



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

**Third Quarterly Report 2020**



## 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 of the Stock Exchange 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 of HM International Holdings Limited (the “**Company**” and the “**Directors**”, respectively) 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 and its subsidiaries (collectively, the “**Group**”). 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.*

### THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) is pleased to report the unaudited condensed consolidated financial results of the Company and its subsidiaries for the three months and nine months ended 30 September 2020, together with the comparative unaudited figures for the corresponding periods in 2019, as follows.

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the three months and nine months ended 30 September 2020*

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	30,981	28,551	91,503	104,314
Cost of sales		<u>(18,575)</u>	<u>(16,708)</u>	<u>(55,169)</u>	<u>(57,583)</u>
Gross profit		12,406	11,843	36,334	46,731
Other income and net gains/(losses)		3,770	(1,088)	4,544	(744)
Selling expenses		(2,873)	(2,443)	(7,821)	(8,891)
Administrative expenses		(11,153)	(10,605)	(29,748)	(31,046)
Share of profit/(loss) of an associate/a joint venture		185	–	(75)	–
Finance costs		<u>(858)</u>	<u>(44)</u>	<u>(2,383)</u>	<u>(77)</u>
Profit/(loss) before tax		1,477	(2,337)	851	5,973
Income tax (expense)/credit	5	<u>(77)</u>	<u>128</u>	<u>(340)</u>	<u>(1,704)</u>
Profit/(loss) for the period	6	1,400	(2,209)	511	4,269
Other comprehensive expenses <i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translating foreign operations		<u>–</u>	<u>–</u>	<u>(14)</u>	<u>(7)</u>
Total comprehensive income/ (expense) for the period		<u>1,400</u>	<u>(2,209)</u>	<u>497</u>	<u>4,262</u>

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to:				
Owners of the Company	<b>1,218</b>	(2,213)	<b>289</b>	4,341
Non-controlling interest	<b>182</b>	4	<b>222</b>	(72)
	<b><u>1,400</u></b>	<b><u>(2,209)</u></b>	<b><u>511</u></b>	<b><u>4,269</u></b>
Total comprehensive income/ (expense) attributable to:				
Owners of the Company	<b>1,218</b>	(2,213)	<b>275</b>	4,334
Non-controlling interest	<b>182</b>	4	<b>222</b>	(72)
	<b><u>1,400</u></b>	<b><u>(2,209)</u></b>	<b><u>497</u></b>	<b><u>4,262</u></b>
Earnings/(loss) per share attributable to the owners of the Company during the period				
Basic and diluted ( <i>HK cents</i> )	9 <b>0.30</b>	(0.55)	<b>0.07</b>	1.09

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the nine months ended 30 September 2020*

	Attributable to owners of the Company							Non- controlling interest ("NCI")	Total equity
	Share capital	Share premium	Special reserve	Share option reserve	Translation reserve	Retained earnings	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance at 1 January									
2020 (audited)	4,000	39,009	138	252	(67)	44,305	87,637	(82)	87,555
NCI share of post-acquisition	-	-	-	-	-	-	-	(375)	(375)
Profit and total comprehensive (expense)/income for the period	-	-	-	-	(14)	289	275	222	497
Recognition of equity-settled share-based payment (Note 8)	-	-	-	28	-	-	28	-	28
<b>Balance at 30 September 2020 (unaudited)</b>	<b><u>4,000</u></b>	<b><u>39,009</u></b>	<b><u>138</u></b>	<b><u>280</u></b>	<b><u>(81)</u></b>	<b><u>44,594</u></b>	<b><u>87,940</u></b>	<b><u>(235)</u></b>	<b><u>87,705</u></b>
Balance at 1 January									
2019 (audited)	4,000	39,009	138	128	(35)	41,691	84,931	5	84,936
Profit and total comprehensive (expense)/income for the period	-	-	-	-	(7)	4,341	4,334	(72)	4,262
Recognition of equity-settled share-based payment (Note 8)	-	-	-	106	-	-	106	-	106
<b>Balance at 30 September 2019 (unaudited)</b>	<b><u>4,000</u></b>	<b><u>39,009</u></b>	<b><u>138</u></b>	<b><u>234</u></b>	<b><u>(42)</u></b>	<b><u>46,032</u></b>	<b><u>89,371</u></b>	<b><u>(67)</u></b>	<b><u>89,304</u></b>

