



Acme International Holdings Limited
益美國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1870

INTERIM REPORT
2023



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Kwan Kam Tim (*Chairman*)
Mr. Yip Wing Shing
Mr. Gao Shufang
Ms. Leung Ng Mui May

Independent Non-Executive Directors

Prof. Hons. Lau Chi Pang, *BBS, J.P.*
Mr. Chin Wai Keung Richard
Prof. Mo Lai Lan

AUDIT COMMITTEE

Prof. Mo Lai Lan (*Chairman*)
Prof. Hons. Lau Chi Pang, *BBS, J.P.*
Mr. Chin Wai Keung Richard

REMUNERATION COMMITTEE

Prof. Hons. Lau Chi Pang, *BBS, J.P. (Chairman)*
Mr. Kwan Kam Tim
Mr. Chin Wai Keung Richard

NOMINATION COMMITTEE

Prof. Hons. Lau Chi Pang, *BBS, J.P. (Chairman)*
Mr. Kwan Kam Tim
Mr. Chin Wai Keung Richard

AUTHORISED REPRESENTATIVES

Mr. Kwan Kam Tim
Mr. Yu Chim Shun

JOINT COMPANY SECRETARY

Mr. Lam Tsz Chung
Mr. Yu Chim Shun

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE

Unit 3007 – 3008, 30/F, West Tower, Shun Tak Centre,
168 – 200 Connaught Road Central,
Sheung Wan, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A, 15/F., Infotech Centre,
21 Hung To Road,
Kwun Tong, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISER

Michael Li & Co.
19/F., Prosperity Tower,
39 Queen's Road Central,
Hong Kong

CORPORATE INFORMATION

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

PRINCIPAL BANKERS

Citibank N.A., Hong Kong Branch
Industrial and Commercial Bank of China (Asia) Limited
The Bank of East Asia, Limited

COMPANY WEBSITE

www.acmehld.com

STOCK CODE

1870

FINANCIAL HIGHLIGHTS

	For the six months ended	
	30 June	
	2023	2022
	(unaudited)	(unaudited)
		(restated)
	HK\$'000	HK\$'000
Revenue	75,678	77,800
Gross profit	24,539	15,226
Gross profit margin	32.4%	19.6%
Profit from continuing operations	9,094	2,787
Profit/(loss) for the period	9,094	(61,864)

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”, each the “**Director**”) of Acme International Holdings Limited (the “**Company**”) announces the results of the Company and its subsidiaries (collectively as the “**Group**”) for the six months ended 30 June 2023 (the “**Period**”).

BUSINESS REVIEW

The Group is principally engaged in providing one-stop design and build solutions for building maintenance unit (“**BMU**”) system works (“**BMU Systems Business**”) and development, design, production and sale of new energy generation and energy storage system (“**Green New Energy Business**”).

Acme Metal Works (International) Limited (“**Acme Metal**”) was an indirect wholly-owned subsidiary of the Company, principally engaged in providing one-stop design and build solutions for façade works. As Acme Metal had been continuously making losses in recent years and the Board did not perceive that it had any reasonable means or prospect of making any material improvement on its financial performance or operations in the foreseeable future given the negative outlook of the construction industry in Hong Kong, Acme Metal was likely to remain unable to generate sufficient revenue to cover its own operating expenses or its other liabilities. On 27 November 2022, after due and careful consideration, Acme Metal Works (BVI) Limited, being a directly wholly owned subsidiary of the Company, in its capacity as the sole shareholder of Acme Metal, resolved that Acme Metal could not by reason of its loss and liabilities continue its business and that it should be wound up under section 228(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “**Ordinance**”) by way of creditors’ voluntary liquidation and Messrs. Osman Mohammed Arab and Lai Wing Lun were appointed as the joint and several liquidators of Acme Metal by the sole shareholder’s resolution passed on 27 November 2022, and further confirmed at the creditor’s meeting held on 9 December 2022.

As a result of the voluntary winding-up under the Hong Kong Companies Ordinance, the Group lost control over Acme Metal because the joint and several provisional liquidators have taken over control of the operations of Acme Metal under the statutory power and therefore, Acme Metal ceased to be a subsidiary of the Company with effect from 9 December 2022.

For the continuing operations of the Group, as compared with the corresponding period in 2022, even though the revenue of the Group for the Period slightly decreased by 2.7% from approximately HK\$77.8 million to approximately HK\$75.7 million, the Group recorded an increase in gross profit and net profit from continuing operations from approximately HK\$15.2 million to approximately HK\$24.5 million and from approximately HK\$2.8 million to approximately HK\$9.1 million, respectively. The increase in gross profit and net profit from continuing operations of the Group was mainly due to the increase in the number and profit margin of the variation order received by the Group and the share-based payment expenses of approximately HK\$6.6 million recognised in the corresponding period in 2022 as an acceleration of vesting in accordance with the relevant accounting standards due to the cancellation of pre-IPO share options.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

In 2023, with the announcements by the governments of Mainland China and Hong Kong on the further relaxation of the pandemic prevention and control measures, the Hong Kong real estate sector has been gradually recovering. However, persistently high interest rates continue to put pressure on housing prices, and the actual recovery of Hong Kong's economy in the first half of 2023 is slower than expected. Therefore, the outlook of Hong Kong's real estate sector and construction industry remain uncertain. The Group will continue to closely monitor the market conditions and adjust its business strategies, and adhere to the Group's quality of excellence and safety to achieve sustainable development of the BMU Systems Business.

With the rise of energy prices and vigorous promotion of the use of renewable energy worldwide, renewable energy will gradually become the main source of power for countries around the world. The Group hopes to grasp these opportunities by actively developing the Green New Energy Business, including actively seeking more cooperative distributors to promote its high-quality energy storage products with its own brand "SUNEWTRAL", and identifying suitable areas for the development of solar farms. The Group anticipates that additional fundraising may be required from time to time to support the working capital requirement to achieve such business growth.

