



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 2022

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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 AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units A & B, 12/F
Yin Da Commercial Building
No. 181 Wai Yip Street
Kwun Tong
Kowloon
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

	Six months ended 30 June	
	2022 (unaudited) HKD'000	2021 (unaudited) HKD'000
Revenue	107,776	244,113
Gross loss	(42,746)	(48,944)
Loss before income tax	(59,123)	(63,433)
Loss for the period	(61,864)	(73,073)

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 2022 (the “**Period**”).

BUSINESS REVIEW

The Group is principally engaged in providing one-stop design and build solutions for façade works, BMU system works and development, design, production and sale of new energy generation and energy storage system. Through our principal operating subsidiaries, Acme Metal Works (International) Limited and Acme Gondola Systems Limited, the Group has over 32 years of experience in façade works industry, and over 21 years of experience in BMU system works industry.

In the first half of 2022, the outbreak of the new wave of novel coronavirus (“**COVID-19**”) pandemic has caused all walks of life to face different degrees of challenges. As the outbreak affect different areas in varying degrees, the epidemic prevention measures have also changed rapidly in response. The ongoing and unforeseen changes to the construction timetable as well as substantial fluctuations in the building materials prices have substantially increased the cost of certain projects of the Group. As a result, the Façade Works Business recorded gross losses for the Period.

The revenue of the Group for the Period significantly decreased by 55.8% to approximately HK\$107.8 million, as compared with that of approximately HK\$244.1 million recorded for the corresponding period in 2021. Details of the revenue of the Group are set out in the section headed “Financial Review” below.

The Group reported a net loss of approximately HK\$61.9 million for the Period, as compared to a net loss of approximately HK\$73.1 million for the corresponding period in 2021. The net loss of the Group for the Period was primarily due to the combined effect of the following:

- (i) the outbreak of the new wave of COVID-19 pandemic during the first half of 2022, a number of façade construction projects were delayed and construction plans were adjusted to accommodate for tight lockdowns and restrictions in Hong Kong and Mainland China (as some of the suppliers are located in Mainland China). In order to deal with any unexpected change, the Group had to incur more subcontracting charges, storage and transportation cost for making special on-site and logistics arrangements to catch up on the progress of certain façade construction projects during the Period;
- (ii) in the second half of 2020, the Group has engaged new approved suppliers to supply construction material parts for certain projects with a view to reduce the impact brought about by delay in the supply chain as a result of COVID-19 pandemic. However, upon on-site inspection conducted on certain projects during 2021 and the Period, the Group realised that the quality of such construction material parts for unitised curtain wall construction purchased from the new suppliers failed to meet the main contractor’s requirements. Accordingly the Group had to incur additional subcontracting charges and material costs to replace and repair the defective construction materials, which had led to a significant loss in certain projects;
- (iii) the costs of various projects further increased due to the substantial increase in the purchase costs of major raw materials (mainly aluminum, steel and glass) used in the façade work business and the fluctuation of Renminbi causing the suppliers to raise prices; and
- (iv) the Pre-IPO Share Options granted by the Group was cancelled and a share-based payment expenses of approximately HK\$10.0 million was recorded during the Period as an acceleration of vesting in accordance with the relevant accounting standards as disclosed in the announcements of the Company dated 17 January 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

The new wave of COVID-19 outbreak and the new variants of the virus continue to adversely affect businesses and the industry. Despite a high degree of uncertainty in the short term, the Group will continue to be cautiously optimistic about the construction industry in Hong Kong and stick to its principles and fulfill its promises with outstanding quality and firm attitude.

The Group's green new energy business has also successfully launched and its own trademarked brand of solar energy generation and energy storage products have also been registered in several key regions. In the second half of 2022, the Group will continue to strengthen the development of BMU System Business and carry out the green new energy business globally to increase the recurring income of the Group. As such, the Group anticipates that additional fundraising may be required from time to time to support working capital expenses in order to achieve such business growth.

