



## **HM International Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8416)**

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

#### **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.*

### 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 (the “**Group**”) for the three months and nine months ended 30 September 2018, together with the comparative unaudited figures for the corresponding periods in 2017, as follows.

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

For the three months and nine months ended 30 September 2018

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2018 <b>HK\$’000</b> (Unaudited)	2017 <i>HK\$’000</i> (Unaudited)	2018 <b>HK\$’000</b> (Unaudited)	2017 <i>HK\$’000</i> (Unaudited)
Revenue	2	<b>31,275</b>	34,895	<b>101,634</b>	115,168
Cost of sales		<b>(17,200)</b>	(20,677)	<b>(54,685)</b>	(65,806)
Gross profit		<b>14,075</b>	14,218	<b>46,949</b>	49,362
Other income and net gains/(losses)		<b>8</b>	(81)	<b>146</b>	64
Selling expenses		<b>(3,022)</b>	(2,572)	<b>(8,812)</b>	(8,097)
Administrative expenses		<b>(9,888)</b>	(10,957)	<b>(29,660)</b>	(32,552)
Finance costs		<b>(1)</b>	(5)	<b>(3)</b>	(36)
Profit before tax		<b>1,172</b>	603	<b>8,620</b>	8,741
Income tax expense	4	<b>(345)</b>	(84)	<b>(1,933)</b>	(2,070)
Profit and total comprehensive income for the period	5	<b>827</b>	519	<b>6,687</b>	6,671
Profit and total comprehensive income for the period attributable to the owners of the Company		<b>827</b>	519	<b>6,687</b>	6,671
		<b>HK cents</b>	<i>HK cents</i>	<b>HK cents</b>	<i>HK cents</i>
Earnings per share Basic and diluted	7	<b>0.21</b>	0.16	<b>1.67</b>	1.79

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the nine months ended 30 September 2018*

	Attributable to owners of the company					Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Share option reserve HK\$'000	Retained earnings HK\$'000	
Balance at 1 January 2018 (audited)	4,000	49,009	138	–	34,708	87,855
Profit and total comprehensive income for the period	–	–	–	–	6,687	6,687
Dividend paid	–	(10,000)	–	–	–	(10,000)
Recognition of equity-settled share- based payment	–	–	–	102	–	102
Balance at 30 September 2018 (unaudited)	<u><b>4,000</b></u>	<u><b>39,009</b></u>	<u><b>138</b></u>	<u><b>102</b></u>	<u><b>41,395</b></u>	<u><b>84,644</b></u>
Balance at 1 January 2017 (audited)	–	–	138	–	24,786	24,924
Profit and total comprehensive income for the period	–	–	–	–	6,671	6,671
Share issued under placing ( <i>Note (i)</i> )	1000	59,000	–	–	–	60,000
Share issued pursuant to the capitalization issue ( <i>Note (i)</i> )	3,000	(3,000)	–	–	–	–
Share issue costs	–	(7,141)	–	–	–	(7,141)
Balance at 30 September 2017 (unaudited)	<u><b>4,000</b></u>	<u><b>48,859</b></u>	<u><b>138</b></u>	<u><b>–</b></u>	<u><b>31,457</b></u>	<u><b>84,454</b></u>

*Note:*

- (i) The Company issued a total of 100,000,000 ordinary shares of HK\$0.01 each at a price of HK\$0.60 per share as a result of the completion of the placing. The gross total proceeds from placing of HK\$60,000,000 represented the par value of HK\$1,000,000 credited to the Company's share capital, and share premium of HK\$59,000,000, which can be used for deduction of share issuance expenses. After the share premium account of the Company being credited as a result of the placing, HK\$2,999,990 was capitalised from the share premium account and applied in paying up in full 299,999,000 shares which were allotted and issued to the shareholders. The Company's total number of issued shares was increased to 400,000,000 shares upon completion of placing.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2018 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 of Stock Exchange. 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 2017.

On 1 January 2018, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), amendments and interpretations that are effective from that date and are relevant to its operations. The adoption of these new/revised HKFRSs, amendments and interpretations does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior period.

