



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

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

**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 announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2022 (the “**Reporting Period**”), together with the comparative audited figures for the year ended 31 December 2021. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	190,286	172,804
Cost of sales		<u>(121,749)</u>	<u>(108,942)</u>
Gross profit		68,537	63,862
Other income and gains/(losses)		1,308	(1,863)
Selling expenses		(14,413)	(14,308)
Administrative expenses		(47,833)	(43,403)
Share of (loss)/profit of an associate		(535)	1,128
Share of profit of a joint venture		1,000	102
Finance costs		<u>(696)</u>	<u>(1,684)</u>
Profit before tax		7,368	3,834
Income tax (expense)/credit	6	<u>(230)</u>	<u>86</u>
Profit for the year	7	<u>7,138</u>	<u>3,920</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year	7	<u>7,138</u>	<u>3,920</u>
Other comprehensive (expense)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating of foreign operations		(136)	16
Share of other comprehensive expense of an associate		<u>—*</u>	<u>(43)</u>
Other comprehensive expense for the year, net of income tax		<u>(136)</u>	<u>(27)</u>
Total comprehensive income for the year		<u>7,002</u>	<u>3,893</u>
Profit for the year attributable to:			
Owners of the Company		7,103	3,884
Non-controlling interests		<u>35</u>	<u>36</u>
		<u>7,138</u>	<u>3,920</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		6,913	3,857
Non-controlling interests		<u>89</u>	<u>36</u>
		<u>7,002</u>	<u>3,893</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic and diluted	9	<u>1.78</u>	<u>0.97</u>

* Less than HK\$1,000

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		2,201	2,976
Right-of-use assets		15,256	6,940
Intangible assets		4,933	7,275
Interest in an associate		8,934	9,469
Interest in a joint venture		1,102	102
Deferred tax assets		16	16
		<u>32,442</u>	<u>26,778</u>
Current assets			
Contract assets		1,386	1,812
Trade and other receivables	<i>10</i>	39,234	38,025
Amount due from a joint venture		–	849
Current tax assets		42	–
Pledged bank deposits		1,507	1,000
Cash and bank balances		58,585	58,935
		<u>100,754</u>	<u>100,621</u>
Total assets		<u>133,196</u>	<u>127,399</u>
Current liabilities			
Contract liabilities		5,051	10,155
Trade and other payables	<i>11</i>	19,689	22,522
Amount due to a joint venture		2,262	–
Amount due to non-controlling interests		–	485
Bank borrowings		530	–
Lease liabilities		9,954	8,078
Current tax liabilities		272	111
		<u>37,758</u>	<u>41,351</u>
Net current assets		<u>62,996</u>	<u>59,270</u>
Total assets less current liabilities		<u>95,438</u>	<u>86,048</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		5,883	450
Deferred tax liabilities		<u>307</u>	<u>352</u>
		<u>6,190</u>	<u>802</u>
Net assets		<u>89,248</u>	<u>85,246</u>
Capital and reserves			
Share capital		4,000	4,000
Reserves		<u>87,385</u>	<u>83,309</u>
Equity attributable to owners of the Company		91,385	87,309
Non-controlling interests		<u>(2,137)</u>	<u>(2,063)</u>
Total equity		<u>89,248</u>	<u>85,246</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL

The Company was incorporated in the Cayman Islands on 13 January 2016 as an exempted company with limited liability. Its 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 Companies Ordinance (Cap. 622). Its shares were initially listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The address of the registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the 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 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied 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 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years 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 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statements 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

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. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

4. REVENUE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Recognised over time:		
– Provision of financial printing services	143,328	139,000
– Provision of marketing collateral printing services	28,754	26,613
– Provision of other services	18,204	7,191
	<u>190,286</u>	<u>172,804</u>

5. 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.

Geographical information

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

Revenue from customer contributed over 10% of the total revenue of the Group during the Reporting Period and the year ended 31 December 2021.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	<u>26,366</u>	<u>N/A¹</u>

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

No individual customer of the Group contributed over 10% of the Group's revenue for the year ended 31 December 2021.