FINANCIAL REVIEW

Revenue

During the Period, the revenue of the Group was approximately HK\$107.8 million. As compared with approximately HK\$244.1 million for the corresponding period in 2021, the revenue of the Group significantly decreased by HK\$136.3 million or 55.8%, which was mainly due to the decrease in Façade Works Business amounting to HK\$152.9 million. Such decrease was mainly due to the delay in construction programs caused by the outbreak of the new wave of COVID-19 during the first half of 2022.

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	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Façade Works Business	29,976	182,831
BMU Systems Business	77,464	61,282
Green New Energy Business	336	–
Total	107,776	244,113

MANAGEMENT DISCUSSION AND ANALYSIS

Gross (loss)/profit

The Façade Works Business recorded a gross loss of approximately HK\$58.0 million for the Period as compared with the gross loss of approximately HK\$67.8 million recorded for the corresponding period in 2021.

As compared to the corresponding period in 2021, the gross profit of BMU Systems Business decreased from approximately HK\$18.8 million to approximately HK\$15.1 million for the Period. The decrease in the gross profit for the Period was mainly due to the decrease in profit margin of the Group's variation orders works due to the outbreak of the new wave of COVID-19 pandemic and overall economic downturn in Hong Kong.

The Green New Energy Business of the Group has been successfully launched and recorded a gross profit margin of approximately 29.5% for the Period.

The following table sets forth a breakdown of the gross (loss)/profit of the Group by business stream for the period indicated:

	Six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	Gross (loss)/	Gross (loss)/
	profit	profit
	HK\$'000	HK\$'000
Façade Works Business	(57,972)	(67,762)
BMU Systems Business	15,127	18,818
Green New Energy Business	99	–
Total	(42,746)	(48,944)

Other income

The other income of the Group increased to HK\$2.0 million for the Period from approximately HK\$0.8 million for the six months ended 30 June 2021.

The other income recorded for the Period mainly represented the government grant under the employment support scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

Other (losses)/gains, net

The net of other (losses)/gains 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 slightly increased by approximately 9.2% to approximately HK\$16.0 million for the Period, as compared to approximately HK\$14.7 million for the corresponding period in 2021. The increase was mainly due to the recognition of approximately HK\$1.6 million of the share-based payment expenses for the administrative and management personnel as an acceleration of vesting the Pre-IPO share option upon its cancellation.

Income tax expenses

The Group's operation is based in Hong Kong which is subject to Hong Kong profit 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 2021, the income tax expenses of the Group for the Period decreased from HK\$9.6 million to HK\$2.7 million. The decrease was mainly due to the reversal of deferred tax credits regarding to the tax loss in Façade Works Business recorded for the six months ended 30 June 2021.

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 of finance costs of the Group for the Period increased to HK\$1.9 million from HK\$0.6 million for the corresponding period in 2021, which was mainly due to the increase in borrowings drawn by the Company.

Net loss for the Period

As a result of the foregoing, the Group reported a net loss of approximately HK\$61.9 million for the Period compared to a net loss of approximately HK\$73.1 million for the corresponding period of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2022, the Group's monetary assets, including cash and cash equivalents, pledged and restricted deposits were approximately HK\$96.0 million (31 December 2021: approximately HK\$96.1 million).

In January 2021, the Group entered into a loan agreement in which the lender had agreed to make available a loan facility up to an aggregate amount of HK\$18 million to finance the general operation of the Group. The loan was denominated in Hong Kong dollar, unsecured, interest bearing at 6.5% per annum, and repayable on the sixth month from the date of draw down. The first HK\$5 million loan was drawn on 28 January 2021, and the maturity date of the loan was extended to 28 December 2022. The second HK\$5 million loan was drawn on 1 March 2021, and the maturity date of the loan was subsequently extended to 1 September 2022. The third HK\$5 million loan was drawn on 10 August 2021, and the maturity date was subsequently extended to 10 February 2023.

