



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

Interim Report 2020



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INTERIM RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated financial results of the Group for the three months and six months ended 30 June 2020, together with the comparative unaudited figures for the corresponding periods in 2019, as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2020

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	40,801	49,195	60,522	75,763
Cost of sales		(22,086)	(25,714)	(36,594)	(40,875)
Gross profit		18,715	23,481	23,928	34,888
Other income		763	361	774	344
Selling expenses		(2,654)	(3,123)	(4,948)	(6,448)
Administrative expenses		(8,935)	(10,165)	(18,595)	(20,441)
Share of loss of an associate		(57)	–	(260)	–
Finance costs		(724)	(22)	(1,525)	(33)
Profit/(loss) before tax		7,108	10,532	(626)	8,310
Income tax expense	5	(257)	(1,737)	(263)	(1,832)
Profit/(loss) for the period	6	6,851	8,795	(889)	6,478
Other comprehensive expenses					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising from translation of foreign operations		(19)	–	(14)	(7)
Total comprehensive income/(loss) for the period		6,832	8,795	(903)	6,471

	<i>Notes</i>	For the three months ended 30 June		For the six months ended 30 June	
		2020	2019	2020	2019
		<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Profit/(loss) for the period attributable to:					
Owners of the Company		6,848	8,827	(929)	6,554
Non-controlling interest		3	(32)	40	(76)
		<u>6,851</u>	<u>8,795</u>	<u>(889)</u>	<u>6,478</u>
Total comprehensive income/(loss) attributable to:					
Owners of the Company		6,829	8,827	(943)	6,547
Non-controlling interest		3	(32)	40	(76)
		<u>6,832</u>	<u>8,795</u>	<u>(903)</u>	<u>6,471</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share attributable to the owners of the Company during the period					
Basic and diluted	9	<u>1.71</u>	<u>2.21</u>	<u>(0.23)</u>	<u>1.64</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		As at 30 June 2020	As at 31 December 2019
	<i>Notes</i>	HK\$'000 (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		3,777	5,206
Right-of-use assets		18,910	23,966
Intangible assets		783	89
Interest in an associate	10	8,448	4,405
Deferred tax assets		168	168
		<u>32,086</u>	<u>33,834</u>
Current assets			
Contract assets		11,941	3,120
Trade and other receivables	11	31,050	29,416
Current tax assets		–	146
Pledged bank deposits		1,000	1,000
Cash and bank balances		55,869	65,314
		<u>99,860</u>	<u>98,996</u>
Total assets		<u>131,946</u>	<u>132,830</u>
Current liabilities			
Contract liabilities		5,162	4,786
Trade and other payables	12	18,793	13,759
Amount due to non-controlling interests		485	485
Lease liabilities		4,639	9,117
Current tax liabilities		659	1,586
		<u>29,738</u>	<u>29,733</u>
Net current assets		<u>70,122</u>	<u>69,263</u>
Total assets less current liabilities		<u>102,208</u>	<u>103,097</u>

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Non-current liabilities		
Lease liabilities	15,493	15,507
Deferred tax liabilities	35	35
	<u>15,528</u>	<u>15,542</u>
Net assets	<u>86,680</u>	<u>87,555</u>
Capital and reserves		
Share capital	4,000	4,000
Reserves	82,722	83,637
	<u>86,722</u>	<u>87,637</u>
Equity attributable to owners of the Company	86,722	87,637
Non-controlling interests	<u>(42)</u>	<u>(82)</u>
Total equity	<u>86,680</u>	<u>87,555</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company						Sub-total HK\$'000	Non- controlling interest HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Share-based payments reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000			
Balance at 1 January 2020 (audited)	4,000	39,009	138	252	(67)	44,305	87,637	(82)	87,555
Profit/(loss) and total comprehensive income for the period	-	-	-	-	(14)	(929)	(943)	40	(903)
Recognition of equity-settled share-based payment	-	-	-	28	-	-	28	-	28
Balance at 30 June 2020 (unaudited)	<u>4,000</u>	<u>39,009</u>	<u>138</u>	<u>280</u>	<u>(81)</u>	<u>43,376</u>	<u>86,722</u>	<u>(42)</u>	<u>86,680</u>
Balance at 1 January 2019 (audited)	4,000	39,009	138	128	(35)	41,691	84,931	5	84,936
Profit and total comprehensive income for the period	-	-	-	-	(7)	6,554	6,547	(76)	6,471
Recognition of equity-settled share-based payment	-	-	-	72	-	-	72	-	72
Balance at 30 June 2019 (unaudited)	<u>4,000</u>	<u>39,009</u>	<u>138</u>	<u>200</u>	<u>(42)</u>	<u>48,245</u>	<u>91,550</u>	<u>(71)</u>	<u>91,479</u>

