



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

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

**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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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**”) of the Company is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2019, together with the comparative audited figures for the year ended 31 December 2018. 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 2019

	<i>Notes</i>	2019 HK\$'000	2018 <i>HK\$'000</i>
Revenue	4	130,505	130,792
Cost of sales		(72,008)	(69,848)
Gross profit		58,497	60,944
Other income and losses		(462)	(23)
Selling expenses		(11,884)	(11,979)
Administrative expenses		(40,718)	(40,793)
Share of profit of an associate		56	–
Finance costs		(1,559)	(2)
Profit before tax		3,930	8,147
Income tax expense	6	(1,403)	(985)
Profit for the year	7	2,527	7,162

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit for the year	7	<u>2,527</u>	<u>7,162</u>
Other comprehensive expense			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating of foreign operations		(26)	(35)
Share of other comprehensive expense of an associate		<u>(6)</u>	<u>–</u>
Other comprehensive expense for the year, net of income tax		<u>(32)</u>	<u>(35)</u>
Total comprehensive income for the year		<u><u>2,495</u></u>	<u><u>7,127</u></u>
Profit/(loss) for the year attributable to:			
Owners of the Company		2,614	7,162
Non-controlling interests		<u>(87)</u>	<u>–</u>
		<u><u>2,527</u></u>	<u><u>7,162</u></u>
Total comprehensive income for the year attributable to:			
Owners of the Company		2,495	7,127
Non-controlling interests		<u>–</u>	<u>–</u>
		<u><u>2,495</u></u>	<u><u>7,127</u></u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic and diluted	9	<u><u>0.65</u></u>	<u><u>1.79</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 HK\$'000	2018 HK\$'000
Non-current assets			
Property, plant and equipment		5,206	8,471
Right-of-use assets		23,966	–
Intangible assets		89	83
Interest in an associate		4,405	–
Deferred tax assets		168	36
		33,834	8,590
Current assets			
Contract assets		3,120	2,554
Trade and other receivables	10	29,416	32,307
Current tax assets		146	1,092
Pledged bank deposits		1,000	4,008
Cash and bank balances		65,314	58,761
		98,996	98,722
Total assets		132,830	107,312
Current liabilities			
Contract liabilities		4,786	3,961
Trade and other payables	11	13,759	18,035
Amount due to non-controlling interests		485	–
Lease liabilities		9,117	–
Current tax liabilities		1,586	214
		29,733	22,210
Net current assets		69,263	76,512
Total assets less current liabilities		103,097	85,102
Non-current liabilities			
Lease liabilities		15,507	–
Deferred tax liabilities		35	166
		15,542	166
Net assets		87,555	84,936
Capital and reserves			
Share capital		4,000	4,000
Reserves		83,637	80,931
Equity attributable to owners of the Company		87,637	84,931
Non-controlling interests		(82)	5
Total equity		87,555	84,936

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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, a company incorporated in the British Virgin Islands and owned by Mr. Yu Chi Ming, Mr. Tse Kam Wing Walter and Mr. Chan Wai Lin. The Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance (Cap. 622). Its shares were initially listed on GEM of the Stock Exchange.

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 financial printing services, marketing collateral printing services and other services.

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

HKFRS 16	Leases
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 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.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Lease* (“HKAS 17”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application.

The following is the reconciliation of operating lease commitments as at 31 December 2018 to the lease liabilities as at 1 January 2019:

	At 1 January 2019 HK\$'000
Operating lease commitments disclosed as at 31 December 2018	6,124
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	<u>(6,124)</u>
Lease liabilities as at 1 January 2019	<u><u>–</u></u>

There was no impact of transition to HKFRS 16 on the retained earnings as at 1 January 2019.

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 ¹
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ³
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

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

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

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

⁴ Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in HKFRSs*, will be effective for annual periods beginning on or after 1 January 2020.

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

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Recognised over time:		
– Provision of financial printing services	116,694	113,981
– Provision of marketing collateral printing services	11,180	14,017
– Provision of other services	2,631	2,794
	<u>130,505</u>	<u>130,792</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, 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

No individual customer contributed over 10% of the total revenue of the Group during the years ended 31 December 2019 and 2018.