In October 2021, the Group entered into a loan agreement with a director of the Company's subsidiary, 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 to finance the general operation of the Group. The loan was denominated in HK\$, unsecured, interest bearing at 5.5% per annum, and repayable by 28 February 2022. 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.

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 to finance the general operation of the Group. The loan was denominated in HK\$, unsecured, interest bearing at 5.5% per annum, and repayable by 30 June 2022. During the first half year of 2022, the Group entered into three supplemental loan agreements with Mr. Kwan to increase the loan facility up to an aggregate amount of HK\$38 million and extend the repayment date to 30 June 2023, with the other terms remaining unchanged.

As at 30 June 2022, the Group's total borrowings amounted to approximately HK\$84.5 million (31 December 2021: approximately HK\$49.3 million). The borrowings of the Group as at 30 June 2022 were denominated in Hong Kong dollars, and carried interest rates of 5.50% to 6.50% per annum (31 December 2021: same).

As at 30 June 2022, the Group had unutilised credit facilities of HK\$20.1 million (31 December 2021: approximately HK\$28.2 million).

As at 30 June 2022, 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%) increased to approximately 85.9%, compared to gearing ratio of 34.9% as at 31 December 2021. The increase in gearing ratio was mainly attributable to the increase in total debt from approximately HK\$53.8 million as at 31 December 2021 to approximately HK\$87.9 million as at 30 June 2022 and the decrease in total equity due to net loss 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 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2022, the Group has no plan for any material investments or capital assets.

PLEDGE OF ASSETS

As at 30 June 2022, pledged deposits in the sum of approximately HK\$67.1 million (31 December 2021: HK\$65.4 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 17 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 set out in Appendix 14 to the Listing Rules (the “**CG Code**”) 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 during the Period, except the following deviation:

Code provision C.2.1

Under code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the Period, Mr. Kwan Kam Tim was the chairman of the Board and the chief executive officer of the Company until his resignation as the chief executive officer with effect from 27 May 2022. On 27 May 2022, Mr. Poon Pui Kit has been appointed as the chief executive officer of the Company with immediate effect.

The Company will continue to review and enhance its corporate governance practices to ensure the compliance with the CG Code.

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.

OTHER INFORMATION

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 2022, 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 of Hong Kong Limited (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	172,000,000	27.56%

Notes:

1. The calculation is based on the total number of 624,000,000 shares in issue as at 30 June 2022.
2. RR (BVI) Limited is the registered and beneficial owner holding 27.56% 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 172,000,000 shares held by RR (BVI) Limited.

Save as disclosed above, as at 30 June 2022, 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 2022, 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⁾
RR (BVI) Limited	Beneficial owner	172,000,000	27.56%
Ms. Ma Lai Ling ⁽²⁾	Interest of spouse	172,000,000	27.56%
Treasure Ship Holding Limited	Beneficial owner	122,000,000	19.55%
Mr. Liao Shigang	Beneficial owner	44,865,000	7.19%
	Interest of spouse	12,500,000	2.00%
Ms. Zhao Yuzhu	Beneficial owner	12,500,000	2.00%
	Interest of spouse	44,865,000	7.19%
Mr. Teng Rongsong ⁽³⁾	Interest in controlled corporation	40,000,000	6.41%
Timeness Vision Limited ⁽³⁾	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 2022.
2. 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.
3. 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 2022, 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 2022, the Group had 101 full-time employees (As at 31 December 2021: 128 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.

