



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

Interim Report 2022



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*This report, for which the directors (the “**Directors**”) of HM International Holdings Limited (the “**Company**”) 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 report 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 report misleading.*

INTERIM RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated financial results of the Group for the three months and six months ended 30 June 2022, together with the comparative unaudited figures for the corresponding periods in 2021, as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2022

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	70,849	59,989	100,702	89,540
Cost of sales		(38,175)	(32,327)	(59,638)	(53,158)
Gross profit		32,674	27,662	41,064	36,382
Other income and gains/(losses)		2,279	(336)	2,332	(355)
Selling expenses		(4,179)	(3,972)	(7,125)	(7,126)
Administrative expenses		(10,653)	(10,442)	(21,260)	(20,635)
Share of (loss)/profit of an associate		(166)	371	(27)	467
Share of profit of a joint venture		831	–	797	–
Finance costs		(92)	(469)	(278)	(1,021)
Profit before tax		20,694	12,814	15,503	7,712
Income tax expense	5	(566)	(530)	(619)	(601)
Profit for the period	6	20,128	12,284	14,884	7,111
Other comprehensive expenses					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising from translation of foreign operations		(11)	(34)	(11)	(42)
Total comprehensive income for the period		20,117	12,250	14,873	7,069

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to:				
Owners of the Company	18,462	11,668	13,852	7,080
Non-controlling interest	1,655	616	1,032	31
	<u>20,117</u>	<u>12,284</u>	<u>14,884</u>	<u>7,111</u>
Total comprehensive income attributable to:				
Owners of the Company	18,480	11,634	13,841	7,038
Non-controlling interest	1,672	616	1,032	31
	<u>20,117</u>	<u>12,250</u>	<u>14,873</u>	<u>7,069</u>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to the owners of the Company during the period				
Basic and diluted	8 <u>4.62</u>	<u>2.92</u>	<u>3.46</u>	<u>1.77</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022	As at 31 December 2021
<i>Notes</i>		<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
		2,486	2,976
		3,566	6,940
		7,187	7,275
	9	9,442	9,469
	10	899	102
		35	16
		23,615	26,778
Current assets			
		11,914	1,812
	11	52,677	38,025
		849	849
		2,500	1,000
		54,180	58,935
		122,120	100,621
Total assets		145,735	127,399
Current liabilities			
		12,808	10,155
	12	29,499	22,522
		331	–
		485	485
		4,021	8,078
		807	111
		47,951	41,351
Net current assets		74,169	59,270
Total assets less current liabilities		97,784	86,048

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Non-current liabilities		
Lease liabilities	296	450
Deferred tax liabilities	<u>369</u>	<u>352</u>
	<u>665</u>	<u>802</u>
Net assets	<u>97,119</u>	<u>85,246</u>
Capital and reserves		
Share capital	4,000	4,000
Reserves	<u>94,150</u>	<u>83,309</u>
Equity attributable to owners of the Company	98,150	87,309
Non-controlling interests	<u>(1,031)</u>	<u>(2,063)</u>
Total equity	<u>97,119</u>	<u>85,246</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company								
	Share capital	Share premium	Special reserve	Share-based payments			Retained earnings	Non-controlling interest	Total equity
				reserve	Translation reserve				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2022									
(audited)	4,000	39,009	138	245	220	43,697	87,309	(2,063)	85,246
Profit and total comprehensive income for the period	-	-	-	-	(11)	13,852	13,841	1,032	14,873
Payment of final dividends for the year ended 31 December 2021	-	(3,000)	-	-	-	-	(3,000)	-	(3,000)
Reverse upon forfeiture of share options	-	-	-	(6)	-	6	-	-	-
Balance at 30 June 2022	<u>4,000</u>	<u>36,009</u>	<u>138</u>	<u>239</u>	<u>209</u>	<u>57,555</u>	<u>98,150</u>	<u>(1,031)</u>	<u>97,119</u>
Balance at 1 January 2021									
(audited)	4,000	39,009	138	245	247	39,813	83,452	(2,654)	80,798
Profit and total comprehensive income for the period	-	-	-	-	(42)	7,080	7,038	31	7,069
Recognition of equity-settled share-based payment	-	-	-	(12)	-	12	-	-	-
Balance at 30 June 2021	<u>4,000</u>	<u>39,009</u>	<u>138</u>	<u>233</u>	<u>205</u>	<u>46,905</u>	<u>90,490</u>	<u>(2,623)</u>	<u>87,867</u>

