



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

**Interim Report 2019**



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## INTERIM 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 six months ended 30 June 2019, together with the comparative unaudited figures for the corresponding periods in 2018, as follows.

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

*For the three months and six months ended 30 June 2019*

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	3	49,195	46,235	75,763	70,359
Cost of sales		(25,714)	(23,121)	(40,875)	(37,485)
Gross profit		23,481	23,114	34,888	32,874
Other income and net gains		361	12	344	138
Selling expenses		(3,123)	(3,232)	(6,448)	(5,790)
Administrative expenses		(10,165)	(9,770)	(20,441)	(19,772)
Finance costs		(22)	–	(33)	(2)
Profit before tax		10,532	10,124	8,310	7,448
Income tax expense	5	(1,737)	(1,528)	(1,832)	(1,588)
Profit for the period	6	<u>8,795</u>	<u>8,596</u>	<u>6,478</u>	<u>5,860</u>
Profit for the period attributable to:					
Owners of the Company		8,827	8,596	6,554	5,860
Non-controlling interest		(32)	–	(76)	–
		<u>8,795</u>	<u>8,596</u>	<u>6,478</u>	<u>5,860</u>

	For the three months		For the six months	
	ended 30 June		ended 30 June	
	2019	2018	2019	2018
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other comprehensive expenses				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translating foreign subsidiary	-	-	(7)	-
	<u>-</u>	<u>-</u>	<u>(7)</u>	<u>-</u>
Total comprehensive income for the period	<b>8,795</b>	8,596	<b>6,471</b>	5,860
	<u><b>8,795</b></u>	<u>8,596</u>	<u><b>6,471</b></u>	<u>5,860</u>
Total comprehensive income attributable to:				
Owners of the Company	8,827	8,596	6,547	5,860
Non-controlling interest	(32)	-	(76)	-
	<u>(32)</u>	<u>-</u>	<u>(76)</u>	<u>-</u>
	<u><b>8,795</b></u>	<u>8,596</u>	<u><b>6,471</b></u>	<u>5,860</u>
	<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>
Earnings per share attributable to the owners of the Company during the period				
Basic and diluted	9	2.21	2.15	1.64
		<u>2.21</u>	<u>2.15</u>	<u>1.64</u>
		<u><b>2.21</b></u>	<u><b>2.15</b></u>	<u><b>1.64</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2019*

		<b>As at 30 June 2019</b>	31 December 2018
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	
<b>Non-current assets</b>			
Property, plant and equipment	8,533	8,471	
Right-of-use assets	1,813	–	
Intangible assets	50	83	
Deferred tax assets	75	36	
	<b>10,471</b>	<b>8,590</b>	
<b>Current assets</b>			
Contract assets	12,856	2,554	
Trade and other receivables	40,831	32,307	<i>10</i>
Current tax assets	146	1,092	
Pledged bank deposits	1,000	4,008	
Cash and bank balances	60,225	58,761	
	<b>115,058</b>	<b>98,722</b>	
<b>Total assets</b>	<b>125,529</b>	<b>107,312</b>	
<b>Current liabilities</b>			
Contract liabilities	6,044	3,961	
Trade and other payables	23,255	18,035	<i>11</i>
Finance lease obligations	1,143	–	
Current tax liabilities	1,885	214	
	<b>32,327</b>	<b>22,210</b>	
<b>Net current assets</b>	<b>82,731</b>	<b>76,512</b>	
<b>Total assets less current liabilities</b>	<b>93,202</b>	<b>85,102</b>	

