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HM International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8416)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 20 April 2023, the Vendor, an Independent Third Party, and the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase, the Sale Shares, representing 51% of the issued share capital of the Target Company, at the consideration of HK\$6,375,000.

Upon Completion, the Company will indirectly hold 51% of the issued share capital of the Target Company. The Target Company will become an indirect non wholly-owned subsidiary of the Company and the financial position and operating results of the Target Company will be consolidated into the financial statements of the Group.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as calculated in accordance with Rule 19.07 of the GEM Listing Rules) are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Completion is conditional upon the satisfaction or, if applicable, waiver of the conditions precedent under the Sale and Purchase Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

Below is a summary of the principal terms of the Sale and Purchase Agreement:

Date: 20 April 2023

Parties: (i) The Purchaser: HM Investment Limited
(ii) The Vendor: Mr. Richard Liam Paul DELANTY

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor is an Independent Third Party.

Subject Matter: Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing 51% of the issued share capital of the Target Company.

Consideration: The Consideration of HK\$6,375,000 shall be payable by the Purchaser in the following manner:

- (i) HK\$3,187,500 shall be paid by cashier order(s) issued by a licensed bank in Hong Kong, a cheque drawn in favour of the Vendor (or as directed by the Vendor) or fund transfer directly to a designated bank account of the Vendor (or as directed by the Vendor) upon Completion; and
- (ii) HK\$3,187,500, being the remaining part of the Consideration^(Note) (subject to the downward adjustment as set out in the Sale and Purchase Agreement as detailed below) shall be paid within 10 Business Days after the determination of Net Profit 2024 or (as the case may be) Net Loss 2024

The Consideration was determined based on arm's length negotiations among the Purchaser and the Vendor on normal commercial terms and with reference to (i) the adjusted price to earnings ratio of similar nature of companies; and (ii) the potential benefits of the Acquisition as set out in the paragraph headed "Reasons for and benefits of the Acquisition" in this announcement.

The Directors consider the Consideration is fair and reasonable and on normal commercial terms and that the entering into of the Sale and Purchase Agreement is in the interests of the Company.

The Company will utilise its internal resources for payment of the Consideration.

Note: The remaining part of the Consideration shall be adjusted to the figure under the following formula:

$$R = \text{HK\$}3,187,500 \times (P/\text{HK\$}2,500,000)$$

Where:

R = remaining part of the Consideration

P = Net Profit 2024

For the avoidance of doubt, in the case of Net Loss 2024, the remaining part of the Consideration shall be zero.

The Net Profit 2024 or as the case may be, the Net Loss 2024, determined in good faith, in the absence of manifest error or fraud, shall be final and conclusive, and binding on the parties in respect of determination of the Consideration.

In any event, the Consideration shall not exceed HK\$6,375,000.

Conditions Precedent:

Completion is subject to the fulfillment of the following conditions:

- (i) to the best of the Vendor's knowledge upon reasonable enquiry, the Vendor's warranties remaining true, accurate and not misleading at Completion and no events having occurred that would result in any breach of any of the Vendor's Warranties or other provisions of the Sale and Purchase Agreement by the Vendor;

- (ii) all necessary consents, approvals, registration and filings required from all relevant government, regulatory and other authorities, agencies and departments in Hong Kong or elsewhere or otherwise required from any third parties in connection with the transaction contemplated under the Sale and Purchase Agreement having been obtained;
- (iii) the Purchaser having completed the due diligence and having notified by the Vendor that the Purchaser is substantially satisfied with the result of the due diligence provided that such notification shall not prejudice in any manner whatsoever any of the Purchaser's right in respect of a claim pursuant to the Vendor's warranties and undertakings given by the Vendor under the Sale and Purchase Agreement; and
- (iv) no material adverse change or prospective material adverse change in the Target Company's business, operations, financial conditions or prospects has occurred since the date of signing of the Sale and Purchase Agreement.

Condition (ii) is not capable of being waived by any party of the Sale and Purchase Agreement. The Purchaser may by written notice to the Vendor waive conditions (i), (iii) and (iv). If any of the conditions have not been fulfilled or (if applicable) waived at or before 5:00 p.m. on the Long Stop Date, all rights and obligations of the parties hereunder shall cease and terminate.

Completion:

Upon Completion, the Target Company will become an indirect non wholly-owned subsidiary of the Company and the financial position and operating results of the Target Company will be consolidated into the financial statements of the Group.

APPOINTMENT OF THE VENDOR AS THE CHIEF EXECUTIVE OFFICER AND A DIRECTOR OF THE TARGET COMPANY

Upon Completion, the Vendor shall enter into the Service Agreement with the Target Company, pursuant to which the Vendor will be appointed as the chief executive officer and a director of the Target Company for an initial term of five years. The Vendor may terminate the Appointment by giving the Target Company six months' notice or payment in lieu of notice at any time during the term of the Service Agreement. The Company may terminate the Appointment by giving the Vendor six months' notice or payment in lieu of notice at any time during the term of the Service Agreement.

Since the establishment of the Target Company, the Vendor has been managing the translation business of the Target Company. Given his extensive experience in the translation industry, the Company believes the appointment of the Vendor as the chief executive officer and a director of the Target Company is in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Purchaser

The Purchaser is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company. The Group is principally engaged in the provision of integrated printing services, concept creation and artwork design, IT and languages services.

