HM International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8416)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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.

*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 2018, together with the comparative audited figures for the year ended 31 December 2017. 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 2018

		2018	2017
	Notes	***HK\$'000***	*HK\$'000*
Revenue	*4*	**130,792**	148,611
Cost of sales		**(69,848)**	(81,548)
Gross profit		**60,944**	67,063
Other income and (losses)/gains		**(23)**	165
Selling expenses		**(11,979)**	(11,152)
Administrative expenses		**(40,793)**	(43,600)
Finance costs		**(2)**	(37)
Profit before tax		**8,147**	12,439
Income tax expense	*6*	**(985)**	(2,517)
Profit for the year	*7*	**7,162**	9,922

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

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Profit for the year	7	**7,162**	9,922
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(35)**	–
Total comprehensive income for the year		**7,127**	9,922
Profit for the year attribute to:			
Owners of the Company		**7,162**	9,922
Non-controlling interest		**–**	–
		7,162	9,922
Total comprehensive income for the year attributable to:			
Owners of the Company		**7,127**	9,922
Non-controlling interest		**–**	–
		7,127	9,922
		HK cents	*HK cents*
Earnings per share			
Basic and diluted	9	**1.79**	2.50

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**8,471**	11,825
Intangible assets		**83**	292
Deferred tax assets		**36**	–
		8,590	12,117
Current assets			
Contract assets		**2,554**	–
Amounts due from customers on service contracts		**–**	1,849
Trade and other receivables	*10*	**32,307**	29,650
Current tax assets		**1,092**	2,505
Pledged bank deposits		**4,008**	7,000
Cash and bank balances		**58,761**	62,283
		98,722	103,287
Total assets		**107,312**	115,404
Current liabilities			
Contract liabilities		**3,961**	–
Trade and other payables	*11*	**18,035**	26,257
Finance leases obligations		**–**	262
Current tax liabilities		**214**	337
		22,210	26,856
Net current assets		**76,512**	76,431
Total assets less current liabilities		**85,102**	88,548
Non-current liabilities			
Deferred tax liabilities		**166**	693
Net assets		**84,936**	87,855
Capital and reserves			
Share capital		**4,000**	4,000
Reserves		**80,931**	83,855
Equity attributable to owners of the Company		**84,931**	87,855
Non-controlling interest		**5**	–
Total equity		**84,936**	87,855

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 and owned by Mr. Yu Chi Ming, Mr. Tse Kam Wing Walter and Mr. Chan Wai Lin. The Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance (Cap. 622). 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 PO Box 1350, Clifton House, 75 Fort Street, 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 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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major services which arise from contracts with customers:

– Provision of financial printing services

– Provision of marketing collateral printing services

– Provision of other services

Summary of effects arising from initial application of HKFRS 15

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognise the related revenue before beging unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset.

Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, receipts in advance which was include in trade and other payables are now reclassified to contract liabilities.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position as at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017 HK$'000	Reclassification HK$'000	Carrying amounts under HKFRS 15 at 1 January 2018 HK$'000
Current Assets			
Amounts due from customers on service contracts	1,849	(1,849)	–
Contract assets	–	765	765
Current Liabilities			
Trade and other payables	26,257	(5,494)	20,763
Contract liabilities	–	4,410	4,410

2.2 HKFRS 9 *Financial Instruments*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses ("**ECL**") for financial assets and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Summary of effects arising from initial application of HKFRS 9

Classification and measurement of financial assets and financial liabilities

All financial assets and financial liabilities continue to be measured on the same bases as were previously measured under HKAS 39.

Impairment under ECL model

As at 1 January 2018, the Directors of the Company reviewed and assessed the Group's existing financial assets at amortised cost for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with HKFRS 9. The results of the assessment and the impact thereof are detailed below.

The table below illustrates the lifetime expected credit losses of trade receivables under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Trade receivables HK$'000
Closing balance as at 31 December 2017 – HKAS 39	23,613
Remeasurement	
– Impairment under ECL	(180)
Opening balance as at 1 January 2018 – HKFRS 9	23,433

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. To measure the ECL, trade receivables and contract assets have been assessed individually for debtors with significant balances or collectively using a provision matrix with appropriate groupings based on shared credit risk characteristics of customers.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables, pledged bank deposits and bank balances are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

No impairment loss allowance provision was recognised for contract assets, other receivables, pledged bank deposits and bank balances as at 31 December 2018.