Note: Special reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the reorganisation in prior years.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Net cash generated from/(used in) operating activities	<u>1,313</u>	<u>(991)</u>
Net cash (used in)/generated from investing activities	<u>(4,993)</u>	<u>2,853</u>
Net cash used in financing activities	<u>(5,765)</u>	<u>(398)</u>
Net (decrease)/increase in cash and cash equivalents	(9,445)	1,464
Cash and cash equivalents at the beginning of year	<u>65,314</u>	<u>58,761</u>
Cash and cash equivalents at the end of period	<u>55,869</u>	<u>60,225</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL

The Company was incorporated in the Cayman Islands on 13 January 2016 as an exempted company with limited liability. The Company's parent and ultimate holding company is HM Ultimate Holdings Limited, a company incorporated in the British Virgin Islands ("BVI") and owned by Mr. Yu Chi Ming ("Mr. Yu"), Mr. Tse Kam Wing Walter ("Mr. Tse") and Mr. Chan Wai Lin ("Mr. Chan"). The Company has been registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (Cap. 622) and its shares have been listed on GEM of the Stock Exchange since 11 January 2017.

The address of the registered office of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is 9/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the provision of integrated printing services (including provision of financial printing services, marketing collateral printing services and other services).

The unaudited condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with applicable Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those adopted in preparing the audited financial statements for the year ended 31 December 2019.

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK\$'000") unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current period

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current period:

HKFRS 16	Leases
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$’000 (Unaudited)	2019 HK\$’000 (Unaudited)	2020 HK\$’000 (Unaudited)	2019 HK\$’000 (Unaudited)
Recognised over time				
– Provision of financial printing services	38,675	47,299	56,787	70,688
– Provision of marketing collateral printing services	1,157	1,244	2,014	3,365
– Provision of other services	969	652	1,721	1,710
	<u>40,801</u>	<u>49,195</u>	<u>60,522</u>	<u>75,763</u>

4. SEGMENT INFORMATION

HKFRS 8 *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the provision of integrated printing services.

In addition, the Group's revenue is substantially generated in Hong Kong and the Group's assets and liabilities are also substantially located in Hong Kong. Accordingly, the Group does not present separately segment information.

Information about major customers

No individual customer contributed over 10% of the total revenue of the Group during the periods ended 30 June 2020 and 2019.

5. INCOME TAX EXPENSE

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Hong Kong Profits Tax				
Current tax				
– Current period	160	1,570	160	1,717
The People's Republic of China (the "PRC")				
Enterprise Income Tax				
– Current period	103	237	103	244
Deferred tax credit				
– Current period	(6)	(70)	-	(129)
Total income tax expenses recognised in profit or loss	<u>257</u>	<u>1,737</u>	<u>263</u>	<u>1,832</u>

Hong Kong Profits Tax has been provided at the rate of 8.25% on the first HK\$2,000,000 of the estimated assessable profits and 16.5% on the remaining amount of the estimated assessable profits for the six months ended 30 June 2020 and 2019.

The Group is not subject to any income tax in the Cayman Islands and the BVI pursuant to the rules and regulations in those jurisdictions.

The PRC corporate income tax in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof.