FINANCIAL REVIEW

Revenue

During the Period, the revenue of the Group was approximately HK\$75.7 million. As compared with approximately HK\$77.8 million for the corresponding period in 2022, the revenue of the Group slightly decreased by HK\$2.1 million or 2.7%, which was mainly due to the decline in the number of BMU systems installed during the Period and competitive project pricing as a result of the slowdown in Hong Kong's economy.

The following table sets forth a breakdown of the revenue of the Group by business stream for the period indicated:

	Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
BMU Systems Business	75,576	77,464
Green New Energy Business	102	336
Total	75,678	77,800

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

As compared with the corresponding period in 2022, the gross profit and gross profit margin of the Group significantly increased from approximately HK\$15.2 million and 19.6% to approximately HK\$24.5 million and 32.4%, respectively. The increase in gross profit and gross profit margin was mainly attributable to the increase in the number and profit margin of the variation order received by the BMU Systems Business of the Group.

Other losses, net

The net of other losses of the Group mainly represented the foreign exchange differences.

Administrative expenses

The administrative expenses of the Group primarily consist of (i) employee benefit expenses for its administrative and management personnel; (ii) insurance expenses; (iii) entertainment expenses; (iv) office expenses; (v) travelling expenses; (vi) depreciation expenses; (vii) bank charges; (viii) legal and professional fees; (ix) auditor's remuneration; and (x) other expenses, which primarily include repair and maintenance expenses, storage charges, motor vehicle expenses and etc.

The administrative expenses of the Group increased by approximately 22.7% to approximately HK\$11.0 million for the Period, as compared to approximately HK\$9.0 million for the corresponding period in 2022. The increase was mainly due to the increase in depreciation expenses, legal and professional fees and travelling expenses as a result of the development of the Green New Energy Business during the Period.

Income tax expenses

The Group's operation is based in Hong Kong which is subject to Hong Kong profits tax calculated at 16.5%. During the Period, the Group's subsidiaries in the PRC and Macau are subject to corporate income tax at a standard rate of 25% and 12%, respectively. As compared to the corresponding period in 2022, the income tax expenses of the Group for the Period slightly increased from HK\$2.7 million to HK\$2.9 million.

Finance income and Finance costs

The finance income of the Group represents the interest income from bank deposits, and the finance costs of the Group represent the interest expenses arising from borrowings and, to a lesser extent, its lease liabilities.

The net finance costs of the Group for the Period increased to HK\$1.4 million from HK\$1.0 million for the corresponding period in 2022, which was mainly due to the increase in borrowings drawn by the Company.

Net profit/(loss) for the Period

As a result of the foregoing, the Group reported a net profit of approximately HK\$9.1 million for the Period compared to a net loss of approximately HK\$61.9 million for the corresponding period of 2022, the latter consisted of the loss from discontinued operation of approximately HK\$64.7 million and partially offset by the profit from continuing operation of approximately HK\$2.8 million. The Group did not incur any loss from discontinued operation for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2023, the Group's monetary assets, including cash and cash equivalents, pledged, time and restricted deposits were approximately HK\$29.1 million (31 December 2022: approximately HK\$48.9 million).

In October 2021, the Group entered into a loan agreement with a former shareholder of the Company, Mr. Mak Kim Hung ("**Mr. Mak**"), in which Mr. Mak had agreed to make available a loan facility up to an aggregate amount of HK\$10 million, repayable by 28 February 2022, to finance the general operation of the Group. The loan was denominated in Hong Kong dollars, unsecured, interest bearing at 5.5% per annum. In February 2022, the Group entered into a supplemental loan agreement with Mr. Mak to extend the repayment date to 30 June 2023, with the other terms remaining unchanged. As at 30 June 2023, the principal and interest of the loan due to Mr. Mak were fully settled by the Group.

In November 2021, the Group entered into a loan agreement with a Director, Mr. Kwan Kam Tim ("**Mr. Kwan**"), in which Mr. Kwan had agreed to make available a loan facility up to an aggregate amount of HK\$10 million, repayable by 30 June 2022, to finance the general operation of the Group. The loan was denominated in Hong Kong dollars, unsecured, interest bearing at 5.5% per annum. Up to 30 June 2023, the Group entered into five supplemental loan agreements with Mr. Kwan to increase the loan facility up to an aggregate amount of HK\$43 million and extend the repayment date to 30 June 2024, with the other terms remaining unchanged.

In August 2022, the Group entered into a loan agreement with a substantial shareholder, Treasure Ship Holding Limited ("**Treasure Ship**"), in which Treasure Ship had agreed to make available a loan facility up to an aggregate amount of HK\$10 million, repayable by 18 August 2023, to finance the general operation of the Group. The loan was denominated in Hong Kong dollars, unsecured, interest bearing at 5.5% per annum. As at 30 June 2023, the Group had entered into a supplemental loan agreement with Treasure Ship to extend the repayment date to 30 June 2024, with the other terms remaining unchanged.

As at 30 June 2023, the Group's total borrowings amounted to approximately HK\$46.3 million (31 December 2022: approximately HK\$45.6 million). The borrowings of the Group as at 30 June 2023 were denominated in Hong Kong dollars, and carried interest rates ranging from 5.50% to 6.41% per annum (31 December 2022: 5.50% per annum).

As at 30 June 2023, the Group had unutilised credit facilities of HK\$23.5 million (31 December 2022: approximately HK\$39.1 million).

As at 30 June 2023, the Group's gearing ratios (total debt, being the total of borrowings and lease liabilities, as at the end of the period divided by total equity attributable to shareholder as at the end of the period and multiplied by 100%) decreased to approximately 51.1%, compared to gearing ratio of 56.3% as at 31 December 2022. The decrease in gearing ratio was mainly attributable to the increase in total equity from approximately HK\$85.2 million as at 31 December 2022 to approximately HK\$96.2 million as at 30 June 2023 due to net profit for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. Surplus cash will be invested appropriately so that the Group will have adequate cash for its business operation and business development.