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

OTHER INFORMATION

The following table sets forth a summary of the grantees who have been granted options under the Pre-IPO Share Option Scheme:

Name of grantee	Position of grantee	Date of grant	Exercise price per share	Number of share options granted as at 1 January 2022	Number of share options cancelled during the Period	Number of share options granted as at 30 June 2022
Ms. Leung Ng Mui May	Executive director	21 March 2019	HK\$0.115	3,900,000	(3,900,000)	–
Mr. Poon Pui Kit	Chief executive officer	21 March 2019	HK\$0.115	11,700,000	(11,700,000)	–
Mr. Wong Lap Sun Sunny	General manager	21 March 2019	HK\$0.115	3,900,000	(3,900,000)	–
Mr. Lau Bing Shing	General manager and Project director	21 March 2019	HK\$0.115	3,900,000	(3,900,000)	–

Save as disclosed above, as at 30 June 2022, 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 13 to the condensed consolidated financial statements.

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.

OTHER INFORMATION

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 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.

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.

OTHER INFORMATION

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.

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

Save for the changes in Directors' offices set out below, 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 2021 annual report of the Company.

Mr. Chin Wai Keung Richard resigned as executive director of Huiyin Holdings Group Limited with effect from 16 May 2022.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June	
		2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Revenue	4	107,776	244,113
Cost of sales	5	(150,522)	(293,057)
Gross loss		(42,746)	(48,944)
Other income		1,999	768
Other (losses)/gains, net		(417)	11
Administrative expenses	5	(16,034)	(14,686)
Operating loss		(57,198)	(62,851)
Finance income		63	49
Finance costs		(1,988)	(631)
Finance costs, net		(1,925)	(582)
Loss before income tax		(59,123)	(63,433)
Income tax expenses	6	(2,741)	(9,640)
Loss for the period		(61,864)	(73,073)
Loss attributable to:			
Owners of the Company		(61,781)	(73,073)
Non-controlling interests		(83)	–
		(61,864)	(73,073)
Loss per share attributable to owners of the Company for the period			
– Basic and Diluted (HK cents)	7	(9.90)	(14.05)

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	
		2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Loss for the period			
Other comprehensive loss:		(61,864)	(73,073)
<i>Item that may be reclassified subsequently to consolidated income statement</i>			
Exchange difference on translation of foreign operation		(8)	–
Other comprehensive loss for the period		(8)	–
Total comprehensive loss for the period		(61,872)	(73,073)
Total comprehensive loss attributable to:			
Owners of the Company		(61,786)	(73,073)
Non-controlling interests		(86)	–
		(61,872)	(73,073)

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 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	3,415	4,462
Intangible asset		641	680
Deposits and prepayments	11	681	925
		4,737	6,067
Current assets			
Inventories		22,612	29,571
Trade and retention receivables	9	51,903	62,091
Contract assets	10	119,982	156,639
Deposits, prepayments and other receivables	11	12,448	10,698
Pledged deposits		67,118	65,374
Restricted deposits		11,109	8,461
Cash and cash equivalents		17,729	22,294
		302,901	355,128
Total assets		307,638	361,195
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	6,240	6,240
Reserves		96,196	147,997
		102,436	154,237
Non-controlling interests		13	–
Total equity		102,449	154,237

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		1,086	2,262
Deferred income tax liabilities		26	18
Provisions		1,695	1,252
		2,807	3,532
Current liabilities			
Trade, bills and retention payables	14	91,543	124,584
Contract liabilities	10	4,450	6,381
Other payables and accruals	14	4,379	7,216
Income tax liabilities		4,030	1,301
Borrowings	15	84,541	49,300
Lease liabilities		2,316	2,247
Provisions		11,123	12,397
		202,382	203,426
Total liabilities		205,189	206,958
Total equity and liabilities		307,638	361,195

The financial statements on pages 18 to 44 were approved by the Board of Directors on 31 August 2022 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	Retained earnings HK\$'000	Total HK\$'000
Balances as at 1 January 2021	5,200	99,743	7,672	37,524	167,715	317,854
Comprehensive loss						
Loss for the period and total comprehensive loss	–	–	–	–	(73,073)	(73,073)
Transaction with owners in their capacity as owners						
Share-based payment expenses (Note 13)	–	–	2,157	–	–	2,157
Balances as at 30 June 2021	5,200	99,743	9,829	37,524	94,642	246,938

