 2019

As at the date of this announcement, the executive directors of the Company are Mr. Yu Chi Ming, Mr. Tse Kam Wing Walter and Mr. Chan Wai Lin; and the independent non-executive directors of the Company are Mr. Choi Hon Ting Derek, Mr. Ng Jack Ho Wan and Mr. Wan Chi Wai Anthony.

This announcement, for which the directors of the Company 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 of Hong Kong Limited 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 is published on the GEM website at www.hkgem.com and will remain on its “Latest Company Announcements” page for at least seven days from the date of publication. This announcement will also be published on the Company’s website at www.hetermedia.com.