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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your shares in HM International Holdings Limited, you should at once hand this circular to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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**HM International Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8416)**

**MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF  
THE SALE SHARES OF THE DISPOSAL COMPANY  
TO AN INDEPENDENT THIRD PARTY**

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 6 to 20 of this circular.

The transaction being the subject matter of this circular has been approved by written Shareholder’s approval pursuant to the GEM Listing Rules and this circular is being despatched to the Shareholders for information only.

15 September 2023

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## CHARACTERISTICS OF GEM

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**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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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Accounts Date”	31 December 2022
“Adjustment Date”	the fifth (5th) Business Day following the date on which the Completion Accounts and Completion Statements are agreed and determined in accordance with the Sale and Purchase Agreement
“Announcements”	the announcements of the Company dated 1 and 25 August 2023 in relation to the Disposal
“Assignment Agreement”	the assignment agreement dated 23 August 2023 entered into between Semantix and the Original Wordbee Purchaser in relation to the assignment and novation of all the Original Wordbee Purchaser’s benefits, rights and obligations under the Sale and Purchase Agreement to Semantix
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business in the Grand Duchy of Luxembourg, Germany and the United States
“BVI”	the British Virgin Islands
“Company”	HM International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on GEM of the Stock Exchange (stock code: 8416)
“Completion”	completion of the disposal of the Disposal Company and Wordcraft in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Accounts”	the consolidated statement of financial position of each of the company of the Disposal Group as at the date of Completion as prepared and agreed or determined in accordance with the Sale and Purchase Agreement
“Completion Date”	any date as agreed by the Purchasers and the Vendors, within five (5) Business Days after the conditions precedent has been fulfilled on which Completion is to take place, or such other date as may be agreed in writing between the Purchasers and the Vendors Representative

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## DEFINITIONS

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“Completion Statements”	the statement setting out the amount of the cash, indebtedness and working capital, as shown in, or derived from, the Completion Accounts, together with the resulting calculation of the Initial Consideration, and as prepared and agreed or determined in accordance with the Sale and Purchase Agreement
“Consideration”	the consideration for the sale and purchase of the Disposal Company Shares, which includes (i) the Initial Consideration; and (ii) the Earn-out Consideration
“Directors”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by HM Investment to the Wordbee Purchaser pursuant to the terms of the Sale and Purchase Agreement
“Disposal Company”	Wordbee S.à r.l., a company incorporated on 19 March 2008 in Luxembourg with limited liability and owned as to approximately 28.33%, 28.33%, 22.85%, 17.15%, 1.59%, 1.17% and 0.59% by the First Wordbee Vendor, the Second Wordbee Vendor, HM Investment, the Fourth Wordbee Vendor, the Fifth Wordbee Vendor, the Sixth Wordbee Vendor and the Seventh Wordbee Vendor, respectively
“Disposal Company Shares”	a total of 35,696 shares in the Disposal Company, including the Sale Shares
“Disposal Group”	the Disposal Company and its subsidiaries, Wordbee LLC and Wordbee Egypt
“Earn-out Consideration”	the consideration to be paid in cash by the Purchasers to the Vendors to be determined based on revenue collected by the Disposal Company after each of the twelve (12) quarters following Completion
“Fifth Wordbee Vendor”	Mr. Daniel Johnson, holding approximately 1.59% of the entire issued share capital of the Disposal Company
“First Wordbee Vendor”	Mr. José Vega, holding approximately 28.33%, of the entire issued share capital of the Disposal Company
“Fourth Wordbee Vendor”	Activos Lingüísticos SL, a company incorporated in Spain with limited liability, holding approximately 17.15% of the entire issued share capital of the Disposal Company
“GEM”	GEM of the Stock Exchange

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## DEFINITIONS

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“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“HM Investment/Third Wordbee Vendor”	HM Investment Limited, a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company, and holding approximately 22.85% of the entire issued share capital of the Disposal Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Group and its connected person(s) and its ultimate beneficial owner(s) or their respective associate(s)
“Initial Consideration”	the initial consideration of €7,947,826.09 (equivalent to approximately HK\$69,146,086.98) (subject to adjustments) to be paid in cash by the Wordbee Purchaser to the Wordbee Vendors at Completion, and the amount to be paid to each Wordbee Vendor is calculated on a pro rata basis in accordance with their respective shareholding in the Disposal Company
“Latest Practicable Date”	14 September 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Long Stop Date”	30 September 2023, or such other date as may be agreed between the Vendors and the Purchasers
“Original Wordbee Purchaser”	TransPerfect Luxembourg S.à r.l., a company incorporated in Luxembourg with limited liability
“PRC”	the People’s Republic of China
“Purchasers”	the Wordbee Purchaser and the Wordcraft Purchaser, each a “Purchaser”

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## DEFINITIONS

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“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 31 July 2023 entered into between (i) the Wordbee Vendors and the Original Wordbee Purchaser in relation to the disposal of the Disposal Company Shares, comprising the Sale Shares; and (ii) the Wordcraft Vendor and the Wordcraft Purchaser in relation to the disposal of the entire issued share capital of Wordcraft, the benefits, rights and obligations of the Original Wordbee Purchaser were subsequently assigned and novated to the the Wordbee Purchaser pursuant to the Assignment Agreement
“Sale Shares”	8,156 shares in the Disposal Company, representing approximately 22.85% of the entire issued share capital of the Disposal Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share(s)”	ordinary shares of HK\$0.01 par value each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Second Wordbee Vendor”	Dr. Stephan Dädalus Böhmig, holding approximately 28.33%, of the entire issued share capital of the Disposal Company
“Seventh Wordbee Vendor”	Ms. Anita Sempels, holding approximately 0.59% of the entire issued share capital of the Disposal Company
“Sixth Wordbee Vendor”	Mr. Maxime Appolonia, holding approximately 1.17% of the entire issued share capital of the Disposal Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Working Capital”	€330,000 (equivalent to approximately HK\$2,871,000) with respect to the Disposal Group
“US/United States”	the United States of America
“US\$”	United States dollars, the lawful currency in the United States
“Vendors”	the Wordbee Vendors and the Wordcraft Vendor
“Vendors Representative”	the Second Wordbee Vendor

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## DEFINITIONS

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“Wordbee Egypt”	Wordbee Egypt for Information Technology LLC, a company incorporated in Egypt with limited liability and a subsidiary of the Disposal Company owned as to 90% and 10% by the Disposal Company and Mr. Andre Hemker, respectively
“Wordbee LLC”	Wordbee LLC, a company incorporated in the United States with limited liability and a wholly-owned subsidiary of the Disposal Company
“Wordbee Purchaser/Semantix”	Semantix USA, LLC, a company incorporated in the United States with limited liability, after the assumption of all rights, benefits and obligations of the Original Purchaser pursuant to the Assignment Agreement
“Wordbee Vendors”	the First Wordbee Vendor, the Second Wordbee Vendor, HM Investment, the Fourth Wordbee Vendor, the Fifth Wordbee Vendor, the Sixth Wordbee Vendor and the Seventh Wordbee Vendor, each a “Wordbee Vendor”
“Wordcraft”	Wordcraft GmbH, a company incorporated on 6 June 2016 in Germany with limited liability which is wholly-owned by Mr. Andre Hemker
“Wordcraft Purchaser”	TransPerfect Translations GmbH, a company incorporated in Germany with limited liability
“Wordcraft Vendor/Andre Hemker”	Mr. Andre Hemker, being the sole shareholder of Wordcraft
“€/EUR”	Euro, the lawful currency in the European Union
“%”	per cent.

