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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 RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

FINANCIAL HIGHLIGHTS

	For the six months ended	
	30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue	83,932	75,678
Gross profit	20,872	24,539
Gross profit margin	24.9%	32.4%
Profit for the period	4,478	9,094

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”, each the “**Director**”) of Acme International Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively as the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with the unaudited comparative figures for the six months ended 30 June 2023 as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2024	2023
		(unaudited)	(unaudited)
	Note	HK\$'000	HK\$'000
Revenue	3	83,932	75,678
Cost of sales	4	<u>(63,060)</u>	<u>(51,139)</u>
Gross profit		20,872	24,539
Other losses, net		(126)	(143)
Administrative expenses	4	(12,744)	(11,012)
Impairment of financial assets and contract assets		<u>(132)</u>	<u>(41)</u>
Operating profit		7,870	13,343
Finance income		95	24
Finance costs		<u>(1,642)</u>	<u>(1,415)</u>
Finance costs, net		<u>(1,547)</u>	<u>(1,391)</u>
Profit before income tax		6,323	11,952
Income tax expenses	5	<u>(1,845)</u>	<u>(2,858)</u>
Profit for the period		<u>4,478</u>	<u>9,094</u>
Profit attributable to:			
Owners of the Company		4,624	9,855
Non-controlling interests		<u>(146)</u>	<u>(761)</u>
		<u>4,478</u>	<u>9,094</u>
Earnings per share attributable to owners of the Company for the period			
– Basic and diluted (<i>HK cents</i>)	7	<u>0.74</u>	<u>1.58</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	4,478	9,094
Other comprehensive loss:		
<i>Item that may be reclassified subsequently to consolidated income statement</i>		
Exchange difference on translation of foreign operation	(75)	(28)
Other comprehensive loss for the period	(75)	(28)
Total comprehensive income for the period	4,403	9,066
Total comprehensive income attributable to:		
Owners of the Company	4,552	9,835
Non-controlling interests	(149)	(769)
	4,403	9,066

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2024 (unaudited) <i>HK\$'000</i>	As at 31 December 2023 (audited) <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		4,555	2,824
Deposits and prepayments		660	395
Deferred tax assets		278	270
		5,493	3,489
Current assets			
Inventories		2,683	3,437
Trade and retention receivables	8	37,788	49,267
Contract assets	9	93,152	83,394
Deposits, prepayments and other receivables		9,709	3,807
Amount due from non-controlling interests		–	485
Restricted deposits		11,844	15,768
Cash and cash equivalents		48,500	46,269
		203,676	202,427
Total assets		209,169	205,916
EQUITY			
Equity attributable to owners of the Company			
Share capital	10	6,240	6,240
Reserves		103,054	98,502
		109,294	104,742
Non-controlling interests		289	1,020
Total equity		109,583	105,762

		As at 30 June 2024 (unaudited) <i>HK\$'000</i>	As at 31 December 2023 (audited) <i>HK\$'000</i>
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Borrowings		–	56,294
Lease liabilities		2,046	1,069
Provisions		769	800
		<hr/> 2,815	<hr/> 58,163
Current liabilities			
Trade and retention payables	<i>11</i>	16,690	23,726
Contract liabilities	<i>9</i>	8,557	3,731
Other payables and accruals		5,192	7,386
Income tax liabilities		3,161	2,465
Borrowings		61,124	3,413
Lease liabilities		2,047	1,270
		<hr/> 96,771	<hr/> 41,991
Total liabilities		<hr/> 99,586	<hr/> 100,154
Total equity and liabilities		<hr/> 209,169	<hr/> 205,916

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Acme International Holdings Limited (the “**Company**”) 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 building maintenance unit (“**BMU**”) systems (“**BMU Systems Business**”) and development, design, production and sales of new energy generation and energy storage system and provision of services for sales of electricity (“**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 for the six months ended 30 June 2024 has 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 D2 to the Rules Governing the Listing of Securities on The Stock Exchange (the “**Listing Rules**”).

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial information for the six months ended 30 June 2024 are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the estimation of income tax (Note 5) and the adoption of the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) effective as of 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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 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:

- 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 and provision of services for sales of electricity.

Segment assets mainly exclude right-of-use assets for properties, deferred tax assets, 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 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\$861,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: depreciation expenses of HK\$756,000).

(a) 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	
	2024	2023
	(unaudited)	(unaudited)
	HK\$’000	HK\$’000
– Hong Kong	76,196	64,529
– Macau	1,377	11,047
– The PRC	5,948	3
– Others	411	99
	<hr/>	<hr/>
Total	83,932	75,678
	<hr/> <hr/>	<hr/> <hr/>

(b) **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 certain assets and other corporate items, which are managed on a central basis.

