



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

Interim Report 2024



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

INTERIM RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2024, together with the comparative unaudited figures for the corresponding periods in 2023, as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	93,109	98,392
Cost of sales		(55,104)	(61,024)
Gross profit		38,006	37,368
Other income and gains		451	1,481
Selling expenses		(5,725)	(6,055)
Administrative expenses		(26,934)	(24,308)
Share of profit/(loss) of an associate		–	330
Share of profit of a joint venture		–	296
Finance costs		(409)	(379)
Profit before tax		5,389	8,733
Income tax (credit)/expense	5	277	(440)
Profit for the period	6	5,666	8,293
Other comprehensive expenses			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		(1)	(245)
Total comprehensive income for the period		5,665	8,048

		For the six months ended 30 June	
		2024	2023
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
	Owners of the Company	5,192	7,192
	Non-controlling interest	474	1,101
		<u>5,666</u>	<u>8,293</u>
Total comprehensive income attributable to:			
	Owners of the Company	5,191	6,947
	Non-controlling interest	474	1,101
		<u>5,665</u>	<u>8,048</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to the owners of the Company during the period			
	Basic and diluted	8 <u>1.23</u>	<u>1.77</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		10,183	1,659
Right-of-use assets		18,611	6,331
Intangible assets		3,402	3,583
Deferred tax assets		547	23
		32,743	11,596
Current assets			
Contract assets		22,971	3,354
Trade and other receivables	9	34,967	35,142
Current tax assets		267	481
Cash and bank balances		62,006	90,576
		120,211	129,553
Total assets		152,954	141,149
Current liabilities			
Contract liabilities		12,208	19,437
Trade and other payables	10	32,292	23,745
Bank borrowings		960	1,065
Lease liabilities		457	6,088
Current tax liabilities		–	258
		45,917	50,593
Net current assets		74,294	78,960
Total assets less current liabilities		107,037	90,556

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Non-current liabilities		
Lease liabilities	19,356	422
Deferred tax liabilities	<u>44</u>	<u>290</u>
	<u>19,400</u>	<u>712</u>
Net assets	<u>87,637</u>	<u>89,844</u>
Capital and reserves		
Share capital	4,214	4,214
Reserves	<u>84,893</u>	<u>87,647</u>
Equity attributable to owners of the Company	89,107	91,861
Non-controlling interests	<u>(1,470)</u>	<u>(2,017)</u>
Total equity	<u>87,637</u>	<u>89,844</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company										
	Share capital	Share premium	Shares held for Share award scheme	Special reserve	Share option reserve	Share award reserve	Translation reserve	Retained earnings	Sub-total	Non-controlling interest	Total equity
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Balance at 1 January 2024 (audited)	4,214	31,508	(2,034)	138	-	765	(203)	57,473	91,861	(2,017)	89,844
Profit and total comprehensive income for the period	-	-	-	-	-	-	(20)	5,187	5,167	947	5,714
Payment of final dividends for the year ended 31 December 2023	-	(8,428)	-	-	-	-	-	-	(8,428)	-	(8,428)
Recognition of equity-settled share-based payments expense	-	-	507	-	-	-	-	-	507	-	507
Balance at 30 June 2024 (unaudited)	<u>4,214</u>	<u>23,080</u>	<u>(1,526)</u>	<u>138</u>	<u>-</u>	<u>765</u>	<u>(223)</u>	<u>62,260</u>	<u>89,107</u>	<u>(1,470)</u>	<u>87,637</u>
Balance at 1 January 2023 (audited)	4,000	36,009	-	138	211	-	30	50,997	91,385	(2,137)	89,248
NCI Share of post-acquisition	-	-	-	-	-	-	-	-	-	39	39
Profit and total comprehensive income for the period	-	-	-	-	-	-	(245)	7,192	6,947	1,101	8,048
Payment of final dividends for the year ended 31 December 2022	-	(6,321)	-	-	-	-	-	-	(6,321)	-	(6,321)
Reverse upon forfeiture of share options	-	-	-	-	(211)	-	-	211	-	-	-
Purchase of share for share award scheme	214	1,820	(2,034)	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments expense	-	-	-	-	458	-	-	-	458	-	458
Partial disposal of equity interest in a subsidiary	-	-	-	-	-	-	-	(154)	(154)	154	-
Balance at 30 June 2023 (unaudited)	<u>4,214</u>	<u>31,508</u>	<u>(2,034)</u>	<u>138</u>	<u>458</u>	<u>-</u>	<u>(215)</u>	<u>58,246</u>	<u>92,315</u>	<u>(843)</u>	<u>91,472</u>