6. PROFIT/(LOSS) FOR THE PERIOD

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

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Employee benefits expense (including directors' emoluments):				
Salaries, allowances and other benefits in kind	11,587	11,393	22,455	22,208
Contributions to retirement benefits schemes	544	475	1,045	916
Equity-settled share-based payments	-	39	28	72
	<u>12,131</u>	<u>11,907</u>	<u>23,528</u>	<u>23,196</u>
Total employee benefits expense				
	<u>12,131</u>	<u>11,907</u>	<u>23,528</u>	<u>23,196</u>
Auditor's remuneration	226	223	453	446
Amortisation of intangible assets (included in cost of sales on the unaudited condensed consolidated statement of profit or loss and other comprehensive income)	40	16	57	34
Depreciation of property, plant and equipment	638	965	1,565	1,963
Depreciation of right-of-use assets	2,419	179	4,816	313
Donation	-	6	-	20
Operating lease rentals in respect of:				
- rental premises	203	2,714	263	5,403
- equipment	-	5	-	11
	<u>203</u>	<u>2,714</u>	<u>263</u>	<u>5,403</u>
	<u>-</u>	<u>5</u>	<u>-</u>	<u>11</u>

7. SHARE-BASED PAYMENT

During the six months ended 30 June 2020, total share-based payment of approximately HK\$28,000 (six months ended 30 June 2019: approximately HK\$72,000) has been recognised in the profit or loss. The corresponding amount of approximately HK\$28,000 (six months ended 30 June 2019: approximately HK\$72,000) has been credited to share-based payment reserve.

8. DIVIDEND

The Board did not recommend a payment of any dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings:				
Profit/(loss) attributable to owners of the Company (<i>HK\$'000</i>)	<u>6,848</u>	<u>8,827</u>	<u>(929)</u>	<u>6,554</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share (<i>in thousand</i>)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Basic and diluted earnings/(loss) per share (<i>HK cents</i>)	<u>1.71</u>	<u>2.21</u>	<u>(0.23)</u>	<u>1.64</u>

For the six months ended 30 June 2020 and 2019, the calculation of the basic earnings/(loss) per share is based on the profit/(loss) attributable to owners of the Company and the weighted average number of ordinary shares issued during the periods.

No diluted earnings/(loss) per share is presented for the six months ended 30 June 2020 and 2019, as there was no potential ordinary share outstanding. The computation of diluted earnings/(loss) per share for the periods does not assume the exercise of the share options because the exercise price of those share options was higher than the average market price of shares in both periods.

10. INTEREST IN AN ASSOCIATE

	At 30 June 2020 <i>HK\$'000</i> (Unaudited)	At 31 December 2019 <i>HK\$'000</i> (Audited)
Cost of unlisted investment in an associate	8,657	4,355
Share of post-acquisition profit/(loss) and other comprehensive income	<u>(209)</u>	<u>50</u>
	<u>8,448</u>	<u>4,405</u>

Details of the Group's associate at the end of the reporting period are as follows:

Name of associate	Form of entity	Place of incorporation/ operation	Registered capital	Proportion of ownership interest held by the Group		Principal activity
				At 30 June 2020 (Unaudited)	At 31 December 2019 (Audited)	
Wordbee S.A.	Limited liabilities	Luxembourg	Euros ("EUR") 35,696	22.85%	12.9%	Software technology

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2020 <i>HK\$'000</i> (Unaudited)	At 31 December 2019 <i>HK\$'000</i> (Audited)
Trade receivables	24,378	22,152
Less: provision for impairment losses on trade receivables	(209)	(209)
	<u>24,169</u>	<u>21,943</u>
Other receivables and prepayments	6,881	7,473
	<u><u>31,050</u></u>	<u><u>29,416</u></u>

The following is an aged analysis of trade receivables presented based on the invoice date:

	At 30 June 2020 <i>HK\$'000</i> (Unaudited)	At 31 December 2019 <i>HK\$'000</i> (Audited)
0-30 days	8,419	10,951
31-60 days	5,780	4,931
61-90 days	4,929	796
91-365 days	1,653	1,677
Over 365 days	3,597	3,797
	<u><u>24,378</u></u>	<u><u>22,152</u></u>

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The credit period was ranging from 30 days to 90 days (31 December 2019: 30 days to 90 days). Interest could be charged on overdue receivables.