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
<b>Non-current liabilities</b>		
Finance lease obligations	1,647	–
Deferred tax liabilities	<u>76</u>	<u>166</u>
	<u>1,723</u>	<u>166</u>
<b>Net assets</b>	<b><u>91,479</u></b>	<b><u>84,936</u></b>
<b>Capital and reserves</b>		
Share capital	4,000	4,000
Reserves	<u>87,550</u>	<u>80,931</u>
<b>Equity attributable to owners of the Company</b>		
<b>Non-controlling interest</b>	<b>91,550</b>	<b>84,931</b>
	<u>(71)</u>	<u>5</u>
<b>Total equity</b>	<b><u>91,479</u></b>	<b><u>84,936</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company								Total equity HK\$'000
	Share capital	Share premium	Special reserve	Share option reserve	Translation reserve	Retained earnings	Sub-total	Non-controlling interest	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2019 (audited)	4,000	39,009	138	128	(35)	41,691	84,931	5	84,936
Profit and total comprehensive income for the period	-	-	-	-	(7)	6,554	6,547	(76)	6,471
Recognition of equity-settled share-based payment	-	-	-	72	-	-	72	-	72
Balance at 30 June 2019 (unaudited)	<u>4,000</u>	<u>39,009</u>	<u>138</u>	<u>200</u>	<u>(42)</u>	<u>48,245</u>	<u>91,550</u>	<u>(71)</u>	<u>91,479</u>
Balance at 1 January 2018 (audited)	4,000	49,009	138	-	-	34,708	87,855	-	87,855
Profit and total comprehensive income for the period	-	-	-	-	-	5,860	5,860	-	5,860
Recognition of equity-settled share-based payment	-	-	-	54	-	-	54	-	54
Balance at 30 June 2018 (unaudited)	<u>4,000</u>	<u>49,009</u>	<u>138</u>	<u>54</u>	<u>-</u>	<u>40,568</u>	<u>93,769</u>	<u>-</u>	<u>93,769</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Net cash (used in)/generated from operating activities	<u>(991)</u>	<u>172</u>
Net cash generated from investing activities	<u>2,853</u>	<u>2,698</u>
Net cash used in financing activities	<u>(398)</u>	<u>(212)</u>
Net increase in cash and cash equivalents	<b>1,464</b>	2,658
Cash and cash equivalents at the beginning of year	<u>58,761</u>	<u>62,283</u>
Cash and cash equivalents at the end of period	<u><b>60,225</b></u>	<u><b>64,941</b></u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

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 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 six months ended 30 June 2019 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 2018.

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. APPLICATION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current period:

HKFRS 16	Lease
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycles

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

## 2.1 HKFRS 16 *Lease*

The Group has applied HKFRS 16 for the first time in the current period. HKFRS 16 superseded HKAS 17 *Lease* and the related interpretations.

The Group has applied HKFRS 16 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2019. 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 17 *Lease* and the related interpretations.

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Groups as liabilities. Operating lease rental expenses were recognised in the consolidated income statement over the lease period on a straight-line basis.

Under HKFRS 16, the Group measures a leased liability based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial adoption; and the unpaid rent payables provided based on the accrual basis under the original standards on leases will be included in the remaining lease payments. The Group measures right-of-use assets based on each lease option using one of the following:

- assuming that the New Standards on Leases are adopted to measure right-of-use assets once the lease term is commenced, the carrying amount discounted using the incremental borrowing rate at the date of initial adoption;
- an amount equals to the leased liability and necessary adjustments will be made based on the prepaid rents.

### 3. REVENUE

	For the three months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Recognised over time				
- Provision of financial printing services	47,299	43,493	70,688	64,182
- Provision of marketing collateral printing services	1,244	1,679	3,365	5,059
- Provision of other services	652	1,063	1,710	1,118
	<u>49,195</u>	<u>46,235</u>	<u>75,763</u>	<u>70,359</u>

### 4. SEGMENT INFORMATION

HKFRS 8 *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the provision of integrated printing services.

In addition, the Group's revenue is substantially generated in Hong Kong and the Group's assets and liabilities are also substantially located in Hong Kong. Accordingly, the Group does not present separately segment information.

## 5. INCOME TAX EXPENSE

	For the three months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Hong Kong Profits Tax</b>				
<b>Current tax</b>				
– Current period	1,570	1,837	1,717	1,962
<b>The People's Republic of China (the "PRC")</b>				
<b>Enterprise Income Tax</b>				
– Current period	237	–	244	–
<b>Deferred tax credit</b>				
– Current period	(70)	(309)	(129)	(374)
Total income tax expenses recognised in profit or loss	<u>1,737</u>	<u>1,528</u>	<u>1,832</u>	<u>1,588</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2019 and 2018.

In 2019, the Hong Kong Profits Tax is calculated 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% (2018: 16.5%).