FOREIGN EXCHANGE RISK AND HEDGING

The Group mainly operates in Hong Kong and majority of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that the Group should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group did not engage in any derivatives contracts to hedge its exposure to foreign exchange risk during the Period.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposals of assets, subsidiaries, associated companies or joint ventures during the Period.

SIGNIFICANT INVESTMENTS HELD

Except for investment in subsidiaries, the Group did not have any significant investments in equity interest as at 30 June 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2023, the Group has no plan for any material investments or capital assets.

PLEDGE OF ASSETS

As at 30 June 2023, pledged and restricted deposits in the sum of approximately HK\$14.8 million (31 December 2022: HK\$15.9 million) were placed with banks to secure certain banking facilities of the Group.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Details of the capital commitments and contingent liabilities are set out in Note 16 to the interim condensed consolidated financial statements.

OTHER INFORMATION

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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company and to enhance corporate value and accountability. The Company has adopted Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance.

To the best knowledge of the Directors, the Company has complied with all applicable code provisions as set out in the CG Code as set out in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' securities transactions. Having made specific inquiries with all the Directors, each of the Directors has confirmed that he/she complied with the Model Code throughout the Period.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive directors, namely Prof. Mo Lai Lan, Mr. Chin Wai Keung Richard and Prof. Hons. Lau Chi Pang, *BBS, J.P.* Prof. Mo Lai Lan is the chairlady of the Audit Committee. The unaudited interim condensed consolidated financial information of the Group for the Period has been reviewed by the Audit Committee.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (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 Model Code, are as follows:

Long position in shares and underlying shares of the Company

Name of Director	Capacity/Nature of interest	Number of shares interested	Percentage of shareholding ⁽¹⁾
Mr. Kwan Kam Tim ⁽²⁾	Interest in a controlled corporation	84,000,000	13.46%

Notes:

1. The calculation is based on the total number of 624,000,000 shares in issue as at 30 June 2023.
2. RR (BVI) Limited is the registered and beneficial owner holding 13.46% of the issued shares of the Company. The issued share capital of RR (BVI) Limited is wholly owned by Mr. Kwan. Under the SFO, Mr. Kwan is deemed to be interested in the 84,000,000 shares held by RR (BVI) Limited.

Save as disclosed above, as at 30 June 2023, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, as recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the directors are aware, as at 30 June 2023, the interest and short positions of the persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

Long position in shares of the Company

Name of shareholder	Capacity/Nature of interest	Number of shares interested	Percentage of shareholding ⁽¹⁾
Mr. Lin Zhang ⁽²⁾	Interest in controlled corporation	168,522,500	27.01%
Treasure Ship Holding Limited	Beneficial owner	168,522,500	27.01%
RR (BVI) Limited	Beneficial owner	84,000,000	13.46%
Ms. Ma Lai Ling ⁽³⁾	Interest of spouse	84,000,000	13.46%
Mr. Liao Shigang ⁽⁴⁾	Beneficial owner	44,865,000	7.19%
	Interest of spouse	12,500,000	2.00%
Ms. Zhao Yuzhu ⁽⁴⁾	Beneficial owner	12,500,000	2.00%
	Interest of spouse	44,865,000	7.19%
Mr. Teng Rongsong ⁽⁵⁾	Interest in controlled corporation	40,000,000	6.41%
Timeness Vision Limited ⁽⁵⁾	Interest in controlled corporation	40,000,000	6.41%

Notes:

1. The calculation is based on the total number of 624,000,000 shares in issue as at 30 June 2023.
2. 168,522,500 shares are beneficially held by Treasure Ship Holding Limited, the entire issued share capital of which is beneficially held by Mr. Lin Zhang.
3. Ms. Ma Lai Ling is the spouse of Mr. Kwan Kam Tim and is deemed, or taken to be, interested in all shares in which Mr. Kwan has interest in under the SFO.
4. Mr. Liao Shigang is the beneficial owner of 44,865,000 shares. Ms Zhao Yuzhu, being Mr. Liao Shigang's wife, is the beneficial owners of 12,500,000 shares. Mr. Liao Shigang is therefore deemed to be interested in the Shares owned by Ms. Zhao Yuzhu. Ms. Zhao Yuzhu is also therefore deemed to be interested in the Shares owned by Mr. Liao Shigang.
5. 40,000,000 shares are beneficially held by Trinity Gate Limited, the entire issued share capital of which is, beneficially held by Timeness Vision Limited, whose entire issued share capital is beneficially held by Mr. Teng Rongsong.

Save as disclosed above, as at 30 June 2023, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

OTHER INFORMATION

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had 66 full-time employees (As at 31 December 2022: 58 employees). The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wages, employee benefits and liabilities for breaches and grounds for termination.

Remuneration of the employees (including the Directors) are generally structured by reference to market terms and individual merits. Salaries are reviewed annually with reference to market conditions and the performance, qualifications and experience of individual employees.

Discretionary bonuses are paid on an annual basis based on the results of the Group, individual performance and other relevant factors. The Company has also introduced the key performance indicators assessment scheme to boost performance and operational efficiency.

The Company has also adopted a share option scheme and a share award scheme to recognise and reward eligible employees for their contributions to the business and development of the Group.

SHARE OPTION SCHEME

Pre-IPO Share Option Scheme

A pre-IPO share option scheme (“**Pre-IPO Share Option Scheme**”) was adopted by the Company on 21 March 2019 and will expire on 21 March 2029 to recognise the contribution of certain members of the Board and chief executives of the Group to the growth of the Group and/or to the listing of the Shares on the Stock Exchange (the “**Listing**”) by granting options to them as incentive or reward, and to attract, retain and motivate the employees of the Group to contribute to the Group and/or strive for future development and expansion of The Group. No options have been granted, exercised or cancelled during the Period and up to the date of this interim report.

The total number of shares in respect of all options granted under the Pre-IPO Share Option Scheme is 23,400,000 shares, representing approximately 3.75% of the issued shares as at the date of this report. No further options will be offered or granted under the Pre-IPO Share Option Scheme, as the right was terminated upon the Listing.