12. TRADE AND OTHER PAYABLES

	At 30 June 2020 <i>HK\$'000</i> (Unaudited)	At 31 December 2019 <i>HK\$'000</i> (Audited)
Trade payables	13,719	8,663
Other payables and accruals	5,074	5,096
	18,793	13,759

The trade payables are non-interest bearing. The credit period was ranging from 30 days to 90 days (31 December 2019: 30 days to 90 days). The following is an aged analysis of trade payables presented based on the invoice date:

	At 30 June 2020 <i>HK\$'000</i> (Unaudited)	At 31 December 2019 <i>HK\$'000</i> (Audited)
0-30 days	3,070	3,966
31-60 days	3,833	2,549
61-90 days	6,095	1,841
91-365 days	721	307
	13,719	8,663

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We provide integrated printing services for corporate clients mainly in the financial and capital market in Hong Kong. We mainly offer a wide spectrum of services from financial printing services for corporations which are listed on the Stock Exchange and potential listing applicants, to marketing collateral printing services for fund houses and insurance companies.

With years of presence and development in the market, we have successfully built up a broad client base including blue chips, state-owned enterprises, global fund houses and major insurance companies. We believe that our ability to maintain recurring clients demonstrates their recognitions of our quality service and we consider these recognitions as one of the key factors leading to our success in the industry.

During the six months ended 30 June 2020, the Group recorded a revenue of approximately HK\$60.5 million, which represents a decrease of approximately 20.1% as compared to the same period of last year. Such decrease in revenue resulted from delays and cancellation of projects due to the outbreak of the novel coronavirus (COVID-19) epidemic in early 2020.

OUTLOOK

Looking forward, we are still reasonably optimistic to sustain the core business given all the economic uncertainties with the outbreak of COVID-19. We remain committed to the strategies and will continue to seek for the best possible opportunities to grow our business by leveraging our current client base. The proposed acquisition of 70% equity interest in I. Link Group Limited, as detailed in the Company's announcement dated 31 July 2020, represents an opportunity for the Group to align with its focus and future development strategies, which will broaden the revenue sources of the Group and expand its customer bases, benefit the Group's business development and the interests of the Company and its shareholders as a whole in the future. Moreover, we shall continue to explore potential opportunities to develop our core and related business and if appropriate, explore selective acquisition and partnership in order to strengthen our revenue base and maximize both the return to the shareholders and value of the Group.

USE OF NET PROCEEDS FROM THE COMPANY'S PLACING

The net proceeds received by the Company from the placing of 100,000,000 shares of the Company (the “**Shares**”) at a price of HK\$0.60 each on 11 January 2017 (the listing date of the Company), after the deduction of actual listing expenses and underwriting commission, amounted to approximately HK\$40.0 million (the “**Net Proceeds**”). As at 30 June 2020, the Net Proceeds utilised and unutilised are set out as follows:

	Planned use of Net Proceeds <i>(Note a)</i> <i>HK\$'000</i>	Actual utilised Net Proceeds up to 30 June 2020 <i>HK\$'000</i>	Unutilised Net Proceeds as at 30 June 2020 <i>(Note b)</i> <i>HK\$'000</i>
Set up the new office and improve the facilities in the Infinitus Plaza office	17,487	15,359	2,128
Enhance the Group's IT systems and infrastructures	14,962	11,301	3,661
Enhance the Group's work force	3,817	3,817	0
General working capital	3,734	3,734	0
Total	<u>40,000</u>	<u>34,211</u>	<u>5,789</u>

Notes:

- a. Such proportion of the planned use of Net Proceeds has been shown in the prospectus of the Company dated 29 December 2016.
- b. As at 30 June 2020, all of the unutilised Net Proceeds were deposited in a licensed bank in Hong Kong.