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

## 2. REVENUE

The Group’s revenues by location are as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2018 HK\$’000 (Unaudited)	2017 HK\$’000 (Unaudited)	2018 HK\$’000 (Unaudited)	2017 HK\$’000 (Unaudited)
Integrated printing services in:				
– Hong Kong	30,209	34,895	100,568	115,168
– The People’s Republic of China (the “PRC”)	1,066	–	1,066	–
	<u>31,275</u>	<u>34,895</u>	<u>101,634</u>	<u>115,168</u>

## 3. 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.

## Information about major customers

Revenue from customer contributing over 10% of the total revenue of the Group during the relevant periods are as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Customer A	–	5,633	–	17,683

## 4. INCOME TAX EXPENSE

	For the three months ended 30 September		For the nine months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Current tax				
– Hong Kong	447	(174)	2,409	1,540
Overprovision in prior period	–	–	–	(8)
Deferred tax	(102)	258	(476)	538
Total income tax recognised in profit or loss	<u>345</u>	<u>84</u>	<u>1,933</u>	<u>2,070</u>

Our Hong Kong subsidiaries are subject to Hong Kong Profits Tax. From 1 April 2018 onwards, the two-tiered profits tax rates regime is implemented. For the nine months ended 30 September 2018, the first HK\$2 million of assessable profits will be subject to the tax rate of 8.25% and assessable profits above that amount will continue to be subject to the tax rate of 16.5%. For the nine months ended 30 September 2017, the assessable profits of our Hong Kong subsidiaries were subject to the flat rate of 16.5%.

The Company is an exempted company incorporated in the Cayman Islands. As such, there are no taxes on individuals or corporations based upon profits, income, gains or appreciations and there are no other taxes likely to be material to the Company levied by the government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

Our PRC subsidiary is subject to PRC enterprise income tax at the rate of 25%. No provision for the PRC income taxes has been made during the period as the subsidiary operated in the PRC had no assessable profits for the period (2017: nil).

## 5. 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	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Employee benefits expense (including directors' emoluments):				
Salaries, allowances and other benefits in kind	<b>9,932</b>	10,599	<b>30,216</b>	30,893
Contributions to retirement benefits schemes	<b>410</b>	411	<b>1,200</b>	1,210
Equity-settled share-based payments	<b>48</b>	–	<b>102</b>	–
Total employee benefits expense	<b>10,390</b>	11,010	<b>31,518</b>	32,103
Auditor's remuneration	<b>237</b>	223	<b>711</b>	661
Amortisation of intangible assets (included in cost of sales on the unaudited condensed consolidated statement of profit or loss and other comprehensive income)	<b>53</b>	70	<b>169</b>	240
Depreciation of property, plant and equipment	<b>1,040</b>	943	<b>3,135</b>	1,797
Listing expenses	–	–	–	2,846
Operating lease rentals in respect of:				
– rental premises	<b>2,728</b>	2,994	<b>8,068</b>	8,363
– equipment	<b>6</b>	6	<b>17</b>	18

## 6. DIVIDENDS

The Board did not recommend a payment of any dividend for the nine months ended 30 September 2018 (2017: nil), save for an interim dividend for the six months ended 30 June 2018 of HK2.5 cents per share, amounting to HK\$10 million, as declared by the Board on 25 July 2018 and paid on 31 August 2018.

## 7. EARNINGS PER SHARE

The calculation of the basic 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	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Earnings:				
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	<u>827</u>	<u>519</u>	<u>6,687</u>	<u>6,671</u>
	<b>2018</b> <b>'000</b>	2017 <b>'000</b>	<b>2018</b> <b>'000</b>	2017 <b>'000</b>
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>400,000</b>	325,205	<b>400,000</b>	372,055
	<b><i>HK cents</i></b>	<i>HK cents</i>	<b><i>HK cents</i></b>	<i>HK cents</i>
Basic and diluted earnings per share	<u><b>0.21</b></u>	<u>0.16</u>	<u><b>1.67</b></u>	<u>1.79</u>

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and on the basis that 400,000,000 ordinary shares had been in issue throughout the period from 1 January to 30 September 2018.

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company and on the basis that the capitalisation issued shares have been retrospectively adjusted pursuant to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on GEM of the Stock Exchange as stated in the prospectus of the Company dated 29 December 2016 as if such capitalisation issued shares were outstanding throughout the period from 1 January to 30 September 2017.