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Net cash (used in)/generated from operating activities	<u>(6,129)</u>	<u>5,426</u>
Net cash used in investing activities	<u>(7,867)</u>	<u>(2,822)</u>
Net cash used in financing activities	<u>(14,575)</u>	<u>(4,265)</u>
Net decrease in cash and cash equivalents	(28,571)	(1,661)
Cash and cash equivalents at the beginning of year	90,576	58,585
Effect of foreign exchange rate changes	<u>1</u>	<u>(145)</u>
Cash and cash equivalents at the end of period	<u>62,006</u>	<u>56,779</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL

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

The address of the registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is 35th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wan Chai, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the provision of integrated printing services (including provision of financial printing services, marketing collateral printing services and other services).

The unaudited condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with applicable Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those adopted in preparing the audited financial statements for the year ended 31 December 2023.

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars ("**HK\$**"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("**HK\$'000**") unless otherwise stated.

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

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

Amendments to HKFRSs that are mandatorily effective for the current period

- Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback
- Amendments to HKAS 1 Classification of Liabilities as Current or Non-current (the “2020 Amendments”)
- Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)
- Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

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 18 Presentation and Disclosure in Financial Statements⁴
- HKFRS 19 Subsidiaries without Public Accountability: Disclosures⁴
- Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments³
- Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹
- Amendments to HKAS 21 Lack of Exchangeability²

¹ No mandatory effective date yet determined but available for adoption

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after 1 January 2026

⁴ Effective for annual periods beginning on or after 1 January 2027

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

3. REVENUE

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Recognised over time:		
– Provision of financial printing services	71,658	81,816
– Provision of marketing collateral printing services	9,609	5,923
– Provision of other services	11,842	10,653
	93,109	98,392

4. SEGMENT INFORMATION

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

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

Information about major customers

Revenue from customer contributed over 10% of the total revenue of the Group during the periods ended 30 June 2024 and 2023.

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	N/A¹	N/A ¹

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

No individual customer of the Group contributed over 10% of the Group's revenue for the period ended 30 June 2024.

5. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
Current tax		
– Current period	487	512
The People's Republic of China (the "PRC")		
Enterprise Income Tax		
– Current period	3	1
Deferred tax credit		
– Current period	(769)	(73)
Total income tax (credit)/expenses recognised in profit or loss	<u>(277)</u>	<u>440</u>

Hong Kong Profits Tax has been provided at the rate of 8.25% on the first HK\$2,000,000 of the estimated assessable profits and 16.5% on the remaining amount of the estimated assessable profits for the six months ended 30 June 2024 and 2023.

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

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

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Employee benefits expense (including directors' emoluments):		
Salaries, allowances and other benefits in kind	34,946	35,108
Contributions to retirement benefits schemes	1,843	1,822
Equity-settled share-based payments	507	458
	<u>37,296</u>	<u>37,388</u>
Total employee benefits expense	<u>37,296</u>	<u>37,388</u>
Auditor's remuneration	354	400
Amortisation of intangible assets (included in cost of sales on the unaudited condensed consolidated statement of profit or loss and other comprehensive income)	190	586
Depreciation of property, plant and equipment	667	778
Depreciation of right-of-use assets	5,954	4,894
Donation	11	7
Rental expense from short-term leases	598	185

7. DIVIDEND

The Board did not recommend a payment of any dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

8. EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Earnings:		
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>5,192</u>	<u>7,192</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>in thousand</i>)	<u>421,215</u>	<u>405,206</u>
Basic and diluted earnings per share (<i>HK cents</i>)	<u>1.23</u>	<u>1.77</u>

For the six months ended 30 June 2024 and 2023, the calculation of the basic earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares issued during the periods.