6. INCOME TAX EXPENSE/(CREDIT)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong Profits Tax		
Current tax		
– Current year	275	102
The People's Republic of China (the "PRC") Enterprise Income Tax		
Current tax		
– Current year	40	37
Overprovision in prior year	(40)	(212)
Deferred tax		
– Current year	<u>(45)</u>	<u>(13)</u>
Total income tax recognised in profit or loss	<u>230</u>	<u>(86)</u>

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Employee benefits expense (including directors' emoluments):		
Salaries, allowances and other benefits in kind	66,441	60,817
Contributions to retirement benefits schemes	<u>3,336</u>	<u>3,047</u>
Total employee benefits expense	<u><u>69,777</u></u>	<u><u>63,864</u></u>
Auditors' remuneration	800	800
Amortisation of intangible assets (included in cost of sales on the consolidated statement of profit or loss and other comprehensive income)	1,139	929
Depreciation of property, plant and equipment	1,804	2,549
Depreciation of right-of-use assets	10,839	11,416
Donation	62	53
Provision for impairment losses on trade receivables	375	545
Impairment losses on goodwill	1,790	2,260
Rental expense from short-term leases	<u><u>642</u></u>	<u><u>634</u></u>

8. DIVIDENDS

A final dividend of HK1.5 cents (2021: HK0.75 cents) per share of the Company for the Reporting Period have been proposed by the directors and is subject to approval by shareholders in the forthcoming annual general meeting. The proposed final dividend for the Reporting Period will be distributed on or about 19 June 2023 (Monday) to shareholders whose names appear on the Company's register of members on 22 May 2023 (Monday) (the record date).

9. EARNINGS PER SHARE

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

	2022	2021
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>7,103</u>	<u>3,884</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>in thousand</i>)	<u>400,000</u>	400,000
Basic earnings per share (<i>HK cents</i>)	<u><u>1.78</u></u>	<u><u>0.97</u></u>

For the Reporting Period and the year ended 31 December 2021, the calculation of the basic earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares issued during the year.

For the Reporting Period and the year ended 31 December 2021, the computation of diluted earnings per share 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.

10. TRADE AND OTHER RECEIVABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	33,367	30,549
Less: Provision for impairment losses on trade receivables	<u>(310)</u>	<u>(685)</u>
	33,057	29,864
Other receivables and prepayments	<u>6,177</u>	<u>8,161</u>
	<u><u>39,234</u></u>	<u><u>38,025</u></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	15,080	16,372
31 – 60 days	10,376	6,769
61 – 90 days	3,746	2,394
91 – 365 days	3,558	4,490
Over 365 days	607	524
	33,367	30,549

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 (2021: 30 days to 90 days). Interest could be charged on overdue receivables.

11. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	12,379	15,356
Other payables and accruals	7,310	7,166
	19,689	22,522

The trade payables are non-interest bearing. The credit period was ranging from 30 days to 90 days (2021: 30 days to 90 days). The following is an aged analysis of trade payables presented based on the invoice date:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	6,802	8,640
31 – 60 days	3,563	3,196
61 – 90 days	1,778	1,536
91 – 365 days	24	1,686
Over 365 days	212	298
	12,379	15,356

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Reporting Period, 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. For the Reporting Period, the revenue of the Group was approximately HK\$190.3 million, an increase of approximately 10.1% compared with the year ended 31 December 2021. This is a record high figure for the past five years. Revenue was contributed by the number of jobs completed during 2022 and 2021, which was 9,334 and 8,450 respectively. This represented an increase in the number of completed jobs of 10.5% compared with the year ended 31 December 2021. This increase was attributable to organic business growth and the contribution of the revenue of i.Link Group Limited and TILT Pte Ltd., subsidiaries acquired in July 2020 and September 2021, respectively. These increases confirmed that our strategy of growth through expansion of our own operations utilising both our internal resources and our acquisitions can help our business break into new geographical areas and expand our customer base successfully. Unless otherwise stated in the separate expense headings, the reason for the increase in expenses relative to the same period last year stemmed from the acquisition of TILT Pte Ltd.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Reporting Period was HK\$190.3 million compared to HK\$172.8 million for the year ended 31 December 2021, representing an increase of approximately 10.1%. In addition, the revenue contributed by the i.Link team was HK\$39.6 million (for the year ended 31 December 2021: HK\$36.3 million), which represents 20.8% (for the year ended 31 December 2021: 21.0%) of the Group's revenue of HK\$190.3 million. The increase primarily stemmed from the increase in revenue from (i) financial printing projects, which increased by approximately HK\$4.3 million, or 3.1%, from approximately HK\$139.0 million for 2021, to approximately HK\$143.3 million for 2022; (ii) the marketing collateral printing projects, which increased by approximately HK\$2.1 million, or 8.0% from approximately HK\$26.6 million for 2021 to approximately HK\$28.8 million for 2022; and (iii) other projects by approximately HK\$11.0 million, or 153.1% from approximately HK\$7.2 million for 2021 to approximately HK\$18.2 million for 2022.