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary share in issue during the periods.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In view of the challenging business environment and keen competition in the financial printing service industry market, our Group continue to deploy more resources on talent recruitment and strengthen our business development and marketing strategy on financial printing projects and marketing collateral printing projects.

During the nine months ended 30 September 2018, the Group recorded a revenue of HK\$101.6 million which represents a decrease of 11.8% as compared to the same period of last year. The main reason for such decrease was attributable to the decrease in number of marketing collateral printing projects as compared to the same period of last year.

However, we believe that the Group's ability to retain recurring clients demonstrates their recognitions of our quality service and we consider these recognitions as one of the key reasons leading us to the success amid the industry.

### OUTLOOK

Looking forward, we are confident that the financial printing service industry market in Hong Kong will remain stable in next year. Therefore, we will explore any potential overseas business opportunities to further strengthen our business operation and efficiency.

### FINANCIAL REVIEW

#### Revenue

	For the three months ended 30 September		For the nine months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Financial printing projects	26,909	26,921	91,091	90,198
Marketing collateral printing projects	3,213	7,122	8,272	23,680
Other projects	1,153	852	2,271	1,290
	<u>31,275</u>	<u>34,895</u>	<u>101,634</u>	<u>115,168</u>



## **Turnover**

The Group's revenue decreased by approximately HK\$13.5 million, or 11.8%, from approximately HK\$115.2 million for the nine months ended 30 September 2017 to approximately HK\$101.6 million for the nine months ended 30 September 2018.

## **Gross Profit and Gross Profit Margin**

The Group's gross profit decreased by approximately HK\$2.4 million, or 4.9%, from approximately HK\$49.4 million for the nine months ended 30 September 2017 to approximately HK\$46.9 million for the nine months ended 30 September 2018. Such decrease was mainly due to the decrease in marketing collateral printing projects. Our gross profit margins for the nine months ended 30 September 2017 and 2018 were approximately 42.9% and 46.2% respectively.

## **Selling Expenses**

The Group's selling expenses increased by approximately HK\$0.7 million, or 8.8%, from approximately HK\$8.1 million for the nine months ended 30 September 2017 to approximately HK\$8.8 million for the nine months ended 30 September 2018. The increase was mainly attributable to the increase in staff cost in relation to sales staff.

## **Administrative Expenses**

The Group's administrative expenses decreased by approximately HK\$2.9 million, or 8.9%, from approximately HK\$32.6 million for the nine months ended 30 September 2017 to approximately HK\$29.7 million for the nine months ended 30 September 2018, which was mainly attributable to the decrease in the non-recurring listing expenses in connection with the listing of the Company in January 2017.

## **Taxation**

Income tax expense decreased by approximately HK\$0.1 million, or 6.6%, from approximately HK\$2.1 million for the nine months ended 30 September 2017 to approximately HK\$1.9 million for the nine months ended 30 September 2018. The decrease was primarily attributable to the decrease in profit before taxation.

## **Profit for the period**

Profit after tax of the Group increased by approximately HK\$16,000, or 0.2%, from approximately HK\$6,671,000 for the nine months ended 30 September 2017 to approximately HK\$6,687,000 for the nine months ended 30 September 2018. The increase was mainly due to the decrease in administrative expenses.

## **CONTINGENT LIABILITIES**

As at 30 September 2018, the Group did not have any significant contingent liabilities.

## **DIVIDENDS**

The Board did not recommend a payment of any dividend for the nine months ended 30 September 2018 (2017: nil), save for an interim dividend for the six months ended 30 June 2018 of HK2.5 cents per share, amounting to HK\$10 million, as declared by the Board on 25 July 2018 and paid on 31 August 2018.

## **FOREIGN CURRENCY EXPOSURE**

The Group's businesses are solely 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 Hong Kong dollars. Only a little portion of the Group's deposits with bank are denominated in USD and RMB which is freely convertible into Hong Kong dollars. The Directors are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange rate risks and, therefore, no hedging arrangements were made during the nine months ended 30 September 2018. 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 BALANCE SHEET**

As from 30 September 2018 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.

