



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

**Third Quarterly Report 2023**



## 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.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*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 announce the unaudited condensed consolidated financial results of the Company and its subsidiaries for the three months and nine months ended 30 September 2023, together with the comparative unaudited figures for the corresponding periods in 2022, as follows.

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

*For the three months and nine months ended 30 September 2023*

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	<b>46,454</b>	50,563	<b>144,846</b>	151,265
Cost of sales		<b>(25,885)</b>	(31,886)	<b>(86,909)</b>	(91,524)
Gross profit		<b>20,569</b>	18,677	<b>57,937</b>	59,741
Other income and net (losses)/gains		<b>(760)</b>	491	<b>721</b>	2,823
Selling expenses		<b>(3,155)</b>	(3,856)	<b>(9,210)</b>	(10,981)
Administrative expenses		<b>(12,714)</b>	(12,325)	<b>(37,022)</b>	(33,585)
Share of profit/(loss) of an associate		<b>(252)</b>	332	<b>78</b>	305
Share of profit of a joint venture		<b>-</b>	468	<b>296</b>	1,265
Finance costs		<b>(171)</b>	(173)	<b>(550)</b>	(451)
Profit before tax		<b>3,517</b>	3,614	<b>12,250</b>	19,117
Income tax credit/(expense)	5	<b>364</b>	(382)	<b>(76)</b>	(1,001)
Profit for the period	6	<b>3,881</b>	3,232	<b>12,174</b>	18,116
Other comprehensive expenses					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translating foreign operations		<b>13</b>	(213)	<b>(232)</b>	(224)
Total comprehensive income for the period		<b>3,894</b>	3,019	<b>11,942</b>	17,892

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to:				
Owners of the Company	<b>3,404</b>	2,763	<b>10,596</b>	16,615
Non-controlling interest	<b>477</b>	469	<b>1,578</b>	1,501
	<b><u>3,881</u></b>	<u>3,232</u>	<b><u>12,174</u></b>	<u>18,116</u>
Total comprehensive income attributable to:				
Owners of the Company	<b>3,417</b>	2,550	<b>10,364</b>	16,391
Non-controlling interest	<b>477</b>	469	<b>1,578</b>	1,501
	<b><u>3,894</u></b>	<u>3,019</u>	<b><u>11,942</u></b>	<u>17,892</u>
Earnings per share attributable to the owners of the Company during the period				
Basic and diluted ( <i>HK cents</i> )	8	<b>0.81</b>	0.69	<b>2.58</b>
		<b><u>0.81</u></b>	<u>0.69</u>	<b><u>2.58</u></b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	Attributable to owners of the Company							Sub-total HK\$'000	Non- controlling interest HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 <i>(Note)</i>	Shares held for Share award scheme HK\$'000	Share-based payments reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000			
Balance at 1 January 2023 (audited)	4,000	36,009	138	-	211	30	50,997	91,385	(2,137)	89,248
NCI Share of post-acquisition	-	-	-	-	-	-	-	-	39	39
Profit and total comprehensive income for the period	-	-	-	-	-	(232)	10,596	10,364	1,578	11,942
Payment of final dividends for the year ended 31 December 2022	-	(6,321)	-	-	-	-	-	(6,321)	-	(6,321)
Reverse upon forfeiture of share options	-	-	-	-	(211)	-	211	-	-	-
Purchase of share for share award scheme	214	1,820	-	(2,034)	-	-	-	-	-	-
Recognition of equity-settled share- based payments expense	-	-	-	-	921	-	-	921	-	921
Partial disposal of equity interest in a subsidiary	-	-	-	-	-	-	(154)	(154)	154	-
<b>Balance at 30 September 2023 (unaudited)</b>	<b>4,214</b>	<b>31,508</b>	<b>138</b>	<b>(2,034)</b>	<b>921</b>	<b>(202)</b>	<b>61,650</b>	<b>96,195</b>	<b>(366)</b>	<b>95,829</b>
Balance at 1 January 2022 (audited)	4,000	39,009	138	-	245	220	43,697	87,309	(2,063)	85,246
Profit and total comprehensive (expense)/income for the period	-	-	-	-	-	(224)	16,615	16,391	1,501	17,892
Payment of final dividends for the year ended 31 December 2021	-	-	-	-	-	-	(3,000)	(3,000)	-	(3,000)
Recognition of equity-settled share- based payment	-	-	-	-	(6)	-	6	-	-	-
<b>Balance at 30 September 2022 (unaudited)</b>	<b>4,000</b>	<b>39,009</b>	<b>138</b>	<b>-</b>	<b>239</b>	<b>(4)</b>	<b>57,318</b>	<b>100,700</b>	<b>(562)</b>	<b>100,318</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 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 Windward 3, Regatta Office Park, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and its 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 2023 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 2022.