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 13)	-	-	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

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	
		2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Cash flows from operating activities			
Cash used in operations	16	(32,291)	(19,730)
Income tax paid		–	–
Net cash used in operating activities		(32,291)	(19,730)
Cash flows from investing activities			
Purchases of property, plant and equipment		(102)	(746)
Interest received		63	49
Net cash used in investing activities		(39)	(697)
Cash flows from financing activities			
Proceeds from borrowings	15	75,609	50,816
Repayments of borrowings	15	(39,924)	(23,124)
Principal elements of lease payments		(1,230)	(1,041)
Increase in pledged deposits		(1,723)	(3,021)
Increase in restricted deposits		(2,648)	(2,171)
Interest paid		(1,864)	(385)
Capital injection by non-controlling interests		99	–
Net cash generated from financing activities		28,319	21,074
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		22,294	42,135
Effect of foreign exchange rate changes		(554)	518
Cash and cash equivalents at end of the period		17,729	43,300

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"), 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, as modified by the financial assets at fair value through other comprehensive income which are carried at fair values.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information for the six months ended 30 June 2022 are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the estimation of income tax which is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year, revenue recognition from sales of new energy and energy generation and energy storage system and the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2022:

Revenue recognition from sales of new energy generation and energy storage system

The Group engages in development, design, production and sale of new energy and energy generation and energy storage system. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has accepted the products, the collection of the related consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

New and revised HKFRSs

Amendments to Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020 Cycle
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use

The adoption of these new and amendments to HKFRSs and an interpretation in the current period 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 2021. 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 of the Company.

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;
- 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 and energy storage system

Segment assets mainly exclude right-of-use assets for properties, intangible asset, pledged 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\$1,121,000 and amortisation of HK\$39,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: 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 2021 and 2022 are as follows:

	Six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Customer A		
– Façade Works Business	28,139	93,850
– BMU Systems Business	6,334	12,914
	34,473	106,764
Customer B		
– Façade Works Business	3,103	N/A
– BMU Systems Business	14,477	N/A
	17,580	N/A
Customer C		
– Façade Works Business	2,541	31,131
– BMU Systems Business	19,844	9,414
	22,385	40,545
Customer D		
– Façade Works Business	N/A	38,740
– BMU Systems Business	N/A	5,207
	N/A	43,947

(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	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Hong Kong	106,036	244,113
Macau	1,404	–
Malaysia	336	–
	107,776	244,113

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.

	Façade Works Business		BMU Systems Business		Green New Energy Business		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Revenue from external customers recognised at a point in time	-	-	-	-	336	-	336	-
Revenue from external customer recognised over time	29,976	182,831	77,464	61,282	-	-	107,440	244,113
	29,976	182,831	77,464	61,282	336	-	107,776	244,113
Segment results	(66,270)	(77,029)	12,917	16,817	(304)	-	(53,657)	(60,212)
Unallocated other operating income							32	-
Unallocated corporate expenses							(3,573)	(2,639)
Finance income							63	49
Finance costs							(1,988)	(631)
Loss before income tax							(59,123)	(63,433)
Income tax expenses							(2,741)	(9,640)
Loss for the period							(61,864)	(73,073)
Other segment information:								
Additions to property, plant and equipment	-	30	102	55	-	-	102	85
Depreciation	-	98	27	21	-	-	27	119

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 REVENUE AND SEGMENT INFORMATION (Continued)

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

	Façade Works Business		BMU Systems Business		Green New Energy Business		Total	
	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
Segment assets	89,973	128,927	118,456	130,863	47	–	208,476	259,790
Unallocated assets							99,162	101,405
Total assets							307,638	361,195
Segment liabilities	91,086	121,762	19,206	28,387	128	–	110,420	150,149
Unallocated liabilities							94,769	56,809
Total liabilities							205,189	206,958

