



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

**Interim Report 2018**



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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 2018, together with the comparative unaudited figures for the corresponding periods in 2017, as follows.

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

*For the three months and six months ended 30 June 2018*

		For the three months ended 30 June		For the six months ended 30 June	
		2018	2017	2018	2017
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	2	<b>46,235</b>	50,912	<b>70,359</b>	80,273
Cost of sales		<b>(23,121)</b>	(26,628)	<b>(37,485)</b>	(45,129)
Gross profit		<b>23,114</b>	24,284	<b>32,874</b>	35,144
Other income and net gains		<b>12</b>	33	<b>138</b>	145
Selling expenses		<b>(3,232)</b>	(2,810)	<b>(5,790)</b>	(5,525)
Administrative expenses		<b>(9,770)</b>	(10,144)	<b>(19,772)</b>	(21,595)
Finance costs		<b>-</b>	(23)	<b>(2)</b>	(31)
Profit before tax		<b>10,124</b>	11,340	<b>7,448</b>	8,138
Income tax expense	4	<b>(1,528)</b>	(1,814)	<b>(1,588)</b>	(1,986)
Profit and total comprehensive income for the period	5	<b>8,596</b>	9,526	<b>5,860</b>	6,152
Profit and total comprehensive income for the period attributable to the owners of the Company		<b>8,596</b>	9,526	<b>5,860</b>	6,152
		<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>
Earnings per share					
Basic and diluted	8	<b>2.15</b>	2.93	<b>1.47</b>	1.77

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2018*

		As at <b>30 June 2018</b>	31 December 2017
<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	
<b>Non-current assets</b>			
Property, plant and equipment	10,177	11,825	
Intangible assets	176	292	
	<b>10,353</b>	12,117	
<b>Current assets</b>			
Amounts due from customers on service contracts	9	3,679	1,849
Trade and other receivables	10	38,439	29,650
Current tax assets		1,380	2,505
Pledged bank deposit		4,000	7,000
Cash and bank balances		64,941	62,283
		<b>112,439</b>	103,287
<b>Total assets</b>		<b>122,792</b>	115,404
<b>Current liabilities</b>			
Trade and other payables	11	27,478	26,257
Finance leases obligations		52	262
Current tax liabilities		1,174	337
		<b>28,704</b>	26,856
<b>Net current assets</b>		<b>83,735</b>	76,431
<b>Total assets less current liabilities</b>		<b>94,088</b>	88,548

	<b>As at 30 June 2018 HK\$'000 (Unaudited)</b>	As at 31 December 2017 HK\$'000 (Audited)
<b>Non-current liabilities</b>		
Deferred tax liabilities	<u>319</u>	<u>693</u>
	<u>319</u>	<u>693</u>
<b>Net assets</b>	<u><b>93,769</b></u>	<u>87,855</u>
<b>Capital and reserves</b>		
Share capital	4,000	4,000
Reserves	<u>89,769</u>	<u>83,855</u>
<b>Total equity</b>	<u><b>93,769</b></u>	<u>87,855</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2018*

	Attributable to owners of the company					
	Share	Share	Special	Share	Retained	Total
	capital	premium	reserve	option	earnings	equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	–	–	–	–	5,860	5,860
Recognition of equity-settled share-based payment	–	–	–	54	–	54
<b>Balance at 30 June 2018 (unaudited)</b>	<b><u>4,000</u></b>	<b><u>49,009</u></b>	<b><u>138</u></b>	<b><u>54</u></b>	<b><u>40,568</u></b>	<b><u>93,769</u></b>
Balance at 1 January 2017 (audited)	–	–	138	–	24,786	24,924
Profit and total comprehensive income for the period	–	–	–	–	6,152	6,152
Share issued under placing ( <i>Note (i)</i> )	1,000	59,000	–	–	–	60,000
Share issued pursuant to the capitalization issue ( <i>Note (i)</i> )	3,000	(3,000)	–	–	–	–
Share issuance costs	–	(7,141)	–	–	–	(7,141)
<b>Balance at 30 June 2017 (unaudited)</b>	<b><u>4,000</u></b>	<b><u>48,859</u></b>	<b><u>138</u></b>	<b><u>–</u></b>	<b><u>30,938</u></b>	<b><u>83,935</u></b>

*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.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	<b>2018</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2017 <i>HK\$'000</i> (Unaudited)
Net cash generated from/(used in) operating activities	<u>172</u>	<u>(11,989)</u>
Net cash generated from/(used in) investing activities	<u>2,698</u>	<u>(2,604)</u>
Net cash (used in)/generated from financing activities	<u>(212)</u>	<u>52,558</u>
Net increase in cash and cash equivalents	<b>2,658</b>	37,965
Cash and cash equivalents at the beginning of year	<u>62,283</u>	<u>14,301</u>
Cash and cash equivalents at the end of period	<u><b>64,941</b></u>	<u>52,266</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 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 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

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Integrated printing services	<u>46,235</u>	<u>50,912</u>	<u>70,359</u>	<u>80,273</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.