In 2022, the Company and each of the grantees of the Pre-IPO Share Option have mutually agreed to cancel all of the Pre-IPO Share Option. As of the date of cancellation, all of the Pre-IPO Share Options have not been vested, exercised or lapsed.

As at 30 June 2023, none of the Directors or their spouses or children under 18 years of age were granted any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations under the Pre-IPO Share Option Scheme.

Details of the share options granted under the Pre-IPO Share Option Scheme in the Period is set out in Note 14 to the condensed consolidated financial statements.

OTHER INFORMATION

Share Option Scheme

On 18 October 2019, the Company adopted a share option scheme ("**Scheme**") for the primary purpose of motivating the Eligible Persons (as defined below) to optimise their future contributions to the Group and/or to reward them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), enabling the Group to attract and retain individuals with experience and ability and/or rewarding them for their past contributions. Subject to the terms of the Scheme, the Board shall be entitled at any time during the life of the Scheme to offer the grant of any options to subscribe for such number of shares to any Eligible Person as the Board may in its absolute discretion select. The basis of eligibility shall be determined by the Board from time to time.

Persons satisfying any of the following ("**Eligible Persons**") may be offered with options by the Board, at its absolute discretion:

- (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group ("**Executive**");
- (b) any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group;
- (c) a Director or proposed Director (including an independent non-executive director ("**INED**")) of any member of the Group;
- (d) a direct or indirect shareholder of any member of the Group;
- (e) a supplier of goods or services to any member of the Group;
- (f) a client, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;
- (g) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and
- (h) an associate (as defined in the Listing Rules) of any of the persons referred to in paragraphs (a) to (g) above.

The Board shall set out the terms in the offer on which the option is to be granted. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the shares in issue from time to time. No options shall be granted under the Scheme at any time if such grant shall result in the scheme limit being exceeded.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at the date of the Listing which was 52,000,000, representing approximately 8.33% of the total number of shares in issue as at the date of this report. The Company may seek approval of its shareholders in general meeting for refreshing such 10% limit.

OTHER INFORMATION

The maximum number of shares issued and to be issued upon exercise of the options granted to each Eligible Person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the shares in issue for the time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Any grant of options to any Director, chief executive or substantial shareholder (as such term as defined in the Listing Rules) of the Company, or any of their respective associates under the Scheme is subject to the prior approval of the INEDs (excluding INEDs who or whose associates is the grantee of an options). Where any grant of options to a substantial shareholder or an INED, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5.0 million, such further grant of the options shall be subject to prior approval of the shareholders with such person and his associates abstaining from voting in favour of general meeting.

An offer for the grant of option must be accepted within 28 days from the offer date. Options granted shall be taken up upon payment of HK\$1 as consideration for the grant of option. Options may be exercised at any time from the date which option is deemed to be granted and accepted and expired on the date as the Board in its absolute discretion determine and which shall not exceeding a period of 10 years from the date on which the share options are deemed to be granted and accepted but subject to the provisions for early termination thereof contained in the Scheme.

The subscription price is determined by the Board, and shall not be less than whichever is the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of offer; and (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the offer date.

The Scheme shall be valid and effective for a period of 10 years commencing from 18 October 2019. No share options have been granted, forfeited or expired since its adoption, and as at 30 June 2023, the total number of shares available for issue under the Scheme is 52,000,000 shares, representing approximately 8.33% of the total number of issued shares.

DISCLOSURE OF INFORMATION OF DIRECTORS UNDER RULES 13.51(2) AND 13.51B(1) OF THE LISTING RULES

There is no change of information of each Director that is required to be disclosed under Rules 13.51(2) and 13.51B(1) of the Listing Rules since the publication of the 2022 annual report of the Company.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June	
		2023 (unaudited) HK\$'000	2022 (unaudited) (restated) HK\$'000
Revenue	4	75,678	77,800
Cost of sales	5	(51,139)	(62,574)
Gross profit		24,539	15,226
Other income		–	650
Other losses, net		(143)	(336)
Administrative expenses	5	(11,012)	(8,978)
Impairment of financial and contract assets		(41)	–
Operating profit		13,343	6,562
Finance income		24	20
Finance costs		(1,415)	(1,054)
Finance costs, net		(1,391)	(1,034)
Profit before income tax		11,952	5,528
Income tax expenses	6	(2,858)	(2,741)
Profit from continuing operations		9,094	2,787
Loss from discontinued operation (attributable to equity holders of the Group)		–	(64,651)
Profit/(loss) for the period		9,094	(61,864)
Profit/(loss) attributable to:			
Owners of the Company		9,855	(61,781)
Non-controlling interests		(761)	(83)
		9,094	(61,864)
Earnings per share from continuing operations attributable to owners of the Company for the period			
– Basic and Diluted (HK cents)	7	1.58	0.46
Earnings/(loss) per share attributable to owners of the Company for the period			
– Basic and Diluted (HK cents)	7	1.58	(9.90)

The above interim condensed consolidated income statement should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2023 (unaudited) HK\$'000	2022 (unaudited) (restated) HK\$'000
Profit/(loss) for the period		9,094	(61,864)
Other comprehensive loss:			
<i>Item that may be reclassified subsequently to consolidated income statement</i>			
Exchange difference on translation of foreign operation		(28)	(8)
Other comprehensive loss for the period		(28)	(8)
Total comprehensive profit/(loss) for the period		9,066	(61,872)
Total comprehensive profit/(loss) attributable to:			
Owners of the Company		9,835	(61,786)
Non-controlling interests		(769)	(86)
		9,066	(61,872)
Total comprehensive profit/(loss) for the period attributable to owners of the Company arises from:			
– Continuing operations		9,835	2,865
– Discontinued operation		–	(64,651)
		9,835	(61,786)

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		3,774	2,686
Deposits and prepayments	10	323	357
		4,097	3,043
Current assets			
Inventories		11,334	10,954
Trade and retention receivables	8	34,446	28,847
Contract assets	9	74,555	64,268
Deposits, prepayments and other receivables	10	18,466	4,752
Amount due from non-controlling interests		485	–
Pledged deposits		3,215	2,786
Time deposits		–	1,806
Restricted deposits		11,621	13,090
Cash and cash equivalents		14,300	31,203
		168,422	157,706
Total assets		172,519	160,749
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	6,240	6,240
Reserves		88,272	78,437
		94,512	84,677
Non-controlling interests		1,673	490
Total equity		96,185	85,167