6. INCOME TAX EXPENSE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Hong Kong Profits Tax		
Current tax		
– Current year	1,688	1,443
The People's Republic of China (the "PRC") Enterprise Income Tax		
Current tax		
– Current year	18	225
Overprovision in prior year	(40)	(121)
Deferred tax		
– Current year	(263)	(562)
Total income tax recognised in profit or loss	<u>1,403</u>	<u>985</u>

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2019	2018
	HK\$'000	HK\$'000
Employee benefits expense (including directors' emoluments):		
Salaries, allowances and other benefits in kind	44,691	41,349
Contributions to retirement benefits schemes	1,942	1,593
Equity-settled share-based payments	124	128
	<hr/>	<hr/>
Total employee benefits expense	46,757	43,070
	<hr/> <hr/>	<hr/> <hr/>
Auditors' remuneration	880	860
Amortisation of intangible assets (included in cost of sales on the consolidated statement of profit or loss and other comprehensive income)	63	209
Depreciation of property, plant and equipment	3,530	4,146
Depreciation of right-of-use assets	4,553	–
Donation	46	86
Provision for impairment losses on trade receivables	174	27
Rental expense from short-term leases	6,367	–
Operating lease rentals in respect of:		
– rental premises	–	10,777
– equipment	–	22
	<hr/> <hr/>	<hr/> <hr/>

8. DIVIDENDS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Interim dividend for the year ended 31 December 2018 (HK2.5 cents per share)	<u>–</u>	<u>10,000</u>

No final dividend was proposed or paid during the year ended 31 December 2019 (2018: nil).

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:

	2019	2018
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>2,614</u>	<u>7,162</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>in thousand</i>)	<u>400,000</u>	400,000
Basic earnings per share (<i>HK cents</i>)	<u>0.65</u>	<u>1.79</u>

For the years ended 31 December 2019 and 2018, the calculation of the basic earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares issued during the year.

For the years ended 31 December 2019 and 2018, the computation of diluted earnings per share does not assume the exercise of the share options because the exercise price of those share options was higher than the average market price of shares.

10. TRADE AND OTHER RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	22,152	25,456
Less: Provision for impairment losses on trade receivables	<u>(209)</u>	<u>(35)</u>
	21,943	25,421
Other receivables and prepayments	<u>7,473</u>	<u>6,886</u>
	<u>29,416</u>	<u>32,307</u>

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0 – 30 days	10,951	12,030
31 – 60 days	4,931	4,161
61 – 90 days	796	756
91 – 365 days	1,677	6,517
Over 365 days	3,797	1,992
	<u>22,152</u>	<u>25,456</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 (2018: 30 days to 90 days). Interest could be charged on overdue receivables.

11. TRADE AND OTHER PAYABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade payables	8,663	11,466
Other payables and accruals	5,096	6,569
	<u>13,759</u>	<u>18,035</u>

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0 – 30 days	3,966	5,729
31 – 60 days	2,549	3,665
61 – 90 days	1,841	1,727
91 – 365 days	307	345
	<u>8,663</u>	<u>11,466</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

We provide integrated printing services for corporate clients mainly in the financial and capital market in Hong Kong. We mainly offer a wide spectrum of services from financial printing services for corporations which are listed on the Stock Exchange and potential listing applicants, to marketing collateral printing services for fund houses and insurance companies.

With years of presence and development in the market, we have successfully built up a broad client base including blue chips, state-owned enterprises, global fund houses and major insurance companies. We believe that our ability to maintain recurring clients demonstrates their recognitions of our quality service and we consider these recognitions as one of the key factors leading to our success in the industry. For the years ended 31 December 2019 and 31 December 2018, approximately 82.9% and 73.5% of our clients, respectively, were recurring clients who contributed to approximately 91.4% and 85.3% of the Group's total revenue for the respective years.