Note: Special reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the reorganisation in prior years.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Net cash generated from operating activities	<u>7,967</u>	<u>6,261</u>
Net cash used in investing activities	<u>(5,564)</u>	<u>(1,720)</u>
Net cash used in financing activities	<u>(7,158)</u>	<u>(6,834)</u>
Net decrease in cash and cash equivalents	(4,755)	(2,293)
Cash and cash equivalents at the beginning of year	<u>58,935</u>	<u>52,382</u>
Cash and cash equivalents at the end of period	<u>54,180</u>	<u>50,089</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. GENERAL

The Company was incorporated in the Cayman Islands on 13 January 2016 as an exempted company with limited liability. The Company's parent and ultimate holding company is HM Ultimate Holdings Limited, a company incorporated in the British Virgin Islands ("**BVI**") and owned by Mr. Yu Chi Ming ("**Mr. Yu**") and Mr. Chan Wai Lin ("**Mr. Chan**"). The Company has been registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (Cap. 622) and its shares have been listed on GEM of the Stock Exchange since 11 January 2017.

The address of the registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is 9/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the provision of 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 2022 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 these unaudited condensed consolidated financial statements are consistent with those adopted in preparing the audited financial statements for the year ended 31 December 2021.

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.

The condensed consolidated financial statements have not been audited by the Company's auditor, but have been reviewed by the audit committee of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current period

Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²

The application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statements 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Disclosure of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Recognised over time				
- Provision of financial printing services	61,810	56,048	84,448	79,026
- Provision of marketing collateral printing services	5,347	2,347	9,613	8,027
- Provision of other services	3,692	1,595	6,641	2,488
	<u>70,849</u>	<u>59,990</u>	<u>100,702</u>	<u>89,541</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.

Information about major customers

Revenue from customer contributed over 10% of the total revenue of the Group during the periods ended 30 June 2022 and 2021.

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A	<u>6,150</u>	<u>-</u>	<u>10,399</u>	<u>-</u>

5. INCOME TAX EXPENSE

	For the three months ended 30 June		For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Hong Kong Profits Tax				
Current tax				
– Current period	577	220	637	290
The People's Republic of China (the "PRC")				
Enterprise Income Tax				
– Current period	–	308	–	308
Deferred tax credit				
– Current period	(11)	2	(18)	3
Total income tax expenses recognised in profit or loss	<u>566</u>	<u>530</u>	<u>619</u>	<u>601</u>

Hong Kong Profits Tax has been provided at the rate of 8.25% on the first HK\$2,000,000 of the estimated assessable profits and 16.5% on the remaining amount of the estimated assessable profits for the six months ended 30 June 2022 and 2021.

The Group is not subject to any income tax in the Cayman Islands and the BVI pursuant to the rules and regulations in those jurisdictions.

The PRC corporate income tax in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof.

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	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Employee benefits expense (including directors' emoluments):				
Salaries, allowances and other benefits in kind	16,399	15,401	31,102	29,590
Contributions to retirement benefits schemes	829	747	1,622	1,457
Equity-settled share-based payments	-	-	-	1
Total employee benefits expense	<u>17,228</u>	<u>16,148</u>	<u>32,724</u>	<u>31,047</u>
Auditor's remuneration	200	222	400	444
Amortisation of intangible assets (included in cost of sales on the unaudited condensed consolidated statement of profit or loss and other comprehensive income)	279	227	546	436
Depreciation of property, plant and equipment	591	818	1,158	1,557
Depreciation of right-of-use assets	2,772	2,916	5,544	5,775
Donation	4	2	6	2
Rental expense from short-term leases	<u>209</u>	<u>213</u>	<u>438</u>	<u>401</u>