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### Amendments to HKFRSs that are mandatorily effective for the current period

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
HKFRS 17	Insurance Contracts and the related Amendments
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 1 and HKFRS Practice Statements 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

### 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:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

The Directors 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 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Recognised over time				
– Provision of financial printing services	41,290	38,546	123,106	122,994
– Provision of marketing collateral printing services	313	7,352	6,236	16,965
– Provision of other services	4,851	4,665	15,504	11,306
	<u>46,454</u>	<u>50,563</u>	<u>144,846</u>	<u>151,265</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

Revenue from customer contributed over 10% of the total revenue of the Group during the periods ended 30 September 2023 and 2022.

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A	<u>N/A<sup>1</sup></u>	<u>7,605</u>	<u>N/A<sup>1</sup></u>	<u>18,004</u>

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.



## 5. INCOME TAX EXPENSE

	For the three months ended 30 September		For the nine months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Hong Kong Profits Tax				
Current tax				
– Current period	436	339	948	976
The People's Republic of China (the "PRC") Enterprise Income Tax				
Current tax				
– Current period	44	64	45	64
Deferred tax credit				
– Current period	<u>(844)</u>	<u>(21)</u>	<u>(917)</u>	<u>(39)</u>
Total income tax (credit)/expense recognised in profit or loss	<u><b>(364)</b></u>	<u>382</u>	<u><b>76</b></u>	<u>1,001</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 nine months ended 30 September 2023 and 2022.

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 Enterprise 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 FOR THE PERIOD

Profit for the period has been arrived at after charging:

	For the three months ended 30 September		For the nine months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Employee benefits expense (including directors' emoluments):				
Salaries, allowances and other benefits in kind	16,368	15,956	51,476	47,058
Contributions to retirement benefits schemes	1,116	832	2,938	2,454
Equity-settled share-based payments	464	–	921	–
Total employee benefits expense	<u>17,490</u>	<u>16,788</u>	<u>55,335</u>	<u>49,512</u>
Auditor's remuneration	200	200	600	600
Amortisation of intangible assets (included in cost of sales on the unaudited condensed consolidated statement of profit or loss and other comprehensive income)	292	292	878	838
Depreciation of property, plant and equipment	388	462	1,166	1,620
Depreciation of right-of-use assets	2,446	2,658	7,340	8,202
Provision for impairment losses on trade receivables	480	818	480	818
Donation	7	11	14	17
Rental expense from short-term leases	<u>69</u>	<u>229</u>	<u>254</u>	<u>667</u>

## 7. DIVIDENDS

The Board did not recommend a payment of dividend for the nine months ended 30 September 2023 (nine months ended 30 September 2022: nil).

## 8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings 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	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	<u>3,404</u>	<u>2,763</u>	<u>10,596</u>	<u>16,615</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	<u>421,415</u>	<u>400,000</u>	<u>410,668</u>	<u>400,000</u>
Basic and diluted earnings per share (HK cents)	<u>0.81</u>	<u>0.69</u>	<u>2.58</u>	<u>4.15</u>

For the nine months ended 30 September 2023 and 2022, 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 periods.

No diluted earnings per share is presented for the nine months ended 30 September 2023 and 2022, 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

We mainly provide integrated printing services for financial and capital markets clients in Hong Kong. The Group offers a wide range of integrated printing services to meet the needs of our clients. Generally, these services can be classified as financial printing, marketing collateral printing, and other services.