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## LETTER FROM THE BOARD

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### **HM International Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8416)**

*Executive Directors:*

Mr. Yu Chi Ming  
Mr. Chan Wai Lin  
Ms. Chan Wai Chung Caroline

*Independent non-executive Directors:*

Mr. Choi Hon Ting Derek  
Mr. Ng Jack Ho Wan  
Mr. Wan Chi Wai Anthony

*Registered Office:*

Windward 3  
Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

*Head office and principal place of  
business in Hong Kong*

9/F., Infinitus Plaza  
199 Des Voeux Road Central  
Hong Kong

15 September 2023

*To the Shareholders,*

Dear Sir or Madam,

### **MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF THE SALE SHARES OF THE DISPOSAL COMPANY TO AN INDEPENDENT THIRD PARTY**

#### **INTRODUCTION**

References are made to the Announcements in relation to the Disposal.

The Company has obtained written Shareholder's approval for the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with Rule 19.44 of the GEM Listing Rules from HM Ultimate Holdings Limited, which is the beneficial owner of 222,760,000 Shares (representing approximately 52.86% of the entire issued share capital of the Company) as at the date of the Announcement. As such, no general meeting will be convened for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder as is permitted under Rule 19.44 of the GEM Listing Rules.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other matters, (i) the details of the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) other information required to be included in this circular under the requirements of the GEM Listing Rules.

### THE DISPOSAL

On 31 July 2023, the Vendors, the Original Wordbee Purchaser and the Wordcraft Purchaser entered into the Sale and Purchase Agreement, pursuant to which (i) the Wordbee Vendors have conditionally agreed to sell and the Original Wordbee Purchaser has conditionally agreed to acquire the entire issued share capital of the Disposal Company, comprising the Sale Shares and (ii) the Wordcraft Vendor has conditionally agreed to sell and the Wordcraft Purchaser has conditionally agreed to acquire the entire issued share capital of Wordcraft.

Among the Disposal Company Shares to be disposed of by the Wordbee Vendors, the Sale Shares to be disposed of by HM Investment represent approximately 22.85% of the entire issued share capital of the Disposal Company as at the Latest Practicable Date. The Disposal Company is an associate company of the Company. The Group does not hold any interests in Wordcraft.

### ASSIGNMENT OF THE SALE AND PURCHASE AGREEMENT

On 23 August 2023, due to internal restructuring, the Original Wordbee Purchaser entered into the Assignment Agreement with Semantix, pursuant to which, the Original Wordbee Purchaser shall exercise its right under the Sale and Purchase Agreement to assign and novate all of its benefits, rights and obligations to Semantix in relation to the acquisition of the entire issued share capital of the Disposal Company.

Under the Assignment Agreement, all other terms of the Sale and Purchase Agreement shall remain unchanged and Semantix has assumed all the benefits, rights and obligations under the Sale and Purchase Agreement from the Original Wordbee Purchaser to the effect that Semantix shall become a party to the Sale and Purchase Agreement in place of the Original Wordbee Purchaser. The parties under the Sale and Purchase Agreement in relation to the acquisition of the entire issued share capital of Wordcraft shall remain unchanged.

### THE SALE AND PURCHASE AGREEMENT

The terms and conditions of the Sale and Purchase Agreement relating to the Disposal Company taking into account the Assignment Agreement are summarised as below:

Date: 31 July 2023 (after trading hours)

Parties:

Vendors: Mr. José Vega  
Dr. Stephan Dädalus Böhmig  
HM Investment  
Activos Lingüísticos SL

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## LETTER FROM THE BOARD

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Mr. Daniel Johnson  
Mr. Maxime Appolonia  
Ms. Anita Sempels

Purchaser: Semantix USA, LLC

Disposal Company: Wordbee S.à r.l.

### Assets to be disposed of by HM Investment

Pursuant to the Sale and Purchase Agreement, amongst others, the Wordbee Vendors have conditionally agreed to sell, and the Wordbee Purchaser has conditionally agreed to purchase, free from all encumbrance, the entire issued share capital of the Disposal Company, comprising the Sale Shares.

The Sale Shares represent approximately 22.85% of the entire issued share capital of the Disposal Company as at the Latest Practicable Date.

The table below sets out the issued share capital of the Disposal Company, and the shareholding of the shareholders of the Disposal Company (i) as at the Latest Practicable Date; and (ii) immediately upon Completion:

Shareholder	As at the Latest Practicable Date		Immediately upon Completion	
	Number of Shares	Shareholding %	Number of Shares	Shareholding %
The First Wordbee Vendor	10,111	28.33	–	–
The Second Wordbee Vendor	10,111	28.33	–	–
HM Investment	8,156	22.85	–	–
The Fourth Wordbee Vendor <sup>(Note)</sup>	6,121	17.15	–	–
The Fifth Wordbee Vendor	569	1.59	–	–
The Sixth Wordbee Vendor	418	1.17	–	–
The Seventh Wordbee Vendor	210	0.59	–	–
The Wordbee Purchaser	–	–	35,696	100.00
Total	<u>35,696</u>	<u>100.00</u>	<u>35,696</u>	<u>100.00</u>

*Note:* The Fourth Wordbee Vendor is wholly-owned by DeltaText S.L., a company incorporated in Spain with limited liability. DeltaText S.L. is jointly-owned by Mr. Amadeo Barba Huerga and Mrs. Myriam Charlán Sola.

Upon Completion, the Disposal Company will cease to be an associate company of the Company.

Upon Completion, the Wordbee Vendors will cease to hold any issued share capital of the Disposal Company and the Disposal Group will be disposed of as a whole to the Wordbee Purchaser.

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## LETTER FROM THE BOARD

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### Consideration and payment terms

The Consideration for the sale and purchase of the Disposal Company Shares comprises (i) the Initial Consideration; and (ii) the Earn-out Consideration.