As disclosed in the Company's announcement dated 31 July 2020, the planned use of the unutilised Net Proceeds has changed. Details of the change and the expected timeline for utilising these unutilised Net Proceeds are set out below:

	Unutilised Net Proceeds as at 30 June 2020 <i>HK\$'000</i>	Unutilised Net Proceeds after the change as per announcement dated 31 July 2020 <i>HK\$'000</i>	Expected timeline for utilising the remaining unutilised Net Proceeds
Set up the new office and improve the facilities in the Infinitus Plaza office	2,128 <i>(note 1)</i>	0	N/A
Enhance the Group's IT systems and infrastructures	3,661 <i>(note 2)</i>	589	1 July 2020 to 31 December 2020 <i>(note 2)</i>
Acquisition of 70% equity interest in I. Link Group Limited <i>(note 3)</i>	N/A	5,200	1 July 2020 to 30 June 2022 <i>(note 3)</i>
	5,789	5,789	

Notes:

- The unutilised Net Proceeds are mainly due to the outbreak of COVID-19 and the change in the business environment of the Group under the working-from-home arrangements. After implementing the working-from-home policy for several months, the Directors are of the view that it did not have any material adverse impact on the work flow, the efficiency or the communication among staff of the Group and working from home will become a business norm of the Group in the near future. Therefore, the availability of additional office space will no longer be a material consideration for the Group's business operation and further renovations and improvements to the offices are no longer necessary.
- The unutilised Net Proceeds are mainly due to the following reasons: (i) the Group was originally planning to implement the mobile office system with an objective to improve the effectiveness and efficiency of workforce and business processes. However, upon further study and review, there are concerns that such system may not provide adequate and secured processes and procedures for the provision of data-security requirements. Given the nature of mobile devices and the features of instalment of third-party applications, the risk of losing data or information leakage is relatively high. Therefore, the Directors decided not to further implement the mobile office system; and (ii) the Group is applying cloud computing solution for the purpose of enhancing its data servers and private cloud space and the actual utilisation is dragged on in view of the current business environment. The Directors expect that the utilisation of cloud computing solution will be completed by 31 December 2020.
- Reference is made to the Company's announcement dated 31 July 2020 in relation to the acquisition of 70% equity interest in I. Link Group Limited. The remaining Net Proceeds will be utilised in accordance with the principal terms of the sale and purchase agreement.

FINANCIAL REVIEW

Revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Financial printing projects	38,675	47,299	56,787	70,688
Marketing collateral printing projects	1,157	1,244	2,014	3,365
Other projects	969	652	1,721	1,710
	<u>40,801</u>	<u>49,195</u>	<u>60,522</u>	<u>75,763</u>

The Group's revenue decreased by approximately HK\$15.2 million, or 20.1%, from approximately HK\$75.8 million for the six months ended 30 June 2019 to approximately HK\$60.5 million for the six months ended 30 June 2020.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$11.0 million, or 31.4%, from approximately HK\$34.9 million for the six months ended 30 June 2019 to approximately HK\$23.9 million for the six months ended 30 June 2020, which was due to a significant decrease in financial printing projects. Our gross profit margins for the six months ended 30 June 2019 and 2020 were approximately 46.0% and 39.5% respectively.

Other Income

The Group's other income increased by approximately HK\$0.4 million from a net gain of approximately HK\$0.3 million for the six months ended 30 June 2019 to approximately HK\$0.8 million for the six months ended 30 June 2020. Such increase was mainly caused by the Hong Kong Government's subsidy under the Employment Support Scheme.

Selling Expenses

The Group's selling expenses decreased by approximately HK\$1.5 million, or 23.3%, from approximately HK\$6.4 million for the six months ended 30 June 2019 to approximately HK\$4.9 million for the six months ended 30 June 2020. The decrease was generally in line with the decrease in the Group's revenue during the period.