Revenue decreased to approximately HK\$144.8 million for the nine months ended 30 September 2023 (the “**Period Under Review**”), which represents a decrease of approximately 4.2% over the same period last year. This decrease is attributed to fewer jobs from a customer compared to the same period last year. In spite of this, we continue to maintain a solid portfolio of recurring clients. We maintain a positive relationship with our clients as a result of their recognition of our quality service. Success in the industry depends on this recognition.

### OUTLOOK

There is still uncertainty and difficulty in the economic environment going forward. We are consolidating our resources to be flexible and prepared for future uncertainties by strengthening our existing business strategies. To continue producing favourable returns to our shareholders, the Group is committed to strengthening its core competencies to keep abreast of the latest trends, analyse the situation, and explore other related business opportunities.

## FINANCIAL REVIEW

### Revenue

	For the three months ended 30 September		For the nine months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Provision of financial printing services	41,290	38,546	123,106	122,994
Provision of marketing collateral printing services	313	7,352	6,236	16,965
Provision of other services	4,851	4,665	15,504	11,306
	<u>46,454</u>	<u>50,563</u>	<u>144,846</u>	<u>151,265</u>

The Group's revenue decreased by approximately HK\$6.5 million, or 4.3%, from approximately HK\$151.3 million for the nine months ended 30 September 2022 to approximately HK\$144.8 million for the Period Under Review. Such decrease mainly was due to the decrease in the revenue for the provision of marketing collateral printing services by approximately HK\$10.7 million, partially offset by the increase in the revenue for the provision of other services by approximately HK\$4.2 million.

### Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$1.8 million, or 3.0%, from approximately HK\$59.7 million for the nine months ended 30 September 2022 to approximately HK\$57.9 million for the Period Under Review. Our gross profit margins for the nine months ended 30 September 2022 and the Period Under Review were approximately 39.5% and 40.0%, respectively.

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

Other income for the Group decreased by approximately HK\$2.1 million, which was mainly due to the Hong Kong Government's subsidy received under the Employment Support Scheme in same period last year, which is partially offset by gross receipt of MPF funds (which represents the offsetting of long service payment) and the motor vehicle sale gain in the current period.

## **Selling Expenses**

The Group's selling expenses decreased by approximately HK\$1.8 million, or 16.1%, from approximately HK\$11.0 million for the nine months ended 30 September 2022 to approximately HK\$9.2 million for the Period Under Review.

## **Administrative Expenses**

The Group's administrative expenses increased by approximately HK\$3.4 million, or 10.2%, from approximately HK\$33.6 million for the nine months ended 30 September 2022 to approximately HK\$37.0 million for the Period Under Review. The increase was mainly due to the increase in staff costs.

## **Finance Costs**

Finance costs increased by approximately HK\$0.1 million from approximately HK\$0.5 million for the nine months ended 30 September 2022 to approximately HK\$0.6 million for the Period Under Review. Such increase was mainly due to the increase in interest on lease liabilities.

## **Taxation**

Income tax expense decreased by approximately HK\$0.9 million, or 92.4%, from approximately HK\$1.0 million for the nine months ended 30 September 2022 to approximately HK\$0.1 million for the Period Under Review. 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\$5.9 million, from approximately HK\$18.1 million for the nine months ended 30 September 2022 to approximately HK\$12.2 million for Period Under Review. The net profit margins for the nine months ended 30 September 2022 and the Period Under Review were approximately 12.0% and 8.4%, respectively.

## **CONTINGENT LIABILITIES**

As at 30 September 2023, the Group did not have any significant contingent liabilities.

## **DIVIDENDS**

The Board did not recommend a payment of dividend for the Period Under Review (for the nine months ended 30 September 2022: 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 and USD (which are freely convertible into HK\$), and RMB (which are 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 Period Under 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.