The Initial Consideration of €7,947,826.09 (equivalent to approximately HK\$69,146,086.98) for the disposal of the entire issued share capital of the Disposal Company shall be paid in cash to the Wordbee Vendors (or nominee as directed by the respective Wordbee Vendor) at Completion on a pro rata basis in accordance with their respective shareholding in the Disposal Company, subject to the following adjustments to be made based on the Completion Accounts:

- (i) adding an amount equal to the (a) cash on hand; (b) cash standing to the credit of any account with a bank or other financial institution; and (c) undeposited checks or other client payments not reflected in the bank cash balances to the extent they were applied against and reduced the related accounts receivable with respect to the Disposal Company as at the Completion Date;
- (ii) deducting an amount equal to the indebtedness with respect to the Disposal Company as at the Completion Date; and
- (iii) adding, with respect to the Disposal Company, the amount by which the working capital as at the Completion Date exceeds the Target Working Capital as agreed between the Wordbee Vendors and the Wordbee Purchaser, or deducting the amount by which the relevant working capital is less than the relevant Target Working Capital.

As such, the pro rata portion of the Initial Consideration payable to HM Investment by the Wordbee Purchaser shall be €1,815,958.92 (equivalent to approximately HK\$15,798,842.60) based on the Sale Shares held by HM Investment in the Disposal Company.

The Initial Consideration is adjusted following Completion in the following manner:

1. The Wordbee Vendors and the Wordbee Purchaser shall procure that the Completion Accounts and the Completion Statements for each company of the Disposal Group are prepared and agreed or determined in accordance with the applicable law and generally accepted accounting standards, principles and practices in the jurisdiction of incorporation of the Disposal Group, and in each case as in force for the accounting period ending on the Accounts Date;
2. With respect to each of the company of the Disposal Group, the following payments shall be made on or before the Adjustment Date:
  - (i) If the amount of the relevant adjusted Initial Consideration as set out in the relevant Completion Statement exceeds the relevant Initial Consideration paid at Completion, the Wordbee Purchaser shall pay to the Wordbee Vendors an amount equal to the excess; or
  - (ii) If the amount of the relevant adjusted Initial Consideration as set out in the relevant Completion Statement is less than the relevant Initial Consideration paid at Completion, the Wordbee Vendors shall pay to the Wordbee Purchaser an amount equal to the shortfall.

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## LETTER FROM THE BOARD

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The Wordbee Purchaser shall prepare and deliver to the Wordbee Vendors for reviewing the drafts of the Completion Accounts and the Completion Statement of each of the companies of the Disposal Group as soon as practicable, and in any event no later than ninety (90) calendar days after the Completion Date.

The Wordbee Vendors shall serve a written notice on the Wordbee Purchaser confirming their agreement with the draft Completion Accounts and the draft Completion Statement during the Review Period (i.e. the period of ten (10) Business Days commencing on the first (1st) Business Day after the day on which the Wordbee Vendors receive the draft Completion Accounts and the draft Completion Statement from the Wordbee Purchaser) and the draft Completion Accounts and the draft Completion Statement shall be treated as final and binding on the Wordbee Vendors and the Wordbee Purchaser with effect from the date of service of such written notice.

Should the Wordbee Vendors fail to serve a written notice on the Wordbee Purchaser, the draft Completion Accounts and draft Completion Statement shall be final and binding on the Wordbee Vendors and the Wordbee Purchaser with effect from the expiry of the Review Period.

The Earn-out Consideration shall be determined and become payable with reference to the following provisions:

1. Within ninety (90) days after each of the twelve (12) quarters following Completion (the “**Earnout Period**”), so long as none of the Vendors (i) either terminates or fails to fulfill their respective employment or consulting/services agreements, (ii) and in the case of any of the Vendor that is an entity, its parent company(ies), its subsidiary(ies) and affiliates, fails to act in good faith with the Purchasers and does not disparage nor compete with nor poach employees from the Purchasers (or any of its affiliate(s)) or from any company of the Disposal Group or Wordcraft in accordance with the clauses in relation to employees and competing business as stated in the Sale and Purchase Agreement, the relevant Purchaser will pay or cause to be paid to the Vendors a percentage of the Disposal Company collected revenue (the “**Revenue Earn-out**”) calculated as follows:
  - (i) twenty-four percent (24%) of all revenue actually collected by the Disposal Company until such time as the total Revenue Earn-out received by the Vendors is €2,300,000 (equivalent to approximately HK\$20,010,000);
  - (ii) nine percent (9%) of all the revenue actually collected by the Disposal Company following such time as the total Revenue Earn-out received by the Vendors exceeds €2,300,000 (equivalent to approximately HK\$20,010,000); and
  - (iii) four point five percent (4.5%) of all the revenue actually collected by any Purchaser, or their affiliate(s), on any referrals from the Vendors or any of the companies of the Disposal Group or Wordcraft to such entity (the “**Referral(s)**”) provided that to be entitled to a Referral the Vendor or the company (as applicable) actively arranges a meeting with such prospect; provided further that such Referral amount is subject to sales commission rules of the relevant entity of the Purchasers or any of their affiliate(s) and shall not payable in the event any representative of the Purchasers or any of their affiliate(s) has a then-current relationship with such potential client (whom is having an existing contract or has made outreach to such prospect within one (1) year of the date of such referral) in the following proportions:

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## LETTER FROM THE BOARD

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- 86.9565% of the Revenue Earn-out (regardless of the source of any Referral paid under subsection (iii) above) shall be paid to the Wordbee Vendors in proportion to their respective ownership interest in the Disposal Company as of the day immediately preceding the date of Completion; and
  - 13.0435% of the Revenue Earn-out (regardless of the source of any Referral paid under subsection (iii) above) shall be paid to the Wordcraft Vendor.
2. The Vendors and the Purchasers agree that (i) no more Revenue Earn-out shall be due by the Purchasers to any of the Vendors after the Earn-out Period; and (ii) the Revenue Earn-out shall be calculated with respect to the collected revenue of the Disposal Company only (i.e. excluding any Wordcraft collected revenue).
  3. The Revenue Earn-out set forth in 1(i) and 1(ii) above shall be payable only on collected sales that come in through either of the companies of the Disposal Group's or Wordcraft's sales channels, and not through the sales channels of the Purchasers or any of their affiliate(s) or any of the respective divisions or personnel.
  4. The approval of the grant of any corporate translation software user licence (the "**Grant**") by the Disposal Company to corporate non-language solutions providers which is priced below US\$30,000 (equivalent to approximately HK\$234,000) annually is subject to the sole discretion of the pricing committee (the "**Pricing Committee**"), the members of which have been agreed by the Purchasers and the Vendors, and any such rejection to the Grant by the Pricing Committee shall not count towards the Revenue Earn-out. The purpose of setting up the Pricing Committee is to oversee certain licensing transactions to ensure pricing visibility.
  5. Notwithstanding the foregoing, any Revenue Earn-out payments to which the Vendors are entitled shall be calculated but held for future payment to the Vendors upon satisfaction of both of the following conditions (the "**Earn-out Conditions**"):
    - (i) the transfer of the remaining ten percent (10%) share capital of Wordbee Egypt to the Disposal Company has been approved by the Egyptian government authorities<sup>(Note)</sup>; and
    - (ii) adoption into the Purchasers' internal finance/accounting system has been signed off on by a representative of the Purchasers.
  6. Notwithstanding anything to the contrary as described above, in the event that the Wordbee Vendors grant translation software user licenses to a provider of drug development services to the biopharmaceutical industry, being a major customer of the Disposal Company, for accessing the translation management platform of the Disposal Company to support its internal translation demand, in an amount below €35,000 (equivalent to approximately HK\$304,500) in any quarter during the Earn-out Period, the Vendors agree to forfeit any right to any Revenue Earn-out for such quarter, such forfeiture shall be applicable for up to six (6) quarters over the Earn-out Period.
  7. The Vendors Representative shall have the right to review the financial information underlying the calculation of the Revenue Earn-out.

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## LETTER FROM THE BOARD

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*Note:* Mr. Andre Hemker, being the owner of the 10% share capital of Wordbee Egypt, is expected to transfer the entire 10% share capital to the Disposal Company in November 2023 at nil consideration, pursuant to the approval from the Egyptian government authorities.

The pro rata portion of the Consideration for the Sale Shares payable to HM Investment (inclusive of the pro rata portion of the Initial Consideration in the sum of €1,815,958.92 (equivalent to approximately HK\$15,798,842.60), and the pro rata portion of the Earn-out Consideration) is subject to a maximum cap of €3,000,000 (equivalent to approximately HK\$26,100,000), which will be payable by the Wordbee Purchaser to HM Investment in accordance with the abovementioned payment terms.

The Earn-out Consideration to be received by the other Wordbee Vendors is not subject to a maximum cap.

Rule 19.15(4) of the GEM Listing Rules provides that, when calculating the consideration ratio, if the listed issuer may pay consideration in the future, the numerator should be the maximum consideration payable under the agreement. For any proposed acquisition of a target company, the numerator of the consideration ratio should include the fixed amount of cash as well as the maximum value of the further consideration. If the total consideration is not subject to a maximum or if such maximum value cannot be determined, the proposed acquisition will be classified as a very substantial acquisition, notwithstanding the transaction class into which it otherwise falls. The Disposal involves an acquisition of the Disposal Company by the Independent Third Party. The Consideration of the Disposal comprises the Initial Consideration and the Earn-out Consideration, of which the Earn-out Consideration is to be determined based on the collected revenue of the Disposal Company and to be paid to the Wordbee Vendors over a time span of twelve (12) quarters following Completion. The pro rata portion of the Consideration for the Sale Shares (inclusive of the pro rata portion of the Initial Consideration in the sum of €1,815,958.92 (equivalent to approximately HK\$15,798,842.60), and the pro rata portion of the Earn-out Consideration) to be received by HM Investment is subject to a cap of €3,000,000 (equivalent to approximately HK\$26,100,000). Without a cap applied on the Consideration for the Sale Shares, the maximum consideration payable to HM Investment under the Sale and Purchase Agreement could not be determined. Given that (i) the Sale Shares only constitute 22.85% of the entire issued share capital of the Disposal Company; and (ii) the Consideration expected to be paid to HM Investment based on the expected collected revenue of the Disposal Company following Completion will not exceed €3,000,000 (equivalent to approximately HK\$26,100,000) even without the cap, the Board is of the view that the cap arrangement on the Consideration to be received by HM Investment provides a better presentation of the nature and significance of the transaction as compared to an undetermined consideration and therefore is fair and reasonable.

### **Basis for the Consideration**

The Consideration for the Disposal Company Shares (including the consideration for the Sale Shares) was determined after arm's length negotiations between the Wordbee Vendors and the Wordbee Purchaser with reference to (i) the prevailing market conditions; and (ii) the synergy to be created between the Wordbee Purchaser and the Disposal Company. Given the Wordbee Purchaser is a subsidiary of a worldwide language service provider, the Board believes that the Disposal Company's expertise in software and web collaborative spaces for content management, translation flow management and globalisation will enhance the business profile of the Wordbee Purchaser and in return contribute to the further success of the Wordbee Purchaser in the translation and language services sectors.

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## LETTER FROM THE BOARD

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HM Investment first invested in the Disposal Company by subscribing the Sale Shares at a total consideration of €1,000,000 (equivalent to approximately HK\$8,700,000) in August 2019. Pursuant to the Sale and Purchase Agreement, upon Completion, HM Investment is going to receive an Initial Consideration of €1,815,958.92 (equivalent to approximately HK\$15,798,842.60) and, subject to the revenue collected by the Disposal Company following completion, a potential Earn-out Consideration. The Initial Cash Consideration of €1,815,958.92 (equivalent to approximately HK\$15,798,842.60) alone represents approximately 1.8 times the initial investment amount made by HM Investment. Given the business activities between the Group and the Disposal Company was not as frequent as the Group initially predicted when the subscription was first made and the synergy created between the Group and the Disposal Company was not apparent, the Disposal represents a good opportunity to HM Investment to realise its investment and a considerable return for the initial investment made by the Group.

The Disposal Company recorded a net loss of approximately of HK\$2,337,000 (equivalent to approximately €268,621) for the year ended 31 December 2022 as compared to a net profit of HK\$4,939,000 (equivalent to approximately €567,701) for the year ended 31 December 2021, the revenue, the total assets and the net asset value of the Disposal Company for the years ended 31 December 2021 and 2022 remained at a similar level, in particular the total assets remained at HK\$21,574,000 (equivalent to approximately €2,480,000) for the year ended 31 December 2021 and HK\$20,458,000 (equivalent to approximately €2,351,494) for the year ended 31 December 2022. The net asset value of the Disposal Company also remained at HK\$13,014,000 (equivalent to approximately €1,495,862) and HK\$9,911,000 (equivalent to approximately €1,139,195) for the years ended 31 December 2021 and 2022, respectively.