No diluted earnings per share is presented for the six months ended 30 June 2024 and 2023, as there was no potential ordinary share outstanding. The computation of diluted earnings per share for the periods does not assume the exercise of the share options because the exercise price of those share options was higher than the average market price of shares in both periods.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Trade receivables	23,872	26,926
Less: provision for impairment losses	<u>(681)</u>	<u>(681)</u>
	23,191	26,245
Other receivables and prepayments	<u>11,776</u>	<u>8,897</u>
	<u>34,967</u>	<u>35,142</u>

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

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
0-30 days	9,596	15,431
31-60 days	5,668	4,616
61-90 days	6,107	1,188
91-365 days	2,501	5,462
Over 365 days	<u>–</u>	<u>229</u>
	<u>23,872</u>	<u>26,926</u>

The credit terms granted to customers are varied and are generally subject to the result of negotiations between individual customers and the Group. The credit period was ranging from 30 days to 90 days (31 December 2023: 30 days to 90 days). Interest could be charged on overdue receivables.

10. TRADE AND OTHER PAYABLES

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Trade payables	21,291	12,822
Other payables and accruals	11,001	10,923
	<u>32,292</u>	<u>23,745</u>

The trade payables are non-interest bearing. The credit period was ranging from 30 days to 90 days (31 December 2023: 30 days to 90 days). The following is an aged analysis of trade payables presented based on the invoice date:

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
0-30 days	18,301	6,054
31-60 days	1,356	2,304
61-90 days	267	3,228
91-365 days	1,363	1,034
Over 365 days	4	202
	<u>21,291</u>	<u>12,822</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We provide integrated printing services for corporate clients, mainly in the financial and capital markets in Hong Kong. To meet the needs of our clients, our Group offers a wide range of integrated printing services. These services can be broadly categorised into the provision of financial printing services, marketing collateral printing services, and other services.

Our revenue for the six months ended 30 June 2024 (the “**Period Under Review**”) decreased to HK\$93.1 million from HK\$98.4 of the same period last year. This represents a decrease of approximately 5.4% as compared to the same period last year. Such decline could be attributed to a decrease in the number of work orders from major clients. Despite this, we sustain a robust portfolio of clients with ongoing business. It illustrates our clients’ recognition of our quality service and our commitment to maintaining a positive relationship with them. This recognition is considered by us as one of the main factors that allows us to thrive in this industry.

OUTLOOK

Going forward, we will closely monitor market developments, periodically review our group’s policies, and assess market risks. Despite economic uncertainty, we remain optimistic about the viability of our primary business. We will continue to leverage our strong financial position, a solid portfolio of recurring clients, and the extensive network of our management to maintain a competitive edge in the market by expanding our current business and exploring other related business opportunities to continue expanding our geographic footprint.

FINANCIAL REVIEW

Revenue

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Financial printing projects	71,658	81,816
Marketing collateral printing projects	9,609	5,923
Other projects	11,842	10,653
	<u>93,109</u>	<u>98,392</u>

The Group's revenue decreased by approximately HK\$5.3 million, or 5.4%, from approximately HK\$98.4 million for the six months ended 30 June 2023 to approximately HK\$93.1 million for the Period Under Review. Such decrease is mainly due to the decrease in revenue of both financial printing projects by approximately HK\$10.1 million and partially offset by an increase in revenue from marketing collateral printing projects and other projects of approximately HK\$4.8 million.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK\$0.6 million, or 1.6%, from approximately HK\$37.4 million for the six months ended 30 June 2023 to approximately HK\$38.0 million for the Period Under Review, which was due to the decrease in costs of sales. Our gross profit margins for the six months ended 30 June 2023 and 2024 were approximately 38.0% and 40.8%, respectively.

Other Income and Gains

Other income and gains for the Group decreased by approximately HK\$1.0 million, which was mainly due to an increase in exchange losses of approximately HK\$0.6 million and a decrease in sundry income of approximately HK\$0.4 million.

Selling Expenses

The Group's selling expenses decreased by approximately HK\$0.3 million, or 5.46%, from approximately HK\$6.1 million for the six months ended 30 June 2023 to approximately HK\$5.7 million for the Period Under Review.

Administrative Expenses

The Group's administrative expenses increased by approximately HK\$2.6 million, or 10.7%, from approximately HK\$24.3 million for the six months ended 30 June 2023 to approximately HK\$26.9 million for the Period Under Review. The increase was mainly due to the increase in staff costs and depreciation of right-of-use assets.

Finance Costs

Finance costs increased by approximately HK\$0.03 million from approximately HK\$0.38 million for the six months ended 30 June 2023 to approximately HK\$0.41 million for the Period Under Review. Such increase was mainly due to the increase in interest expenses on lease liabilities.

