



HM International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8416)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

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*This announcement, for which the directors of HM International Holdings Limited (the “**Company**” and the “**Directors**”, respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively, the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries for the three months and nine months ended 30 September 2019, together with the comparative unaudited figures for the corresponding periods in 2018, as follows.

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

For the three months and nine months ended 30 September 2019

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	3	28,551	31,275	104,314	101,634
Cost of sales		(16,708)	(17,200)	(57,583)	(54,685)
Gross profit		11,843	14,075	46,731	46,949
Other income and net (losses)/gains		(1,088)	8	(744)	146
Selling expenses		(2,443)	(3,022)	(8,891)	(8,812)
Administrative expenses		(10,605)	(9,888)	(31,046)	(29,660)
Finance costs		(44)	(1)	(77)	(3)
(Loss)/profit before tax		(2,337)	1,172	5,973	8,620
Income tax expense	5	128	(345)	(1,704)	(1,933)
(Loss)/profit for the period	6	(2,209)	827	4,269	6,687
(Loss)/profit for the period attributable to:					
Owners of the Company		(2,213)	827	4,341	6,687
Non-controlling interest		4	–	(72)	–
		(2,209)	827	4,269	6,687

	For the three months ended 30 September		For the nine months ended 30 September	
	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)	—
Total comprehensive income for the period	<u>(2,209)</u>	<u>827</u>	<u>4,262</u>	<u>6,687</u>
Total comprehensive income attributable to:				
Owners of the Company	(2,213)	827	4,334	6,687
Non-controlling interest	<u>4</u>	<u>—</u>	<u>(72)</u>	<u>—</u>
	<u>(2,209)</u>	<u>827</u>	<u>4,262</u>	<u>6,687</u>
(Loss)/earnings per share attributable to the owners of the Company during the period				
Basic and diluted (<i>HK cents</i>)	9	<u>(0.55)</u>	<u>0.21</u>	<u>1.09</u>
		<u>1.67</u>		

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

	Attributable to owners of the Company						Sub-total HK\$'000	Non- controlling interest HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Retained earnings 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)	4,341	4,334	(72)	4,262
Recognition of equity-settled share- based payment (<i>Note 8</i>)	-	-	-	106	-	-	106	-	106
Balance at 30 September 2019 (unaudited)	<u>4,000</u>	<u>39,009</u>	<u>138</u>	<u>234</u>	<u>(42)</u>	<u>46,032</u>	<u>89,371</u>	<u>(67)</u>	<u>89,304</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	-	-	-	-	-	6,687	6,687	-	6,687
Dividend paid	-	(10,000)	-	-	-	-	(10,000)	-	(10,000)
Recognition of equity-settled share- based payment (<i>Note 8</i>)	-	-	-	102	-	-	102	-	102
Balance at 30 September 2018 (unaudited)	<u>4,000</u>	<u>39,009</u>	<u>138</u>	<u>102</u>	<u>-</u>	<u>41,395</u>	<u>84,644</u>	<u>-</u>	<u>84,644</u>

NOTES TO THE UNAUDITED 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 listed on GEM of 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 nine months ended 30 September 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 Listing Rules. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in preparing the audited financial statements for the year ended 31 December 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.

3. REVENUE

	For the three months ended 30 September		For the nine months ended 30 September	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Recognised over time				
– Financial printing projects	25,746	26,909	96,434	91,091
– Marketing collateral printing projects	2,225	3,213	5,590	8,272
– Other projects	580	1,153	2,290	2,271
	<u>28,551</u>	<u>31,275</u>	<u>104,314</u>	<u>101,634</u>

4. SEGMENT INFORMATION

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

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

5. INCOME TAX EXPENSE

	For the three months ended 30 September		For the nine months ended 30 September	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Hong Kong Profits Tax				
Current tax				
– Current period	50	447	1,767	2,409
The People's Republic of China (the "PRC") Enterprise Income Tax				
Current tax				
– Current period	–	–	244	–
– Over provision in current period	(123)	–	(123)	–
Deferred tax credit				
– Current period	(55)	(102)	(184)	(476)
Total income tax expense recognised in profit or loss	<u>(128)</u>	<u>345</u>	<u>1,704</u>	<u>1,933</u>

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%).

In 2019, reduced income tax rate is 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 (2018: the PRC tax 25%).

6. (LOSS)/PROFIT FOR THE PERIOD

(Loss)/profit for the period has been arrived at after charging:

	For the three months ended 30 September		For the nine months ended 30 September	
	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	11,388	9,932	33,596	30,216
Contributions to retirement benefits schemes	514	410	1,430	1,200
Equity-settled share-based payments	34	48	106	102
Total employee benefits expense	<u>11,936</u>	<u>10,390</u>	<u>35,132</u>	<u>31,518</u>
Auditor's remuneration	222	237	668	711
Amortisation of intangible assets (included in cost of sales on the unaudited condensed consolidated statement of profit or loss and other comprehensive income)	14	53	48	169
Depreciation of property, plant and equipment	910	1,040	2,873	3,135
Depreciation of right-of-use assets	265	–	578	–
Donation	9	3	29	46
Operating lease rentals in respect of:				
– rental premises	2,884	2,728	8,287	8,068
– equipment	6	6	17	17

7. DIVIDENDS

The Board did not recommend a payment of dividend for the nine months ended 30 September 2019 (2018: nil), save for an interim dividend for the six months ended 30 June 2018 of HK2.5 cents per share, amounting to HK\$10 million, as declared by the Board on 25 July 2018 and paid on 31 August 2018.

