



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

Interim Report 2021



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*This report, for which the directors (the “**Directors**”) of HM International Holdings Limited (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 (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.*

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 2021, together with the comparative unaudited figures for the corresponding periods in 2020, as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2021

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	59,989	40,801	89,540	60,522
Cost of sales		(32,327)	(22,086)	(53,158)	(36,594)
Gross profit		27,662	18,715	36,382	23,928
Other income and (losses)/gains		(336)	763	(355)	774
Selling expenses		(3,972)	(2,654)	(7,126)	(4,948)
Administrative expenses		(10,442)	(8,935)	(20,635)	(18,595)
Share of profit/(loss) of an associate		371	(57)	467	(260)
Finance costs		(469)	(724)	(1,021)	(1,525)
Profit/(loss) before tax		12,814	7,108	7,712	(626)
Income tax expense	5	(530)	(257)	(601)	(263)
Profit/(loss) for the period	6	12,284	6,851	7,111	(889)
Other comprehensive expenses					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising from translation of foreign operations		(34)	(19)	(42)	(14)
Total comprehensive income/(loss) for the period		12,250	6,832	7,069	(903)

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to:				
Owners of the Company	11,668	6,848	7,080	(929)
Non-controlling interest	616	3	31	40
	<u>12,284</u>	<u>6,851</u>	<u>7,111</u>	<u>(889)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	11,634	6,829	7,038	(943)
Non-controlling interest	616	3	31	40
	<u>12,250</u>	<u>6,832</u>	<u>7,069</u>	<u>(903)</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>2.92</u>	<u>1.71</u>	<u>1.77</u>	<u>(0.23)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		As at 30 June 2021	As at 31 December 2020
Notes	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	3,617	4,680	
Right-of-use assets	12,628	18,347	
Intangible assets	9,582	9,697	
Interest in an associate	10 8,851	8,394	
Interest in a joint venture	_*	_*	
Deferred tax assets	17	16	
	<u>34,695</u>	<u>41,124</u>	
Current assets			
Contract assets	9,994	2,937	
Trade and other receivables	11 41,570	29,381	
Amount due from a joint venture	850	960	
Current tax assets	998	998	
Pledged bank deposits	1,000	1,000	
Cash and bank balances	50,089	65,314	
	<u>104,501</u>	<u>87,658</u>	
Total assets	<u>139,196</u>	<u>128,782</u>	
Current liabilities			
Contract liabilities	6,781	5,992	
Trade and other payables	12 28,158	20,314	
Contingent consideration payable	322	322	
Amount due to non-controlling interests	485	485	
Lease liabilities	13,986	11,857	
Current tax liabilities	778	256	
	<u>50,510</u>	<u>39,226</u>	
Net current assets	<u>53,991</u>	<u>48,432</u>	
Total assets less current liabilities	<u>88,686</u>	<u>89,556</u>	

* Less than HK1,000

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Non-current liabilities		
Lease liabilities	451	8,393
Deferred tax liabilities	<u>367</u>	<u>365</u>
	<u>818</u>	<u>8,758</u>
Net assets	<u>87,868</u>	<u>80,798</u>
Capital and reserves		
Share capital	4,000	4,000
Reserves	<u>86,491</u>	<u>79,452</u>
Equity attributable to owners of the Company	90,491	83,452
Non-controlling interests	<u>(2,623)</u>	<u>(2,654)</u>
Total equity	<u>87,868</u>	<u>80,798</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company							Non-controlling interest	Total equity
	Share capital	Share premium	Special reserve	Share-based payments reserve	Translation reserve	Retained earnings	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Note)						
Balance at 1 January 2021									
(audited)	4,000	39,009	138	245	247	39,813	83,452	(2,654)	80,798
Profit/(loss) and total comprehensive income for the period	-	-	-	-	(42)	7,080	7,038	31	7,069
Reverse upon forfeiture of share options	-	-	-	(12)	-	12	-	-	-
Balance at 30 June 2021	<u>4,000</u>	<u>39,009</u>	<u>138</u>	<u>233</u>	<u>205</u>	<u>46,905</u>	<u>90,490</u>	<u>(2,623)</u>	<u>87,867</u>
Balance at 1 January 2020									
(audited)	4,000	39,009	138	252	(67)	44,305	87,637	(82)	87,555
Profit 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	<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>