Administrative Expenses

The Group's administrative expenses decreased by approximately HK\$1.8 million, or 9.0%, from approximately HK\$20.4 million for the six months ended 30 June 2019 to approximately HK\$18.6 million for the six months ended 30 June 2020, which was mainly due to the decrease in rental fee for the six months ended 30 June 2020.

Finance Costs

Finance costs increased by approximately HK\$1,500,000 from approximately HK\$33,000 for the six months ended 30 June 2019 to approximately HK\$1,500,000 for the six months ended 30 June 2020. Such increase was mainly due to the increase in lease liabilities.

Taxation

Income tax expense decreased by approximately HK\$1.6 million, or 85.6%, from approximately HK\$1.8 million for the six months ended 30 June 2019 to approximately HK\$0.3 million for the six months ended 30 June 2020. The decrease was primarily attributable to the decrease in profit before tax.

Loss for the period

Profit after tax of the Group decreased by approximately HK\$7.4 million from approximately HK\$6.5 million for the six months ended 30 June 2019 to a loss of approximately HK\$0.9 million for the six months ended 30 June 2020. The decrease was mainly due to the decrease in gross profit.

DIVIDEND

The Board did not recommend a payment of any dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group had 112 employees (31 December 2019: 129) in Hong Kong, 6 employees (31 December 2019: 5) in PRC, 1 employee (31 December 2019: nil) in Singapore and 11 employees (31 December 2019: 11) in Taiwan. We believe that hiring, motivating and retaining qualified employees are crucial to our success as a reliable financial printer. Total staff costs (including Directors' emoluments) were approximately HK\$23.5 million for the six months ended 30 June 2020 (30 June 2019: approximately HK\$23.2 million). The remuneration packages of the Group's employees include fees, salaries, retirement benefit scheme contributions and other benefits. The remuneration policies of the Group, including promotion, bonus, salary increment and other benefits, are formulated based on the Group's operating results, employees' individual performance, working experience, respective responsibilities, merit, qualifications and competence, as well as comparable to the prevailing market practice, standards and statistics. The remuneration policies of the Group are reviewed by the management of the Group regularly. The dedication and hard work of the Group's staff are generally appreciated and recognised.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 30 June 2020,

- (a) the Group's total assets decreased to approximately HK\$131.9 million (31 December 2019: approximately HK\$132.8 million) while the total equity decreased to approximately HK\$86.7 million (31 December 2019: approximately HK\$87.6 million);
- (b) the Group's current assets increased to approximately HK\$99.9 million (31 December 2019: approximately HK\$99.0 million) while the current liabilities were approximately HK\$29.7 million (31 December 2019: approximately HK\$29.7 million);
- (c) the Group had approximately HK\$55.9 million in cash and bank balances (31 December 2019: approximately HK\$65.3 million), which included cash and bank balances in Renminbi (“**RMB**”) of approximately RMB7.2 million, in US dollars (“**USD**”) of approximately USD0.1 million, in Taiwan New dollars (“**TWD**”) of approximately TWD0.2 million, and in Singapore dollars (“**SGD**”) of approximately SGD0.1 million and the current ratio of the Group was approximately 3.4 times (31 December 2019: approximately 3.3 times);
- (d) the Group had lease liabilities of approximately HK\$20.1 million (31 December 2019: approximately HK\$24.6 million); and
- (e) the gearing ratio (calculated based on debts including payables incurred not in the ordinary course of business divided by total equity as at the respective period ends and multiplied 100%) of the Group was approximately 23.2% (31 December 2019: 28.1%).

FOREIGN CURRENCY EXPOSURE

The Group's businesses are mainly operated in Hong Kong. The sales and purchases are mainly denominated in HK\$ and customers rarely request to settle our billing by other foreign currencies such as USD and RMB.

The Group's assets, liabilities and transactions are mainly denominated in HK\$. Only a little portion of the Group's deposits with bank are denominated in USD, RMB, SGD and TWD, which are freely convertible into HK\$. The Directors are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange rate risks and, therefore, no hedging arrangements were made during the six months ended 30 June 2020. However, the Group will review and monitor the relevant foreign exchange risk from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when applicable.

INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS

As at 30 June 2020, the Group had assets with the carrying amount of approximately HK\$1.0 million (31 December 2019: approximately HK\$1.0 million) pledged to secure general banking facilities.

SIGNIFICANT INVESTMENTS

As at 30 June 2020, the Group did not hold any significant investments (31 December 2019: nil).

CAPITAL EXPENDITURE

As at 30 June 2020, the Group had approximately HK\$0.2 million (31 December 2019: approximately HK\$3.9 million) of capital expenditure.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any significant contingent liabilities (31 December 2019: nil).

EVENTS AFTER THE REPORTING PERIOD

The recent outbreak of COVID-19 in Hong Kong poses threats to the local economy. As the development of such pandemic remains to be highly uncertain, the extent of its impact on the economy of Hong Kong is subject to many uncertainties. The industry in which the Group operates may be directly or indirectly affected. Moreover, it may be difficult to estimate the financial effect attributable to COVID-19.

On 31 July 2020, the Group conditionally agreed to acquire 70% equity interest in I. Link Group Limited, a private company principally engaged in financial printing services, marketing collateral printing services and design solutions services in Hong Kong, for the consideration of HK\$5,000,000. Details of such acquisition are set out in the Company's announcement dated 31 July 2020.

Save as disclosed above, there is no significant event subsequent from 30 June 2020 to the date of this report.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long Position in the Shares of the Company

As at 30 June 2020

Name of Director	Nature of interests	Number of ordinary Shares interested	Approximate percentage* of shareholding
Yu Chi Ming	Interests held jointly with another person; interest held by a controlled corporation (<i>Note</i>)	297,045,000	74.26%
Tse Kam Wing Walter	Interests held jointly with another person; interest held by a controlled corporation (<i>Note</i>)	297,045,000	74.26%
Chan Wai Lin	Interests held jointly with another person; interest held by a controlled corporation (<i>Note</i>)	297,045,000	74.26%

Note: HM Ultimate Holdings Limited ("HM Ultimate") is beneficially owned as to 53.0% by Mr. Yu, 24.5% by Mr. Tse and 22.5% by Mr. Chan. Mr. Yu, Mr. Tse and Mr. Chan together control all the 297,045,000 Shares held by HM Ultimate.

* The percentage represents the number of ordinary Shares involved divided by the total number of issued Shares as at 30 June 2020.

**Long Position in the Shares of the Associated Corporations of the Company
As at 30 June 2020**

Name of Director	Name of associated corporation	Nature of interests	Number of ordinary shares held	Percentage** of shareholding
Yu Chi Ming	HM Ultimate	Beneficial owner	530	53.0%
Tse Kam Wing Walter	HM Ultimate	Beneficial owner	245	24.5%
Chan Wai Lin	HM Ultimate	Beneficial owner	225	22.5%

** The percentage represents the number of ordinary shares involved divided by the total number of issued shares of the associated corporation as at 30 June 2020.

Save as disclosed above, as at 30 June 2020, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2020, the following persons/entities other than a Director or chief executive of the Company had interests or short positions in the Shares or underlying Shares, as recorded in the register of the Company required to be kept under section 336 of the SFO:

**Long Position in the Shares of the Company
As at 30 June 2020**

Name of shareholder	Nature of interests	Number of ordinary Shares interested	Approximate percentage*** of shareholding
HM Ultimate (<i>Note 1</i>)	Beneficial owner	297,045,000	74.26%
Wong Mee Che Lilian	Interest of spouse (<i>Note 2</i>)	297,045,000	74.26%
Wong Yuk Sim Kathy	Interest of spouse (<i>Note 3</i>)	297,045,000	74.26%
Tang Wai Kwan May	Interest of spouse (<i>Note 4</i>)	297,045,000	74.26%

Note 1: HM Ultimate is beneficially owned as to 53.0% by Mr. Yu, 24.5% by Mr. Tse and 22.5% by Mr. Chan. Mr. Yu, Mr. Tse and Mr. Chan together control all the Shares held by HM Ultimate. This interest of HM Ultimate is also disclosed as the interest of Mr. Yu, Mr. Tse and Mr. Chan in the above section headed “Directors’ and chief executive’s interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations”.