*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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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 and owned by Mr. Yu Chi Ming, Mr. Tse Kam Wing Walter and Mr. Chan Wai Lin. The Company has been registered as a non-Hong Kong company under Part 16 of the 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 the principal place of business in Hong Kong 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 nine months ended 30 September 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 the 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 September		For the nine months ended 30 September	
	2020 HK\$’000 (Unaudited)	2019 HK\$’000 (Unaudited)	2020 HK\$’000 (Unaudited)	2019 HK\$’000 (Unaudited)
Recognised over time				
– Provision of financial printing services	28,359	25,746	85,146	96,434
– Provision of marketing collateral printing services	2,184	2,225	4,198	5,590
– Provision of other services	438	580	2,159	2,290
	<u>30,981</u>	<u>28,551</u>	<u>91,503</u>	<u>104,314</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, all of the Group's revenue is substantially generated in Hong Kong and all of 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 September 2020 and 2019.

#### 5. INCOME TAX EXPENSE

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Hong Kong Profits Tax				
Current tax				
– Current period	171	50	331	1,767
The People's Republic of China (the "PRC") Enterprise Income Tax				
Current tax				
– Current period	131	–	234	244
– Over provision in current period	–	(123)	–	(123)
Deferred tax credit				
– Current period	(225)	(55)	(225)	(184)
Total income tax expense recognised in profit or loss	<u>77</u>	<u>(128)</u>	<u>340</u>	<u>1,704</u>

In 2020, the Hong Kong Profits Tax is calculated under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2019: 16.5%).

In 2020, reduced income tax rate is granted to qualifying small enterprises with low profits, i.e. a 5% effective income tax rate on taxable income not exceeding RMB1 million and a 10% effective income tax rate on taxable income between RMB1 million and RMB3 million (2019: the PRC tax 25%).



## 6. PROFIT/(LOSS) FOR THE PERIOD

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

	For the three months ended 30 September		For the nine months ended 30 September	
	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	13,144	11,388	35,599	33,596
Contributions to retirement benefits schemes	696	514	1,741	1,430
Equity-settled share-based payments	-	34	28	106
Total employee benefits expense	<u>13,840</u>	<u>11,936</u>	<u>37,368</u>	<u>35,132</u>
Auditor's remuneration	226	222	679	668
Amortisation of intangible assets (included in cost of sales on the unaudited condensed consolidated statement of profit or loss and other comprehensive income)	76	14	133	48
Depreciation of property, plant and equipment	1,407	910	2,972	2,873
Depreciation of right-of-use assets	2,273	265	7,089	578
Provision for impairment losses on trade receivables	-	-	1,400	-
Donation	12	9	12	29
Operating lease rentals in respect of:				
- rental premises	(91)	2,884	172	8,287
- equipment	-	6	-	17

## 7. DIVIDENDS

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

## 8. SHARE-BASED PAYMENT

During the nine months ended 30 September 2020, a total share-based payment of approximately HK\$28,000 (nine months ended 30 September 2019: approximately HK\$106,000) has been recognised in the profit or loss. The corresponding net amount of approximately HK\$28,000 (nine months ended 30 September 2019: approximately HK\$106,000) has been credited to share option reserve.

## 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 September		For the nine months ended 30 September	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Profit/(loss) attributable to owners of the Company ( <i>HK\$'000</i> )	<u>1,218</u>	<u>(2,213)</u>	<u>289</u>	<u>4,341</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings 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>0.30</u>	<u>(0.55)</u>	<u>0.07</u>	<u>1.09</u>

For the nine months ended 30 September 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 nine months ended 30 September 2020 and 2019, as there was no dilutive potential ordinary share outstanding. The computation of diluted earnings per share for the current period 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the nine months ended 30 September 2020 (the “**Current Period**”), the Group continued to focus diligently on sustaining its core business in relation to the integrated print services for corporate clients mainly in the financial and capital market in Hong Kong. Our business however has been adversely impacted by COVID-19. Although our principal business experienced severe decrease from reduced spending from our clients and ongoing uncertain business environment, along with prudent spending, we managed to deliver a profit after taxes of approximately HK\$497,000 for the Current Period. The Current Period’s revenue of approximately HK\$91.5 million represents a decrease of approximately 12.3% as compared to the same period of last year. The result is due to the decrease in revenue generated from financial printing projects and marketing collateral printing projects.