The Vendor

The Vendor is a businessman and has extensive experience in the translation industry. He directly owns the entire issued share capital of the Target Company.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an Independent Third Party.

The Target Company

The Target Company is a company incorporated in Hong Kong with limited liability on 18 May 2017 and is engaged in the provision of translation services globally. The Target Company is wholly-owned by the Vendor.

Set out below is a summary of the financial information of the Target Company for the two financial years ended 31 March 2022 and 31 March 2023, respectively:

	For the year ended 31 March 2023	For the year ended 31 March 2022
	(Audited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5,905	9,439
Profit before taxation	1,006	3,471
Profit after taxation	807	3,194

	As at 31 March 2023	As at 31 March 2022
	(Audited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	2,399	6,565
Total liabilities	737	509
Net assets	1,662	6,056

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the financial printing services, marketing collateral printing projects, as well as value-added new media services and provides integrated printing services for various corporate clients in the financial and capital market in Hong Kong. The Group mainly offers a wide spectrum of services from financial printing services for corporations which are listed on the Stock Exchange and potential listing applicants to fund houses and insurance companies to marketing collateral printing services. The provision of translation services complements the above-mentioned services. The Group is actively seeking to upgrade its products and services for the purpose of enhancing its overall competitiveness and has been exploring potential opportunities to develop and expand its core business.

The Target Company has developed an operational business model, combining AI-enabled technology, an extensive network of in-country translation partners, and a dedicated project management team. This innovative approach allows the Target Company to provide high-quality translations in all major languages with unmatched speed and accuracy. With a global network of translation partners, the Target Company handles all aspects of project management and account management internally, ensuring seamless and efficient service delivery. The Target Company offers top-tier localisation and translation services, including software/app translation and localisation, website translation, general business content translation, e-learning translation, e-commerce translation, legal and finance translation, subtitling translation, crypto & blockchain translation and marketing translation. In addition to these core offerings, the Target Company also provides multilingual voiceovers and transcription services to cater to clients' diverse needs. The Target Company's commitment to quality and innovation has made it a trusted partner for businesses operating in today's ever-evolving global marketplace.

In light of the above, the Board believes that the Acquisition represents an opportunity for the Group to invest in the Target Company and align itself with the Group's future development strategy and focus. This will increase the Group's revenue sources and customer base, benefit the Group's growth, and benefit the Company and the Shareholders as a whole. The Directors also believe that the Acquisition would further strengthen and complements the Group's core business of financial printing in light of the growing financial and capital market. The Directors are of the opinion that the Group will gain additional exposure to the financial and capital markets through the Acquisition and strengthen its service solutions for its existing and potential clients as a result.

In view of the above, the Board is optimistic on the business prospects of the Target Company and considers that the Acquisition would further enhance the profitability of the Group. After taking into account the above factors, the Directors consider that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as calculated in accordance with Rule 19.07 of the GEM Listing Rules) are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor in accordance with the terms and conditions of the Sale and Purchase Agreement
“Appointment”	the appointment of the Vendor as a director of the Target Company upon completion of the Sale and Purchase Agreement
“Board”	the board of directors
“BVI”	British Virgin Islands
“Company”	HM International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms of the Sale and Purchase Agreement
“Completion Date”	the date as agreed by the Purchaser and the Vendor after the last outstanding conditions shall have been fulfilled or waived on which Completion is to take place
“Consideration”	HK\$6,375,000, being the total consideration for the Acquisition
“Director(s)”	the director(s) of the Company

“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	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 Company and its subsidiaries and its connected person(s) and its ultimate beneficial owner(s) or their respective associate(s)
“Long Stop Date”	30 June 2023 (or such later date as the Purchaser and the Vendor may agree in writing)
“Net Profit 2024” or (as the case may be) “Net Loss 2024”	the profit or (as the case may be) loss after taxation of the Target Company as shown in the consolidated profit and loss accounts of the Target Company prepared in accordance with Hong Kong Financial Reporting Standards for the period of one year from the Completion Date
“Purchaser”	HM Investment Limited, a company incorporated in the BVI with limited liability, and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 20 April 2023 and entered into between the Purchaser and Vendor in relation to the Acquisition
“Sale Shares”	10,200 shares, representing 51% of the issued share capital of the Target Company
“Service Agreement”	the service agreement to be entered into between the Target Company and the Vendor on the Completion Date in respect of the appointment of the Vendor as the chief executive officer and a director of the Target Company
“Shareholders”	holder(s) of the issued shares of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	into23 Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by the Vendor as at the date of this announcement
“Vendor”	Richard Liam Paul DELANTY, an individual residing in Hong Kong and the holder of the entire issued share capital of the Target Company as at the date of this announcement
“%”	per cent.

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

Hong Kong, 20 April 2023

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

This announcement, for which the Directors of the Company 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 Company. The Directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement is published on the GEM website at “www.hkgem.com” and will remain on its “Latest Listed Company Information” page for at least seven days from the date of publication. This announcement will also be published on the Company’s website at “www.hetermedia.com”.