Note 2: Ms. Wong Mee Che Lilian is the spouse of Mr. Yu. Ms. Wong Mee Che Lilian is deemed to be interested in the same number of Shares in which Mr. Yu is interested by virtue of the SFO.

Note 3: Ms. Wong Yuk Sim Kathy is the spouse of Mr. Tse. Ms. Wong Yuk Sim Kathy is deemed to be interested in the same number of Shares in which Mr. Tse is interested by virtue of the SFO.

Note 4: Ms. Tang Wai Kwan May is the spouse of Mr. Chan. Ms. Tang Wai Kwan May is deemed to be interested in the same number of Shares in which Mr. Chan is interested by virtue of the SFO.

*** The percentage represents the number of ordinary Shares involved divided by the total number of issued Shares as at 30 June 2020.

Save as disclosed above, as at 30 June 2020, other than the Directors whose interests are set out in the above paragraph headed “Directors’ and chief executive’s interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations”, no person had any interest or short position in the Shares or underlying Shares recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Scheme**”) on 15 December 2016 which became unconditional upon the listing of the Company on 11 January 2017. Under the terms of the Scheme, the Board may at its discretion grant options to eligible participants, as incentive or reward for their contribution to the Group, to subscribe for Shares.

Details of movement of the share options granted under the Scheme for the six months ended 30 June 2020 are as follows:

Category of option holders	Date of grant (Note 1)	Exercise price per Share Exercise period		Number of share options					Outstanding as at 30 June 2020
				Outstanding as at 1 January 2020	Granted during the period	Exercised during the period (Note 2)	Lapsed during the period	Cancelled during the period	
Employees of the Group in aggregate									
Group A	16 March 2018	HK\$0.70	16 March 2019 to 15 March 2022	25,000	-	-	-	-	25,000
Group B	16 March 2018	HK\$0.70	16 March 2020 to 15 March 2023	1,175,000	-	-	-	-	1,175,000
Total				1,200,000	-	-	-	-	1,200,000

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. The number and/or exercise price of the share options may be subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

CORPORATE GOVERNANCE

The Company has applied the principles and adopted all code provisions, where applicable, of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance.

The Directors consider that during the six months ended 30 June 2020, the Company complied with all the code provisions as set out in the CG Code.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

None of the Directors, the management and controlling shareholders of the Company or any of their respective close associates as defined in the GEM Listing Rules engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group, or had any other conflict of interests with the Group during the six months ended 30 June 2020.

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”) as its own code of conduct regarding Directors’ transactions in the Company’s securities.

Specific enquiry has been made of all the Directors and the Directors confirmed that they had complied with the Required Standard of Dealings during the six months ended 30 June 2020.

The Company has also established written guidelines (the “**Employees Written Guidelines**”) on terms no less exacting than the Required Standard of Dealings regarding dealings in the Company’s securities by employees who are likely to be in possession of inside information of the Company. During the six months ended 30 June 2020, no incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

AUDIT COMMITTEE

The Company had established the audit committee (the “**Audit Committee**”) on 15 December 2016 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Company, make recommendations to the Board on the appointment, reappointment and removal of the independent auditors, and review the Company’s financial information.

The Audit Committee comprises three members, all being independent non-executive Directors, namely Mr. Ng Jack Ho Wan (chairman of the Audit Committee), Mr. Choi Hon Ting Derek and Mr. Wan Chi Wai Anthony. It has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, risk management, internal control and financial reporting matters, including review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020.

By Order of the Board
HM International Holdings Limited
Yu Chi Ming
Chairman and Executive Director

Hong Kong, 7 August 2020

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