In July 2020, we successfully acquired 70% equity interest of I. Link Group Limited, a financial printing company in Hong Kong, and the acquisition was completed in August 2020. The acquisition further strengthened and complemented the Group’s core business of financial printing in light of the continued growing financial and capital markets.

Furthermore, we indirectly acquired a 50% shares of Kinetic Intelligence Translation Company Limited, which provides the translation services for financial and capital markets, via the acquisition of I.Link Group Limited in August 2020. This indirect acquisition will also enhance the overall efficiency of our translation services to our clients.

### OUTLOOK

The economic outlook for the rest of 2020 remains highly uncertain due to the COVID-19 pandemic. The global and local stock markets are expected to be volatile until the second half of 2021. Moreover, the Hong Kong Stock Exchange has recently conducted a consultation of “Paperless Listing and Documents on Display CP”, which aims to introduce the new regime by replacing the printed form listing documents with electronic means, which may impact our business. Despite of the challenging environment and possible changes in regulations in the near future, we will continue to remain committed to our core business and strategies. Endeavour to grow our business by leveraging our current client base and identifying suitable business partners for acquisitions and partnerships. The strategy will not be limited to Hong Kong in order to mitigate any unforeseen risks that could hinder our long term growth.

## FINANCIAL REVIEW

### Revenue

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Financial printing projects	28,359	25,746	85,146	96,434
Marketing collateral printing projects	2,184	2,225	4,198	5,590
Other projects	438	580	2,159	2,290
	<u>30,981</u>	<u>28,551</u>	<u>91,503</u>	<u>104,314</u>

The Group's revenue decreased by approximately HK\$12.8 million, or 12.3%, from approximately HK\$104.3 million for the nine months ended 30 September 2019 to approximately HK\$91.5 million for the nine months ended 30 September 2020. Such decrease was mainly due to the decrease in revenue generated from financial printing projects, and marketing collateral printing projects.

### Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$10.4 million, or 22.2%, from approximately HK\$46.7 million for the nine months ended 30 September 2019 to approximately HK\$36.3 million for the nine months ended 30 September 2020. Such decrease was mainly due to the decrease in revenue. Our gross profit margins for the nine months ended 30 September 2019 and 2020 were approximately 44.8% and 39.7% respectively.

### Other Income and Net Gains/(Losses)

The Group's other income increased by approximately HK\$5.3 million from a net loss of approximately HK\$0.7 million for the nine months ended 30 September 2019 to a net gain of approximately HK\$4.5 million for the nine months ended 30 September 2020. Such increase was mainly attributable to the Hong Kong Government's subsidy received under the Employment Support Scheme.

## **Selling Expenses**

The Group's selling expenses decreased by approximately HK\$1.1 million, or 12.0%, from approximately HK\$8.9 million for the nine months ended 30 September 2019 to approximately HK\$7.8 million for the nine months ended 30 September 2020. The decrease was generally in line with decrease in the Group's revenue during the Current Period.

## **Administrative Expenses**

The Group's administrative expenses decreased by approximately HK\$1.3 million, or 4.2%, from approximately HK\$31.0 million for the nine months ended 30 September 2019 to approximately HK\$29.7 million for the nine months ended 30 September 2020. The decrease was primarily due to the decrease in (i) administrative staff costs by approximately HK\$1.1 million; and (ii) operating lease of rental premises by approximately HK\$8.1 million. Such decrease was partially offset by the increase in (i) impairment losses on trade receivable by approximately HK\$1.4 million; and (ii) depreciation of right-of-use assets by approximately HK\$6.5 million.