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 subsidiary is 25% for the six months ended 30 June 2018. In 2019, reduced income tax rate are granted to qualifying small enterprises with low profits, i.e. a 5% effective income tax rate on taxable income not exceeding RMB1 million and a 10% effective income tax rate on taxable income between RMB1 million and RMB3 million.

## 6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Employee benefits expense (including directors' emoluments):				
Salaries, allowances and other benefits in kind	11,393	10,233	22,208	20,284
Contributions to retirement benefits schemes	475	399	916	790
Equity-settled share-based payments	39	46	72	54
	<u>11,907</u>	<u>10,678</u>	<u>23,196</u>	<u>21,128</u>
Total employee benefits expense				
Auditor's remuneration	223	237	446	474
Amortisation of intangible assets (included in cost of sales on the unaudited condensed consolidated statement of profit or loss and other comprehensive income)	16	55	34	116
Depreciation of property, plant and equipment	965	1,043	1,963	2,095
Depreciation of right-of-use assets	179	–	313	–
Donation	6	11	20	43
Operating lease rentals in respect of:				
– rental premises	2,714	2,660	5,403	5,340
– equipment	5	5	11	11
	<u>5</u>	<u>5</u>	<u>11</u>	<u>11</u>

## 7. SHARE-BASED PAYMENT

During the six months ended 30 June 2019, total share-based payment of approximately HK\$72,000 (six months ended 30 June 2018: approximately HK\$54,000) has been recognised in the profit or loss. The corresponding amount of approximately HK\$72,000 (six months ended 30 June 2018: approximately HK\$54,000) has been credited to share option reserve.

## 8. DIVIDENDS

The Board did not recommend a payment of any dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: HK2.5 cents per share).

## 9. 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 June		For the six months ended 30 June	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings:				
Profit attributable to owners of the Company (HK\$'000)	<u>8,827</u>	<u>8,596</u>	<u>6,554</u>	<u>5,860</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Basic and diluted earnings per share (HK cents)	<u>2.21</u>	<u>2.15</u>	<u>1.64</u>	<u>1.47</u>

For the six months ended 30 June 2019 and 2018, 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 six months ended 30 June 2019 and 2018, as there was no 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.

## 10. TRADE AND OTHER RECEIVABLES

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
Trade receivables	32,031	25,456
Less: provision for impairment losses on trade receivables	<u>(35)</u>	<u>(35)</u>
	31,996	25,421
Other receivables and prepayments	<u>8,835</u>	<u>6,886</u>
	<u><b>40,831</b></u>	<u><b>32,307</b></u>

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

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
0-30 days	12,943	12,030
31-60 days	6,581	4,161
61-90 days	5,978	756
91-365 days	3,278	6,517
Over 365 days	<u>3,251</u>	<u>1,992</u>
	<u><b>32,031</b></u>	<u><b>25,456</b></u>

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The credit period was ranging from 30 days to 90 days (31 December 2018: 30 days to 90 days). Interest could be charged on overdue receivables.



## 11. TRADE AND OTHER PAYABLES

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
Trade payables	16,952	11,466
Other payables and accruals	<u>6,303</u>	<u>6,569</u>
	<u><b>23,255</b></u>	<u><b>18,035</b></u>

The trade payables are non-interest bearing. The credit period was ranging from 30 days to 90 days (31 December 2018: 30 days to 90 days). The following is an aged analysis of trade payables presented based on the invoice date:

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
0-30 days	4,706	5,729
31-60 days	3,300	3,665
61-90 days	8,223	1,727
91-365 days	<u>723</u>	<u>345</u>
	<u><b>16,952</b></u>	<u><b>11,466</b></u>

## **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.

During the six months ended 30 June 2019, the Group recorded a revenue of approximately HK\$75.8 million which represents an increase of approximately 7.7% as compared to the same period of last year. The increase was mainly due to the increase in financial printing projects as compared to the same period of last year.

### **OUTLOOK**

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 and will continue to seek for the best possible opportunities to grow our business by leveraging our current client base. Moreover, we shall also strive to explore potential opportunities to develop our core and related business and if appropriate, explore selective acquisition and partnership in order to strengthen our revenue base and maximize both the return to the shareholders and value of the Group.