Taxation

Income tax expense decreased by approximately HK\$0.7 million from approximately HK\$0.4 million for the six months ended 30 June 2023 to an income tax credit of approximately HK\$0.3 million for the Period Under Review.

Profit for the Period

Profit after tax of the Group decreased by approximately HK\$2.6 million, or 31%, from approximately HK\$8.3 million for the six months ended 30 June 2023 to approximately HK\$5.7 for the Period Under Review.

Dividends

The Board did not recommend a payment of any dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had 122 employees (31 December 2023: 130) in Hong Kong, 9 employees (31 December 2023: 9) in PRC, 20 employees (31 December 2023: 18) in Taiwan, and 16 employees in Singapore (31 December 2023: 13). 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\$37.3 million for the Period Under Review (30 June 2023: approximately HK\$37.4 million). The remuneration packages for 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, and they are reviewed by the management of the Group regularly. The dedication and hard work of the Group's staff are generally appreciated and recognised.

In addition, the Group adopted a share option scheme on 15 December 2016 to provide incentives to the Directors and eligible employees. For details of the share option scheme, please refer to the section headed "SHARE OPTION SCHEME" below.

The Group adopted a share award scheme on 4 July 2022 with the purposes and objectives to (i) recognise and reward the contributions of eligible participants to the growth and development of the Group and give incentives to them in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. For details of the share award scheme, please refer to the section headed "SHARE AWARD SCHEME" below.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 30 June 2024,

- (a) the Group's total assets increased to approximately HK\$153.0 million (31 December 2023: approximately HK\$141.1 million) while the total equity decreased to approximately HK\$87.6 million (31 December 2023: approximately HK\$89.8 million);
- (b) the Group's current assets decreased to approximately HK\$120.2 million (31 December 2023: approximately HK\$129.6 million) while the current liabilities were approximately HK\$45.9 million (31 December 2023: approximately HK\$50.6 million);
- (c) the Group had approximately HK\$62.0 million in cash and bank balances (31 December 2023: approximately HK\$90.6 million), which included cash and bank balances in Renminbi ("**RMB**") of approximately RMB6.1 million, in US dollars ("**USD**") of approximately USD0.5 million, in Taiwan New dollars ("**TWD**") of approximately TWD1.6 million, in Singapore dollars ("**SGD**") of approximately SGD0.1 million and in Eurodollars ("**EUR**") of approximately EUR1.8 million and the current ratio of the Group was approximately 2.6 times (31 December 2023: approximately 2.6 times);

- (d) the Group had lease liabilities of approximately HK\$19.8 million (31 December 2023: approximately HK\$6.5 million); and
- (e) the gearing ratio (calculated based on debts including payables incurred not in the ordinary course of business divided by total equity as at the respective period ends and multiplied 100%) of the Group was approximately 23.7% (31 December 2023: 8.4%).

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, EUR, RMB, SGD and TWD, which are freely convertible into HK\$. The Directors are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange rate risks and, therefore, no hedging arrangements were made during the Period Under Review. However, the Group will review and monitor the relevant foreign exchange risk from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when applicable.

INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS

As at 30 June 2024, the Group did not have any assets pledged to secure general banking facilities (31 December 2023: nil).

SIGNIFICANT INVESTMENTS

As at 30 June 2024, the Group did not hold any significant investments (31 December 2023: nil).

CAPITAL EXPENDITURE

As at 30 June 2024, the Group had approximately HK\$9.2 million (31 December 2023: approximately HK\$2.0 million) of capital expenditure.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: nil).

OTHER INFORMATION

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

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long Position in the Shares of the Company

As at 30 June 2024

Name of Director	Nature of interests	Number of ordinary Shares interested	Approximate percentage* of shareholding
Mr. Yu Chi Ming ("Mr. Yu")	Interests held jointly with another person; interest held by a controlled corporation (<i>Note</i>)	217,760,000	51.67%
Mr. Chan Wai Lin ("Mr. Chan")	Interests held jointly with another person; interest held by a controlled corporation (<i>Note</i>)	217,760,000	51.67%
Ms. Chan Wai Chung Caroline	Beneficial owner	8,050,000	1.91%

Note: HM Ultimate Holdings Limited ("HM Ultimate") is beneficially owned as to 70.2% by Mr. Yu and 29.8% by Mr. Chan. Mr. Yu and Mr. Chan together control all the 217,760,000 Shares held by HM Ultimate.