This year, our branch office in Taiwan has commenced operations and mainly provided support to operations department. To further accelerate the business development, in August 2019 we agreed to acquire 22.85% equity interest in Wordbee S.A., a software technology company in Luxembourg that works to enhance the translation process and development of computer-assisted translation tools. We are confident that the expansion of our business operations outside Hong Kong will reduce the Group's risk of dependence upon a certain geographical region.

We have been diligently looking for ways to streamline and automate our workflow and strengthening our IT development for years. This year, IT development has been strengthened even further, focusing on digital innovation and bringing most exciting opportunities that redefine customers' experience.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2019, the Group's revenue remained relatively stable, at approximately HK\$130.5 million, compared with approximately HK\$130.8 million for the year ended 31 December 2018. The decrease primarily stemmed from the drop in revenue generated from the marketing collateral printing projects, which decreased by approximately HK\$2.8 million, or 20.2%, from approximately HK\$14.0 million for 2018, to approximately HK\$11.2 million for 2019. The decrease was partly offset by the increase in revenue generated from financial printing projects of approximately HK\$2.7 million from approximately HK\$114.0 million for 2018 to approximately HK\$116.7 million for 2019.

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

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial printing projects	116,694	113,981
Marketing collateral printing projects	11,180	14,017
Other projects	2,631	2,794
	<u>130,505</u>	<u>130,792</u>

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$2.4 million, or 4.0%, from approximately HK\$60.9 million for the year ended 31 December 2018 to approximately HK\$58.5 million for the year ended 31 December 2019. It was mainly due to the increase in the staff costs. The Group's gross profit margin for the years ended 31 December 2019 and 2018 were approximately 44.8% and 46.6% respectively.

Other Income and Losses

The Group's other income and losses increased by approximately HK\$439,000 from approximately HK\$23,000 for the year ended 31 December 2018 to approximately HK\$462,000 for the year ended 31 December 2019. Such increase was mainly caused by the loss on disposal of fixed assets due to relocation of back office during the year ended 31 December 2019.

Selling Expenses

The Group's selling expenses decreased by approximately HK\$0.1 million, or 0.8%, from approximately HK\$12.0 million for the year ended 31 December 2018 to approximately HK\$11.9 million for the year ended 31 December 2019. The decrease was generally in line with decrease in revenue.

Administrative Expenses

The Group's administrative expenses decreased by approximately HK\$0.1 million, or 0.2%, from approximately HK\$40.8 million for the year ended 31 December 2018 to approximately HK\$40.7 million for the year ended 31 December 2019, which were relatively stable.

Finance Costs

The Group's finance costs increased by approximately HK\$1.6 million which was mainly due to the increase in interest on lease liabilities for the year ended 31 December 2019 (2018: approximately HK\$2,000).

Taxation

The Group's income tax expense increased by approximately HK\$0.4 million, or 42.4%, from approximately HK\$1.0 million for the year ended 31 December 2018 to approximately HK\$1.4 million for the year ended 31 December 2019.

Profit for the year and Net Profit Margin

Profit after tax of the Group decreased by approximately HK\$4.6 million, or 64.7%, from approximately HK\$7.2 million for the year ended 31 December 2018 to approximately HK\$2.5 million for the year ended 31 December 2019. Such decrease was mainly due to the increase in staff costs and the interest on lease liabilities as compared to the year ended 31 December 2018. The net profit margins for the years ended 31 December 2019 and 2018 were approximately 1.9% and 5.5% respectively.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 31 December 2019,

- (a) the Group's total assets increased to approximately HK\$132.8 million (2018: approximately HK\$107.3 million) while the total equity increased to approximately HK\$87.6 million (2018: approximately HK\$84.9 million);
- (b) the Group's current assets increased to approximately HK\$99.0 million (2018: approximately HK\$98.7 million) while the current liabilities increased to approximately HK\$29.7 million (2018: approximately HK\$22.2 million);
- (c) the Group had approximately HK\$65.3 million in cash and bank balances (2018: approximately HK\$58.8 million), which included cash and bank balances in Renminbi (“**RMB**”) of approximately RMB4.9 million, in US dollars (“**USD**”) of approximately USD0.2 million, in Taiwan dollars (“**TWD**”) of approximately TWD0.4 million, and approximately HK\$58.5 million, and the current ratio of the Group was approximately 3.3 times (2018: approximately 4.4 times);
- (d) the Group had leases liabilities of approximately HK\$24.6 million (2018: nil); and
- (e) the gearing ratio (calculated based on debts including payables incurred not in the ordinary course of business divided by total equity as at the respective period end and multiplied 100%) of the Group was 28.1% (2018: zero).