2.3 Impacts on opening consolidated statement of financial position arising from the application of HKFRS 15 and HKFRS 9

	At 31 December 2017 HK$'000	Impact of HKFRS 15 HK$'000	Impact of HKFRS 9 HK$'000	At 1 January 2018 HK$'000
Non-current Assets				
Deferred tax assets	–	–	1	1
Current Assets				
Trade and other receivables	29,650	–	(180)	29,470
Amounts due from customers on service contracts	1,849	(1,849)	–	–
Contract assets	–	765	–	765
Current Liabilities				
Trade and other payables	26,257	(5,494)	–	20,763
Contract liabilities	–	4,410	–	4,410
Capital and reserves				
Retained earnings	34,708	–	(179)	34,529

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 16	Leases[4]
HKFRS 17	Insurance Contracts[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[4]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[4]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycles[4]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after 1 January 2020.
4 Effective for annual periods beginning on or after 1 January 2019.
5 Effective for annual periods beginning on or after a date to be determined.

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

	2018	2017
	HK$'000	*HK$'000*
Recognised over time:		
– Provision of financial printing services	**113,981**	112,675
– Provision of marketing collateral printing services	**14,017**	32,531
– Provision of other services	**2,794**	3,405
	130,792	148,611

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.

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 contributing over 10% of the total revenue of the Group during the respective reporting period are as follows:

	2018	2017
	HK$'000	*HK$'000*
Customer A	**N/A**[1]	19,781

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

6. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Current tax		
– Current year	**1,443**	1,972
The People's Republic of China (the **"PRC"**) **Enterprise Income Tax**		
Current tax		
– Current year	**225**	–
Overprovision in prior year	**(121)**	(66)
Deferred tax		
– Current year	**(562)**	611
Total income tax recognised in profit or loss	**985**	2,517

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2017.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, one of the subsidiaries of the Company is subjected to the Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits above HK$2 million. Other subsidiaries of the Company are subjected to Hong Kong Profits Tax at the rate of 16.5% for the year ended 31 December 2018.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the year.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2018	2017
	HK$'000	*HK$'000*
Employee benefits expense (including directors' emoluments):		
Salaries, allowances and other benefits in kind	**41,349**	41,784
Contributions to retirement benefits schemes	**1,593**	1,600
Equity-settled share-based payments	**128**	–
Total employee benefits expense	**43,070**	43,384
Auditors' remuneration	**860**	860
Amortisation of intangible assets (included in cost of sales on the consolidated statement of profit or loss and other comprehensive income)	**209**	307
Depreciation of property, plant and equipment	**4,146**	2,854
Donation	**86**	49
Provision for impairment losses on trade receivables	**27**	–
Listing expenses	**–**	2,997
Operating lease rentals in respect of:		
– rental premises	**10,777**	11,158
– equipment	**22**	23

8. DIVIDENDS

The Board did not recommend a payment of any dividend for the year ended 31 December 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 to the existing shareholders on 31 August 2018.

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:

	2018	2017
Profit attributable to owners of the Company *(HK$'000)*	**7,162**	9,922
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share *(in thousand)*	**400,000**	397,260
Basic earnings per share *(HK cents)*	**1.79**	2.50

For the years ended 31 December 2018 and 2017, 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 issue during the year.

No diluted earnings per share is presented for both years as there was no potential ordinary share outstanding.

10. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**25,456**	23,613
Less: Provision for impairment losses on trade receivable	**(35)**	–
	25,421	23,613
Other receivables and prepayments	**6,886**	6,037
	32,307	29,650

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

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**12,030**	11,041
31 – 60 days	**4,161**	3,094
61 – 90 days	**756**	3,220
91 – 365 days	**6,517**	5,370
Over 365 days	**1,992**	888
	25,456	23,613

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 (2017: 30 days to 90 days). Interest could be charged on overdue receivables.

11. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**11,466**	14,443
Other payables and accruals	**6,569**	6,320
Receipts in advance	**–**	5,494
	18,035	26,257

The trade payables are non-interest bearing. The credit period was ranging from 30 days to 90 days (2017: 30 days to 90 days). The following is an aged analysis of trade payables presented based on the invoice date:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**5,729**	6,531
31 – 60 days	**3,665**	3,970
61 – 90 days	**1,727**	2,938
91 – 365 days	**345**	1,004
	11,466	14,443