## 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 2018, the interests and short positions of the Directors and the chief executive of the Company in the Company's shares (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"), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred therein (the "Register"); or (c) pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange were as follows:

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

Name of Director	Nature of interests	Number of ordinary Shares held	Approximate percentage of shareholding
Mr. Yu Chi Ming ("Mr. Yu")	Interests held jointly with another person; interest in a controlled corporation ( <i>Note</i> )	298,500,000	74.63%
Mr. Tse Kam Wing Walter ("Mr. Tse")	Interests held jointly with another person; interest in a controlled corporation ( <i>Note</i> )	298,500,000	74.63%
Mr. Chan Wai Lin ("Mr. Chan")	Interests held jointly with another person; interest in a controlled corporation ( <i>Note</i> )	298,500,000	74.63%

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

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

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Nature of interests</b>	<b>Number of ordinary Shares held</b>	<b>Percentage of shareholding</b>
Mr. Yu	HM Ultimate	Beneficial owner	530	53.0%
Mr. Tse	HM Ultimate	Beneficial owner	245	24.5%
Mr. Chan	HM Ultimate	Beneficial owner	225	22.5%

Save as disclosed above, as at 30 September 2018, none of the Directors and the chief executive of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the Register, or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

## **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 2018, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued voting Shares:

## Long Position in the Shares of the Company

Name of shareholder	Nature of interests	Number of ordinary Shares held	Approximate percentage of shareholding
HM Ultimate ( <i>Note 1</i> )	Beneficial owner	298,500,000	74.63%
Ms. Wong Mee Che Lilian	Interest of spouse ( <i>Note 2</i> )	298,500,000	74.63%
Ms. Wong Yuk Sim Kathy	Interest of spouse ( <i>Note 3</i> )	298,500,000	74.63%
Ms. Tang Wai Kwan May	Interest of spouse ( <i>Note 4</i> )	298,500,000	74.63%

*Note 1:* HM Ultimate is beneficially owned as to 53.0% by Mr. Yu, 24.5% by Mr. Tse and 22.5% by Mr. Chan. Mr. Yu, Mr. Tse and Mr. Chan together control all the Shares held by HM Ultimate.

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

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

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

Save as disclosed above, as at 30 September 2018, the Directors were not aware of any persons who/entities which had any interest or short position in the Shares or underlying Shares that would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the substantial shareholders' register required to be kept under section 336 of the SFO.

## SHARE OPTION SCHEME

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

On 16 March 2018 (the “**Date of Grant**”), 1,560,000 share options were granted for HK\$1.00 consideration to employees under the Scheme (no share options were granted during the nine months ended 30 September 2017). Each option gives the holder the right to subscribe for one ordinary Share. These share options will be vested on after one or two year(s) from the Date of Grant, and then be exercisable until 15 March 2022 and 15 March 2023 respectively. The exercise price is HK\$0.70, being the weighted average closing price for the five trading days of the ordinary Shares immediately before the Date of Grant. The closing price of the shares immediately before the Date of Grant is HK\$0.69. 135,000 share options lapsed during the nine months ended 30 September 2018. No options were exercised during the nine months ended 30 September 2018 (2017: nil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2018.

## **CORPORATE GOVERNANCE**

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

The Directors consider that during the nine months ended 30 September 2018, the Company complied with all the code provisions as set out in the CG Code.

## **DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS**

None of the Directors, the management and controlling shareholders of the Company or any of their respective close associates as defined in the GEM Listing Rules engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or had any other conflict of interests with the Group during the nine months ended 30 September 2018.

## **DIRECTORS' 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' securities transactions.

Specific enquiry has been made of all the Directors and the Directors confirmed that they had complied with the Required Standard of Dealings during the nine months ended 30 September 2018.

The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Required Standard of Dealings for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. During the nine months ended 30 September 2018, no incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

## **INTERESTS OF COMPLIANCE ADVISER**

As notified by Messis Capital Limited (“**Messis**”), the Company’s compliance adviser, except for the compliance adviser agreement dated 6 September 2016 entered into between the Company and Messis, neither Messis nor any of its directors or employees or close associates had any interest in the securities of the Company or any member of the Group as at the date of this announcement which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## **AUDIT COMMITTEE**

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

The Audit Committee comprises three members, all being independent non-executive Directors, namely Mr. Ng Jack Ho Wan (chairman of the Audit Committee), Mr. Choi Hon Ting Derek and Mr. Wan Chi Wai Anthony. It has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, risk management, internal control and financial reporting matters, including review of the unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2018.

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

Hong Kong, 5 November 2018

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

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