## **EVENTS AFTER THE PERIOD UNDER REVIEW**

After 30 September 2023 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 2023, 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”)

*As at 30 September 2023*

Name of Director	Nature of interests	Number of ordinary Shares interested	Approximate percentage* of shareholding
Yu Chi Ming (“Mr. Yu”)	Interests held jointly with another person; interest held by a controlled corporation ( <i>Note</i> )	222,760,000	52.86%
Chan Wai Lin (“Mr. Chan”)	Interests held jointly with another person; interest held by a controlled corporation ( <i>Note</i> )	222,760,000	52.86%
Chan Wai Chung Caroline	Beneficial owner	1,700,000	0.40%

*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 September 2023.



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

As at 30 September 2023

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Nature of interests</b>	<b>Number of ordinary Shares interested</b>	<b>Percentage** of shareholding</b>
Mr. Yu	HM Ultimate	Beneficial owner	702	70.2%
Mr. Chan	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 September 2023.

Save as disclosed above, as at 30 September 2023, 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 2023, 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 September 2023

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	52.86%
Wong Mee Che Lilian	Interest of spouse ( <i>Note 2</i> )	222,760,000	52.86%
Tang Wai Kwan May	Interest of spouse ( <i>Note 3</i> )	222,760,000	52.86%
Tse Kam Wing Walter (“Mr. Tse”)	Beneficial owner	72,285,000	17.15%
Wong Yuk Sim Kathy	Interest of spouse ( <i>Note 4</i> )	72,285,000	17.15%
Tricor Trust (Hong Kong)	Trustee ( <i>Note 5</i> )	21,415,000	5.08%

*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. Mr. Tse was a former director of the Company and he resigned as a Director on 31 December 2020.

*Note 5:* Tricor Trust (Hong Kong) Limited is holding the Shares on trust for the awardees of the share award scheme adopted by the Company on 4 July 2022, which were issued and allotted to Tricor Trust (Hong Kong) Limited on 18 May 2023 (the “Award”). For details of the Award, please refer to the announcements of the Company dated 3 April 2023 and 12 April 2023, respectively, the circular of the Company dated 24 April 2023 and the poll results announcement of the extraordinary general meeting of the Company dated 9 May 2023.

\*\*\* The percentage represents the number of ordinary Shares involved divided by the total number of issued Shares as at 30 September 2023.

Save as disclosed above, as at 30 September 2023, 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 eligible participants (the “**Scheme Eligible Participant**”) of the Scheme include employee, adviser, consultant, service provider, agent, client, partner or joint-venture partner of the Group (including any Director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Group at the time when an option is granted to such person. The Board may at its discretion grant options to the Scheme Eligible Participants who have contributed or may contribute to the Group as incentive or reward for their contribution to the Group.

The maximum number of Shares in respect of the options to be granted at any time under the Scheme together with options which may be granted under any other share option schemes must not exceed 10% of all the Shares in issue as at the listing date of the Company (the “**Scheme Mandate Limit**”). The Company may seek approval by the Shareholders in general meeting to refresh the 10% limit provided that the total number of Shares available for issue under options which may be granted under the Scheme and any other schemes of the Group in these circumstances must not exceed 10% of the issued share capital of the Company at the date of approval of refreshing of the limit. No options may be granted under the Scheme or any other share option schemes of the Group if this will result in the Scheme Mandate Limit being exceeded.

The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her close associates abstaining from voting.

An option under the Scheme may be exercised at any time during the period to be determined and identified by the Board to each Scheme Eligible Participants at the time of making an offer for the grant of option, but in any event no later 10 years from the date of grant.

The subscription price under the Scheme shall be determined at the discretion of the Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

The Scheme shall be valid and effective commencing from the adoption date of the Scheme (i.e. 15 December 2016) until the termination date as provided therein (which being the close of business of the Company on the date which falls 10 years from the date of the adoption of the Scheme), after which period no further options will be granted but the provisions of the Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.