* The percentage represents the number of ordinary Shares involved divided by the total number of issued Shares of 421,415,000 as at 30 June 2024.

**Long Position in the Shares of the Associated Corporations of the Company
As at 30 June 2024**

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

** The percentage represents the number of ordinary shares involved divided by the total number of issued shares of the associated corporation as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 30 June 2024, the following persons/entities other than a Director or chief executive of the Company had interests or short positions in the Shares or underlying Shares, as recorded in the register of the Company required to be kept under section 336 of the SFO:

**Long Position in the Shares of the Company
As at 30 June 2024**

Name of shareholder	Nature of interests	Number of ordinary Shares interested	Approximate percentage*** of shareholding
HM Ultimate (<i>Note 1</i>)	Beneficial owner	217,760,000	51.67%
Ms. Wong Mee Che Lilian	Interest of spouse (<i>Note 2</i>)	217,760,000	51.67%
Ms. Tang Wai Kwan May	Interest of spouse (<i>Note 3</i>)	217,760,000	51.67%
Mr. Tse Kam Wing Walter ("Mr. Tse")	Beneficial owner	72,285,000	17.15%
Ms. Wong Yuk Sim Kathy	Interest of spouse (<i>Note 4</i>)	72,285,000	17.15%

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

Note 2: Ms. Wong Mee Che Lilian is the spouse of Mr. Yu. Ms. Wong Mee Che Lilian is deemed to be interested in the same number of Shares in which Mr. Yu is interested by virtue of the SFO.

Note 3: Ms. Tang Wai Kwan May is the spouse of Mr. Chan. Ms. Tang Wai Kwan May is deemed to be interested in the same number of Shares in which Mr. Chan is interested by virtue of the SFO.

Note 4: Ms. Wong Yuk Sim Kathy is the spouse of Mr. Tse. Ms. Wong Yuk Sim Kathy is deemed to be interested in the same number of Shares in which Mr. Tse is interested by virtue of the SFO. Mr. Tse was a former Director of the Company and he resigned as a Director on 31 December 2020.

*** The percentage represents the number of ordinary Shares involved divided by the total number of issued Shares as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, other than the Directors whose interests are set out in the above paragraph headed “Directors’ and chief executive’s interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations”, no person had any interest or short position in the Shares or underlying Shares recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 15 December 2016 which became unconditional upon the listing of the Company on 11 January 2017. The Share Option Scheme is valid and effective for a period of ten (10) years from 15 December 2016, after which no further options will be granted or offered.

On 16 March 2018 (the “**Date of Grant**”), 1,560,000 share options (the “**Option(s)**”) were granted to certain employees of the Group (the “**Grantees**”) under the Share Option Scheme, entitling them to subscribe for up to a total of 1,560,000 Shares from 16 March 2019 to 15 March 2022 (Group A) or 16 March 2020 to 15 March 2023 (Group B), as the case may be. The exercise price of the Options granted was HK\$0.70 per Share, being the average closing price of the Shares for the five trading days immediately preceding the Date of Grant. The closing price of the Shares immediately before the Date of Grant is HK\$0.69. None of the Grantees was a Director, chief executive or substantial shareholder of the Company or an associate of any of them (as defined under the GEM Listing Rules). For details of the grant of the Options, please refer

to the announcement of the Company dated 16 March 2018. The grant of the Options for Groups A and B under the Share Option Scheme was expired on 16 March 2023.

For the Period Under Review, no share option was granted or exercised and there is no outstanding share option under the Share Option Scheme.

SHARE AWARD SCHEME

On 4 July 2022 (the “**Adoption Date**”), the Board has resolved to adopt a share award scheme (the “**Share Award Scheme**”) with the purposes and objectives to (i) recognise and reward the contributions of certain eligible participants (the “**Eligible Participants**”) to the growth and development of the Group and to give incentives to them in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for the further development of the Group. The Eligible Participants cover any employee (full time and part time staff, including any executive Director but excluding any non-executive Director) of the Group or any invested entity held by the Group. Unless terminated earlier, the Share Award Scheme shall remain valid and effective for a period of ten (10) years commencing from the Adoption Date. The Share Award Scheme is subject to the administration of the Board or a subcommittee of the Board (the “**Committee**”) without prejudice to the powers of the trustee (the “**Trustee**”) as provided under the trust deed (the “**Trust Deed**”) in accordance with the rules relating to the Share Award Scheme and the terms of the Trust Deed.

