



HM International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8416)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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.*

ANNUAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2017, together with the comparative audited figures for the year ended 31 December 2016. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	4	148,611	160,036
Cost of sales		(81,548)	(91,903)
Gross profit		67,063	68,133
Other income and gains/(losses)		165	(41)
Selling expenses		(11,152)	(10,670)
Administrative expenses		(43,600)	(38,547)
Finance costs		(37)	(128)
Profit before tax		12,439	18,747
Income tax expense	6	(2,517)	(3,778)
Profit and total comprehensive income for the year attributable to owners of the Company	7	9,922	14,969
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic and diluted	9	2.50	4.99

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	<i>Notes</i>	2017 HK\$'000	2016 HK\$'000
Non-current assets			
Property, plant and equipment		11,825	2,817
Intangible assets		292	461
		<u>12,117</u>	<u>3,278</u>
Current assets			
Amounts due from customers on service contracts	<i>10</i>	1,849	899
Trade and other receivables	<i>11</i>	29,650	35,410
Current tax assets		2,505	-
Pledged bank deposits		7,000	6,000
Cash and bank balances		62,283	14,301
		<u>103,287</u>	<u>56,610</u>
Total assets		<u>115,404</u>	<u>59,888</u>
Current liabilities			
Trade and other payables	<i>12</i>	26,257	33,486
Finance leases obligations		262	546
Current tax liabilities		337	588
		<u>26,856</u>	<u>34,620</u>
Net current assets		<u>76,431</u>	<u>21,990</u>
Total assets less current liabilities		<u>88,548</u>	<u>25,268</u>
Non-current liabilities			
Finance leases obligations		-	262
Deferred tax liabilities		693	82
		<u>693</u>	<u>344</u>
Net assets		<u>87,855</u>	<u>24,924</u>
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	<i>13</i>	4,000	-
Reserves		83,855	24,924
		<u>87,855</u>	<u>24,924</u>
Total equity		<u>87,855</u>	<u>24,924</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL

The Company was incorporated in the Cayman Islands on 13 January 2016 as an exempted company with limited liability. Its parent and ultimate holding company is HM Ultimate Holdings Limited (“**HM Ultimate**”), a company incorporated in the British Virgin Islands and owned by Mr. Yu Chi Ming (“**Mr. Yu**”), Mr. Tse Kam Wing Walter (“**Mr. Tse**”) and Mr. Chan Wai Lin (“**Mr. Chan**”) (collectively referred to as the “**Controlling Parties**”). The Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance (Cap. 622) on 12 April 2016. Its shares were initially listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 January 2017.

The address of the registered office of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and the principal place of business is 9/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the provision of integrated printing services.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company’s shares on GEM of the Stock Exchange (the “**Reorganisation**”), the group entities were under the control of the Controlling Parties. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 15 December 2016. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of the Controlling Parties prior to and after the Reorganisation.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years presented, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation, where this is a shorter 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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

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

Amendments to HKAS 7 *Disclosure Initiative*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments ³
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ³
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ¹
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration ³
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ³
Amendments to HKFRS 4	Applying HKFRS 9 <i>Financial Instruments</i> with HKFRS 4 <i>Insurance Contracts</i> ³
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle ³
Amendments to HKAS 40	Transfers of Investment Property ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycles ²

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective for annual periods beginning on or after 1 January 2018.

⁴ Effective for annual periods beginning on or after a date to be determined.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

4. REVENUE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Integrated printing services	<u>148,611</u>	<u>160,036</u>

5. SEGMENT INFORMATION

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

In addition, 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 respective reporting period are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Customer A	<u>19,781</u>	<u>28,170</u>

6. INCOME TAX EXPENSE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong Profits Tax		
Current tax		
- Current year	1,972	4,118
Overprovision in prior year	(66)	(150)
Deferred tax		
- Current year	<u>611</u>	<u>(190)</u>
Total income tax recognised in profit or loss	<u>2,517</u>	<u>3,778</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