7. DIVIDEND

The Board did not recommend a payment of any dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

8. 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	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Earnings:				
Profit attributable to owners of the Company (HK\$'000)	<u>18,462</u>	<u>10,924</u>	<u>13,852</u>	<u>6,336</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>4.62</u>	<u>2.73</u>	<u>3.46</u>	<u>1.58</u>

For the six months ended 30 June 2022 and 2021, 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 2022 and 2021, as there was no potential ordinary share outstanding. The computation of diluted earnings per share for the periods 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 in both periods.

9. INTEREST IN AN ASSOCIATE

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Cost of unlisted investment in an associate	9,469	8,384
Share of post-acquisition (loss)/profit and other comprehensive income	<u>(27)</u>	<u>1,085</u>
	<u>9,442</u>	<u>9,469</u>

Details of the Group's associate at the end of the reporting period are as follows:

Name of associate	Form of entity	Place of incorporation/ operation	Registered capital	Proportion of ownership interest held by the Group		Principal activity
				At 30 June 2022 (Unaudited)	At 31 December 2021 (Audited)	
Wordbee S.A.	Limited liabilities	Luxembourg	Euros ("EUR") 35,696	22.85%	22.85%	Software technology

10. INTEREST IN A JOINT VENTURE

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Cost of unlisted investment in an associate	102	–
Share of post-acquisition (loss)/profit and other comprehensive income	797	102
	<u>899</u>	<u>102</u>

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Trade receivables	42,124	30,549
Less: provision for impairment losses on trade receivables	(813)	(685)
	<u>41,311</u>	<u>29,864</u>
Other receivables and prepayments	11,366	8,161
	<u>52,677</u>	<u>38,025</u>

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

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
0-30 days	19,099	16,372
31-60 days	13,041	6,769
61-90 days	5,564	2,394
91-365 days	4,029	4,490
Over 365 days	391	524
	<u>42,124</u>	<u>30,549</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 2021: 30 days to 90 days). Interest could be charged on overdue receivables.

12. TRADE AND OTHER PAYABLES

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Trade payables	22,897	15,356
Other payables and accruals	<u>6,602</u>	<u>7,166</u>
	<u>29,499</u>	<u>22,522</u>

The trade payables are non-interest bearing. The credit period was ranging from 30 days to 90 days (31 December 2021: 30 days to 90 days). The following is an aged analysis of trade payables presented based on the invoice date:

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
0-30 days	5,432	8,640
31-60 days	7,766	3,196
61-90 days	8,614	1,536
91-365 days	787	1,686
Over 365 days	<u>298</u>	<u>298</u>
	<u>22,897</u>	<u>15,356</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are continuously engaged in providing integrated printing services for corporate clients, mainly for the financial and capital markets in Hong Kong. Our revenue increased to approximately HK\$100.7 million during the period under review, which represents an increase of approximately 12.5% as compared to the same period last year. In addition, the number of sales activities also increased as compared with the same period last year. Such an increase may show the business is picking up under the current business environment. However, the COVID-19 pandemic continued to affect business performance and operation of the Group; some potential clients delayed or halted their listing and corporate exercises in Hong Kong. Otherwise, we believe the growth of our business would be faster than that of the present situation. We still maintain a solid portfolio of recurring clients, demonstrating their recognition of the quality service provided by us and the maintenance of a good relationship with the clients. We consider this recognition as a key factor leading to success in the industry.

OUTLOOK

Moving forward, we will closely monitor market development and, from time to time, review our group policies and assess market risk. However, we are optimistic about sustaining the core business given all the economic uncertainties. The prolonged outbreak of COVID-19 continues to bring uncertainties to the market. The business environment remains difficult and challenging. We will monitor the development of COVID-19 to ensure the safety of our employees and stable operations and to mitigate the adverse impact of COVID-19. To maintain competitive advantage in the market we will continue to leverage our strong and healthy financial position, our solid portfolio of recurring clients, and the extensive network of our management to expand our present business and explore other related business opportunities to weather the situation.