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	13	–	34,989
Lease liabilities		1,805	1,548
Deferred income tax liabilities		52	18
Provisions		345	484
		2,202	37,039
Current liabilities			
Trade and retention payables	12	16,843	15,854
Contract liabilities	9	2,325	4,016
Other payables and accruals	12	5,354	6,536
Income tax liabilities		2,239	690
Borrowings	13	46,253	10,660
Lease liabilities		1,118	787
		74,132	38,543
Total liabilities		76,334	75,582
Total equity and liabilities		172,519	160,749

The financial statements on pages 15 to 42 were approved by the Board of Directors on 31 August 2023 and were signed on its behalf:

Mr. Kwan Kam Tim
Director

Ms. Leung Ng Mui May
Director

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company (unaudited)								
	Share capital HK\$'000	Share premium HK\$'000	Share-based payment reserve HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interest HK\$'000	Total HK\$'000
Balances as at 1 January 2022	6,240	118,233	11,988	37,524	-	(19,748)	154,237	-	154,237
Comprehensive loss									
Loss for the period	-	-	-	-	-	(61,781)	(61,781)	(83)	(61,864)
Other comprehensive loss									
Exchange difference on translation of foreign operation	-	-	-	-	(5)	-	(5)	(3)	(8)
Total comprehensive loss	-	-	-	-	(5)	(61,781)	(61,786)	(86)	(61,872)
Transaction with owners in their capacity as owners									
Share-based payment expenses (Note 14)	-	-	9,985	-	-	-	9,985	-	9,985
Reclassification of share-based payment reserve to retained earnings	-	-	(21,973)	-	-	21,973	-	-	-
Capital injection by non-controlling interests	-	-	-	-	-	-	-	99	99
Total transaction with owners in their capacity as owners	-	-	(11,988)	-	-	21,973	9,985	99	10,084
Balances as at 30 June 2022	6,240	118,233	-	37,524	(5)	(59,556)	102,436	13	102,449

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company (unaudited)						Non- controlling interest HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
Balances as at 1 January 2023	6,240	118,233	37,524	(1)	(77,319)	84,677	490	85,167
Comprehensive profit/(loss)								
Profit/(loss) for the period	-	-	-	-	9,855	9,855	(761)	9,094
Other comprehensive loss								
Exchange difference on translation of foreign operation	-	-	-	(20)	-	(20)	(8)	(28)
Total comprehensive income	-	-	-	(20)	9,855	9,835	(769)	9,066
Transaction with owners in their capacity as owners								
Increase in minority interests due to acquisition of a subsidiary	-	-	-	-	-	-	10	10
Capital injection by non-controlling interests	-	-	-	-	-	-	1,942	1,942
Total transaction with owners in their capacity as owners	-	-	-	-	-	-	1,952	1,952
Balances as at 30 June 2023	6,240	118,233	37,524	(21)	(67,464)	94,512	1,673	96,185

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June	
		2023 (unaudited) HK\$'000	2022 (unaudited) (restated) HK\$'000
Cash flows from operating activities			
Cash used in operations	15	(17,825)	(32,291)
Income tax paid		(1,274)	–
Net cash used in operating activities		(19,099)	(32,291)
Cash flows from investing activities			
Purchases of property, plant and equipment		(863)	(102)
Decrease in time deposit		1,806	–
Interest received		24	63
Net cash generated from/(used in) investing activities		967	(39)
Cash flows from financing activities			
Proceeds from borrowings	13	11,526	75,609
Repayments of borrowings	13	(10,933)	(39,924)
Principal elements of lease payments		(639)	(1,230)
Increase in pledged deposits		(417)	(1,723)
Decreased/(increase) in restricted deposits		1,469	(2,648)
Interest paid		(1,415)	(1,864)
Capital injection by non-controlling interests		1,456	99
Net cash generated from financing activities		1,047	28,319
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		31,203	22,294
Effect of foreign exchange rate changes		182	(554)
Cash and cash equivalents at end of the period		14,300	17,729

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Acme International Holdings Limited was incorporated in the Cayman Islands on 17 August 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of design and build solutions for façade works ("**Façade Work Business**"), which the Group discontinued during the year ended 31 December 2022, provision of design and build solutions for building maintenance unit ("**BMU**") systems ("**BMU Systems Business**") and development, design, production and sales of new energy generation and energy storage system ("**Green New Energy Business**").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The interim condensed consolidated financial information are presented in thousands of Hong Kong dollars ("**HK\$'000**"), unless otherwise stated.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group have been prepared in accordance with Hong Kong Accounting Standards ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange (the "**Listing Rules**").

The interim condensed consolidated financial information have been prepared under the historical cost convention.

During the year ended 31 December 2022, the Group initiated a winding up of its indirectly-wholly-owned subsidiary, Acme Metal Works (International) Limited ("**Acme Metal**"). Acme Metal represented the whole segment of Façade Works Business and a separate major line of business of the Group. For the presentation of the interim condensed consolidated financial statements for the six months ended 30 June 2022, it was regarded as discontinued operation and certain comparative figures have been restated.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accounting policies adopted in the preparation of the interim condensed consolidated financial information for the six months ended 30 June 2023 are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the estimation of income tax and the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2023:

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
HKFRS 17	Insurance Contracts (New Standard)
HKFRS 17	Amendments to HKFRS 17
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The adoption of these new and amendments to HKFRSs and an interpretation in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial information.

3 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2022. There have been no change in the risk management policies since year end.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Executive Directors.

Operating segments are reported in the manner consistent with the internal reporting provided to the CODM. The Group is subject to similar business risk, and resources are allocated based on what is beneficial to the Group in enhancing the value as a whole.