MANAGEMENT DISCUSSION AND ANALYSIS

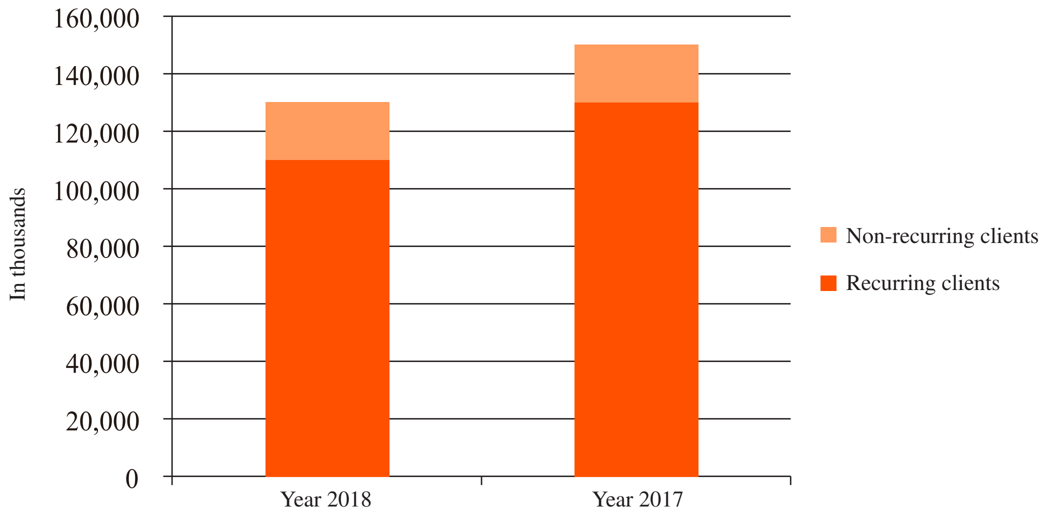
Business Review

We provide integrated printing services for corporate clients mainly in the financial and capital market in Hong Kong. We mainly offer a wide spectrum of services from financial printing services for corporations which are listed on the Stock Exchange and potential listing applicants to, fund houses and insurance companies to marketing collateral printing services.

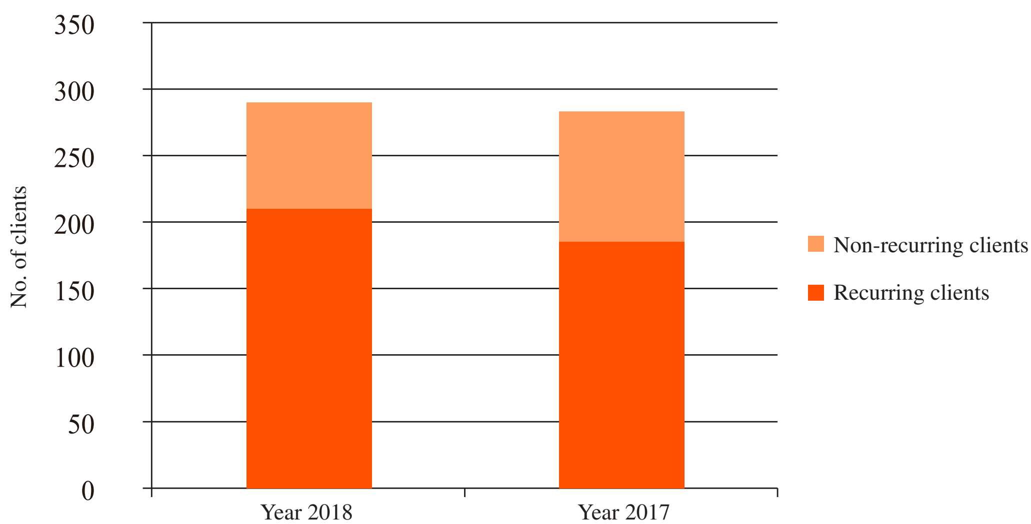
With years of presence and development in the market, we have successfully built up a broad client base including blue chips, state-owned enterprises, global fund houses and major insurance companies. We believe that our ability to maintain recurring clients demonstrates their recognitions of its quality service and we consider these recognitions as one of the key factors leading to its success in the industry. For the years ended 31 December 2018 and 31 December 2017, approximately 73.5% and 65.7% of our clients respectively, were recurring clients who contributed to approximately 85.3% and 87.4% of the Group's total revenue for the respective period.