## USE OF NET PROCEEDS FROM THE COMPANY'S PLACING

The net proceeds received by the Company from the placing of 100,000,000 shares of the Company (the “Shares”) (the “Placing”) at a price of HK\$0.60 each on 11 January 2017, after the deduction of actual listing expenses and underwriting commission, amounted to approximately HK\$40.0 million. Accordingly, the Group has applied the proceeds in the same manner and proportion as shown in the prospectus of the Company dated 29 December 2016. Up to 30 June 2019, the Group has used approximately HK\$7.0 million for enhancing the IT systems and infrastructures. The Group continued to invest in our IT systems and infrastructures. The balance of the unutilised proceeds would be utilised as intended. As at 30 June 2019, all of the unutilised proceeds were deposited in a licensed bank in Hong Kong. As at 30 June 2019, the net proceeds utilised are set out as follows:

	<b>Revised proposed amount to be used up to 30 June 2019</b>	<b>Actual amount utilised up to 30 June 2019</b>	<b>Unutilised amount of the net proceeds up to 30 June 2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Set up the new office and improve the facilities in the Infinitus Plaza office	17,487	15,297	2,190
Enhance our IT systems and infrastructures	14,962	7,011	7,951
Enhance our workforce	3,817	3,794	23
	<u>36,266</u>	<u>26,102</u>	<u>10,164</u>

## FINANCIAL REVIEW

### Revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Financial printing projects	47,299	43,493	70,688	64,182
Marketing collateral printing projects	1,244	1,679	3,365	5,059
Other projects	652	1,063	1,710	1,118
	<u>49,195</u>	<u>46,235</u>	<u>75,763</u>	<u>70,359</u>

The Group's revenue increased by approximately HK\$5.4 million, or 7.7%, from approximately HK\$70.4 million for the six months ended 30 June 2018 to approximately HK\$75.8 million for the six months ended 30 June 2019.

### Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK\$2.0 million, or 6.1%, from approximately HK\$32.9 million for the six months ended 30 June 2018 to approximately HK\$34.9 million for the six months ended 30 June 2019, which was due to the increase in financial printing projects. Our gross profit margins for the six months ended 30 June 2018 and 2019 were approximately 46.7% and 46.0% respectively.

### Selling Expenses

The Group's selling expenses increased by approximately HK\$0.7 million, or 11.4%, from approximately HK\$5.8 million for the six months ended 30 June 2018 to approximately HK\$6.4 million for the six months ended 30 June 2019. The increase was mainly attributable to the increase in staff cost in relation to sales staff.

## **Administrative Expenses**

The Group's administrative expenses increased by approximately HK\$0.7 million, or 3.4%, from approximately HK\$19.8 million for the six months ended 30 June 2018 to approximately HK\$20.4 million for the six months ended 30 June 2019, which was mainly attributable to the increase in salaries and wages for the six months ended 30 June 2019.

## **Taxation**

Income tax expense increased by approximately HK\$0.2 million, or 15.4%, from approximately HK\$1.6 million for the six months ended 30 June 2018 to approximately HK\$1.8 million for the six months ended 30 June 2019. The increase was primarily attributable to the increase in profit before tax.

## **Profit for the period**

Profit after tax of the Group increased by approximately HK\$0.6 million, or 10.5%, from approximately HK\$5.9 million for the six months ended 30 June 2018 to approximately HK\$6.5 million for the six months ended 30 June 2019. The increase was mainly due to the increase in revenue.

## **DIVIDENDS**

The Board did not recommend a payment of any dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: HK2.5 cents per share).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2019, the Group had 116 employees (31 December 2018: 116) in Hong Kong, 3 employees (31 December 2018: 3) in PRC and 5 (31 December 2018: nil) in Taiwan. We believe that hiring, motivating and retaining qualified employees are crucial to our success as a reliable financial printer. Total staff costs (including Directors' emoluments) were approximately HK\$23.2 million for the six months ended 30 June 2019 (30 June 2018: approximately HK\$21.1 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 six months ended 30 June 2019 are generally appreciated and recognised.