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 2021

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Net cash generated from operating activities	<u>6,261</u>	<u>1,313</u>
Net cash used in investing activities	<u>(1,720)</u>	<u>(4,993)</u>
Net cash used in financing activities	<u>(6,834)</u>	<u>(5,765)</u>
Net decrease in cash and cash equivalents	(2,293)	(9,445)
Cash and cash equivalents at the beginning of year	<u>52,382</u>	<u>65,314</u>
Cash and cash equivalents at the end of period	<u>50,089</u>	<u>55,869</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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**") 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 2021 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 2020.

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.

The condensed consolidated financial statements have not been audited by the Company's auditor, but have been reviewed by the audit committee of the Company.

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

Amendments to HKFRSs that are mandatorily effective for the current period

In the current period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period had no material impact on the Group’s financial positions and performance for the current and prior period and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Recognised over time				
- Provision of financial printing services	56,048	38,675	79,026	56,787
- Provision of marketing collateral printing services	2,347	1,157	8,027	2,014
- Provision of other services	1,595	969	2,488	1,721
	<u>59,990</u>	<u>40,801</u>	<u>89,541</u>	<u>60,522</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 2021 and 2020.

5. INCOME TAX EXPENSE

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Hong Kong Profits Tax				
Current tax				
– Current period	220	160	290	160
The People's Republic of China (the "PRC")				
Enterprise Income Tax				
– Current period	308	103	308	103
Deferred tax credit				
– Current period	2	(6)	3	–
Total income tax expenses recognised in profit or loss	<u>530</u>	<u>257</u>	<u>601</u>	<u>263</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 2021 and 2020.

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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Employee benefits expense (including directors' emoluments):				
Salaries, allowances and other benefits in kind	15,401	11,587	29,590	22,455
Contributions to retirement benefits schemes	747	544	1,457	1,045
Equity-settled share-based payments	-	-	-	28
	<u>16,148</u>	<u>12,131</u>	<u>31,047</u>	<u>23,528</u>
Total employee benefits expense				
Auditor's remuneration	222	226	444	453
Amortisation of intangible assets (included in cost of sales on the unaudited condensed consolidated statement of profit or loss and other comprehensive income)	227	40	436	57
Depreciation of property, plant and equipment	818	638	1,557	1,565
Depreciation of right-of-use assets	2,916	2,419	5,775	4,816
Donation	2	-	2	-
Rental expense from short-term leases	213	203	401	263

7. DIVIDEND

The Board did not recommend a payment of any dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

8. 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	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Earnings:				
Profit/(loss) attributable to owners of the Company (HK\$'000)	<u>10,924</u>	<u>6,848</u>	<u>6,336</u>	<u>(929)</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share (in thousand)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Basic and diluted earnings/(loss) per share (HK cents)	<u>2.73</u>	<u>1.71</u>	<u>1.58</u>	<u>(0.23)</u>

For the six months ended 30 June 2021 and 2020, 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 2021 and 2020, 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.

9. INTEREST IN AN ASSOCIATE

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Cost of unlisted investment in an associate	4,355	4,355
Increase in interest in an associate	4,029	4,303
Share of post-acquisition profit/(loss) and other comprehensive income	<u>467</u>	<u>(274)</u>
	<u>8,851</u>	<u>8,384</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 2021 (Unaudited)	At 31 December 2020 (Audited)	
Wordbee S.A.	Limited liabilities	Luxembourg	Euros ("EUR") 35,696	22.85%	22.85%	Software technology

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Trade receivables	34,072	22,952
Less: provision for impairment losses on trade receivables	(553)	(140)
	<u>23,519</u>	<u>22,812</u>
Other receivables and prepayments	8,051	6,569
	<u><u>41,570</u></u>	<u><u>29,381</u></u>

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

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
0-30 days	16,220	11,046
31-60 days	7,819	5,435
61-90 days	6,125	2,747
91-365 days	3,586	2,773
Over 365 days	322	951
	<u><u>34,072</u></u>	<u><u>22,952</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 2020: 30 days to 90 days). Interest could be charged on overdue receivables.