The Board or the Committee may, from time to time and at its absolute discretion, select any Eligible Participant for participation in the Share Award Scheme. The remuneration committee of the Company shall have powers on recommending and/or deciding the selection of the selected participants (the “**Selected Participants**”) and the number of the awarded shares (the “**Awarded Shares**”) to be awarded to the respective Selected Participants. Pursuant to the terms of the Share Award Scheme, the Awarded Shares may be acquired by the Trustee from (i) the existing market at the prevailing market price or (ii) new shares to be allotted and issued to the Trustee under general mandates or specific mandates granted or to be granted by the shareholders at general meetings from time to time. The Trustee shall transfer the Awarded Shares to the Selected Participants as soon as practicable subject to such lock-up periods or restrictions on disposal as determined by the Board or the Committee after the latest of (i) the earliest vesting date to which such Awarded Shares relates; (ii) the receipt by the Trustee of the requisite information and documents stipulated by the Trustee; and (iii) where applicable, the date on which the condition(s) and/or performance target(s) (if any) to be attained or paid by the Selected Participants have been attained or paid and notified to the Trustee by the Board or the Committee in writing.

The aggregate number of shares awarded under the Share Award Scheme by the Board shall not exceed 10% of the total number of issued Shares as at the Adoption Date and the maximum number of shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date. The total issued share capital of the Company as at the Adoption Date was 400,000,000 Shares.

The Share Award Scheme constitutes a share scheme under the new Chapter 23 of the GEM Listing Rules (effective on 1 January 2023). For details of the Share Award Scheme, please refer to the announcement of the Company dated 4 July 2022.

During the Period Under Review, no Share was granted under the Share Award Scheme. On 1 April 2023, the Board has resolved to award an aggregate of 21,415,000 shares (“**Awarded Shares**”) to 15 Eligible Participants (the “**Awardees**”) under the Share Award Scheme which shall be satisfied by the proposed issue and allotment of 21,415,000 new ordinary shares (“**Shares**”) to the Trustee to be held on trust for the Awardees pursuant to the general mandate (“**2022 General Mandate**”) granted by the shareholders of the Company at the annual general meeting of the Company held on 10 May 2022.

Pursuant to the Share Award Scheme, the new Shares to be issued will be held on trust for the Awardees until the end of each vesting period which may differ among the Awardees and be transferred to the Awardees upon satisfaction of the relevant vesting condition as determined by the Board. The new Shares shall rank *pari passu* among themselves and with the Shares in issue upon allotment of the new Shares.

Out of 21,415,000 Awarded Shares, 17,415,000 Awarded Shares are awarded to 14 Eligible Participants, who are employees of the Group (whom, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Group) and shall be satisfied by the issue and allotment of new Shares to the Trustee under the Share Award Scheme.

On 31 March 2024, on satisfaction of the vesting conditions and performance targets, 1,350,000 Awarded Shares were vested to Ms. Chan Wai Chung, Caroline, an executive Director of the Company and 5,795,000 Awarded Shares were vested to 14 Eligible Participants.

Number and category of participant	Date of award of the Awarded Shares	Number of Awarded Shares unvested as at 1 January 2024	Number of Awarded Shares granted during the six months ended 30 June 2024	Number of Awarded Shares vested during the six months ended 30 June 2024	Number of Awarded Shares cancelled during the six months ended 30 June 2024	Number of Awarded Shares lapsed during the six months ended 30 June 2024	Number of Awarded Shares unvested as at 30 June 2024
Executive Director							
Ms. Chan Wai Chung Caroline	1 April 2023 (Notes 1, 3 and 4)	4,000,000	-	1,350,000	-	-	2,650,000
Other employees							
14 employees	1 April 2023 (Notes 2, 3 and 4)	17,415,000	-	5,795,000	-	-	11,620,000
Total		<u>21,415,000</u>	<u>-</u>	<u>7,145,000</u>	<u>-</u>	<u>-</u>	<u>14,270,000</u>

Note 1: The Awarded Shares shall, subject to the satisfaction of the vesting conditions and performance targets, be vested in accordance with the following schedule:

- (i) approximately 34% of the Awarded Shares were vested on 31 March 2024; and
- (ii) approximately 66% of the Awarded Shares shall be vested on 31 March 2025

Vesting conditions: Continue to contribute to the Group's business and continuous performance in her role as an executive Director and discharge her role of governance during the vesting period.