The breakdown of our Group's revenue is as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial printing projects	143,328	139,000
Marketing collateral printing projects	28,754	26,613
Other projects	18,204	7,191
	<u>190,286</u>	<u>172,804</u>

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK\$4.7 million, or 7.3%, from approximately HK\$63.9 million for the year ended 31 December 2021 to approximately HK\$68.5 million for the Reporting Period. It was mainly due to the increase in revenue. The Group's gross profit margin for the Reporting Period and the year ended 31 December 2021 were approximately 36.0% and 37.0% respectively.

Other Income and Gains/(Losses)

The Group's other income increased by approximately HK\$3.2 million from a loss of approximately HK\$1.9 million for the year ended 31 December 2021 to approximately HK\$1.3 million for the Reporting Period. Such increase was mainly attributable to the Hong Kong Government's subsidy received under the Employment Support Scheme, partially offset by the impairment losses on goodwill recognised during the Reporting Period.

Selling Expenses

The Group's selling expenses increased by approximately HK\$0.1 million, or 0.7%, from approximately HK\$14.3 million for the year ended 31 December 2021 to approximately HK\$14.4 million for the Reporting Period. The increase was mainly attributable to the increase in staff costs.

Administrative Expenses

The Group's administrative expenses increased by approximately HK\$4.4 million, or 10.2%, from approximately HK\$43.4 million for the year ended 31 December 2021 to approximately HK\$47.8 million for the Reporting Period.

Finance Costs

Finance costs decreased by approximately HK\$1.0 million from approximately HK\$1.7 million for the year ended 31 December 2021 to approximately HK\$0.7 million for the Reporting Period. Such decrease was mainly due to the decrease in interest on lease liabilities.

Taxation

The Group's income tax expense increased by approximately HK\$0.3 million from approximately HK\$0.09 million of tax credit for the year ended 31 December 2021 to approximately HK\$0.2 million of tax expense for the Reporting Period.

Profit for the year and Net Profit Margin

Profit after tax of the Group increased by approximately HK\$3.2 million, from approximately HK\$3.9 million for the year ended 31 December 2021 to approximately HK\$7.1 million for the Reporting Period. Such increase was mainly due to the increase in Group's revenue as compared to the year ended 31 December 2021. The net profit margins for the Reporting Period and the year ended 31 December 2021 were approximately 3.8% and 2.3% respectively.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 31 December 2022,

- (a) the Group's total assets increased to approximately HK\$133.2 million (2021: approximately HK\$127.4 million) while the total equity increased to approximately HK\$89.2 million (2021: approximately HK\$85.2 million);
- (b) the Group's current assets increased to approximately HK\$100.8 million (2021: approximately HK\$100.6 million) while the current liabilities decreased to approximately HK\$37.8 million (2021: approximately HK\$41.4 million);
- (c) the Group had approximately HK\$58.6 million in cash and bank balances (2021: approximately HK\$58.9 million), which included cash and bank balances in Renminbi ("RMB") of approximately RMB6.9 million, in US dollars ("USD") of approximately USD0.5 million, in Taiwan dollars ("TWD") of approximately TWD1.5 million, in Singapore dollars ("SGD") of approximately SGD0.3 million, and approximately HK\$45.0 million, and the current ratio of the Group was approximately 2.7 times (2021: approximately 2.4 times);
- (d) the Group had total leases liabilities of approximately HK\$15.8 million (2021: approximately HK\$8.5 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 end and multiplied by 100%) of the Group was 18.3% (2021: 10.0%).

FUTURE PROSPECTS

We remain reasonably optimistic about sustaining our core business throughout the rest of the year, despite the uncertainties created by the COVID-19 pandemic. Given the Hong Kong Government has lifted most of the COVID-19 containment measures by early March 2023, it is expected that the economy is going to revive and is likely to boost the Group's business performance in the coming year.

We will also continue to explore potential opportunities to develop our core and related businesses, and, if appropriate, explore selective acquisition and partnership in order to strengthen our revenue base and maximise both returns to shareholders and the value of the Group.

CAPITAL EXPENDITURE

As at 31 December 2022, the Group had approximately HK\$1.6 million of capital expenditure (2021: approximately HK\$1.8 million).