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 EXPENSES BY NATURE

	Six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Construction costs recognised in cost of sales (Note a)	142,584	283,585
Provision for onerous construction contracts	7,938	9,371
Entertainment expenses	265	744
Office expenses	1,030	866
Employee benefit expenses recognised in administrative expenses (including directors' emoluments)	8,753	7,002
Depreciation of property, plant and equipment	1,148	1,240
Amortisation expenses	39	39
Insurance expenses	1,227	1,299
Auditor's remuneration	1,000	1,000
Legal and professional fee	1,417	1,114
Bank charges	96	203
Travelling expenses	201	395
Warranty expenses	–	101
Other expenses	858	784
	166,556	307,743
Representing:		
Cost of sales	150,522	293,057
Administrative expenses	16,034	14,686
	166,556	307,743

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% (2021: 16.5%), 25% (2021: N/A) and 12% (2021: N/A), 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 statement represented:

	Six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Current income tax	2,733	2,941
Deferred income tax	8	6,699
	2,741	9,640

7 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the 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 2021 and 2022.

	Six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)
Loss attributed to owners of the Company (HK\$'000)	(61,781)	(73,073)
Weighted average number of ordinary shares in issue (thousands)	624,000	520,000
Basic loss per share (HK cents)	(9.90)	(14.05)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7 LOSS PER SHARE (Continued)

(b) Diluted

Diluted 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 2021 and 2022, the Company has one category of potentially dilutive shares, the Pre-IPO Share Option. For the Pre-IPO Share Option, calculation was performed to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options. On 17 January 2022, the Pre-IPO Share Option granted by the Group was cancelled (Note 13).

Diluted loss per share for the six months ended 30 June 2021 and 2022 is the same as basic loss per share as the conversion of potential ordinary shares in relation to the outstanding Pre-IPO Share Options would have an antidilutive effect on the basic loss per share.

8 PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Opening balance	4,462	1,769
Additions	102	5,497
Depreciation	(1,148)	(1,240)
Exchange difference	(1)	–
Closing balance	3,415	6,026

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9 TRADE AND RETENTION RECEIVABLES

	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
Trade receivables (Note (a))	17,418	27,221
Retention receivables (Note (b))	34,485	34,870
Trade and retention receivables	51,903	62,091

(a) Trade receivables

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

	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
0 – 30 days	9,232	15,379
31 – 60 days	6,780	10,792
61 – 90 days	483	382
91 – 180 days	156	595
Over 180 days	767	73
	17,418	27,221

(b) Retention receivables

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

	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
Will be recovered within twelve months	21,294	8,002
Will be recovered more than twelve months after the end of the period/year	13,191	26,868
	34,485	34,870

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10 CONTRACT ASSETS/LIABILITIES

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

	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
Contract assets relating to façade works construction contracts	47,971	74,157
Contract assets relating to BMU systems construction contracts	72,011	82,482
Total contract assets	119,982	156,639
Contract liabilities relating to façade works construction contracts	1,383	4,436
Contract liabilities relating to BMU systems construction contracts	3,067	1,945
Total contract liabilities	4,450	6,381

11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
Non-current		
Prepayments	646	279
Deposits and other receivables	35	646
	681	925
Current		
Deposits and other receivables	1,565	147
Prepayments for construction materials	8,336	6,271
Other prepayments	2,547	4,280
	12,448	10,689
	13,129	11,623

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12 SHARE CAPITAL

	Number of ordinary shares	Share Capital (unaudited) HK\$'000
Authorised:		
As at 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	4,000,000,000	40,000
Issued and fully paid:		
As at 1 January 2021	520,000,000	5,200
Placing and subscription of new shares (Note)	104,000,000	1,040
As at 31 December 2021, 1 January 2022 and 30 June 2022	624,000,000	6,240

Note: On 30 July 2021, the Company entered into the placing agreement with the joint placing agents in respect of the placing of up to 52,000,000 new shares at an issue price of HK\$0.19 per share (the "Placing"). In addition, on the same day, the Company entered into the subscription agreement with a subscriber, of which the subscriber agreed to subscribe for 52,000,000 new shares at a subscription price of HK\$0.19 per share (the "Subscription"). The Placing and the Subscription were completed on 20 August 2021 and 104,000,000 new shares in total were issued at HK\$0.19 per share, with consideration (net of transaction costs) of approximately HK\$19,530,000.