Composite of revenue contributed by recurring and non-recurring clients and number of recurring and non-recurring clients for the year ended 31 December 2018, together with the comparative figures for the year ended 31 December 2017, are provided as follows:

For the years ended 31 December 2018 and 2017 (revenue contributed by recurring and non-recurring clients)



For the years ended 31 December 2018 and 2017 (by number of recurring and non-recurring clients)



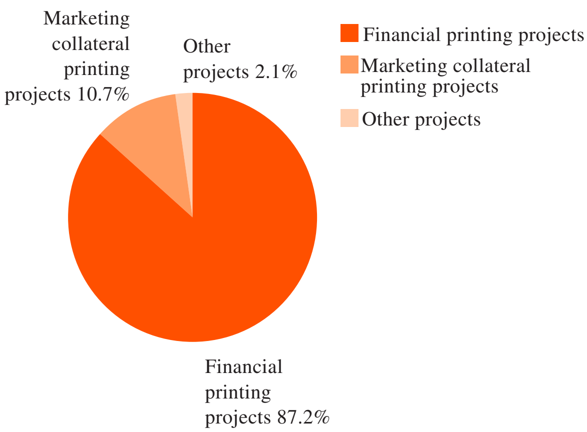
Our revenue generated from financial printing projects remained relatively stable at approximately HK$114.0 million for the year ended 31 December 2018 as compared to approximately HK$112.7 million for the year ended 31 December 2017.

Our revenue generated from marketing collateral printing project decreased by approximately 56.9% from approximately HK$32.5 million for the year ended 31 December 2017 to approximately HK$14.0 million for the year ended 31 December 2018. Such decrease was mainly due to the decrease in number of marketing collateral printing projects from 493 in the year of 2017 to 230 in the year of 2018.

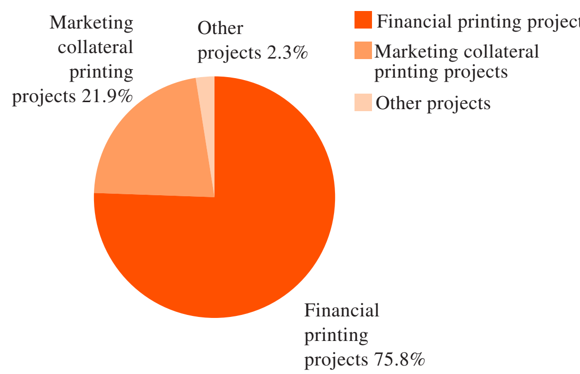
Our revenue from other projects decreased by approximately 17.9% from approximately HK$3.4 million for the year ended 31 December 2017 to approximately HK$2.8 million for the year ended 31 December 2018. Such decrease was attributed to the decrement of 7 projects.

Composite of revenue by product line for the year ended 31 December 2018, together with the comparative figures for the year ended 31 December 2017, are provided as follows:

For the year ended 31 December 2018 (by product line)



For the year ended 31 December 2017 (by product line)



FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK$17.8 million, or 12.0%, from approximately HK$148.6 million for the year ended 31 December 2017 to approximately HK$130.8 million for the year ended 31 December 2018. Such decrease was mainly due to the decrease in marketing collateral printing projects.

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

	2018	2017
	HK$'000	*HK$'000*
Financial printing projects	**113,981**	112,675
Marketing collateral printing projects	**14,017**	32,531
Other projects	**2,794**	3,405
	130,792	148,611

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK$6.1 million, or 9.1%, from approximately HK$67.1 million for the year ended 31 December 2017 to approximately HK$60.9 million for the year ended 31 December 2018. It was mainly due to the decrease in the revenue from marketing collateral printing projects. However, our gross profit margin for the years ended 31 December 2018 and 2017 were approximately 46.6% and 45.1% respectively.

Selling Expenses

The Group's selling expenses increased by approximately HK$0.8 million, or 7.4%, from approximately HK$11.2 million for the year ended 31 December 2017 to approximately HK$12.0 million for the year ended 31 December 2018. The increase was mainly attributable to the increase in staff cost of sales staff.

Administrative Expenses

The Group's administrative expenses decreased by approximately HK$2.8 million, or 6.4%, from approximately HK$43.6 million for the year ended 31 December 2017 to approximately HK$40.8 million for the year ended 31 December 2018, which was mainly attributable to the decrease in listing expenses which was incurred in 2017.

Taxation

Income tax expense decreased by approximately HK$1.5 million, or 60.9%, from approximately HK$2.5 million for the year ended 31 December 2017 to approximately HK$1.0 million for the year ended 31 December 2018. The decrease was primarily attributable to the decrease in profit before tax.