The Consideration was determined with reference to transactions involving comparable technology companies in the software and web collaborative translation industry of similar size and consideration of that of the Disposal Company. It was intended that part of the Consideration be settled in the form of cash to be paid upfront as the Initial Consideration and the remaining part to be settled in the form of cash as the Earn-out Consideration. The Earn-out Consideration was determined based on the expected performance of the Disposal Company after its acquisition by the Purchaser in that it was intended that a certain proportion of revenue collected by the Disposal Company will be given to the Wordbee Vendors as incentive.

The comparable companies made reference to were selected based on the following criteria:

- The comparable companies are principally engaging in providing translation management and localisation technology to worldwide customers.
- The transactions took place within the past five years.

As the transaction data on the comparable companies are not public information, the consideration and the revenue valuation multiples believed to have been adopted for acquiring the comparable companies under the historical transactions was speculation by market players within the industry. The revenue valuation multiple is calculated by dividing the purchase consideration by the past annual revenue of a target company, and the revenue valuation multiples of the comparable transactions were believed to be within the range of 4.0 to 5.0. Although the revenue valuation multiples of the comparable companies are only understanding and speculations by market players within the industry and that there is no public information available for verifying the revenue valuation multiples of the comparable companies, the Company is of the view that it is fair and reasonable to use the revenue valuation multiples in assessing and determining the

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## LETTER FROM THE BOARD

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Consideration as the other Wordbee Vendors are experienced industry players whom are commercially aware of the latest development of the software and web collaborative translation industry. The other Wordbee Vendors are aware that the revenue valuation multiples is a widely adopted industry practice. Using the revenue valuation multiples provides a more accurate valuation of the Disposal Company and reflects the status of the Disposal Company in the industry when compared to the conventional valuation method such as net asset value in assessing and determining the Consideration. Based on the expertise of the other Wordbee Vendors and their understanding of the latest development of the industry, the Company believes that the Consideration as determined with reference to these comparables is still fair and reasonable and would not have a material adverse effect on the Disposal.

Revenue is typically used as a valuation benchmark in the software and web collaborative translation industry for valuating non-listed translation management and localisation technology companies where no price-to-earnings ratio is available. A revenue valuation multiple is applied on top of the past annual revenue of a target company to determine the consideration for acquiring a target. Based on the latest available annual revenue of the Disposal Company, a revenue valuation multiple of 4.5 was adopted for determining the consideration for acquiring the Disposal Company, which was within the speculated range of 4.0 to 5.0 of the revenue valuation multiples of the comparable companies.

Under the Sale and Purchase Agreement, all the Wordbee Vendors, including HM Investment, are entitled to receive the Earn-out Consideration within ninety (90) days after each of the twelve (12) quarters following Completion if the Wordbee Vendors continue to fulfill their respective employment or consulting/services agreements; act in good faith with the Wordbee Purchaser in relation to the business of the Disposal Company; and refers new business opportunities to the Wordbee Purchaser. The Wordbee Vendors are also not subject to any profit guarantee provisions which prevents them from receiving the Earn-out Consideration.

Based on the above analysis on the revenue valuation multiples of the comparable companies, the revenue valuation multiple of the Disposal Company is generally within the range of and comparable to that of the comparable companies. Based on this analysis and taking into consideration the above factors and the benefits in the section "Reasons and benefits of the Disposal" below, the Board is of the view that the Consideration is considered to be fair and reasonable.

### **Conditions Precedent**

Completion is conditional on the Sale and Purchase Agreement and the transactions contemplated thereunder having being approved by the Shareholders at a general meeting of the Company convened or by way of written resolutions in accordance with the GEM Listing Rules. Such condition is not capable of being waived by any party to the Sale and Purchase Agreement.

### **Completion**

Subject to the satisfaction of the conditions precedent, Completion shall take place on any date as agreed by the Purchasers and the Vendors, within five (5) Business Days after the conditions precedent has been fulfilled, or such other date as may be agreed in writing between the Purchasers and the Vendors Representative.

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## LETTER FROM THE BOARD

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### INFORMATION OF THE DISPOSAL GROUP

The Disposal Group comprises the Disposal Company and its subsidiaries, namely Wordbee LLC and Wordbee Egypt.

The Disposal Company is a technology company incorporated in Luxembourg with limited liability. It is principally engaged in the business development of software and web collaborative spaces for content management, translation flow management and globalisation/content localisation, rental of web space for translation and localisation, provisioning translation services, localisation and globalisation of content technology company in Luxembourg. It has a long experience in training and consulting in tools and language technologies in the context of large-scale projects.

Wordbee LLC is a company incorporated in the United States with limited liability and is wholly-owned by the Disposal Company.

Wordbee Egypt is a company incorporated in Egypt with limited liability and is owned as to 90% by the Disposal Company and 10% by Mr. Andre Hemker, respectively.

Both Wordbee LLC and Wordbee Egypt are principally engaged in the provision of translation technology and content strategies and solutions.

The table below sets forth the audited consolidated financial information after taxation of the Disposal Company for the two financial years ended 31 December 2022 based on the information of the Disposal Company prepared in accordance with accounting principles generally accepted in Hong Kong.

	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	14,743	19,557
Net profit/(loss) after taxation	(2,337)	4,939
	<b>As at 31</b>	<b>As at 31</b>
	<b>December 2022</b>	<b>December 2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	20,458	21,573
Net assets	9,911	13,014

### FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

It is expected that the Group will record a maximum estimated net gain of approximately €1,911,189 (equivalent to approximately HK\$16,627,344.30) as a result of the Disposal, which is arrived at after taking into account the difference between (i) the consideration with a maximum cap of €3,000,000 (equivalent to

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## LETTER FROM THE BOARD

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approximately HK\$26,100,000) to be received and (ii) the equity method investment carrying amount in an associated company together with the estimated cost incurred in connection with the Disposal estimated to be in the amount of approximately €1,088,811 (equivalent to approximately HK\$9,472,655.70).

Based on the unaudited financial position of the Group and upon Completion, the bank balances of the Group is expected to increase by approximately HK\$15,800,000 by receiving the Initial Consideration. The investment in an associate company is expected to decrease by approximately HK\$9,300,000, and the total assets of the Group are expected to increase by approximately HK\$6,400,000, taking into account the other estimated transaction costs such as professional fee of approximately HK\$150,000 attributable to the Disposal. It is also expected that the total liabilities of the Group will not be subject to any change as a result of the Disposal.

Save as disclosed above, there will be no immediate material effect on the earnings and assets and liabilities of the Group associated with the Disposal.

The actual gain will be determined based on the actual consideration (after adjustment) received by the Group and may be different from the above estimation; and such gain is subject to final audit to be performed by the Company's auditors.

Upon Completion, the Group will cease to hold any interest in the Disposal Company and the Disposal Company will cease to be an associate company of the Group.