FINANCIAL REVIEW

Revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Financial printing projects	61,810	56,048	84,448	79,026
Marketing collateral printing projects	5,347	2,347	9,613	8,027
Other projects	3,692	1,595	6,641	2,488
	<u>70,849</u>	<u>59,990</u>	<u>100,702</u>	<u>89,541</u>

The Group's revenue increased by approximately HK\$11.2 million, or 12.5%, from approximately HK\$89.5 million for the six months ended 30 June 2021 to approximately HK\$100.7 million for the six months ended 30 June 2022. Such increase mainly is due to the increase in revenue generated from i) financial documents projects by approximately HK\$5.4 million to approximately HK\$84.4 million; ii) marketing collateral projects by approximately HK\$1.6 million to approximately HK\$9.6 million; and iii) others projects by approximately HK\$4.2 million to approximately HK\$6.6 million.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK\$4.7 million, or 12.9%, from approximately HK\$36.4 million for the six months ended 30 June 2021 to approximately HK\$41.1 million for the six months ended 30 June 2022, which was due to the increase in revenue. Our gross profit margins for the six months ended 30 June 2022 and 2021 were approximately 40.8% and 40.6%, respectively which had been maintained at a stable level.

Other Income and Gains/(Losses)

The Group's other income increased by approximately HK\$2.7 million from a loss of approximately HK\$0.4 million for the six months ended 30 June 2021 to a gain of approximately HK\$2.3 million for the six months ended 30 June 2022. Such increase was mainly due to the subsidy received from the Employment Support Scheme.

Selling Expenses

The Group's selling expenses decreased by approximately HK\$1,000 in during period to approximately HK\$7.1 million, which was similar to the same period last year.

Administrative Expenses

The Group's administrative expenses increased by approximately HK\$0.6 million, or 3.0%, from approximately HK\$20.6 million for the six months ended 30 June 2021 to approximately HK\$21.2 million for the six months ended 30 June 2022.

Finance Costs

Finance costs decreased by approximately HK\$0.7 million from approximately HK\$1.0 million for the six months ended 30 June 2021 to approximately HK\$0.3 million for the six months ended 30 June 2022. Such decrease was mainly due to the decrease in interest on lease liabilities.

Taxation

Income tax expense increased by approximately HK\$18,000, or 3.0%, from approximately HK\$601,000 for the six months ended 30 June 2021 to approximately HK\$619,000 for the six months ended 30 June 2022. 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\$7.8 million or 109.3% from approximately HK\$7.1 million for the six months ended 30 June 2021 to approximately HK\$14.9 million for the six months ended 30 June 2022. The increase was mainly due to the increase in gross profit.

DIVIDEND

The Board did not recommend a payment of any dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had 134 employees (31 December 2021: 138) in Hong Kong, 8 employees (31 December 2021: 8) in PRC and 10 employees (31 December 2021: 10) 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\$32.7 million for the six months ended 30 June 2022 (30 June 2021: approximately HK\$31.0 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 are generally appreciated and recognised.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 30 June 2022,

- (a) the Group's total assets increased to approximately HK\$145.7 million (31 December 2021: approximately HK\$127.4 million) while the total equity increased to approximately HK\$97.1 million (31 December 2021: approximately HK\$85.2 million);
- (b) the Group's current assets increased to approximately HK\$122.1 million (31 December 2021: approximately HK\$100.6 million) while the current liabilities were approximately HK\$48.0 million (31 December 2021: approximately HK\$41.4 million);
- (c) the Group had approximately HK\$54.2 million in cash and bank balances (31 December 2021: approximately HK\$58.9 million), which included cash and bank balances in Renminbi ("**RMB**") of approximately RMB3.9 million, in US dollars ("**USD**") of approximately USD0.4 million, in Taiwan New dollars ("**TWD**") of approximately TWD0.6 million, and in Singapore dollars ("**SGD**") of approximately SGD0.7 million and the current ratio of the Group was approximately 2.5 times (31 December 2021: approximately 2.4 times);
- (d) the Group had lease liabilities of approximately HK\$4.3 million (31 December 2021: approximately HK\$8.5 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 ends and multiplied 100%) of the Group was approximately 4.8% (31 December 2021: 10.0%).