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

The tax charge for the year can be reconciled to profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit before tax	12,439	18,747
Tax at the domestic income tax rate	2,052	3,093
Tax effect of expenses not deductible for tax purpose	1,140	1,163
Tax effect of income not taxable for tax purpose	(545)	(328)
Utilisation of tax losses previously not recognised	(64)	-
Overprovision in respect of prior year	(66)	(150)
Income tax expense for the year	2,517	3,778

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Employee benefits expense (including directors' emoluments):		
Salaries, allowances and other benefits in kind	41,784	42,891
Contributions to retirement benefits schemes	1,600	1,491
Total employee benefits expense	43,384	44,382

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Auditor's remuneration	860	800
Amortisation of intangible assets (included in cost of sales on the consolidated statement of profit or loss and other comprehensive income)	307	1,038
Depreciation of property, plant and equipment	2,854	1,606
Listing expenses	2,997	5,149
Operating lease rentals in respect of:		
- rental premises	11,158	8,563
- equipment	23	27

8. DIVIDENDS

No dividend was proposed or paid during the year ended 31 December 2017.

During the year ended 31 December 2016, HM Language Services Limited declared and paid a dividend of HK\$8,500,000 to the then existing shareholder, Dragon Globe Holdings Limited (formerly known as Xuanda Group Limited; HeterMedia Group Limited; and HeterMedia Holdings Limited) prior to the Reorganisation. The rate of dividend and the number of shares, ranking the dividend are not presented as such information is not meaningful having regard to the purpose of these consolidated financial statements.

9. EARNINGS PER SHARE

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

	2017	2016
Profit attributable to owners of the Company (HK\$'000)	<u>9,922</u>	<u>14,969</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	<u>397,260</u>	<u>300,000</u>
Basic earnings per share (HK cents)	<u><u>2.50</u></u>	<u><u>4.99</u></u>

For the year ended 31 December 2017, the calculation of the basic earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares issued during the year.

For the year ended 31 December 2016, the calculation of the basic earnings per share is based on the profit attributable to owners of the Company of approximately HK\$14,969,000 and the weighted average number of ordinary shares of 300,000,000 on the assumption that the Reorganisation and the capitalisation issue (as explained in Note 13) had been completed on 1 January 2015.

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

10. AMOUNTS DUE FROM CUSTOMERS ON SERVICE CONTRACTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Contract costs incurred plus attributable profit	1,849	899
Less: progress billings to date	<u>-</u>	<u>-</u>
	<u><u>1,849</u></u>	<u><u>899</u></u>

As at 31 December 2017, no retention held by customers on service contracts (2016: Nil). Advance received from customers on service contracts amounted to approximately HK\$5,494,000 as at 31 December 2017 (2016: approximately HK\$4,912,000).

11. TRADE AND OTHER RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	23,613	31,325
Other receivables and prepayments	6,037	4,085
	<u>29,650</u>	<u>35,410</u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 - 30 days	11,041	14,889
31 - 60 days	3,094	7,963
61 - 90 days	3,220	4,803
91 - 365 days	5,370	3,558
Over 365 days	888	112
	<u>23,613</u>	<u>31,325</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 (2016: 30 days to 90 days). Interest could be charged on overdue receivables.

12. TRADE AND OTHER PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	14,443	17,929
Other payables and accruals	6,320	10,645
Receipts in advance	5,494	4,912
	<u>26,257</u>	<u>33,486</u>

The trade payables are non-interest bearing. The credit period was ranging from 30 days to 90 days (2016: 30 days to 90 days). The following is an aged analysis of trade payables presented based on the invoice date:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 - 30 days	6,531	9,901
31 - 60 days	3,970	3,985
61 - 90 days	2,938	2,613
91 - 365 days	1,004	1,426
Over 365 days	-	4
	<u>14,443</u>	<u>17,929</u>

13. SHARE CAPITAL

Details of movements of authorised and issued share capital of the Company during the year ended 31 December 2017 are as follows:

	<i>Notes</i>	Number of ordinary shares	Amount <i>HK\$</i>
Ordinary shares of HK\$0.01 each			
Authorised:			
At 13 January 2016 (date of incorporation)	<i>(a)</i>	38,000,000	380,000
Increase in authorised share capital	<i>(b)</i>	<u>4,962,000,000</u>	<u>49,620,000</u>
At 31 December 2016, 1 January 2017 and 31 December 2017		<u>5,000,000,000</u>	<u>50,000,000</u>
Issued and fully paid:			
Issue of share at 13 January 2016 (date of incorporation)		1	-
Issue of shares	<i>(c)</i>	<u>999</u>	<u>10</u>
At 31 December 2016		1,000	10
Shares issued pursuant to the capitalisation issue	<i>(d)</i>	299,999,000	2,999,990
Shares issued under placing	<i>(e)</i>	<u>100,000,000</u>	<u>1,000,000</u>
At 31 December 2017		<u>400,000,000</u>	<u>4,000,000</u>

Amount
HK\$'000

Shown on consolidated statement of financial position at 31 December 2017	<u>4,000</u>
Shown on consolidated statement of financial position at 31 December 2016	<u>-</u>

Notes:

- (a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 13 January 2016 with an initial authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each and 1 share was issued.
- (b) Pursuant to the written resolutions passed by the sole shareholder of the Company on 15 December 2016, the authorised share capital of the Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of an additional 4,962,000,000 new shares of HK\$0.01 each, each ranking *pari passu* with the existing share in all respects.
- (c) On 15 December 2016, the Company allotted and issued 999 shares to HM Ultimate credited as fully paid as consideration for the acquisition of the entire issued share capital of HM Immediate Holdings Limited from the Controlling Parties.
- (d) Pursuant to the written resolutions passed by the sole shareholder of the Company on 15 December 2016, the directors of the Company were authorised to allot and issue a total of 299,999,000 shares to the register of members of the Company at the close of business on 15 December 2016 in proportion to their respective shareholdings by way of capitalisation of the sum of approximately HK\$2,999,990 standing to the credit of the share premium account of the Company as a result of the placing. The shares to be allotted and issued under this resolution rank *pari passu* with the existing share in all respects. The capitalisation issue was completed on 11 January 2017.
- (e) On 11 January 2017, 100,000,000 ordinary shares of HK\$0.01 each were issued at a price HK\$0.60 per share by the way of placing. On the same day, the Company was listed on GEM of the Stock Exchange. The proceeds of HK\$1,000,000 representing the par value of the shares were credited to the Company's share capital. The remaining proceeds of HK\$59,000,000, before issuing expenses, were credited to the share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

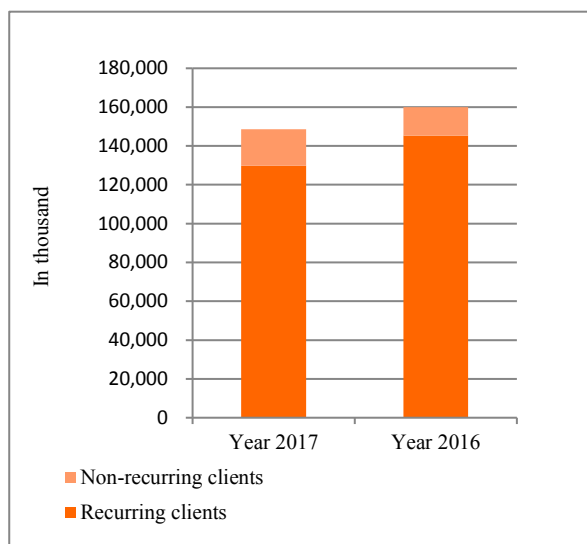
Business Review

We provide integrated printing services for corporate clients mainly in the financial and capital market in Hong Kong. We offer a wide spectrum of services from financial printing services for corporations which are listed on the Stock Exchange and potential listing applicants to, fund houses and insurance companies to marketing collateral printing services and new bespoke non-printing services, such as website design enhancement and revamp, video production, e-book, APP production and maintenance, electronic marketing presentation material production, etc.