FUTURE PROSPECTS

Looking forward, we are optimistic about sustaining the core business given all the economic uncertainties. At the same time, we remain committed to continuously seeking for the best possible opportunities to grow our business through business combination and leveraging our current client base.

Since 2017, we have continued to focus diligently on IT development and have identified potential business partners for further collaborations. With these partnerships, we will continue to position the Group as a bespoke solution provider of professional digital solutions. Thus, we are able to offer solutions to our clients with competitive advantages in the markets where we have a strong presence, where our strengths can be integrated to achieve an optimal mix between both traditional printing and digital services to stay ahead of the highly competitive and challenging business environment in the coming years.

CAPITAL EXPENDITURE

As at 31 December 2019, the Group had approximately HK\$3.9 million of capital expenditure (2018: approximately HK\$1.2 million).

SIGNIFICANT INVESTMENTS

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

CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 129 employees (2018: 116) in Hong Kong, 5 employees (2018: 3) in PRC and 11 employees (2018: nil) in Taiwan. We believe that hiring, motivating and retaining qualified employees are crucial to our success as a reliable financial printer. Total staff costs (including Directors' emoluments) were approximately HK\$46.8 million for the year ended 31 December 2019 (2018: approximately HK\$43.1 million). The remuneration packages of the Group's employees include fees, salaries, retirement benefit scheme contributions and other benefits. The remuneration policies of the Group, including promotion, bonus, salary increment and other benefits, are formulated based on the Group's operating results, employees' individual performance, working experience, respective responsibilities, merit, qualifications and competence, as well as comparable to the prevailing market practice, standards and statistics. The remuneration policies of the Group are reviewed by the management of the Group regularly. The dedication and hard work of the Group's staff during the year ended 31 December 2019 are generally appreciated and recognised.

In addition, the Group adopted a share option scheme (the "**Scheme**") on 15 December 2016. On 16 March 2018, 1,560,000 share options were granted for HK\$1.00 consideration to employees under the Scheme at an exercise price of HK\$0.70 per share. No options were exercised during the year ended 31 December 2019 (2018: nil).

INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS

As at 31 December 2019, the Group had assets with the carrying amount of approximately HK\$1.0 million pledged to secure general banking facilities. As at 31 December 2018, the Group had assets with the carrying amount of approximately HK\$4.0 million pledged to secure general banking facilities.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Reference is made to the announcement of the Company dated 23 August 2019. On 23 August 2019, HM Investment Limited, an indirect wholly-owned subsidiary of the Company, agreed to acquire 22.85% equity interest in Wordbee S.A., from independent third parties for an aggregate cash consideration of one million Euros (equivalent to approximately HK\$8.7 million). As at 31 December 2019, 0.5 million Euros (equivalent to approximately HK\$4.4 million) of the consideration has been paid which represents 12.9% of equity interest in Wordbee S.A..

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 and TWD (which are freely convertible into HK\$), and RMB (which is not freely convertible currency in the international market). 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 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.

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 year ended 31 December 2019, the Company has complied with all the code provisions as set out in the CG Code.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2019, 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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2019.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings in 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 Directors’ dealings in the Company’s securities. 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 year ended 31 December 2019 and up to the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 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.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: nil).

ANNUAL GENERAL MEETING (“AGM”)

The forthcoming AGM will be held on 11 May 2020. 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 Wednesday, 6 May 2020 to Monday, 11 May 2020, 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, no later than 4:30 p.m. on Tuesday, 5 May 2020 for registration.

AUDIT COMMITTEE

The Company had established the audit committee (the “**Audit Committee**”) 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 2019.

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

Hong Kong, 13 March 2020

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.

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