The Directors of the Company are of the view that the Disposal represents a good opportunity for the Group to realise its investment in the Disposal Company and enable the Group to deploy its resources in a more efficient manner. The Board considers that the Disposal allows the Group to dispose of its investment in exchange of proceeds for general working capital and further expansion of the business of the Group when such opportunities arise. In addition, the Disposal will provide the Group will immediate cash inflow which could increase its cash position and improve the overall liquidity of the Group.

The Group intends to utilise the net proceeds from the Disposal for general working capital and further expansion of the business of the Group. The Company may also consider declaring special dividends towards the end of 2023 taking into account the net proceeds from the Disposal and the financial position of the Group at that time.

### **REASONS AND BENEFITS OF THE DISPOSAL**

The Disposal Company is a technology company incorporated in Luxembourg with limited liability and is principally engaged in the business development of software and web collaborative spaces for content management, translation flow management and globalisation/content localisation, rental of web space for translation and localisation, provisioning translation services, localisation and globalisation of content technology company in Luxembourg. It has a long experience in training and consulting in tools and language technologies in the context of large-scale projects. The Disposal Company has been providing content management solutions to translators/publishers worldwide, including the Company.

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## LETTER FROM THE BOARD

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The Company invested in the Disposal Company in August 2019 as it was of the view that the subscription of the shares in the Disposal Company would align with the focus and future development strategies of the Group at that time. The Company believed that the services provided by the Disposal Company would enhance the translation process and development by way of computed assisted translation tool and benefit the Group's business development, thereby enhancing the profitability of the Group. Since the subscription, the Disposal Group has been continuously providing services to and receiving services from the Group in an increasing trend. However, the service fees receivable from the Disposal Group for the provision of services by the Group to the Disposal Group and the service fees payable to the Disposal Group for the provision of services by the Disposal Group to the Group were HK\$8,000 and HK\$617,000, respectively, for the year ended 31 December 2022, as compared to nil and HK\$795,000 for the year ended 31 December 2021. The limited service fees whether receivable from or payable to the Disposal Group indicates that the business activities between the Group and the Disposal Group may not be as fit and suitable as that of initially intended when the Company invested in the Disposal Company in 2019.

Considering the above situation and the fact that the Wordbee Purchaser intends to acquire the Disposal Company Shares for its business expansion, the Directors believe that it is a good opportunity to realise its investment in the Disposal Company and will enhance the overall liquidity of the Group.

Taking into consideration of the above factors, the Board is of the view that the Disposal is carried out on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

### INFORMATION OF THE PARTIES

#### **The Company**

The Company is an investment-holding company. The Group is principally engaged in the provision of integrated printing services, concept creation and artwork design, IT and languages services.

#### **The First Wordbee Vendor**

The First Wordbee Vendor is an individual holding approximately 28.33% of the entire issued share capital of the Disposal Company, and being one of the controlling shareholders of the Disposal Company.

#### **The Second Wordbee Vendor**

The Second Wordbee Vendor is an individual holding approximately 28.33% of the entire issued share capital of the Disposal Company, and being one of the controlling shareholders of the Disposal Company.

The First Wordbee Vendor and the Second Wordbee Vendor are the controlling shareholders of the Disposal Company.

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## LETTER FROM THE BOARD

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### **HM Investment**

HM Investment is the Third Wordbee Vendor, holding approximately 22.85% of the entire issued share capital of the Disposal Company. HM Investment is incorporated in the BVI with limited liability. It is an investment-holding company and is an indirect wholly-owned subsidiary of the Company.

### **The Fourth Wordbee Vendor**

The Fourth Wordbee Vendor is a company incorporated in Spain with limited liability, holding approximately 17.15% of the entire issued share capital of the Disposal Company. The Fourth Wordbee Vendor is principally engaged in the provision of translation services and interpreting activities.

### **The Fifth Wordbee Vendor**

The Fifth Wordbee Vendor is an individual holding approximately 1.59% of the entire issued share capital of the Disposal Company.

### **The Sixth Wordbee Vendor**

The Sixth Wordbee Vendor is an individual holding approximately 1.17% of the entire issued share capital of the Disposal Company.

### **The Seventh Wordbee Vendor**

The Seventh Wordbee Vendor is an individual holding approximately 0.59% of the entire issued share capital of the Disposal Company.

### **INFORMATION OF THE PURCHASER**

The Original Wordbee Purchaser and Semantix are subsidiaries of TransPerfect Global, Inc., a company incorporated in the US and one of the largest language service providers in the world that aims at offering the highest quality services to its customers in various industries, ranging from life science, retail and e-commerce, finance and banking to technology (the “**Wordbee Purchaser Group**”). TransPerfect Global, Inc. is wholly-owned by Mr. Phil Shawe, who is a US entrepreneur with extensive experience in the translation business services. The Wordbee Purchaser Group is home to over 50 offices worldwide and provide professional solutions in over 150 languages. The services provided by the Wordbee Purchaser Group include translation, interpretation, transcription, multilingual typesetting, graphic services, website globalisation, software localisation and litigation support.

To the best knowledge, information and belief of the Directors of the Company, having made all reasonable enquiries, the Original Wordbee Purchaser, Semantix, Mr. Phil Shawe and their respective associates are Independent Third Parties.

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## LETTER FROM THE BOARD

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### GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in relation to the Sale and Purchase Agreement and the Disposal contemplated thereunder exceed 25% but are below 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Under Rule 19.44 of the GEM Listing Rules, written shareholders' approval for the Sale and Purchase Agreement and the transactions contemplated thereunder may be obtained by way of shareholders' approval in lieu of holding a general meeting if (a) no shareholder is required to abstain from voting if the issuer were to convene a general meeting for the approval of the transaction; and (b) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve in confidence to solicit the written shareholders' approval, the listed issuer must be satisfied that such shareholder is aware that he must not deal in the listed issuer's securities before such information has been made available to the public.

To the best of the Directors' knowledge and belief having made all reasonable enquiries, as no Shareholder has a material interest in the Disposal, no Shareholder is required to abstain from voting on the relevant ordinary resolution approving the Disposal if the Company were to convene a general meeting. As no Shareholder was interested in the Disposal and is required to abstain from voting at a general meeting, the Company has obtained written shareholders' approval for the Sale and Purchase Agreement and the Disposal in accordance with Rule 19.44 of the GEM Listing Rules from HM Ultimate Holdings Limited, which is the beneficial owner of 222,760,000 Shares (representing approximately 52.86% of the entire issued share capital of the Company) as at the date of this circular.

Under Rule 19.41 of the GEM Listing Rules, if the transaction is approved by way of written shareholders' approval from a shareholder or a closely allied group of shareholders under Rule 19.44 of the GEM Listing Rules, a circular must be despatched to the shareholders of the listed issuer within fifteen (15) business days after publication of the announcement.

### RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, if it had been necessary to hold a general meeting to obtain the approval of the Disposal, the Board would recommend the Shareholders to vote in favour of the resolution to approve the same at such general meeting.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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## LETTER FROM THE BOARD

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**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

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

Unless otherwise stated, the exchange rate adopted in this circular is based on the exchange rate of Euro 1.00 = HK\$8.70 and US\$1.00 = HK\$7.80 and is provided for identification purpose only.

**FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for the three years ended 31 December 2020, 2021 and 2022 are disclosed in the annual reports of the Company for years 2020 (pages 53 to 141), 2021 (pages 52 to 145) and 2022 (pages 56 to 143), respectively, which are published on both the websites of the Stock Exchange (<https://www.hkex.com.hk>) and the Company (<https://www.hetermedia.com>), respectively. Please refer to the hyperlinks as stated below:

2020 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0329/2021032900620.pdf>

2021 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0329/2022032900730.pdf>

2022 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0328/2023032800785.pdf>

**1. INDEBTEDNESS STATEMENT**

As at the close of business on 31 July 2023 (being the latest practicable date for ascertaining regarding this indebtedness statement), the Group had outstanding indebtedness of approximately HK\$11.6 million, consisting of current bank borrowings (unsecured and guaranteed) of approximately HK\$1.1 million, current lease liabilities (unsecured and unguaranteed) of approximately HK\$10.1 million and non-current lease liabilities (unsecured and unguaranteed) of approximately HK\$0.4 million.

**2. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the existing cash and bank balances and other internal resources available and also the net proceeds from the Disposal, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this circular.

**3. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change to the financial or trading position of the Group since 31 December 2022, being the date of which the latest published audited consolidated accounts of the Group were made up, up to and including the Latest Practicable Date.

**4. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP**

The Group is principally engaged in the provision of integrated printing services, concept creation and artwork design, IT and languages services. There is no change in the Group's activities since 31 December 2022, being the date on which the latest published audited consolidated financial statement of the Group were made up, and it is not expected to be any change to the Group's principal business as a result of Completion the Disposal.

Upon Completion, HM Investment will cease to hold any interests in the Disposal Company. Looking ahead, the Group is optimistic to its business prospect as (i) most of the COVID-19 pandemic containment measures are lifted; and (ii) commute between Hong Kong and the PRC, and commute between Hong Kong and other cities are gradually resumed, it is believed that the Group will benefit from the economic revival. The Group will continue to monitor the market changes closely and focusing its efforts in the development of its existing business while exploring other opportunities with a view to providing steady and favourite returns for its shareholders and strengthen every segment of its business.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange as follows:

#### *i. Long position in the Shares of the Company*

Name of Director	Nature of Interests	Number of Shares held	Approximate percentage of shareholding as at the Latest Practicable Date
Mr. Yu Chi Ming ("Mr. Yu") <sup>(Note)</sup>	Interest in a controlled corporation	222,760,000	52.86%
Mr. Chan Wai Lin ("Mr. Chan") <sup>(Note)</sup>	Interest in a controlled corporation	222,760,000	52.86%
Ms. Chan Wai Chung Caroline	Beneficial interest	1,700,000	0.40%

ii. *Long positions in the Company's associated corporations (within the meaning of Part XV of SFO)*

Name of Director	Name of associated corporation	Nature of interest	Approximate percentage of shareholding as at the Latest Practicable Date
Mr. Yu <sup>(Note)</sup>	HM Ultimate Holdings Limited ("HM Ultimate")	Beneficial Interest	70.20%
Mr. Chan <sup>(Note)</sup>	HM Ultimate	Beneficial Interest	29.80%

*Note:* HM Ultimate is beneficially owned as to 70.20% by Mr. Yu and 29.80% by Mr. Chan. Mr. Yu and Mr. Chan together control all the shares held by HM Ultimate.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company and their respective associates had interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken or deemed to have under such provisions of the SFO), or recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

(b) **Substantial Shareholders**

So far as is known to any Director or the chief executive of the Company, as at the Latest Practicable Date, Shareholders who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name	Capacity/Nature of interests	Number of Shares held	Approximate percentage of shareholding as at the Latest Practicable Date
HM Ultimate <sup>(Note 1)</sup>	Beneficial owner	222,760,000	52.86%
Ms. Wong Mee Che Lilian <sup>(Note 2)</sup>	Interest of Spouse	222,760,000	52.86%
Ms. Tang Wai Kwan May <sup>(Note 1)</sup>	Interest of Spouse	222,760,000	52.86%
Mr. Tse Kam Wing (“Mr. Tse”)	Beneficial owner	72,285,000	17.15%
Ms. Wong Yuk Sim Kathy <sup>(Note 4)</sup>	Interest of Spouse	72,285,000	17.15%
Tricor Trust (Hong Kong) Trustee <sup>(Note 5)</sup>		21,415,000	5.08%

## Notes:

- 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.
- 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.
- 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.
- 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. Mr. Tse was a former Director of and he resigned as a Director on 31 December 2020.
- Tricor Trust (Hong Kong) Limited is holding the Shares on trust for the awardees of the share award scheme adopted by the Company 4 July 2022, which were issued and allotted to Tricor Trust (Hong Kong) Limited on 18 May 2023 (the “Award”). For details of the Award, please refer to the announcements of the Company dated 3 April 2023 and 12 April 2023, respectively, the circular of the Company dated 24 April 2023 and the poll results announcement of the extraordinary general meeting of the Company dated 9 May 2023.

Save as disclosed above, so far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or

short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

### **4. COMPETING BUSINESS INTEREST OF DIRECTORS**

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the GEM Listing Rules.

As at the Latest Practicable Date, no Director was materially interested in any subsisting contractor arrangement which was significant in relation to the business of the Group, and no Director was interested in any assets which had been acquired or disposed of by or leased to (or are proposed to be acquired or disposed of by or leased to) any member of the Group since the date of the latest published audited accounts of the Company.

As at the Latest Practicable Date, no Director was a director or employee of the Company's substantial Shareholders.

### **5. DIRECTORS' INTEREST IN ASSETS, CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting, which was significant in relation to the business of the Group; and
- (b) none of the Directors nor their respective close associates had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, any member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up of.

**6. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position or prospects of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up.

**7. MATERIAL CONTRACT**

The following contract (not being contract entered into in the ordinary course of business of the Group) have been entered into by the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

- The Sale and Purchase Agreement.