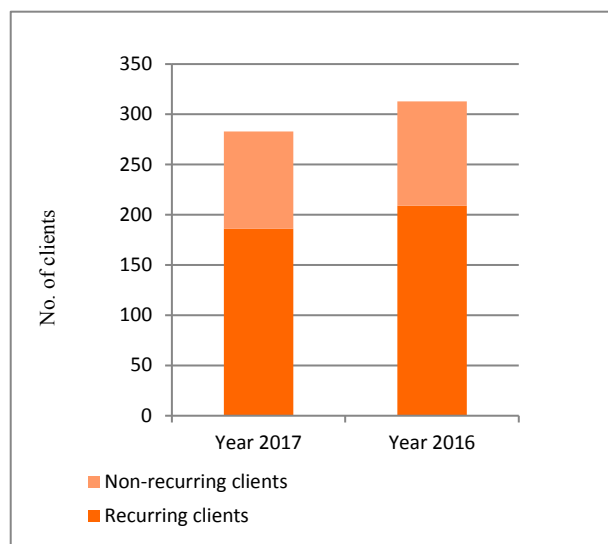
With years of presence and development in the market, the Group has successfully built up a broad client base including blue chips, state-owned enterprises, global fund houses and major insurance companies. We believe that the Group's ability to maintain recurring clients demonstrates their recognitions of its quality service and we consider these recognitions as one of the key factors leading to its success in the industry. For the years ended 31 December 2017 and 31 December 2016, approximately 65.7% and 66.6% of its clients respectively, were recurring clients who contributed to approximately 87.4% and 90.9% of the Group's total revenue for the respective period.

Composite of revenue contributed by recurring and non-recurring clients and number of recurring and non-recurring clients for the year ended 31 December 2017, together with the comparative figures for the year ended 31 December 2016, are provided as follows:

For the years ended 31 December 2017 and 2016
(revenue contributed by recurring and non-recurring clients)



For the years ended 31 December 2017 and 2016
(by number of recurring and non-recurring clients)

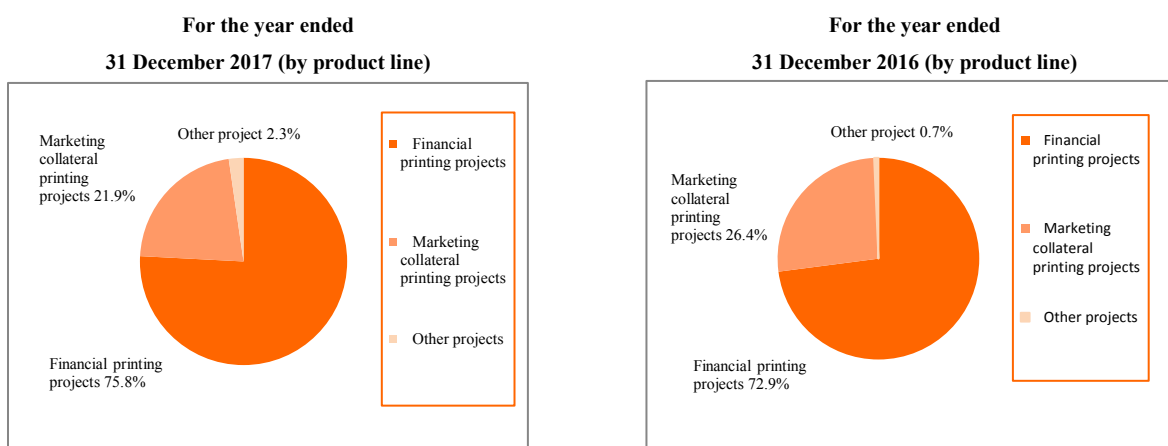


Our revenue generated from financial printing projects decreased by approximately 3.5% from approximately HK\$116.7 million for the year ended 31 December 2016 to approximately HK\$112.7 million for the year ended 31 December 2017. Such decrease was mainly due to the decrease in number of financial printing projects including (i) IPO prospectuses; and (ii) fund investment content outputs.