The Group is principally engaged in the following:

- Façade Works Business – provision of design and build solutions for façade works, which the Group discontinued during the year ended 31 December 2022;
- BMU Systems Business – provision of design and build solutions for BMU systems; and
- Green New Energy Business – development, design, production and sale of green new energy generation system

Segment assets mainly exclude right-of-use assets for properties, intangible asset, deferred tax assets, pledged deposits, time deposits, restricted deposits, cash and cash equivalents and other assets that are managed on a central basis.

Segment liabilities mainly exclude borrowings, lease liabilities, income tax payable, deferred tax liabilities, and other liabilities that are managed on a central basis.

Unallocated corporate expenses represent costs that are used for all segments, mainly including depreciation expenses of HK\$756,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: depreciation expenses of HK\$1,121,000 and amortisation of HK\$39,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 REVENUE AND SEGMENT INFORMATION (Continued)

- (a) Revenue from customers contributing over 10% of the total revenue of the Group for the six months ended 30 June 2022 and 2023 are as follows:

	Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) (restated) HK\$'000
Continuing operations:		
Customer A	17,197	19,844
Customer B	12,585	N/A
Customer C	10,123	14,477
	39,905	34,321

(b) Revenue by customers' geographical location

The Group's revenue from external customers by geographical location, which is determined by location of the customers is as follows:

	Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) (restated) HK\$'000
Continuing operations		
– Hong Kong	64,529	76,060
– Macau	11,047	1,404
– Malaysia	–	336
– Others	102	–
Revenue from continuing operations	75,678	77,800
Discontinued operation		
– Hong Kong	–	29,976
Revenue from discontinued operation	–	29,976
Total	75,678	107,776

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 REVENUE AND SEGMENT INFORMATION (Continued)

(c) Segment results, assets and liabilities

The Executive Directors assess the performance of the operating segments based on their underlying profit or loss, which is measured by profit or loss before income tax, excluding finance income, finance costs, depreciation on right-of-use assets of properties, amortisation of intangible asset and other corporate items, which are managed on a central basis.

	Discontinued operation				Green New		Continuing operations		Total	
	Façade Works Business*		BMU Systems Business		Energy Business		Subtotal		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000								
Revenue from external customers recognised at a point in time	-	-	-	-	102	336	102	336	102	336
Revenue from external customers recognised over time	-	29,976	75,576	77,464	-	-	75,576	77,464	75,576	107,440
	-	29,976	75,576	77,464	102	336	75,678	77,800	75,678	107,776
Segment results	-	(66,270)	18,498	12,917	(1,438)	(304)	17,060	12,613	17,060	(53,657)
Unallocated other operating income									-	32
Unallocated corporate expenses									(3,717)	(3,573)
Finance income									24	63
Finance costs									(1,415)	(1,988)
Profit/(loss) before income tax									11,952	(59,123)
Income tax expenses									(2,858)	(2,741)
Profit/(loss) for the period									9,094	(61,864)
Other segment information:										
Additions to property, plant and equipment	-	-	243	102	620	-	863	102	863	102
Depreciation	-	-	69	27	174	-	243	27	243	27

* The Façade Works Business has been classified as discontinued operation, and the related revenue and expenses are presented as a single amount in the interim condensed consolidated income statement as "loss from discontinued operation".

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 REVENUE AND SEGMENT INFORMATION (Continued)

(c) Segment results, assets and liabilities (Continued)

	Discontinued operation						Continuing operations			
	Façade Works Business		BMU Systems Business		Green New Energy Business		Subtotal		Total	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
HK\$'000										
Segment assets	-	-	139,267	108,686	769	648	140,036	109,334	140,036	109,334
Unallocated assets									32,483	51,415
Total assets									172,519	160,749
Segment liabilities	-	-	21,934	24,911	95	105	22,029	25,016	22,029	25,016
Unallocated liabilities									54,305	50,566
Total liabilities									76,334	75,582

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 EXPENSES BY NATURE

	Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) (restated) HK\$'000
Construction costs recognised in cost of sales (Note a)	51,139	62,574
Entertainment expenses	390	94
Office expenses	400	364
Employee benefit expenses recognised in administrative expenses (including directors' emoluments)	4,917	5,045
Depreciation of property, plant and equipment	999	27
Insurance expenses	737	571
Auditor's remuneration	1,125	1,000
Legal and professional fee	1,596	1,395
Bank charges	60	34
Travelling expenses	279	114
Other expenses	509	334
	62,151	71,552
Representing:		
Cost of sales	51,139	62,574
Administrative expenses	11,012	8,978
	62,151	71,552

Note:

- (a) Construction costs mainly included costs of construction materials, subcontracting charges, staff costs, testing, insurance and transportation.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 INCOME TAX EXPENSES

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the Period for subsidiaries in Hong Kong, the PRC and Macau are 16.5% (2022: 16.5%), 25% (2022: 25%) and 12% (2022: 12%), respectively. No overseas profits tax has been calculated for the Group's entities that are incorporated in the BVI or the Cayman Islands as they are tax exempted in their jurisdictions.

The amount of taxation charged to the interim consolidated income statements represented:

	Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) (restated) HK\$'000
Current income tax	2,823	2,733
Deferred income tax	35	8
	2,858	2,741

7 EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2022 and 2023.

	Six months ended 30 June	
	2023 (unaudited)	2022 (unaudited) (restated)
Profit from continuing operations attributed to owners of the Company (HK\$'000)	9,855	2,870
Weighted average number of ordinary shares in issue (thousands)	624,000	624,000
Basic earnings per share from continuing operations (HK cents)	1.58	0.46
Loss from discontinued operation (HK\$'000)	–	(64,651)
Weighted average number of ordinary shares in issue (thousands)	624,000	624,000
Loss per share from discontinued operation (HK cents)	–	(10.36)
Basic earnings/(loss) per share (HK cents)	1.58	(9.90)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7 EARNINGS/(LOSS) PER SHARE (Continued)

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive shares.

For the six months ended 30 June 2022 and 2023, there is no potential dilutive shares and the diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share.