8. SHARE-BASED PAYMENT

During the nine months ended 30 September 2019, a total share-based payment of approximately HK\$106,000 (nine months ended 30 September 2018: approximately HK\$102,000) has been recognised in the profit or loss. The corresponding net amount of approximately HK\$106,000 (nine months ended 30 September 2018: approximately HK\$102,000) has been credited to share option reserve.

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following data:

	For the three months ended 30 September		For the nine months ended 30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>(2,231)</u>	<u>827</u>	<u>4,341</u>	<u>6,687</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>in thousand</i>)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Basic and diluted (loss)/earnings per share (<i>HK cents</i>)	<u>(0.55)</u>	<u>0.21</u>	<u>1.09</u>	<u>1.67</u>

For the nine months ended 30 September 2019 and 2018, the calculation of the basic (loss)/earnings per share is based on the (loss)/profit attributable to owners of the Company and the weighted average number of ordinary shares issued during the periods.

No diluted (loss)/earnings per share is presented for the nine months ended 30 September 2019 and 2018, as there was no dilutive potential ordinary share outstanding. The computation of diluted loss per share for the current period does not assume the exercise of the share options because the exercise price of those share options was higher than the average market price of shares.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

With years of presence and development in the financial and capital 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 our quality service and we consider these recognitions as one of the key factors leading to our success in the industry.

During the nine months ended 30 September 2019, the Group recorded a revenue of approximately HK\$104.3 million which represents an increase of approximately 2.6% as compared to the corresponding period of last year, which was mainly due to the increase in revenue generated from financial printing projects of approximately HK\$5.3 million. In August 2019, we acquired 22.85% shares interest in Wordbee S.A., a software technology company in Luxembourg. The acquisition will enhance the translation process and development of computer assisted translation tool, and also benefit our Group's business development.

OUTLOOK

Looking forward, we are still reasonably optimistic to sustain the core business given all the economic uncertainties in 2019. Moreover, 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 or expanding our business cooperation. With the emergence of competition and rising concern of information security, we have meticulously scrutinised our internal workflow and procedures to enhance our core structure by taking advantage of information technology.

FINANCIAL REVIEW

Revenue

	For the three months ended 30 September		For the nine months ended 30 September	
	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	25,746	26,909	96,434	91,091
Marketing collateral printing projects	2,225	3,213	5,590	8,272
Other projects	580	1,153	2,290	2,271
	<u>28,551</u>	<u>31,275</u>	<u>104,314</u>	<u>101,634</u>

The Group's revenue increased by approximately HK\$2.7 million, or 2.6%, from approximately HK\$101.6 million for the nine months ended 30 September 2018 to approximately HK\$104.3 million for the nine months ended 30 September 2019. Such increase was mainly due to the increase in revenue generated from financial printing projects, which was partly offset by the decrease in revenue generated from marketing collateral printing projects.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$0.2 million, or 0.5%, from approximately HK\$46.9 million for the nine months ended 30 September 2018 to approximately HK\$46.7 million for the nine months ended 30 September 2019. Our gross profit margins for the nine months ended 30 September 2018 and 2019 were maintained at similar level of approximately 46.2% and 44.8% respectively.

Other Income and Net (Losses)/Gains

The Group's other income decreased by approximately HK\$0.9 million from a net gain of approximately HK\$0.2 million for the nine months ended 30 September 2018 to a net loss of approximately HK\$0.7 million for the nine months ended 30 September 2019. Such decrease was mainly caused by the disposal of fixed assets when we moved out an office.

Selling Expenses

The Group's selling expenses increased by approximately HK\$79,000, or 0.9%, from approximately HK\$8.8 million for the nine months ended 30 September 2018 to approximately HK\$8.9 million for the nine months ended 30 September 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\$1.4 million, or 4.7%, from approximately HK\$29.7 million for the nine months ended 30 September 2018 to approximately HK\$31.1 million for the nine months ended 30 September 2019. The increase was mainly due to the increase in salaries, allowances and other benefits.

Taxation

Income tax expense decreased by approximately HK\$0.2 million, or 11.8%, from approximately HK\$1.9 million for the nine months ended 30 September 2018 to approximately HK\$1.7 million for the nine months ended 30 September 2019. 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\$2.4 million, or 36.2%, from approximately HK\$6.7 million for the nine months ended 30 September 2018 to approximately HK\$4.3 million for the nine months ended 30 September 2019. The decrease was mainly due to the increase in administrative expenses.