Our revenue generated from marketing collateral printing project decreased by approximately 22.9% from approximately HK\$42.2 million for the year ended 31 December 2016 to approximately HK\$32.5 million for the year ended 31 December 2017. Such decrease was mainly due to the decrease in number of marketing collateral printing projects from 678 in the year of 2016 to 493 in the year of 2017.

Our revenue from other projects increased by approximately 210.7% from approximately HK\$1.1 million for the year ended 31 December 2016 to approximately HK\$3.4 million for the year ended 31 December 2017. Such increase was contributed by the increment of 29 projects.

Composite of revenue by product line for the year ended 31 December 2017, together with the comparative figures for the year ended 31 December 2016, are provided as follows:



FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$11.4 million, or 7.1%, from approximately HK\$160.0 million for the year ended 31 December 2016 to approximately HK\$148.6 million for the year ended 31 December 2017.

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

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial printing projects	112,675	116,729
Marketing collateral printing projects	32,531	42,211
Other projects	3,405	1,096
	148,611	160,036

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$1.1 million, or 1.6%, from approximately HK\$68.1 million for the year ended 31 December 2016 to approximately HK\$67.1 million for the year ended 31 December 2017. It was mainly due to the decrease in the revenue from marketing collateral printing projects. Our gross profit margins for the year ended 31 December 2016 and 2017 were approximately 42.6% and 45.1% respectively.

Selling Expenses

The Group's selling expenses increased by approximately HK\$0.5 million, or 4.5%, from approximately HK\$10.7 million for the year ended 31 December 2016 to approximately HK\$11.2 million for the year ended 31 December 2017. 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\$5.1 million, or 13.1%, from approximately HK\$38.5 million for the year ended 31 December 2016 to approximately HK\$43.6 million for the year ended 31 December 2017, which was mainly attributable to the increase in (i) professional and other costs in relation to the compliance with the GEM Listing Rules and other regulations applicable to the Group for maintaining the listing status; (ii) office rental and building management fee; and (iii) depreciation expenses in relation to purchase of office facilities and renovation work.

Taxation

Income tax expense decreased by approximately HK\$1.3 million, or 33.4%, from approximately HK\$3.8 million for the year ended 31 December 2016 to approximately HK\$2.5 million for the year ended 31 December 2017. The decrease was primarily attributable to the decrease in profit before tax.

Profit for the year and Net Profit Margin

Profit after tax of the Group decreased by approximately HK\$5.0 million, or 33.7%, from approximately HK\$15.0 million for the year ended 31 December 2016 to approximately HK\$9.9 million for the year ended 31 December 2017. Such decrease was mainly due to the combined effect of (i) the decrease in revenue and (ii) increase in administrative expenses for the year ended 31 December 2017 as compared to the year ended 31 December 2016. Our net profit margins for the years ended 31 December 2017 and 2016 were approximately 6.7% and 9.4% respectively.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 31 December 2017,

- (a) the Group's total assets increased to approximately HK\$115.4 million (2016: approximately HK\$59.9 million) while the total equity increased to approximately HK\$87.9 million (2016: approximately HK\$24.9 million);
- (b) the Group's current assets increased to approximately HK\$103.3 million (2016: approximately HK\$56.6 million) while the current liabilities decreased to approximately HK\$26.9 million (2016: approximately HK\$34.6 million);
- (c) the Group had approximately HK\$62.3 million in cash and bank balances (2016: approximately HK\$14.3 million), which included cash and bank balances in Renminbi ("RMB") of approximately RMB1.6 million, in US dollars ("USD") of approximately USD38,000, and approximately HK\$60.1 million, and the current ratio of the Group was approximately 3.8 times (2016: approximately 1.6 times);
- (d) the Group had finance leases liabilities of approximately HK\$0.3 million (2016: approximately HK\$0.8 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% (2016: approximately 3.2%).

FUTURE PROSPECTS

Looking forward, we are optimistic to maintain the growth momentum of the Group in 2018. We remains committed to the strategies that we have mapped out to the shareholders as presented in the prospectus dated 29 December 2016 (the “**Prospectus**”) and will consistently strive to enhance shareholder value by managing our businesses to our best capability.