In addition, all of the Group’s revenue is generated in Hong Kong and all of the Group’s assets and liabilities are 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 relevant periods are as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Customer A	–	5,735	–	12,050

## 4. INCOME TAX EXPENSE

	For the three months ended 30 June		For the six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Current tax</b>				
– Current period	1,837	1,514	1,962	1,714
<b>Overprovision in prior period</b>				
– Current period	–	(8)	–	(8)
<b>Deferred tax (credit)/ expenses</b>				
– Current period	(309)	308	(374)	280
Total income tax recognised in profit or loss	<u>1,528</u>	<u>1,814</u>	<u>1,588</u>	<u>1,986</u>

Hong Kong Profits tax for 2018 is calculated at 8.25% on the first HK\$2,000,000 and 16.5% of the remaining balance (2017: 16.5%) of estimated assessable profits for the periods.

Deferred tax is measured at the tax rates from 14.3% to 16.5% that are expected to apply in the relevant period in which the liability is settled or the asset is realised.

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.

## 5. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging/(crediting):

	For the three months ended 30 June		For the six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Employee benefits expense (including directors' emoluments):				
Salaries, allowances and other benefits in kind	10,233	10,356	20,284	20,294
Contributions to retirement benefits schemes	399	393	790	799
Equity-settled share-based payments	46	–	54	–
	<u>10,678</u>	<u>10,749</u>	<u>21,128</u>	<u>21,093</u>
Total employee benefits expense	<u>10,678</u>	<u>10,749</u>	<u>21,128</u>	<u>21,093</u>
Auditor's remuneration	237	438	474	438
Amortisation of intangible assets (included in cost of sales on the condensed consolidated statement of profit or loss and other comprehensive income)	55	69	116	170
Depreciation of property, plant and equipment	1,043	499	2,095	854
Listing expenses	–	(33)	–	2,846
Operating lease rentals in respect of:				
– rental premises	2,660	2,965	5,340	5,369
– equipment	5	5	11	12
	<u>2,665</u>	<u>2,970</u>	<u>5,351</u>	<u>5,381</u>

## 6. SHARE-BASED PAYMENT

During the six months ended 30 June 2018, total share-based payment of approximately HK\$54,000 (six months ended 30 June 2017: nil) has been recognized in the profit or loss. The corresponding amount of approximately HK\$54,000 (three months ended 30 June 2017: nil) has been credited to share option reserve.

## 7. DIVIDENDS

The Board has determined that an interim dividend of HK2.5 cents per share (six months ended 30 June 2017: nil) would be payable on 31 August 2018 to the shareholders on the register of members of the Company on 20 August 2018. This interim dividend has not been recognised as a liability in the unaudited condensed consolidated statement of financial position as at 30 June 2018.

## 8. 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 June		For the six months ended 30 June	
2018	2017	2018	2017
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Earnings:

Profit attributable to owners  
of the company for the  
purpose of calculating  
basic earnings per share

<b>8,596</b>	9,526	<b>5,860</b>	6,152
<b>2018</b>	2017	<b>2018</b>	2017
<b>'000</b>	'000	<b>'000</b>	'000

Number of shares:

Weighted average number  
of ordinary shares for the  
purpose of calculating  
basic earnings per share

<b>400,000</b>	324,932	<b>400,000</b>	346,849
<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>

Basic and diluted earnings  
per share

<b>2.15</b>	2.93	<b>1.47</b>	1.77
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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 June 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 (the "**Prospectus**") as if such capitalisation issued shares were outstanding throughout the period from 1 January to 30 June 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.