**8. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration proceedings of material importance or no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

**9. AUDIT COMMITTEE**

As at the Latest Practicable Date, the audit committee of the Board comprises three independent non-executive Directors, namely Mr. Ng Jack Ho Wan, Mr. Choi Hon Ting Derek and Mr. Wan Chi Wai Anthony. The audit committee is responsible for assisting the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and relationship with external auditors, and arrangements to enable employees of the Company to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters of the Company.

Biographical information of each of the member of the audit committee of the Board are set out below:

**Mr. Ng Jack Ho Wan (吳浩雲)**

Mr. Ng, aged 46, was appointed as an independent non-executive Director on 15 December 2016. He is also the chairman of the audit committee and a member of the nomination committee of the Company. He is mainly responsible for overseeing the management independently and providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Company. He has over 23 years of experience in accounting, auditing, asset management and fund administration. He worked in PricewaterhouseCoopers LLP, Canada from September 1997 until February 2001. He then joined KPMG in Hong Kong and was an audit partner during July 2008 and October 2012, where he was responsible for overseeing audit and advisory projects in the wealth and

fund management sectors both in China and Hong Kong. He has been the managing director of Jack H.W. Ng CPA Limited since June 2013. In May 2000, Mr. Ng graduated from Simon Fraser University, Canada with a degree of Bachelor of Business Administration.

Mr. Ng has been a fellow of the Hong Kong Institute of Certified Public Accountants since May 2010 and also a chartered accountant in British Columbia, Canada since February 2001. He was accredited as certified information systems auditor in January 2007. In September 2007, he was certified as chartered financial analyst by the CFA Institute. He was awarded with a specialist certificate in asset management in February 2005. Mr. Ng was appointed as an independent non-executive director of Zhejiang Cangnan Instrument Group Company Limited (previous stock code: 1743) on 21 June 2018, the company was formerly listed on the Main Board of the Stock Exchange but has withdrawn from listing on 5 July 2021. Mr. Ng has been appointed as an independent non-executive director of Cheshi Technology Inc. (stock code: 1490) since 8 December 2020, the issued shares of which is listed on the Main Board of the Stock Exchange.

**Mr. Choi Hon Ting Derek (蔡翰霆)**

Mr. Choi, aged 54, is an independent non-executive Director, the chairman of the remuneration committee and a member of the audit committee of the Company. He is mainly responsible for overseeing the management independently and providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Company. He joined our Group on 15 December 2016. Mr. Choi has over 30 years of experience in the trading of specialised engineering equipment. Mr. Choi is the co-founder of Symbior Energy Limited, whose principal business activities are mainly investing in energy ventures, where he has been its president, responsible for China business operations since August 2010. Since December 1991, Mr. Choi has worked at Balama Prima Engineering Co., Ltd., the core business of which includes infrastructure environmental conservation and agricultural-related business and he is currently its managing director, responsible for its overall management.

Mr. Choi graduated with a degree of Bachelor of Science in Agricultural Engineering from Purdue University, USA in May 1991. Mr. Choi has been appointed as an executive director of D& G Technology Holding Company Limited (stock code: 1301) since 11 September 2014, the issued share of which is listed on the Main Board of the Stock Exchange. Mr. Choi served as an independent non-executive director of IPE Group Limited (stock code: 929) from June 2004 to June 2017, the issued shares of which is listed on the Main Board of the Stock Exchange. Mr. Choi served as the managing director of Pure Technologies (China) Limited, a company engaged in the development and application of innovative technologies for inspection, monitoring and management of physical infrastructure from May 2010 to September 2018.

**Mr. Wan Chi Wai Anthony (尹智偉)**

Mr. Wan, aged 47, was appointed as an independent non-executive Director on 15 December 2016. He is also the chairman of the nomination committee and a member of each of the audit committee and remuneration committee of the Company. He is mainly responsible for overseeing the management independently and providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Company. Mr. Wan possesses professional

experience in both the accounting and legal fields. In November 1997, Mr. Wan graduated from The Hong Kong University of Science and Technology with a degree of Bachelor of Business Administration in Accounting. He subsequently obtained a degree of Bachelor of Laws in August 2003 from the University of London, United Kingdom through distance learning and obtained a Postgraduate Certificate in Laws from The University of Hong Kong in June 2004. He was admitted as a solicitor in Hong Kong in September 2006.

Mr. Wan was an associate in the assurance and business advisory services department of PricewaterhouseCoopers Ltd. from August 1997 to May 2001 with his last position held there as senior associate. He was mainly responsible for auditing and accountancy in Hong Kong companies. In October 2001, he joined Wellink Services Limited as accounting manager and resigned in January 2002. He was mainly responsible for handling accounting and financing matters of the company. From April 2002 to September 2003, Mr. Wan worked as an assistant manager of finance in the business services division of MLC (Hong Kong) Limited, and was mainly responsible for accounting and finance matters of the company.

Mr. Wan is an associate of the Hong Kong Institute of Certified Public Accountants since January 2002 and was admitted as a fellow of The Association of Chartered Certified Accountants in May 2006. Mr. Wan is currently a partner in the corporate, private equity, M&A and commercial practice of King & Wood Mallesons, Hong Kong.

Since 1 December 2015, he has been an independent non-executive director of Charmacy Pharmaceutical Co., Ltd. (formerly known as Chuangmei Pharmaceutical Co., Ltd.) (stock code: 2289), the issued shares of which are listed on the Main Board of the Stock Exchange. Since 12 January 2018, he has been appointed as independent non-executive director of FDB Holdings Limited (stock code: 1826), the issued shares of which are also listed on the Main Board of the Stock Exchange.

## **10. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<https://www.hetermedia.com>) for the period of 14 days commencing from the date of this circular:

1. the material contract referred to under paragraph headed “7. Material Contract” in this Appendix II of this circular.

## **11. GENERAL**

1. The registered office of the Company is situated at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.
2. The principal place of business of the Company in Hong Kong is 9/F., Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.

3. The share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited.
4. The company secretary of the Company is Mr. Lau Fai Lawrence. He is currently a certified public accountant (practising) in Hong Kong. He graduated from The University of Hong Kong with a bachelor's degree in business administration and obtained a master's degree in corporate finance from Hong Kong Polytechnic University.
5. The compliance officer of the Company is Mr. Chan Wai Lin, the executive Director of the Company. He has over 15 years of experience in the financial printing industry. He obtained a degree of Bachelor of Arts in Economics from the University of Missouri, United States, in December 1998, and the degree of Master of Arts in Finance from Webster University, United States, in December 2000, respectively. He further obtained a degree of Master of Business Administration from Webster University, United States, in August 2001.
6. The audit committee of the Company comprises three 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.
7. The English text of this circular shall prevail over the Chinese text in case of an inconsistency.