On 16 March 2018 (the “**Date of Grant**”), share options were granted to employees of the Group (excluding any Directors, chief executive or substantial shareholders of the Company) under the Scheme, entitling them to subscribe for up to a total of 1,560,000 Shares from 16 March 2019 to 15 March 2022 (Group A) or 16 March 2020 to 15 March 2023 (Group B) at an exercise price of HK\$0.70 per Share, being the average closing price of the Shares for the five trading days immediately before the Date of Grant. The closing price of the Shares immediately before the Date of Grant was HK\$0.69. The grant for Groups A and B under the Scheme was expired on 15 March 2023. For details of the grant of share options under the Scheme, please refer to the announcement of the Company dated 16 March 2018.

During the Period Under Review, no share option was granted or exercised and there was no outstanding share option under the Scheme.

## 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. Service provider sublimit is not applicable under the Share Award Scheme.

The Share Award Scheme constitutes a share scheme under the new Chapter 23 of the GEM Listing Rules (effective on 1 January 2023). For details of the Share Award Scheme, please refer to the announcement of the Company dated 4 July 2022.

During the Period Under Review, the Trustee had not purchased any awarded shares. On 1 April 2023, the Board resolved to award an aggregate of 21,415,000 shares (“**Awarded Shares**”) to 15 Eligible Participants (the “**Awardees**”) under the Share Award Scheme which shall be satisfied by the proposed issue and allotment of 21,415,000 new ordinary Shares to the Trustee to be held on trust for the Awardees pursuant to the general mandate (“**2022 General Mandate**”) granted by the shareholders of the Company at the annual general meeting of the Company held on 10 May 2022.

Pursuant to the Share Award Scheme, the new Shares to be issued would be held on trust for the Awardees until the end of each vesting period which may differ among the Awardees and be transferred to the Awardees upon satisfaction of the relevant vesting condition as determined by the Board. The new Shares shall rank *pari passu* among themselves and with the Shares in issue upon allotment of the new Shares.

Out of 21,415,000 Awarded Shares, 17,415,000 Awarded Shares were awarded to 14 Eligible Participants, who are employees of the Group (whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Group) and shall be satisfied by the issue and allotment of new Shares to the Trustee under the Share Award Scheme.

## Connected Transaction

Out of 21,415,000 Awarded Shares, 4,000,000 Awarded Shares were awarded to an executive Director of the Company (the “**Connected Awardee**”). Pursuant to Rule 20.07 of the GEM Listing Rules, as the Connected Awardee is an executive Director and a Shareholder of the Company and is therefore a connected person of the Company. The award to the Connected Awardee constituted a connected transaction and shall be subject to the reporting, announcement, circular and the Independent Shareholders’ approval requirements under the GEM Listing Rules. In the extraordinary general meeting (“**EGM**”) of the Company held on 9 May 2023, the ordinary resolution relating to the award to the Connected Awardee was duly passed by the independent Shareholders.

With the approval of the GEM Listing Committee of the Stock Exchange, a total of 21,415,000 Awarded Shares were issued and allotted on 18 May 2023 pursuant to the Share Award Scheme to the Trustee of the Connected Awardee and other non-connected Awardees under the 2022 General Mandate. For details of the above-mentioned award, please refer to the announcements of the Company dated 3 April 2023 and 12 April 2023, respectively, the circular of the Company dated 24 April 2023, the poll results announcement of the EGM of the Company dated 9 May 2023 and the next day disclosure return of the Company dated 19 May 2023.

Number and category of participant	Date of award of the Awarded Shares	Number of Awarded Shares unvested as at 1 January 2023	Number of Awarded Shares granted during the nine months ended 30 September 2023	Number of Awarded Shares vested during the nine months ended 30 September 2023	Number of Awarded Shares cancelled during the nine months ended 30 September 2023	Number of Awarded Shares lapsed during the nine months ended 30 September 2023	Number of Awarded Shares unvested as at 30 September 2023
<b>Executive Director</b>							
Ms. Chan Wai Chung Caroline	1 April 2023 (Notes 1 and 3)	-	4,000,000 (Note 4)	-	-	-	4,000,000
<b>Other employees</b>							
14 employees	1 April 2023 (Notes 2 and 3)	-	17,415,000 (Note 4)	-	-	-	17,415,000
<b>Total</b>		-	<b>21,415,000</b>	-	-	-	<b>21,415,000</b>

*Note 1:* The Awarded Shares shall, subject to the satisfaction of the vesting conditions and performance targets, be vested in accordance with the following schedule:

- (i) approximately 34% of the Awarded Shares shall be vested on 31 March 2024;  
and
- (ii) approximately 66% of the Awarded Shares shall be vested on 31 March 2025

Vesting conditions: Continue to contribute to the Group's business and continuous performance in her role as an executive Director and discharge her role of governance during the vesting period.