13 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.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 SHARE-BASED PAYMENTS (Continued)

Pre-IPO Share Option Scheme (Continued)

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

	Exercise price per share option	Number of options
At 31 December 2021	HK\$0.115	23,400,000
Cancelled during the period	HK\$0.115	(23,400,000)
At 30 June 2022		–

During the Period, the Company and each of the grantees of the Pre-IPO Share Option have mutually agreed to cancel the Pre-IPO Share Option Scheme. 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.

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.

Share options outstanding as at 31 December 2021 has the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	Number of options
21 March 2019	21 March 2029	HK\$0.115	23,400,000

The weighted average remaining contractual life of options outstanding at end of 31 December 2021 was 7.23 years. No outstanding share options as at 31 December 2021 were vested.

Total expenses arising from share-based payment transactions during the period were as follows:

	Six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Share-based payment expenses charged in the interim condensed consolidated statement of comprehensive income		
– Administrative expenses	1,610	376
– Cost of sales	8,375	1,781
	9,985	2,157

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 TRADE, BILLS AND RETENTION PAYABLES AND OTHER PAYABLES AND ACCRUALS

	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
Trade payables (Note (a))	69,023	105,553
Bills payable (Note (b))	1,677	–
Retention payable (Note (c))	20,843	19,031
Trade, bills and retention payables	91,543	124,584
Accrued staff costs	554	3,587
Other accrued operating expenses	3,150	3,048
Other payables	675	601
Other payables and accruals	4,379	7,216
	95,922	131,800

(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 2022 and 31 December 2021 were as follows:

	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
0 – 30 days	27,009	47,091
31 – 60 days	1,677	14,821
61 – 90 days	12,253	4,146
91 – 120 days	1,261	11,778
Over 120 days	26,823	27,717
	69,023	105,553

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 TRADE, BILLS AND RETENTION PAYABLES AND OTHER PAYABLES AND ACCRUALS (Continued)

(b) Bills payables

The balance represents bank acceptance notes with maturity dates due within two months. The maturity days of the bills payables of the Group are as follows:

	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
Due between 31 to 60 days	1,677	–

(c) Retention payables

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

	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
Will be settled within twelve months	4,807	2,214
Will be settled more than twelve months after the end of the period/year	16,036	16,817
	20,843	19,031

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15 BORROWINGS

	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
Current		
<i>Secured</i>		
Bank loans with repayment on demand clauses	26,663	13,905
Total secured borrowings (Note (a))	26,663	13,905
<i>Unsecured</i>		
Loans from shareholders (Note (b))	42,478	20,154
Other loans (Note (c))	15,400	15,241
Total unsecured borrowings	57,878	35,395
Total borrowings	84,541	49,300

Notes:

- (a) During the Period, the Group obtained new bank loan amounting to HK\$53,126,000 (six months ended 30 June 2021: HK\$40,816,000) and repaid bank loans amounting to HK\$39,924,000 (six months ended 30 June 2021: HK\$23,124,000).
- As at 30 June 2022 and 31 December 2021, the total bank borrowings were guaranteed/secured by pledged deposits of the Group.
- (b) As at 30 June 2022, loan from shareholder of HK\$32,095,000 (31 December 2021: HK\$10,044,000) 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 2023.
- As at 30 June 2022, loan from shareholder of HK\$10,383,000 (31 December 2021: HK\$10,110,000) was provided by another shareholder, 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 2022.
- (c) As at 30 June 2022, other loans from a third party of HK\$15,400,000 (31 December 2021: HK\$15,241,000) was denominated in HK\$, unsecured, interest bearing at 6.5% per annum, and repayable on the sixth months from the date of the drawdown.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15 BORROWINGS (Continued)