Profit for the year and Net Profit Margin

Profit after tax of the Group decreased by approximately HK$2.8 million, or 27.8%, from approximately HK$9.9 million for the year ended 31 December 2017 to approximately HK$7.2 million for the year ended 31 December 2018. Such decrease was mainly due to the decrease in revenue for the year ended 31 December 2018 as compared to the year ended 31 December 2017.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 31 December 2018,

(a) the Group's total assets decreased to approximately HK$107.3 million (2017: approximately HK$115.4 million) while the total equity decreased to approximately HK$84.9 million (2017: approximately HK$87.9 million);

(b) the Group's current assets decreased to approximately HK$98.7 million (2017: approximately HK$103.3 million) while the current liabilities decreased to approximately HK$22.2 million (2017: approximately HK$26.9 million);

(c) the Group had approximately HK$58.8 million in cash and bank balances (2017: approximately HK$62.3 million), which included cash and bank balances in Renminbi ("**RMB**") of approximately RMB1.4 million, in US dollars ("**USD**") of approximately USD67,000, and approximately HK$56.6 million, and the current ratio of the Group was approximately 4.4 times (2017: approximately 3.8 times);

(d) the Group had no finance leases liabilities (2017: approximately HK$0.3 million); and

(e) the gearing ratio (calculated based on debts including payables incurred not in the ordinary course of business divided by total equity as at the respective period ended and multiplied 100%) of the Group was zero (2017: approximately 0.3%).

FUTURE PROSPECTS

Looking forward, we are still reasonably optimistic to sustain the core business given all the economic uncertainties in 2019. However, we remain committed to the strategies that we have promised our shareholders before being listed and will continue to seek for the best possible opportunities to grow our business by leveraging our current client base. With the emergence of competition and rising concern of information security, we have meticulously scrutinized our internal workflow and procedures to enhance our core structure by taking advantage of technology. In 2018, we were accredited with ISO 27001 which would definitely allow us to offer our clients an extra level of confidence.

For the last 12 months, we have diligently focused on the IT development and identified potential business partners for further collaborations on various possibilities. With these partnerships, we will be able to position the Group as a premium-quality solution provider of professional digital services. The partnerships are going to provide us with a powerful competitive advantage in the markets where we have a strong presence, whereas our strengths can be integrated to achieve an optimal mix between both traditional printing and new media, making sure all our clients can stay ahead of the highly competitive and dynamic business environment.

CAPITAL EXPENDITURE

As at 31 December 2018, the Group had approximately HK$1.2 million of capital expenditure (2017: approximately HK$12.1 million).

SIGNIFICANT INVESTMENTS

As at 31 December 2018, the Group did not hold any significant investments (2017: nil).

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any significant contingent liabilities (2017: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group had 116 employees (2017: 118) in Hong Kong and 3 employees (2017: nil) in PRC. 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$43.1 million for the year ended 31 December 2018 (2017: approximately HK$43.4 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 year ended 31 December 2018 are generally appreciated and recognised.

In addition, the Group adopted a share option scheme (the "**Scheme**") on 15 December 2016. On 16 March 2018, 1,560,000 share options were granted for HK$1.00 consideration to employees under the Scheme. No options were exercised during the year ended 31 December 2018 (2017: nil).

INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS

As at 31 December 2018, the Group had assets with the carrying amount of approximately HK$4.0 million pledged to secure general banking facilities. As at 31 December 2017, the Group has assets with the carrying amount of approximately HK$7.6 million pledged to secure general banking facilities and the finance leases obligations.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES

There was no material acquisition or disposal of subsidiaries by the Group during the year ended 31 December 2018.

FOREIGN CURRENCY EXPOSURE

The Group's businesses are solely 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$. Only a little portion of the Group's deposits with bank are denominated in USD and RMB which is freely convertible into HK$. The Directors are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange rate risks and, therefore, no hedging arrangements were made during the year ended 31 December 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.

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 year ended 31 December 2018, the Company has complied with all the code provisions as set out in the CG Code.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2018, 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

The Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchased, sold or redeemed any of such listed securities during the year ended 31 December 2018.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings in the 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 the securities transactions by the Directors. 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 year ended 31 December 2018 to the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2018 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 does not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: nil).

ANNUAL GENERAL MEETING ("AGM")

The forthcoming AGM will be held on 8 May 2019. 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 Friday, 3 May 2019 to Wednesday, 8 May 2019, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 2 May 2019 for registration.

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 year ended 31 December 2018.

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

Hong Kong, 11 March 2019

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.

This announcement will remain on the "Latest Company Announcements" 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.