Performance targets: Achievement of targets and goals that benefit the Group's operation and development, namely (i) improving the environmental, social and governance aspects of the Group's business operation; (ii) retaining talented staff that contribute to the growth of the Group; (iii) enhancing workflow efficiency by making use of information technology; (iv) identifying potential acquisition targets that are fit for the Group's business expansion; (v) nurturing relationship with existing subcontractors and forging new partnerships with new subcontractors; and (vi) improving corporate image.

*Note 2:* The Awarded Shares shall, subject to the satisfaction of the vesting conditions, be vested in accordance with the following schedule:

- (i) approximately 34% of the Awarded Shares shall be vested on 31 March 2024;  
and
- (ii) approximately 66% of the Awarded Shares shall be vested on 31 March 2025

Vesting conditions: Remain employment with the Group and satisfactory performance.

*Note 3:* The grant price was nil.

*Note 4:* The closing price immediately before the date on which the Awarded Shares were granted on 1 April 2023 was HK\$0.129 per Share.

Pursuant to the new Chapter 23 of the GEM Listing Rules, the total number of shares which may be issued in respect of all options and awards to be granted under all of the schemes of the listed issuer under the scheme mandate must not exceed 10% of the relevant class of shares of the listed issuer as at the date of approval of all the relevant schemes. The aggregate number of shares granted under the Scheme and the Share Award Scheme shall not exceed 10% of the total number of issued Shares of the Company. As at the date of this report, the total number of shares available for grant and award is 17,025,000 Shares.



## **CHANGES IN THE ISSUED SHARE CAPITAL OF THE COMPANY DURING THE PERIOD UNDER REVIEW**

As disclosed in the section headed “SHARE AWARD SCHEME”, with the approval of the GEM Listing Committee of the Stock Exchange, a total of 21,415,000 Awarded Shares were issued and allotted on 18 May 2023 pursuant to the Share Award Scheme to the Trustee of the Connected Awardee and other non-connected Awardees under the 2022 General Mandate. The number of issued share capital as at 30 September 2023 was 421,415,000 Shares.

## **DISCLOSEABLE TRANSACTION DURING THE PERIOD UNDER REVIEW**

On 20 April 2023, Richard Liam Paul DELANTY (the “**Vendor**”), an independent third party, and HM Investment Limited, a company incorporated in the BVI with limited liability, and an indirect wholly-owned subsidiary of the Company (the “**Purchaser**”), entered into a sale and purchase agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase, 10,200 shares, representing 51% of the issued share capital of into23 Limited (the “**Target Company**”), at the consideration of HK\$6,375,000. Upon completion on 2 May 2023 (the “**Completion**”), the Company indirectly holds 51% of the issued share capital of the Target Company. On Completion, the Target Company became an indirect non wholly-owned subsidiary of the Company and the financial position and operating results of the Target Company are consolidated into the financial statements of the Group.

The Target Company has developed an operational business model, combining AI-enabled technology, an extensive network of in-country translation partners, and a dedicated project management team. This innovative approach allows the Target Company to provide high-quality translations in all major languages with unmatched speed and accuracy. With a global network of translation partners, the Target Company handles all aspects of project management and account management internally, ensuring seamless and efficient service delivery. The Target Company offers top-tier localisation and translation services, including software/app translation and localisation, website translation, general business content translation, e-learning translation, e-commerce translation, legal and finance translation, subtitling translation, crypto & blockchain translation and marketing translation. In addition to these core offerings, the Target Company also provides multilingual voiceovers and transcription services to cater to clients’ diverse needs. The Target Company’s commitment to quality and innovation has made it a trusted partner for businesses operating in today’s ever-evolving global marketplace.