9. AMOUNT DUE FROM CUSTOMERS ON SERVICE CONTRACTS

	At 30 June 2018 <i>HK\$'000</i> (Unaudited)	At 31 December 2017 <i>HK\$'000</i> (Audited)
Contract costs incurred plus attributable profit	3,679	1,849
Less: progress billings to date	—	—
	<u>3,679</u>	<u>1,849</u>

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2018 <i>HK\$'000</i> (Unaudited)	At 31 December 2017 <i>HK\$'000</i> (Audited)
Trade receivables	32,408	23,613
Other receivables and prepayments	6,031	6,037
	<u>38,439</u>	<u>29,650</u>

The following is an analysis of trade receivables by age, presented based on the invoice date:

	At 30 June 2018 <i>HK\$'000</i> (Unaudited)	At 31 December 2017 <i>HK\$'000</i> (Audited)
0-30 days	9,433	11,041
31-60 days	3,280	3,094
61-90 days	11,766	3,220
91-365 days	6,431	5,370
Over 365 days	1,498	888
	<u>32,408</u>	<u>23,613</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 2017: 30 days to 90 days). Interest could be charged on overdue receivables.

## 11. TRADE AND OTHER PAYABLES

	At <b>30 June</b> <b>2018</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 31 December 2017 <i>HK\$'000</i> <b>(Audited)</b>
Trade payables	<b>15,259</b>	14,443
Other payables and accruals	<b>3,757</b>	6,320
Receipts in advance	<b>8,462</b>	5,494
	<u><b>27,478</b></u>	<u>26,257</u>

The trade payables are non-interest bearing. The credit period was ranging from 30 days to 90 days (31 December 2017: 30 days to 90 days). The following is an aging analysis of trade payables presented based on the invoice date:

	At <b>30 June</b> <b>2018</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 31 December 2017 <i>HK\$'000</i> <b>(Audited)</b>
0-30 days	<b>5,169</b>	6,531
31-60 days	<b>2,722</b>	3,970
61-90 days	<b>7,093</b>	2,938
91-365 days	<b>275</b>	1,004
	<u><b>15,259</b></u>	<u>14,443</u>

## **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 will 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. Moreover, we have expanded our business operation by incorporating a wholly foreign owned enterprise in the People's Republic of China ("PRC").

During the six months ended 30 June 2018, the Group recorded a revenue of HK\$70.4 million which represents the decrease by 12.4% as compared to the same period of last year. The main reason was the decrease in 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 seeking to further strengthen our market position in the industry and capitalize on expansion opportunities in the PRC. Furthermore, we have secured 8 IPOs prospectus projects in the first six months period and expected the pipeline to continue to grow. We, therefore, devote more human resources and outsourcing strategies to cope with our growing momentum.

### **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.

During the period, the Group has been used (i) approximately HK\$13.8 million for setting up the new office and improving the facilities in the Infinitus Plaza office; (ii) approximately HK\$5.0 million for enhancing the IT systems and infrastructures; and (iii) approximately HK\$2.4 million for enhancing the workforce. The balance of funds would be utilised as intended. As at 30 June 2018, all of the unused proceeds were deposited in a licensed bank in Hong Kong. As at 30 June 2018, the net proceeds utilised are set out as follows:

	<b>Revised proposed amount to be used up to 30 June 2018</b>	<b>Actual amount utilised up to 30 June 2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Set up the new office and improve the facilities in the Infinitus Plaza office	16,290	13,798
Enhance our IT systems and infrastructures	12,132	4,965
Enhance our workforce	2,527	2,367
	<u>30,949</u>	<u>21,130</u>

The following tables sets out a further breakdown of the net proceeds from the Placing to be applied for setting up the new office and improving the facilities in the Infinitus Plaza office:

	<b>Revised proposed amount to be used up to 30 June 2018</b>	<b>Actual amount utilised up to 30 June 2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Infinitus Plaza office:</b>		
Renovation work	7,319	5,345
Acquiring new office facilities	3,398	2,175
<b>New office:</b>		
Renovation work	2,184	1,911
Rental expenses	2,518	3,225
Management fees	273	424
Rental deposit	598	718
	<u>16,290</u>	<u>13,798</u>

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress up to the period ended 30 June 2018.

<b>Business objectives up to 30 June 2018 as set out in the Prospectus</b>	<b>Actual implementation plan up to 30 June 2018</b>
Enhance our IT systems and infrastructures	The Group continued to invest in our IT systems and infrastructures.
Enhance our workforce	Additional employees in our customer service, operations and translation functions were recruited, which was in line with the Prospectus.

## FINANCIAL REVIEW

### Revenue

	For the three months ended 30 June		For the six months ended 30 June	
	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	<b>43,493</b>	42,175	<b>64,182</b>	63,277
Marketing collateral printing projects	<b>1,679</b>	8,667	<b>5,059</b>	16,558
Other projects	<b>1,063</b>	70	<b>1,118</b>	438
	<b><u>46,235</u></b>	<u>50,912</u>	<b><u>70,359</u></b>	<u>80,273</u>

### Turnover

The Group's revenue decreased by approximately HK\$9.9 million, or 12.4%, from approximately HK\$80.2 million for the six months ended 30 June 2017 to approximately HK\$70.4 million for the six months ended 30 June 2018.