CONTINGENT LIABILITIES

As at 30 September 2019, the Group did not have any significant contingent liabilities.

DIVIDENDS

The Board did not recommend a payment of dividend for the nine months ended 30 September 2019 (2018: nil), save for an interim dividend for the six months ended 30 June 2018 of HK2.5 cents per share, amounting to HK\$10 million, as declared by the Board on 25 July 2018 and paid on 31 August 2018.

FOREIGN CURRENCY EXPOSURE

The Group's businesses are mainly operated in Hong Kong. The sales and purchases are mainly denominated in Hong Kong dollars and customers rarely request to settle our billing by other foreign currencies such as United States dollars ("USD") and Renminbi ("RMB").

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

EVENTS AFTER THE REPORTING PERIOD

After 30 September 2019 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.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long Position in the Shares of the Company (the "Shares")

Name of Director	Nature of interests	Number of ordinary Shares interested	Approximate percentage* of shareholding
Mr. Yu Chi Ming ("Mr. Yu")	Interest held jointly with another person; interest held by controlled corporation (Note)	297,045,000	74.26%
Mr. Tse Kam Wing Walter ("Mr. Tse")	Interest held jointly with another person; interest held by controlled corporation (Note)	297,045,000	74.26%
Mr. Chan Wai Lin ("Mr. Chan")	Interest held jointly with another person; interest held by controlled corporation (Note)	297,045,000	74.26%

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 297,045,000 Shares held by HM Ultimate.

* The percentage represents the number of ordinary Shares involved divided by the total number of issued Shares as at 30 September 2019.

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

Name of Director	Name of associated corporation	Nature of interests	Number of ordinary shares interested	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%

** The percentage represents the number of ordinary shares involved divided by the total number of issued shares of the associated corporation as at 30 September 2019.

Save as disclosed above, as at 30 September 2019, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 September 2019, the following persons/entities other than a Director or chief executive of the Company had interests or short positions in the Shares or underlying Shares as recorded in the register of the Company required to be kept under section 336 of the SFO:

Long Position in the Shares of the Company

Name of shareholder	Nature of interests	Number of ordinary Shares interested	Approximate percentage*** of shareholding
HM Ultimate (Note 1)	Beneficial owner	297,045,000	74.26%
Ms. Wong Mee Che Lilian	Interest of spouse (Note 2)	297,045,000	74.26%
Ms. Wong Yuk Sim Kathy	Interest of spouse (Note 3)	297,045,000	74.26%
Ms. Tang Wai Kwan May	Interest of spouse (Note 4)	297,045,000	74.26%

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.

**** The percentage represents the number of ordinary Shares involved divided by the total number of issued Shares as at 30 September 2019.*

Save as disclosed above, as at 30 September 2019, other than the Directors whose interests are set out in the above paragraph headed “Directors’ and chief executive’s interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations”, no person had any interest or short position in the Shares or underlying Shares recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

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

During the nine months ended 30 September 2019, no share options were granted under the Scheme. On 16 March 2018 (the “**Date of Grant**”), share options were granted to employees under the Scheme, entitling them to subscribe for up to a total of 1,560,000 Shares from 16 March 2019 to 15 March 2022 (Group A) or 16 March 2020 to 15 March 2023 (Group B) at an exercise price of HK\$0.70 per Share, being the average closing price of the Shares for the five trading days immediately before the Date of Grant. The closing price of the Shares immediately before the Date of Grant is HK\$0.69. A total of 150,000 share options had been lapsed during the nine months ended 30 September 2019. No options were exercised during the nine months ended 30 September 2019 (2018: nil). As at 30 September 2019, a total of 1,200,000 share options were outstanding (25,000 share options for Group A and 1,175,000 share options for Group B).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the nine months ended 30 September 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 nine months ended 30 September 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 or controlling shareholders of the Company or any of their respective close associates as defined in the GEM Listing Rules engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or had any other conflict of interests with the Group during the nine months ended 30 September 2019.

DIRECTORS’ AND RELEVANT EMPLOYEES’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”) as the code of conduct regarding Directors’ dealings in the Company’s securities.

Specific enquiry has been made of all the Directors and the Directors confirmed that they had complied with the Required Standard of Dealings during the nine months ended 30 September 2019.

The Company has also established written guidelines (the “**Employees Written Guidelines**”) on terms no less exacting than the Required Standard of Dealings for dealings in the Company’s securities by relevant employees (as defined in code provision A.6.4 set out in the CG Code as contained in Appendix 15 to the GEM Listing Rules) who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities. During the nine months ended 30 September 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 announcement which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

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

The Audit Committee comprises three members, all being independent non-executive Directors, namely Mr. Ng Jack Ho Wan (chairman of the Audit Committee), Mr. Choi Hon Ting Derek and Mr. Wan Chi Wai Anthony. It has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, risk management, internal control and financial reporting matters, including review of the unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2019.

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

Hong Kong, 8 November 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 Listed Company Information” 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.