Performance targets: Achievement of targets and goals that benefit the Group's operation and development, namely (i) improving the environmental, social and governance aspects of the Group's business operation; (ii) retaining talented staff that contribute to the growth of the Group; (iii) enhancing workflow efficiency by making use of information technology; (iv) identifying potential acquisition targets that are fit for the Group's business expansion; (v) nurturing relationship with existing subcontractors and forging new partnerships with new subcontractors; and (vi) improving corporate image.

Note 2: The Awarded Shares shall, subject to the satisfaction of the vesting conditions, be vested in accordance with the following schedule:

- (i) approximately 34% of the Awarded Shares were vested on 31 March 2024; and
- (ii) approximately 66% of the Awarded Shares shall be vested on 31 March 2025

Vesting conditions: Remain employment with the Group and satisfactory performance.

Note 3: The grant price was nil.

Note 4: The closing price immediately before the date on which the Awarded Shares were granted on 1 April 2023 was HK\$0.129 per Share.

The total number of i) awards available for grant under the scheme mandate limit of the Share Award Scheme; and ii) options available for grant under the scheme mandate limit of the Share Option Scheme, was 18,585,000 as at 1 January 2024, and 18,585,000 as at 30 June 2024. The Company had not adopted any service provider sublimit under both schemes.

The number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the Period Under Review was: nil.

MAJOR TRANSACTION DURING THE PERIOD UNDER REVIEW

On 4 March 2024, HeterMedia Services Limited (a wholly-owned subsidiary of the Company) (the “**Lessee**”) as lessee, and Jetwise Investment Limited, a company incorporated in Hong Kong with limited liability who and whose ultimate beneficial owner(s) are independent third parties to the Group (the “**Lessor**”) as lessor, entered into the lease in relation to the lease of the whole of 35th Floor of Dah Sing Financial Centre, No. 248 Queen’s Road East, Wan Chai, Hong Kong (the “**Premises**”) for a term of five (5) years commencing from 1 April 2024 and expiring on 31 March 2029 (both days inclusive) (the “**Lease**”) with a monthly rent of HK\$333,554 from 1 April 2024 to 31 March 2027 and HK\$370,615 from 1 April 2027 to 31 March 2029. The monthly rent was determined after arm’s length negotiations between the Lessee and Lessor with reference to the then prevailing market rent for comparable premises in the vicinity of the Premises.

Based on the terms of the Lease, the unaudited value of the right-of-use asset recognised by the Company under the Lease amounted to approximately HK\$16,954,000 which is calculated with reference to the aggregate lease payment and discounted by a discounted rate. As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the acquisition of right-of-use assets of the Premises recognised by the Group pursuant to HKFRS 16 under the Lease is 25% or more but is less than 100%, the entering into of the Lease constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules. The Company has obtained a written approval for the Lease and the transactions contemplated thereunder from its controlling Shareholder, HM Ultimate Holdings Limited, holding more than 50% of the voting rights as at the date of entering agreement for the Lease. Accordingly, the Lease and the transactions contemplated thereunder have been approved by way of written Shareholders’ approval in lieu of holding a general meeting of the Company pursuant to Rule 19.44 of the GEM Listing Rules.

For the reasons and benefits and other details of the Lease, please refer to the announcement and the circular of the Company dated 4 March 2024 and 25 March 2024 respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Period Under Review.

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 C1 to the GEM Listing Rules as its own code of corporate governance.

The Directors consider that during the Period Under Review, the Company complied with all the code provisions as set out in the CG Code.

DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTEREST IN COMPETING BUSINESS

None of the Directors, the management and controlling shareholders of the Company or any of their respective close associates as defined in the GEM Listing Rules engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group, or had any other conflict of interests with the Group during the Period Under Review.

DIRECTORS’ AND RELEVANT EMPLOYEES’ SECURITIES TRANSACTIONS

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

Specific enquiry has been made of all the Directors and the Directors confirmed that they had complied with the Required Standard of Dealings during the Period Under Review.

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

AUDIT COMMITTEE

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

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

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

Hong Kong, 6 August 2024

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