The weighted effective interest rates as at each of the six months ended 30 June 2022 and 31 December 2021 were as follows:

	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
Import loans	6.05%	6.07%
Other loans	5.77%	5.93%

16 CASH USED IN OPERATIONS

Reconciliation of loss before income tax to cash used in operations:

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Loss before income tax	(59,123)	(63,433)
Adjustment for:		
Depreciation of property, plant and equipment	1,148	1,240
Amortisation of intangible asset	39	39
Finance income	(63)	(49)
Finance costs	1,988	631
Non-cash employee benefits expense – share based payment	9,985	2,157
Net exchange differences	210	(1,125)
	(45,816)	(60,540)
Changes in working capital		
Inventories	6,959	19,507
Trade and retention receivables	10,188	1,976
Deposits, prepayments and other receivables	(1,508)	5,209
Contract assets and liabilities, net	34,726	28,510
Trade, bills and retention payables	(33,167)	(20,260)
Other payables and accruals	(2,842)	(3,245)
Provisions	(831)	9,113
Cash used in operations	(32,291)	(19,730)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17 CONTINGENCIES

As at 30 June 2022 and 31 December 2021, the Group's contingent liabilities were as follows:

(i) Surety bonds

	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
Surety bonds (Note)	41,401	50,359

Note: As at 30 June 2022, the Group provided guarantees of surety bonds in respect of 32 (as at 31 December 2021: 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

During the year ended 31 December 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) Commitments and contingent liabilities in respect of a joint venture

On 15 October 2021, Zhejiang Xinneng Zhonghe Technology Co., Ltd. (浙江信能中和科技有限公司) ("Xinneng Zhonghe"), a 60% equity-interest-owned joint venture of the Group, was incorporated in the People's Republic of China with registered share capital of RMB10,000,000. Its principal activities are expected to be the development of businesses in (i) green building construction materials; (ii) new energy including solar energy, hydrogen energy and energy storage system; and (iii) carbon emission trading, low and zero carbon technologies. As at 31 December 2021, the Group has not inject any share capital to the joint venture and is committed to provide funding to the joint venture's share capital of RMB6,000,000 (equivalent to HK\$7,351,000). The Group had no contingent liabilities in respect of the joint venture.

As at 30 June 2022, the Group has no capital commitments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18 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 2021 and 30 June 2022 and during the six months ended 30 June 2021 and 2022:

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

(a) Transactions and balances with related parties:

	Six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Leases arrangement with:		
<i>Related party – Hope Harvest Limited (Note)</i>		
– Rent paid	240	240
– Depreciation on right-of-use assets	219	219
– Interest expense on lease liabilities	21	34
Loans from related parties:		
<i>Loan from a shareholder of the Company – Mr. Kwan Kam Tim</i>		
– Loans advanced	21,400	–
– Interest charges	652	–
<i>Loan from a shareholder of the Company – Mr. Mak Kim Hung</i>		
– Loans advanced	–	–
– Interest charges	272	–

Note:

The tenancy agreement was signed on 27 September 2018 and renewed on 26 September 2020. The rent was charged at fixed price of HK\$40,000 monthly and was mutually agreed with the respective counterparty.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

	As at 30 June 2022 (unaudited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
<i>Related party – Hope Harvest Limited</i>		
– Right-of-use assets	511	730
– Lease liabilities	572	791
Loans from related parties:		
<i>Loan from a shareholder of the Company – Mr. Kwan Kam Tim</i>	32,095	10,044
<i>Loan from a shareholder of the Company – Mr. Mak Kim Hung</i>	10,383	10,110

(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	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Wages, salaries and allowances	5,100	5,689
Discretionary bonuses	–	–
Share-based payments	9,985	2,157
Pension costs – defined contribution plans	72	54
	15,157	7,900