8 TRADE AND RETENTION RECEIVABLES

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
Trade receivables (Note (a))	21,959	16,505
Retention receivables (Note (b))	12,978	12,801
	34,937	29,306
Less: loss allowance	(491)	(459)
Trade and retention receivables	34,446	28,847

(a) Trade receivables

The ageing analysis of the trade receivables based on invoice date were as follows:

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
0 – 30 days	13,690	9,111
31 – 60 days	137	5,448
61 – 90 days	7,181	396
91 – 180 days	543	953
Over 180 days	408	597
	21,959	16,505

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

8 TRADE AND RETENTION RECEIVABLES (Continued)

(b) Retention receivables

The ageing analysis of these retention receivables based on the terms of related contracts was as follows:

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
Will be recovered within twelve months	5,342	4,723
Will be recovered more than twelve months after the end of the period/year	7,636	8,078
	12,978	12,801

9 CONTRACT ASSETS/LIABILITIES

The Group has recognised the following assets and liabilities related to contracts with customers:

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
Contract assets relating to BMU systems construction contracts	74,867	64,571
Less: loss allowance	(312)	(303)
Total contract assets	74,555	64,268
Contract liabilities relating to BMU systems construction contracts	2,325	4,016
Total contract liabilities	2,325	4,016

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
Non-current		
Prepayments	24	33
Deposits and other receivables	299	324
	323	357
Current		
Deposits and other receivables	149	65
Prepayments for construction materials	17,203	2,675
Other prepayments	1,114	2,012
	18,466	4,752
	18,789	5,109

11 SHARE CAPITAL

	Number of ordinary shares	Share Capital (unaudited) HK\$'000
Authorised:		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	4,000,000,000	40,000
Issued and fully paid:		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	624,000,000	6,240

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12 TRADE AND RETENTION PAYABLES AND OTHER PAYABLES AND ACCRUALS

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
Trade payables (Note (a))	14,163	11,712
Retention payable (Note (b))	2,680	4,142
Trade and retention payables	16,843	15,854
Accrued staff costs	350	2,678
Other accrued operating expenses	4,960	3,837
Other payables	44	21
Other payables and accruals	5,354	6,536
	22,197	22,390

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12 TRADE AND RETENTION PAYABLES AND OTHER PAYABLES AND ACCRUALS (Continued)

(a) Trade payables

Trade payables are unsecured and the credit terms of trade payables granted by suppliers are mostly 30 days from invoice date. The ageing analysis of trade payables based on invoice date as at 30 June 2023 and 31 December 2022 were as follows:

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
0 – 30 days	13,520	5,423
31 – 60 days	643	1,978
61 – 90 days	–	1,512
Over 120 days	–	2,799
	14,163	11,712

(b) Retention payables

The ageing analysis of these retention payables based on the terms of related contracts was as follows:

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
Will be settled within twelve months	275	278
Will be settled more than twelve months after the end of the period/year	2,405	3,864
	2,680	4,142

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 BORROWINGS

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
Non-current		
<i>Unsecured</i>		
Loans from shareholders (Note (b))	–	34,989
	–	34,989
Current		
<i>Secured</i>		
Bank loans with repayment on demand clauses	2,017	–
Total current secured borrowings (Note (a))	2,017	–
<i>Unsecured</i>		
Loans from shareholders (Note (b))	44,236	–
Loan from a former shareholder (Note (c))	–	10,660
Total current unsecured borrowings	44,236	10,660
	46,253	10,660
Total borrowings	46,253	45,649

Notes:

- (a) During the Period, the Group obtained new bank loan amounting to HK\$2,017,000 (six months ended 30 June 2022: HK\$53,126,000) and no bank loans repayment was made (six months ended 30 June 2022: HK\$39,924,000).

As at 30 June 2023 and 31 December 2022, the total bank borrowings were guaranteed/secured by pledged deposits of the Group.

- (b) As at 30 June 2023, loan from shareholder of HK\$40,342,000 (31 December 2022: HK\$33,470,000) was provided by Mr. Kwan Kam Tim. The loan was denominated in HK\$, unsecured, interest bearing at 5.5% per annum, and the principal, together with the interest are repayable on 30 June 2024.

As at 30 June 2023, loan from shareholder of HK\$3,894,000 (31 December 2022: HK\$1,519,000) was provided by another shareholder, Treasure Ship Holding Limited. The loan was denominated in HK\$, unsecured, interest bearing at 5.5% per annum, and the principal, together with the interest are repayable on 30 June 2024.

- (c) As at 31 December 2022, loan from a former shareholder of HK\$10,660,000 was provided by Mr. Mak Kim Hung. The loan was denominated in HK\$, unsecured, interest bearing at 5.5% per annum, and the principal, together with the interest are repayable on 30 June 2023.

As at 30 June 2023, the principal and interest of the loan due to Mr. Mak were fully settled by the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 BORROWINGS (Continued)

The weighted effective interest rates as at each of the six months ended 30 June 2023 and 31 December 2022 were as follows:

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
Import loans	6.41%	–
Other loans	5.50%	5.50%

14 SHARE-BASED PAYMENTS

Pre-IPO Share Option Scheme

The establishment of the Pre-IPO Share Option Scheme was approved by the shareholders on 21 March 2019, which is designed to recognise the contribution of the senior management for the growth of the Group, by granting options to them as incentive or reward, to attract, retain and motivate them to make contributions to the Group and strive for future development and expansion of the Group.

Under the Pre-IPO Share Option Scheme, the options granted are subject to the following vesting schedule:

- 30% of the options granted shall vest on the third anniversary of the date on which the grant was accepted by the grantee (“Acceptance Date”);
- 30% of the options granted shall vest on the sixth anniversary of the Acceptance Date; and
- 40% of the options granted shall vest on the tenth anniversary of the Acceptance Date, or upon the retirement of the grantee at the age of 65, whichever is earlier.

The options granted are also subject to a non-vesting condition, i.e. upon Listing.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 SHARE-BASED PAYMENTS (Continued)

Pre-IPO Share Option Scheme (Continued)

The consideration payable by each of the grantees for the grant of the options is HK\$1.00. The options granted carry no dividend or voting rights before they are vested.