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, SGD and TWD, which are 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 2022. 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 2022, the Group had assets with the carrying amount of approximately HK\$2.5 million (31 December 2021: approximately HK\$1.0 million) pledged to secure general banking facilities.

SIGNIFICANT INVESTMENTS

As at 30 June 2022, the Group did not hold any significant investments (31 December 2021: nil).

CAPITAL EXPENDITURE

As at 30 June 2022, the Group had approximately HK\$1.3 million (31 December 2021: approximately HK\$1.8 million) of capital expenditure.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant contingent liabilities (31 December 2021: nil).

EVENTS AFTER THE REPORTING PERIOD

On 11 July 2022, a tenancy agreement was entered into between HeterMedia Services Limited (“**HSL**”) (a wholly-owned subsidiary of the Company) as tenant, and Foxhill Investments Limited (“**FHL**”) (an Independent Third Party) as landlord, for renewal of the tenancy agreement (“**New Tenancy Agreement**”) in respect of the office premises located at the whole of 9th Floor of the Commercial Development of Infinitus Plaza, No. 199 Des Voeux Road Central, Hong Kong (“**Premises**”) for a term of two years commencing from 1 August 2022 and expiring on 31 July 2024 (both days inclusive). The Premises has been used as the Group’s headquarters and principal place of business since 2016. The term of the existing tenancy agreement of the Premises has expired on 31 July 2022. Having considered (i) the significant reduction in rental costs of the Premises; (ii) the importance of continuing the operation and business of the Group without interruption; (iii) the removal and renovation expenses and time costs that would have incurred by the Group for relocation and refurbishment, the Directors are of the view that the entering into of the New Tenancy Agreement is beneficial to the Group.

Alongside the New Tenancy Agreement, HSL as licensee and FIL as licensor also entered into the licence agreement (“**Licence Agreement**”) on 11 July 2022, pursuant to which FIL grants to HSL a free licence to use the storeroom for office and/or storage of goods in relation to HSL’s business. The storeroom has previously been used by the Group for the same purpose(s) pursuant to a licence granted by FIL to HSL in August 2019.

The Directors, including the independent non-executive Directors, considered that the transactions contemplated under the New Tenancy Agreement and the Licence Agreement were entered into in the ordinary and usual course of business of the Group, and the New Tenancy Agreement and the Licence Agreement were entered into on normal commercial terms after arm’s length negotiations between the parties, and the terms of the transactions contemplated thereunder were fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

The value of the right-of-use asset recognised by the Company under the New Tenancy Agreement and the Licence Agreement amounted to approximately HK\$13.3 million, which is calculated with reference to the present value of the aggregated lease payments to be made under the New Tenancy Agreement and the Licence Agreement in accordance with HKFRS 16 Leases.

Pursuant to HKFRS 16 Leases, the Company if entering into lease transaction as lessee will recognize a right-of-use asset in its consolidated financial statements. Such transaction will be regarded as an acquisition of capital asset for the purpose of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the New Tenancy Agreement and the Licence Agreement based on the value of the right-of-use asset recognised by the Group is more than 25% but below 100%, the New Tenancy Agreement and the Licence Agreement constitute a major transaction of the Company, and is therefore subject to the reporting, announcement and shareholders' approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

For details of the above-mentioned major transaction subsequent to the reporting period, please refer to the announcement of the Company dated 11 July 2022 and the circular of the Company dated 29 July 2022.