In light of the above, the Board believed that the acquisition of the Target Company (the “**Acquisition**”) represents an opportunity for the Group to invest in the Target Company and align itself with the Group’s future development strategy and focus. This would increase the Group’s revenue sources and customer base, benefit the Group’s growth, and benefit the Company and the Shareholders as a whole. The Directors also believed that the Acquisition would further strengthen and complements the Group’s core business of financial printing in light of the growing financial and capital market. The Directors were of the opinion that the Group would gain additional exposure to the financial and capital markets through the Acquisition and strengthen its service solutions for its existing and potential clients as a result.

In view of the above, the Board was optimistic on the business prospects of the Target Company and considered that the Acquisition would further enhance the profitability of the Group. The Directors considered that the terms and conditions of the agreement for the Acquisition were fair and reasonable, on normal commercial terms and were in the interests of the Company and the Shareholders as a whole.

For details of the Acquisition, please refer to the announcements of the Company dated 20 April 2023 and 2 May 2023, respectively.

## **MAJOR TRANSACTION DURING THE PERIOD UNDER REVIEW**

On 31 July 2023, HM Investment Limited (an indirect wholly-owned subsidiary of the Company) (“**HM Investment**”) together with the other vendors (the “**Wordbee Vendors**”) interested in the equity shares of Wordbee S.à r.l. (a company incorporated on 19 March 2008 in Luxembourg with limited liability) (the “**Disposal Company**”) and the purchasers, each being an independent third party, entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”), pursuant to which (i) the Wordbee Vendors had conditionally agreed to sell and Semantix USA, LLC (a company incorporated in the United States) had conditionally agreed to acquire the entire issued share capital of the Disposal Company, comprising the sale shares (the “**Sale Shares**”); and (ii) Mr. Andre Hemker, being the sole shareholder of Wordcraft GmbH had conditionally agreed to sell and Transperfect Translations GmbH (a company incorporated in Germany with limited liability) had conditionally agreed to acquire the entire issued share capital of Wordcraft GmbH.

Among the Sale Shares of the Disposal Company to be disposed of by the Wordbee Vendors, the Sale Shares to be disposed of by HM Investment represented approximately 22.85% of the entire issued share capital of the Disposal Company (the “**Disposal**”). As at the date of the Sale and Purchase Agreement, the Disposal Company was an associate of the Company. The Group did not hold any interests in Wordcraft.

As one or more of the applicable percentage ratios (as calculated in accordance with Rule 19.07 of GEM Listing Rules) were more than 25% but less than 75%, the Disposal constituted a major transaction of the Company under the GEM Listing Rules and was therefore subject to the reporting, announcement and shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules. However, the Company obtained the written shareholder’s approval for the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with Rule 19.44 of the GEM Listing Rules from HM Ultimate Holdings Limited, which is the beneficial owner of 222,760,000 Shares (representing approximately 52.86% of the entire issued share capital of the Company). As such, no general meeting was required to be convened for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder as is permitted under Rule 19.44 of the GEM Listing Rules.

For details of the Disposal including but not limited to the terms and conditions of the Sale and Purchase Agreement (including basis of determination of the consideration and payment terms), financial impact of the Disposal and use of proceeds, reasons and benefits of the Disposal and information of the parties to the Sale and Purchase Agreement, please refer to the announcements of the Company dated 1 and 25 August 2023, respectively and the circular of the Company dated 15 September 2023.

As disclosed in the announcement of the Company dated 5 October 2023, all the terms and condition under the Sale and Purchase Agreement have been fulfilled, pursuant to which the Disposal was completed on 4 October 2023. Upon completion of the Disposal, the Company ceases to hold any interest in the Disposal Company and the Disposal Company is no longer an associate company of the Group.

## **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 Period Under Review.

## **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 Period Under Review, 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 Period Under Review.

## **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 Period Under Review.

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 Period Under Review, 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 Period Under Review.

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

Hong Kong, 8 November 2023

*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.*