SIGNIFICANT INVESTMENTS

As at 31 December 2022, the Group did not hold any significant investments (2021: nil).

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant contingent liabilities (2021: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 142 employees (2021: 138) in Hong Kong, 8 employees (2021: 8) in PRC and 10 employees (2021: 10) 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\$69.8 million for the Reporting Period (2021: approximately HK\$63.9 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 during the Reporting Period are generally appreciated and recognised.

In addition, the Group adopted a share option scheme (the "**Scheme**") on 15 December 2016. No options were exercised during the Reporting Period (2021: nil).

Details of movement of the share options granted under the Scheme for the Reporting Period are as follows:

Category of option holders	Date of grant (Note 1)	Exercise price per Share Exercise period		Outstanding as at 1 January 2022	Number of share options			Outstanding as at 31 December 2022
					Granted during the period	Exercised during the period (Note 2)	Lapsed 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	950,000	-	-	(50,000)	900,000
Total				<u>975,000</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>	<u>900,000</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.

SHARE AWARD SCHEME

On 4 July 2022, the Board has resolved to adopt the share award scheme (“**Share Award Scheme**”) with the purposes and objectives to (i) recognise and reward the contributions of certain eligible participants (the “**Eligible Participants**”) to the growth and development of the Group and to give incentives to them in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for the further development of the Group.

The Eligible Participants cover any employee (full time and part time staff, including any executive Director but excluding any non-executive Director) of the Group or any invested entity held by the Group. Unless terminated earlier, the Share Award Scheme shall remain valid and effective for a period of 10 years commencing from 4 July 2022 (the “**Adoption Date**”). The Share Award Scheme is subject to the administration of the Board or a subcommittee of the Board (the “**Committee**”) without prejudice to the powers of the trustee (the “**Trustee**”) as provided under the trust deed (the “**Trust Deed**”) in accordance with the rules relating to the Share Award Scheme and the terms of the Trust Deed.

The Board or the Committee may, from time to time and at its absolute discretion, select any Eligible Participant for participation in the Share Award Scheme. The remuneration committee of the Company shall have powers on recommending and/or deciding the selection of the selected participants (the “**Selected Participants**”) and the number of the awarded shares (the “**Awarded Shares**”) to be awarded to the respective Selected Participants. Pursuant to the terms of the Share Award Scheme, the Awarded Shares may be acquired by the Trustee from (i) the existing market at the prevailing market price or (ii) new shares to be allotted and issued to the Trustee under general mandates or specific mandates granted or to be granted by the shareholders at general meetings from time to time. The Trustee shall transfer the Awarded Shares to the Selected Participants as soon as practicable subject to such lock-up periods or restrictions on disposal as determined by the Board or the Committee after the latest of (i) the earliest vesting date to which such Awarded Shares relates; (ii) the receipt by the Trustee of the requisite information and documents stipulated by the Trustee; and (iii) where applicable, the date on which the condition(s) and/or performance target(s) (if any) to be attained or paid by the Selected Participants have been attained or paid and notified to the Trustee by the Board or the Committee in writing.

The aggregate number of shares awarded under the Share Award Scheme by the Board shall not exceed 10% of the total number of issued shares of the Company as at the Adoption Date and the maximum number of shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date. The total issued share capital of the Company as at the Adoption Date was 400,000,000 shares.

Upon adoption of the Share Award Scheme and up to the date of this announcement, the Trustee has not purchased any awarded shares nor has the Company issued any Awarded Shares for the Share Award Scheme, thus, no shares have been awarded to any Eligible Participants.

For details of the Share Award Scheme, please refer to the announcement of the Company dated 4 July 2022.

INDEBTEDNESS AND CHARGES ON GROUP’S ASSETS

As at 31 December 2022, the Group had assets with the carrying amount of approximately HK\$1.5 million (2021: HK\$1.0 million) pledged to secure general banking facilities.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Company has no material acquisitions or disposals of subsidiaries and associated companies during the Reporting Period.

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, SGD and TWD (which are freely convertible into HK\$), and RMB (which is not freely convertible currency in the international market). 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 Reporting Period. 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.

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 Reporting Period, the Company has complied with all the code provisions as set out in the CG Code.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Group was in compliance with all the laws and regulations applicable to the business operations of the Group.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings in securities (the "**Required Standard of Dealings**") as contained in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct governing Directors' dealings in the Company's securities. Following a specific enquiry made by the Company on the Directors, all of the Directors confirmed that they had complied with the Required Standard of Dealings during the Reporting Period and up to the date of this announcement.