11. TRADE AND OTHER PAYABLES

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Trade payables	20,165	13,703
Other payables and accruals	<u>7,993</u>	<u>6,611</u>
	<u>28,158</u>	<u>20,314</u>

The trade payables are non-interest bearing. The credit period was ranging from 30 days to 90 days (31 December 2020: 30 days to 90 days). The following is an aged analysis of trade payables presented based on the invoice date:

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
0-30 days	5,269	3,332
31-60 days	5,498	5,603
61-90 days	7,714	1,447
Over 90 days	<u>1,684</u>	<u>3,321</u>
	<u>20,165</u>	<u>13,703</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, we continued to adhere to our core business of offering a wide spectrum of services, from financial printing for corporations listed on the Stock Exchange and potential listing applicants to marketing collateral printing for fund houses and insurance companies. The revenue of the Group rose by approximately HK\$29.0 million during the period, for an increase of approximately 47.9% compared with the same period last year. That increase is attributable to organic business growth and the contribution of the revenue of i. Link Group Limited, a subsidiary acquired on 31 July 2020 whose comparative figures were not included the financial results. Unless otherwise stated in the separate headings of expenses, the reason for the increase in expenses relative to the same period last year stemmed from that acquisition.

We continue to maintain a solid portfolio of return clients, whose patronage recognise the quality service provided by the Group and our maintenance of good relationships with clients in general. Moreover, as demonstrated by our turnover, our top 20 clients in the period provided added to our business activities and further recognised the value of our services, which is a key factor of becoming sustainable in the market.

OUTLOOK

Throughout the rest of the year, we remain reasonably optimistic about sustaining our core business despite the economic uncertainties owing to the COVID-19 pandemic. We are currently in the final stage of acquiring an art and graphic design company in Singapore, after which will further strengthen our design services for our clients.

We will also 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 returns to shareholders and the value of the Group.

FINANCIAL REVIEW

Revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Financial printing projects	56,048	38,675	79,026	56,787
Marketing collateral printing projects	2,347	1,157	8,027	2,014
Other projects	1,595	969	2,488	1,721
	<u>59,990</u>	<u>40,801</u>	<u>89,541</u>	<u>60,522</u>

The Group's revenue increased by approximately HK\$29.0 million, or 47.9%, from approximately HK\$60.5 million for the six months ended 30 June 2020 to approximately HK\$89.5 million for the six months ended 30 June 2021.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK\$12.5 million, or 52.0%, from approximately HK\$23.9 million for the six months ended 30 June 2020 to approximately HK\$36.4 million for the six months ended 30 June 2021. Our gross profit margins for the six months ended 30 June 2020 and 2021 were approximately 39.5% and 40.6% respectively.

Other Income and (losses)/gains

The Group's other income decreased by approximately HK\$1.1 million from a gain of approximately HK\$0.8 million for the six months ended 30 June 2020 to a loss of approximately HK\$0.3 million for the six months ended 30 June 2021. Such decrease was mainly due to the subsidy received from the Employment Support Scheme in last period, and written off furniture decoration in current period.

Selling Expenses

The Group's selling expenses increased by approximately HK\$2.2 million, or 44.0%, from approximately HK\$4.9 million for the six months ended 30 June 2020 to approximately HK\$7.1 million for the six months ended 30 June 2021.

Administrative Expenses

The Group's administrative expenses increased by approximately HK\$2.0 million, or 11.0%, from approximately HK\$18.6 million for the six months ended 30 June 2020 to approximately HK\$20.6 million for the six months ended 30 June 2021.

Finance Costs

Finance costs decreased by approximately HK\$0.5 million from approximately HK\$1.5 million for the six months ended 30 June 2020 to approximately HK\$1.0 million for the six months ended 30 June 2021. Such decrease was mainly due to the decrease in interest on lease liabilities.

Taxation

Income tax expense increased by approximately HK\$0.3 million, or 128.5%, from approximately HK\$0.3 million for the six months ended 30 June 2020 to approximately HK\$0.6 million for the six months ended 30 June 2021. The increase was primarily attributable to the increase in profit before tax.

Profit for the period

Profit after tax of the Group increased by approximately HK\$8.0 million from a loss of approximately HK\$0.9 million for the six months ended 30 June 2020 to approximately HK\$7.1 million for the six months ended 30 June 2021. The increase was mainly due to the increase in gross profit.