## **Finance Costs**

Finance costs increased by approximately HK\$2.5 million from approximately HK\$77,000 for the nine months ended 30 September 2019 to approximately HK\$2.4 million for the nine months ended 30 September 2020. Such increase was mainly due to the increase in lease liabilities.

## **Taxation**

Income tax expense decreased by approximately HK\$1.4 million, or 80%, from approximately HK\$1.7 million for the nine months ended 30 September 2019 to approximately HK\$0.3 million for the nine months ended 30 September 2020. The decrease was primarily attributable to the decrease in profit before tax.

## **Profit for the Period**

Profit after tax of the Group decreased by approximately HK\$3.8 million, or 88.0%, from approximately HK\$4.3 million for the nine months ended 30 September 2019 to approximately HK\$0.5 million for the nine months ended 30 September 2020. The decrease was mainly due to the decrease in gross profit.

## **CONTINGENT LIABILITIES**

As at 30 September 2020, the Group did not have any significant contingent liabilities.

## **DIVIDENDS**

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

## **FOREIGN CURRENCY EXPOSURE**

The Group's businesses are mainly operated in Hong Kong. The sales and purchases are mainly denominated in Hong Kong dollars and customers rarely request to settle our billing by other foreign currencies such as United States dollars ("USD") and Renminbi ("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 Singapore dollars, Taiwan new dollars, USD and RMB 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 nine months ended 30 September 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.

## **EVENTS AFTER THE REPORTING PERIOD**

After 30 September 2020 and up to the date of this report, save as disclosed in this report, the Board is not aware of any significant events requiring disclosure that have occurred.

## 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 September 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 (the "Shares")

Name of Director	Nature of interests	Number of ordinary Shares interested	Approximate percentage* of shareholding
Mr. Yu Chi Ming ("Mr. Yu")	Interest held jointly with another person; interest held by controlled corporation <i>(Note)</i>	295,045,000	73.76%
Mr. Tse Kam Wing Walter ("Mr. Tse")	Interest held jointly with another person; interest held by controlled corporation <i>(Note)</i>	295,045,000	73.76%
Mr. Chan Wai Lin ("Mr. Chan")	Interest held jointly with another person; interest held by controlled corporation <i>(Note)</i>	295,045,000	73.76%

*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 295,045,000 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 September 2020.*

## Long Position in the Shares of the Associated Corporation of the Company

Name of Director	Name of associated corporation	Nature of interests	Number of ordinary shares interested	Percentage** of shareholding
Mr. Yu	HM Ultimate	Beneficial owner	530	53.0%
Mr. Tse	HM Ultimate	Beneficial owner	245	24.5%
Mr. Chan	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 September 2020.*

Save as disclosed above, as at 30 September 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 September 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

Name of shareholder	Nature of interests	Number of ordinary Shares interested	Approximate percentage*** of shareholding
HM Ultimate ( <i>Note 1</i> )	Beneficial owner	295,045,000	73.76%
Ms. Wong Mee Che Lilian	Interest of spouse ( <i>Note 2</i> )	295,045,000	73.76%
Ms. Wong Yuk Sim Kathy	Interest of spouse ( <i>Note 3</i> )	295,045,000	73.76%
Ms. Tang Wai Kwan May	Interest of spouse ( <i>Note 4</i> )	295,045,000	73.76%

*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.

*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 September 2019.*

Save as disclosed above, as at 30 September 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 to subscribe for Shares.

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

Category of option holders	Date of grant (Note 1)	Exercise price per Share	Exercise period	Outstanding as at 1 January 2020	Number of share options				Outstanding as at 30 September 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
				<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>

### 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 SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 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 nine months ended 30 September 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 or 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 businesses of the Group, or had any other conflict of interests with the Group during the nine months ended 30 September 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 the code of conduct regarding Directors' dealings 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 nine months ended 30 September 2020.

The Company has also established written guidelines (the "**Employees Written Guidelines**") on terms no less exacting than the Required Standard of Dealings for dealings in the Company's securities by relevant employees (as defined in code provision A.6.4 set out in the CG Code as contained in Appendix 15 to the GEM Listing Rules) who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities. During the nine months ended 30 September 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, re-appointment 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 nine months ended 30 September 2020.

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

Hong Kong, 9 November 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.*