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

The Group's gross profit decreased by approximately HK\$2.3 million, or 6.5%, from approximately HK\$35.1 million for the six months ended 30 June 2017 to approximately HK\$32.9 million for the six months ended 30 June 2018, which was due to the decrease in marketing collateral printing projects. Our gross profit margins for the six months ended 30 June 2017 and 2018 were approximately 43.8% and 46.7% respectively.

## **Selling Expenses**

The Group's selling expenses increased by approximately HK\$0.3 million, or 4.8%, from approximately HK\$5.5 million for the six months ended 30 June 2017 to approximately HK\$5.8 million for the six months ended 30 June 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\$1.8 million, or 8.4%, from approximately HK\$21.6 million for the six months ended 30 June 2017 to approximately HK\$19.8 million for the six months ended 30 June 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\$0.4 million, or 20.0%, from approximately HK\$2.0 million for the six months ended 30 June 2017 to approximately HK\$1.6 million for the six months ended 30 June 2018. The decrease was primarily attributable to the decrease in profit before taxation.

## **Profit for the period**

Profit after tax of the Group decreased by approximately HK\$0.3 million, or 4.7%, from approximately HK\$6.2 million for the six months ended 30 June 2017 to approximately HK\$5.9 million for the six months ended 30 June 2018. The decrease was mainly due to decrease in turnover.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2018, the Group had 111 employees (31 December 2017: 120) in Hong Kong. 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\$21.1 million for the six months ended 30 June 2018 (30 June 2017: 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 2018 are generally appreciated and recognised.

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

As at 30 June 2018,

- (a) the Group's total assets increased to approximately HK\$122.8 million (31 December 2017: approximately HK\$115.4 million) while the total equity increased to approximately HK\$93.8 million (31 December 2017: approximately HK\$87.9 million);
- (b) the Group's current assets increased to approximately HK\$112.4 million (31 December 2017: approximately HK\$103.3 million) while the current liabilities increased to approximately HK\$28.7 million (31 December 2017: approximately HK\$26.9 million);
- (c) the Group had approximately HK\$64.9 million in cash and bank balances (31 December 2017: approximately HK\$62.3 million), which included cash and bank balances in Renminbi ("RMB") of approximately RMB1.1 million, in US dollars ("USD") of approximately USD55,000, and in approximately HK\$63.2 million, and the current ratio of the Group was approximately 3.9 times (31 December 2017: approximately 3.8 times);
- (d) the Group had finance lease liabilities of approximately HK\$52,000 (31 December 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 approximately 0.3% (31 December 2017: approximately 0.3%).

## **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 USD and 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 six months ended 30 June 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.

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

As at 30 June 2018, the Group had assets with the carrying amount of approximately HK\$4.3 million (31 December 2017: approximately HK\$7.6 million) pledged to secure general banking facilities and the finance leases obligations.

## **SIGNIFICANT INVESTMENTS**

As at 30 June 2018, the Group did not hold any significant investments (31 December 2017: nil).

## **CAPITAL EXPENDITURE**

As at 30 June 2018, the Group had approximately HK\$0.8 million (31 December 2017: approximately HK\$12.1 million) of capital expenditure.

## **CONTINGENT LIABILITIES**

As at 30 June 2018, the Group did not have any significant contingent liabilities (31 December 2017: nil).

## EVENTS AFTER THE BALANCE SHEET DATE

As from 30 June 2018 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 2018, 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> )	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

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 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 June 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 June 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 six months ended 30 June 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 \$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 six months ended 30 June 2018. No options were exercised during the six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 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 2018.

## **INTERIM DIVIDEND**

The Board has resolved to declare an interim dividend of HK2.5 cents per Share for the six months ended 30 June 2018 (2017: nil) payable on 31 August 2018 to the shareholders whose names appear on the register of members of the Company on 20 August 2018.



## **CLOSURE OF SHARE REGISTER OF MEMBERS**

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Thursday, 16 August 2018 to Monday, 20 August 2018, both days inclusive. During such period, no transfer of shares will be registered. In order to qualify for the interim dividend, all 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 for registration no later than 4:30 p.m. on Wednesday, 15 August 2018.

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

Hong Kong, 25 July 2018

*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.*