DIVIDEND

The Board did not recommend a payment of any dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had 141 employees (31 December 2020: 145) in Hong Kong, 8 employees (31 December 2020: 8) in PRC and 9 employees (31 December 2020: 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\$31.0 million for the six months ended 30 June 2021 (30 June 2020: approximately HK\$23.5 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 2021,

- (a) the Group's total assets increased to approximately HK\$139.2 million (31 December 2020: approximately HK\$128.8 million) while the total equity increased to approximately HK\$87.9 million (31 December 2020: approximately HK\$80.8 million);
- (b) the Group's current assets increased to approximately HK\$104.5 million (31 December 2020: approximately HK\$87.7 million) while the current liabilities were approximately HK\$50.5 million (31 December 2020: approximately HK\$39.2 million);
- (c) the Group had approximately HK\$50.1 million in cash and bank balances (31 December 2020: approximately HK\$52.4 million), which included cash and bank balances in Renminbi ("**RMB**") of approximately RMB6.9 million, in US dollars ("**USD**") of approximately USD0.2 million, in Taiwan New dollars ("**TWD**") of approximately TWD0.3 million, and in Singapore dollars ("**SGD**") of approximately SGD35,000 and the current ratio of the Group was approximately 2.1 times (31 December 2020: approximately 2.4 times);
- (d) the Group had lease liabilities of approximately HK\$14.4 million (31 December 2020: approximately HK\$20.3 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 16.4% (31 December 2020: 25.0%).

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 2021. 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 2021, the Group had assets with the carrying amount of approximately HK\$1.0 million (31 December 2020: approximately HK\$1.0 million) pledged to secure general banking facilities.

SIGNIFICANT INVESTMENTS

As at 30 June 2021, the Group did not hold any significant investments (31 December 2020: nil).

CAPITAL EXPENDITURE

As at 30 June 2021, the Group had approximately HK\$1.2 million (31 December 2020: approximately HK\$2.9 million) of capital expenditure.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: nil).

EVENTS AFTER THE REPORTING PERIOD

There is no significant event subsequent from 30 June 2021 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 2021, 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 2021

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>)	222,760,000	55.69%
Chan Wai Lin	Interests held jointly with another person; interest held by a controlled corporation (<i>Note</i>)	222,760,000	55.69%
Chan Wai Chung Caroline	Beneficial owner	1,700,000	0.43%

Note: HM Ultimate Holdings Limited ("HM Ultimate") is beneficially owned as to 70.2% by Mr. Yu and 29.8% by Mr. Chan. Mr. Yu and Mr. Chan together control all the 222,760,000 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 2021.

**Long Position in the Shares of the Associated Corporations of the Company
As at 30 June 2021**

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	702	70.2%
Chan Wai Lin	HM Ultimate	Beneficial owner	298	29.8%

** 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 2021.

Save as disclosed above, as at 30 June 2021, 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 2021, 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 2021**

Name of shareholder	Nature of interests	Number of ordinary Shares interested	Approximate percentage*** of shareholding
HM Ultimate (<i>Note 1</i>)	Beneficial owner	222,760,000	55.69%
Wong Mee Che Lilian	Interest of spouse (<i>Note 2</i>)	222,760,000	55.69%
Tang Wai Kwan May	Interest of spouse (<i>Note 3</i>)	222,760,000	55.69%
Tse Kam Wing Walter ("Mr. Tse")	Beneficial owner	72,285,000	18.07%
Wong Yuk Sim Kathy	Interest of spouse (<i>Note 4</i>)	72,285,000	18.07%

Note 1: HM Ultimate is beneficially owned as to 70.2% by Mr. Yu and 29.8% by Mr. Chan. Mr. Yu 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 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. 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.

Note 4: 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.

*** The percentage represents the number of ordinary Shares involved divided by the total number of issued Shares as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, 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 2021 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 2021
				Outstanding as at 1 January 2021	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	975,000	-	-	-	-	975,000
Total				1,000,000	-	-	-	-	1,000,000

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 2021.

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 2021, 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 2021.

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 2021.

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 2021, 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 2021.

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

Hong Kong, 9 August 2021

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