## **FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO**

As at 30 June 2019,

- (a) the Group's total assets increased to approximately HK\$125.5 million (31 December 2018: approximately HK\$107.3 million) while the total equity increased to approximately HK\$91.5 million (31 December 2018: approximately HK\$84.9 million);
- (b) the Group's current assets increased to approximately HK\$115.1 million (31 December 2018: approximately HK\$98.7 million) while the current liabilities increased to approximately HK\$32.3 million (31 December 2018: approximately HK\$22.2 million);
- (c) the Group had approximately HK\$60.2 million in cash and bank balances (31 December 2018: approximately HK\$58.8 million), which included cash and bank balances in Renminbi ("RMB") of approximately RMB2.0 million, in US dollars ("USD") of approximately USD51,000, and in New Taiwan dollars ("TWD") approximately TWD0.8 million, and the current ratio of the Group was approximately 3.6 times (31 December 2018: approximately 4.4 times);

- (d) the Group had finance lease liabilities of approximately HK\$2.8 million (31 December 2018: nil); 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 approximately 3.0% (31 December 2018: nil).

## **FOREIGN CURRENCY EXPOSURE**

The Group's businesses are mainly operated in Hong Kong. The sales and purchases are mainly denominated in HK\$ and customers rarely request to settle our billing by other foreign currencies such as USD and RMB.

The Group's assets, liabilities and transactions are mainly denominated in HK\$. Only a little portion of the Group's deposits with bank are denominated in USD, RMB and TWD 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 six months ended 30 June 2019. However, the Group will review and monitor the relevant foreign exchange risk from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when applicable.

## **INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS**

As at 30 June 2019, the Group had assets with the carrying amount of approximately HK\$2.0 million (31 December 2018: approximately HK\$4.0 million) pledged to secure general banking facilities and the finance lease obligations.

## **SIGNIFICANT INVESTMENTS**

As at 30 June 2019, the Group did not hold any significant investments (31 December 2018: nil).

## **CAPITAL EXPENDITURE**

As at 30 June 2019, the Group had approximately HK\$2.5 million (31 December 2018: approximately HK\$1.2 million) of capital expenditure.

## **CONTINGENT LIABILITIES**

As at 30 June 2019, the Group did not have any significant contingent liabilities (31 December 2018: nil).

## **EVENTS AFTER THE BALANCE SHEET DATE**

As from 30 June 2019 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 June 2019, the interests and short positions of the Directors and the 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”), 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> )	297,000,000	74.25%
Mr. Tse Kam Wing Walter ("Mr. Tse")	Interests held jointly with another person; interest in a controlled corporation ( <i>Note</i> )	297,000,000	74.25%
Mr. Chan Wai Lin ("Mr. Chan")	Interests held jointly with another person; interest in a controlled corporation ( <i>Note</i> )	297,000,000	74.25%

*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

Name of Director	Name of associated corporation	Nature of interests	Number of ordinary Shares held	Percentage of shareholding
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 June 2019, 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 June 2019, 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	297,000,000	74.25%
Ms. Wong Mee Che Lilian	Interest of spouse ( <i>Note 2</i> )	297,000,000	74.25%
Ms. Wong Yuk Sim Kathy	Interest of spouse ( <i>Note 3</i> )	297,000,000	74.25%
Ms. Tang Wai Kwan May	Interest of spouse ( <i>Note 4</i> )	297,000,000	74.25%

*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 June 2019, 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.

During the six months ended 30 June 2019, no share options were granted. 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. Each option gives the holder the right to subscribe for one ordinary Share. These share options will be vested 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. 50,000 share options lapsed during the six months ended 30 June 2019 (six months ended 30 June 2018: 135,000). No options were exercised and cancelled during the six months ended 30 June 2019 (six months ended 30 June 2018: 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 six months ended 30 June 2019.

## **CORPORATE GOVERNANCE**

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

The Directors consider that during the six months ended 30 June 2019, 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 six months ended 30 June 2019.

## **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 six months ended 30 June 2019.

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 six months ended 30 June 2019, 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 report 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 six months ended 30 June 2019.

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

Hong Kong, 24 July 2019

*As at the date of this report, 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.*