After listing, we are in a stronger financial and liquidity position and so we will devote more resources towards the IT development applicable to our industry and if appropriate, explore selective cooperation and partnership in order to strengthen our revenue base and maximise both the long term returns to our shareholders and the value of the Group.

CAPITAL EXPENDITURE

As at 31 December 2017, the Group had approximately HK\$12.1 million of capital expenditure (2016: approximately HK\$1.6 million).

SIGNIFICANT INVESTMENTS

As at 31 December 2017, the Group did not hold any significant investments (2016: Nil).

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any significant contingent liabilities (2016: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group had 118 employees (2016: 125) 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\$43.4 million for the year ended 31 December 2017 (2016: approximately HK\$44.4 million). The remuneration packages of the Group’s employees include fees, salaries, retirement benefit scheme contributions and other benefits. The remuneration policies of the Group, including promotion, bonus, salary increment and other benefits, are formulated based on the Group’s operating results, employees’ individual performance, working experience, respective responsibilities, merit, qualifications and competence, as well as comparable to the prevailing market practice, standards and statistics. The remuneration policies of the Group are reviewed by the management of the Group regularly. The dedication and hard work of the Group’s staff during the year ended 31 December 2017 are generally appreciated and recognised.

In addition, the Group adopted a share option scheme (the “**Scheme**”) on 15 December 2016. Since its adoption, no share options have been granted or agreed to be granted pursuant to the Scheme and therefore, there were no outstanding share options as at 31 December 2017.

INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS

As at 31 December 2017, the Group had assets with the carrying amount of approximately HK\$7.6 million pledged to secure general banking facilities and the finance leases obligations (2016: approximately HK\$7.1 million).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES

Prior to the listing of the Company's shares on GEM on 11 January 2017 (the "**Listing Date**"), the Company underwent corporate reorganisation, the details of which are set out in the section headed "History, Reorganisation and Development" in the Prospectus.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries by the Group during the year ended 31 December 2017.

FOREIGN CURRENCY EXPOSURE

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

The Group's assets, liabilities and transactions are mainly denominated in HK\$. Only a little portion of the Group's deposits with bank are denominated in USD and RMB which is freely convertible into HK\$. The Directors are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange rate risks and, therefore, no hedging arrangements were made during the year ended 31 December 2017. However, the Group will review and monitor the relevant foreign exchange risk from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when applicable.

CORPORATE GOVERNANCE

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

The Directors consider that since the Listing Date and up to 31 December 2017, the Company has complied with all the code provisions as set out in the CG Code.

COMPLIANCE WITH LAWS AND REGULATIONS

During the period from the Listing Date to 31 December 2017, the Group was in compliance with all the laws and regulations applicable to the business operations of the Group.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

The Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchased, sold or redeemed any of such listed securities during the period from the Listing Date to 31 December 2017.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings in the securities (the “**Required Standard of Dealings**”) as contained in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct governing the securities transactions by the Directors. Following a specific enquiry made by the Company on the Directors, all of the Directors confirmed that they had complied with the Required Standard of Dealings during the period from the Listing Date to the date of this announcement.

EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to 31 December 2017 and up to the date of this announcement, save as disclosed in this announcement, the Board is not aware of any significant events requiring disclosure that have occurred.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

ANNUAL GENERAL MEETING (“AGM”)

The forthcoming AGM will be held on 4 May 2018. A notice convening the AGM will be published on the Company’s website at www.hetermedia.com and the GEM website at www.hkgem.com in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 30 April 2018 to Friday, 4 May 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. For determining the entitlement of members of the Company to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 27 April 2018 for registration.

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 audited consolidated financial statements of the Group for the year ended 31 December 2017.

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

Hong Kong, 15 March 2018

As at the date of this announcement, the executive Directors are Mr. Yu Chi Ming (Chairman), Mr. Tse Kam Wing Walter and Mr. Chan Wai Lin; and the independent non-executive Directors are Mr. Choi Hon Ting Derek, Mr. Ng Jack Ho Wan and Mr. Wan Chi Wai Anthony.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the Company's website at www.hetermedia.com.