MAJOR TRANSACTION DURING THE REPORTING PERIOD

On 11 July 2022, a tenancy agreement (“**New Tenancy Agreement**”) was entered into between HeterMedia Services Limited (“**HSL**”) (a wholly-owned subsidiary of the Company) as tenant, and Foxhill Investments Limited (“**FIL**”) (an Independent Third Party) as landlord, for renewal of the tenancy agreement in respect of the office premises located at the whole of 9th Floor of the Commercial Development of Infinitus Plaza, No. 199 Des Voeux Road Central, Hong Kong (“**Premises**”) for a term of two years commencing from 1 August 2022 and expiring on 31 July 2024 (both days inclusive). The Premises has been used as the Group’s headquarters and principal place of business since 2016. The term of the existing tenancy agreement of the Premises has expired on 31 July 2022. Having considered (i) the significant reduction in rental costs of the Premises; (ii) the importance of continuing the operation and business of the Group without interruption; (iii) the removal and renovation expenses and time costs that would have incurred by the Group for relocation and refurbishment, the Directors are of the view that the entering into of the New Tenancy Agreement is beneficial to the Group.

Alongside the New Tenancy Agreement, HSL as licensee and FIL as licensor also entered into the licence agreement (“**Licence Agreement**”) on 11 July 2022, pursuant to which FIL grants to HSL a free licence to use the storeroom for office and/or storage of goods in relation to HSL’s business. The storeroom has previously been used by the Group for the same purpose(s) pursuant to a licence granted by FIL to HSL in August 2019.

The Directors, including the independent non-executive Directors, considered that the transactions contemplated under the New Tenancy Agreement and the Licence Agreement were entered into in the ordinary and usual course of business of the Group, and the New Tenancy Agreement and the Licence Agreement were entered into on normal commercial terms after arm’s length negotiations between the parties, and the terms of the transactions contemplated thereunder were fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

The value of the right-of-use asset recognised by the Company under the New Tenancy Agreement and the Licence Agreement amounted to approximately HK\$13.3 million, which is calculated with reference to the present value of the aggregated lease payments to be made under the New Tenancy Agreement and the Licence Agreement in accordance with HKFRS 16 *Leases*.

Pursuant to HKFRS 16 *Leases*, the Company if entering into lease transaction as lessee will recognise a right-of-use asset in its consolidated financial statements. Such transaction will be regarded as an acquisition of capital asset for the purpose of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the New Tenancy Agreement and the Licence Agreement based on the value of the right-of-use asset recognised by the Group is more than 25% but below 100%, the New Tenancy Agreement and the Licence Agreement constitute a major transaction of the Company, and is therefore subject to the reporting, announcement and shareholders’ approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

For details of the above-mentioned major transaction during the Reporting Period, please refer to the announcement of the Company dated 11 July 2022 and the circular of the Company dated 29 July 2022.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2022 and up to the date of this announcement, save as disclosed in this announcement, the Board is not aware of any significant events requiring disclosure that have occurred.

FINAL DIVIDEND

The Board recommends a final dividend of HK1.5 cents per share of the Company for the Reporting Period (2021: HK0.75 cents).

ANNUAL GENERAL MEETING (“AGM”)

The forthcoming AGM will be held on 9 May 2023 (Tuesday). A notice convening the AGM will be published on the Company’s website at www.hetermedia.com and the GEM website at www.hkgem.com in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 3 May 2023 (Wednesday) to 9 May 2023 (Tuesday), both days inclusive, during which period no transfer of shares of the Company will be registered. For determining the entitlement of members of the Company to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 2 May 2023 (Tuesday) for registration.

In order to determine the entitlement to the proposed final dividend for the Reporting Period (subject to the approval by the shareholders at the forthcoming annual general meeting to be held on 9 May 2023), the Company’s register of members will be closed from 17 May 2023 (Wednesday) to 22 May 2023 (Monday), both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend for Reporting Period, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 16 May 2023 (Tuesday) for registration. The proposed final dividend is expected to be distributed on or about 19 June 2023 (Monday).

AUDIT COMMITTEE

The Company had established the audit committee (the “**Audit Committee**”) 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 audited consolidated financial statements of the Group for the Reporting Period.

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

Hong Kong, 17 March 2023

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

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at www.hetermedia.com.