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 2022, 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

As at 30 June 2022

Name of Director	Nature of interests	Number of ordinary Shares interested	Approximate percentage* of shareholding
Yu Chi Ming	Interests held jointly with another person; interest held by a controlled corporation (<i>Note</i>)	222,760,000	55.69%
Chan Wai Lin	Interests held jointly with another person; interest held by a controlled corporation (<i>Note</i>)	222,760,000	55.69%
Chan Wai Chung Caroline	Beneficial owner	1,700,000	0.43%

Note: HM Ultimate Holdings Limited ("HM Ultimate") is beneficially owned as to 70.2% by Mr. Yu and 29.8% by Mr. Chan. Mr. Yu and Mr. Chan together control all the 222,760,000 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 June 2022.

**Long Position in the Shares of the Associated Corporations of the Company
As at 30 June 2022**

Name of Director	Name of associated corporation	Nature of interests	Number of ordinary shares held	Percentage** of shareholding
Yu Chi Ming	HM Ultimate	Beneficial owner	702	70.2%
Chan Wai Lin	HM Ultimate	Beneficial owner	298	29.8%

** The percentage represents the number of ordinary shares involved divided by the total number of issued shares of the associated corporation as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, 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 June 2022, 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
As at 30 June 2022**

Name of shareholder	Nature of interests	Number of ordinary Shares interested	Approximate percentage*** of shareholding
HM Ultimate (<i>Note 1</i>)	Beneficial owner	222,760,000	55.69%
Wong Mee Che Lilian	Interest of spouse (<i>Note 2</i>)	222,760,000	55.69%
Tang Wai Kwan May	Interest of spouse (<i>Note 3</i>)	222,760,000	55.69%
Tse Kam Wing Walter ("Mr. Tse")	Beneficial owner	72,285,000	18.07%
Wong Yuk Sim Kathy	Interest of spouse (<i>Note 4</i>)	72,285,000	18.07%

Note 1: HM Ultimate is beneficially owned as to 70.2% by Mr. Yu and 29.8% by Mr. Chan. Mr. Yu and Mr. Chan together control all the Shares held by HM Ultimate. This interest of HM Ultimate is also disclosed as the interest of Mr. Yu and Mr. Chan in the above section headed “Directors’ and chief executive’s interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations”.

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. 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.

Note 4: 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.

*** The percentage represents the number of ordinary Shares involved divided by the total number of issued Shares as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, 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, as incentive or reward for their contribution to the Group, to subscribe for Shares.

Details of movement of the share options granted under the Scheme for the six months ended 30 June 2022 are as follows:

Category of option holders	Date of grant (Note 1)	Exercise price per Share Exercise period		Number of share options					Outstanding as at 30 June 2022
				Outstanding as at 1 January 2022	Granted during the period	Exercised during the period (Note 2)	Lapsed during the period	Cancelled during the period	
Employees of the Group in aggregate									
Group A	16 March 2018	HK\$0.70	16 March 2019 to 15 March 2022	25,000	-	-	(25,000)	-	-
Group B	16 March 2018	HK\$0.70	16 March 2020 to 15 March 2023	950,000	-	-	(50,000)	-	900,000
Total				<u>975,000</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>	<u>-</u>	<u>900,000</u>

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. The number and/or exercise price of the share options may be subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.

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 2022.

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 2022, 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 business of the Group, or had any other conflict of interests with the Group during the six months ended 30 June 2022.

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 its own code of conduct regarding Directors’ transactions 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 six months ended 30 June 2022.

The Company has also established written guidelines (the “**Employees Written Guidelines**”) on terms no less exacting than the Required Standard of Dealings regarding dealings in the Company’s securities by employees who are likely to be in possession of inside information of the Company. During the six months ended 30 June 2022, no incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

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 2022.

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

Hong Kong, 4 August 2022

As at the date of this report, the executive Directors are Mr. Yu Chi Ming (Chairman), Mr. Chan Wai Lin and Ms. Chan Wai Chung Caroline; and the independent non-executive Directors are Mr. Choi Hon Ting Derek, Mr. Ng Jack Ho Wan and Mr. Wan Chi Wai Anthony.