When exercisable, each option is convertible into one ordinary share. The exercise price of options is HK\$0.115 per share.

Set out below are summaries of options granted under the Pre-IPO Share Option Scheme:

	Exercise price per share option	Number of options
At 1 January 2022	HK\$0.115	23,400,000
Cancelled during the six months ended 30 June 2022	HK\$0.115	(23,400,000)
At 30 June 2022		–

During the six months ended 30 June 2022, the Company and each of the grantees of the Pre-IPO Share Option have mutually agreed to cancel all of the Pre-IPO Share Option. As of the date of cancellation, all of the Pre-IPO Share Options have not been vested, exercised or lapsed. Accordingly, in the interim condensed consolidated financial information for the six months ended 30 June 2022, the Group immediately recorded share-based payment expenses of approximately HK\$9,985,000, with a corresponding increase in share-based payment reserve as an acceleration of vesting, and the total share-based payment reserve of approximately HK\$21,973,000 was transferred to retained earnings.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 SHARE-BASED PAYMENTS (Continued)

Pre-IPO Share Option Scheme (Continued)

Upon the cancellation of the Pre-IPO Share Options, there are no outstanding share options under the Pre-IPO Share Option Scheme as at the end of the Period.

Total expenses arising from share-based payment transactions during the six months ended 30 June 2022 were as follows:

	Six months ended 30 June 2022 (unaudited) (restated) HK\$'000
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Share-based payment expenses charged in the interim condensed consolidated statement of comprehensive income	
Continuing operations:	
– Administrative expenses	1,610
– Cost of sales	5,025
	<hr/>
	6,635
	<hr/>
Discontinuing operation:	
– Administrative expenses	–
– Cost of sales	3,350
	<hr/>
	3,350
	<hr/>
	9,985
	<hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15 CASH USED IN OPERATIONS

Reconciliation of profit/(loss) before income tax to cash used in operations:

	Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) (restated) HK\$'000
Profit/(loss) before income tax		
Continuing operations	11,952	5,528
Discontinued operation	–	(64,651)
Profit/(loss) before income tax including discontinued operation	11,952	(59,123)
Adjustment for:		
Depreciation of property, plant and equipment	999	1,148
Amortisation of intangible asset	–	39
Finance income	(24)	(63)
Finance costs	1,415	1,988
Impairment of financial and contract assets	41	–
Non-cash employee benefits expense – share based payment	–	9,985
Net exchange differences	(188)	210
Changes in working capital	14,195	(45,816)
Inventories	(382)	6,959
Trade and retention receivables	(5,629)	10,188
Deposits, prepayments and other receivables	(13,691)	(1,508)
Contract assets and liabilities, net	(11,988)	34,726
Trade, bills and retention payables	990	(33,167)
Other payables and accruals	(1,179)	(2,842)
Provisions	(141)	(831)
Cash used in operations	(17,825)	(32,291)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2023 and 31 December 2022, the Group's contingent liabilities were as follows:

(i) Surety bonds

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
Surety bonds (Note)	14,034	16,911

Note: As at 30 June 2023, the Group provided guarantees of surety bonds in respect of 24 (as at 31 December 2022: 28) construction contracts of the Group in its ordinary course of business respectively. The surety bonds are expected to be released in accordance with the term of the respective construction contracts.

(ii) Claim

In 2018, the Group received a claim from a customer for a damage amounted to approximately HK\$3,381,000. In 2021, the Group received a revised claim of approximately HK\$2,859,000 from the customer. Up to the date of this report, the directors are of the opinion that the final outcome is unable to be determined at this stage. They believe that the Group has reasonable ground to defend the claim which would not result in any material adverse effects to the interim condensed consolidated financial information of the Group.

(iii) Capital commitments

The Group has no material commitments as at 30 June 2023 and 31 December 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17 RELATED PARTY TRANSACTIONS

Parties are considered to be related if an entity, a person or a close member of that person's family has control, joint control or significant influence over the other party in making financial and operating decisions.

The Directors are of the view that the following companies were related parties that had transactions or balances with the Group as at 31 December 2022 and 30 June 2023 and during the six months ended 30 June 2022 and 2023:

Name of related parties	Relationship with the Group
Hope Harvest Limited	Controlled by Mr. Kwan and Mr. Mak

(a) Transactions with related parties:

	Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Leases arrangement with:		
<i>Related party – Hope Harvest Limited (Note)</i>		
– Rent paid	–	240
– Depreciation on right-of-use assets	–	219
– Interest expense on lease liabilities	–	21
Loans from related parties:		
<i>Loan from a shareholder of the Company – Mr. Kwan Kam Tim</i>		
– Loans advanced	6,000	21,400
– Interest charges	872	652
<i>Loan from a shareholder of the Company – Treasure Ship Holding Limited</i>		
– Loans advanced	2,300	–
– Interest charges	75	–
<i>Loan from a former shareholder of the Company – Mr. Mak Kim Hung</i>		
– Loans advanced	–	–
– Interest charges	273	272
– Loan repayment made	10,000	–
– Interest paid	933	–

Note:

During the six months ended 30 June 2022, the rent was charged at fixed price of HK\$40,000 monthly and was mutually agreed with the respective counterparty. No rent was incurred during the Period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
Loans from related parties:		
<i>Loan from a shareholder of the Company – Mr. Kwan Kam Tim</i>	40,342	33,470
<i>Loan from a shareholder of the Company – Treasure Ship Holding Limited</i>	3,894	1,519
<i>Loan from a former shareholder of the Company – Mr. Mak Kim Hung</i>	–	10,660

(c) Key management compensation

Key management includes Executive Directors and the senior management of the Group.

Compensation of the key management personnel of the Group, including Director's remunerations is as follows:

	Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Wages, salaries and allowances	3,643	5,100
Discretionary bonuses	–	–
Share-based payments	–	9,985
Pension costs – defined contribution plans	45	72
	3,688	15,157