	BMU Systems Business		Green New Energy Business		Total	
	Six months ended 30 June 2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	Six months ended 30 June 2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	Six months ended 30 June 2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Revenue from external customers recognised at a point in time	-	-	411	102	411	102
Revenue from external customers recognised over time	77,573	75,576	5,948	-	83,521	75,576
	77,573	75,576	6,359	102	83,932	75,678
Segment results	11,832	18,498	542	(1,438)	12,374	17,060
Unallocated corporate expenses:						
Depreciation					(861)	(756)
Legal and professional fee					(1,220)	(1,531)
Unallocated operating expenses					(2,423)	(1,430)
					(4,504)	(3,717)
Finance income					95	24
Finance costs					(1,642)	(1,415)
Profit before income tax					6,323	11,952
Income tax expenses					(1,845)	(2,858)
Profit for the period					4,478	9,094
Other segment information:						
Additions to property, plant and equipment	233	243	89	620	322	863
Depreciation	170	69	22	174	192	243

	BMU Systems Business		Green New Energy Business		Total	
	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
Segment assets	140,395	140,068	4,161	733	144,556	140,801
Unallocated assets:						
Property, plant and equipment					3,774	2,156
Deferred tax assets					278	270
Deposits, prepayments and other receivables					217	167
Amount due from non-controlling interests					–	485
Cash and bank balances					60,344	62,037
					<u>64,613</u>	<u>65,115</u>
Total assets					<u>209,169</u>	<u>205,916</u>
Segment liabilities	25,432	32,221	2,324	1,024	27,756	33,245
Unallocated liabilities:						
Borrowings					61,124	59,707
Lease liabilities					4,093	2,339
Provision					38	–
Other payables and accruals					3,414	2,398
Income tax liabilities					3,161	2,465
					<u>71,830</u>	<u>66,909</u>
Total liabilities					<u>99,586</u>	<u>100,154</u>

4 EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Construction costs (<i>Note (a)</i>), cost of inventories and cost of services recognised in cost of sales	63,060	51,139
Entertainment expenses	568	390
Office expenses	317	400
Employee benefit expenses recognised in administrative expenses (including directors' emoluments)	6,964	4,917
Depreciation of property, plant and equipment	1,053	999
Insurance expenses	764	737
Auditor's remuneration	875	1,125
Legal and professional fees	1,243	1,596
Bank charges	78	60
Travelling expenses	330	279
Other expenses	552	509
	75,804	62,151
Representing:		
Cost of sales	63,060	51,139
Administrative expenses	12,744	11,012
	75,804	62,151

Note:

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

5 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% (2023: 16.5%), 25% (2023: 25%) and 12% (2023: 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 condensed consolidated income statements represented:

	Six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Current income tax	1,853	2,823
Deferred income tax	(8)	35
	<u>1,845</u>	<u>2,858</u>

6 DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

7 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2023 and 2024.

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
Profit attributed to owners of the Company (HK\$'000)	4,624	9,855
Weighted average number of ordinary shares in issue (thousands)	<u>624,000</u>	<u>624,000</u>
Basic earnings per share (HK cents)	<u>0.74</u>	<u>1.58</u>

(b) Diluted

Diluted earnings 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 2023 and 2024, there is no potential dilutive shares and the diluted earnings per share is the same as the basic earnings per share.

8 TRADE AND RETENTION RECEIVABLES

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
Trade receivables (<i>Note (a)</i>)	22,958	34,705
Retention receivables (<i>Note (b)</i>)	15,772	15,529
	<u>38,730</u>	<u>50,234</u>
Less: loss allowance	(942)	(967)
	<u>37,788</u>	<u>49,267</u>

(a) Trade receivables

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

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
0-30 days	10,771	12,941
31-60 days	6,127	8,539
61-90 days	648	10,255
91-180 days	1,495	1,167
Over 180 days	3,917	1,803
	<u>22,958</u>	<u>34,705</u>

(b) Retention receivables

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

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
Will be recovered within twelve months	5,393	5,366
Will be recovered more than twelve months after the end of the period/year	10,379	10,163
	<u>15,772</u>	<u>15,529</u>

9 CONTRACT ASSETS/LIABILITIES

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

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
Contract assets relating to BMU systems construction contracts	94,272	84,357
Less: loss allowance	<u>(1,120)</u>	<u>(963)</u>
Total contract assets	<u><u>93,152</u></u>	<u><u>83,394</u></u>
Contract liabilities relating to BMU systems construction contracts	8,557	3,606
Contract liabilities relating to Green New Energy contracts	<u>–</u>	<u>125</u>
Total contract liabilities	<u><u>8,557</u></u>	<u><u>3,731</u></u>

10 SHARE CAPITAL

	Number of ordinary shares	Share Capital (unaudited) HK\$'000
Authorised:		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	<u>4,000,000,000</u>	<u>40,000</u>
Issued and fully paid:		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	<u>624,000,000</u>	<u>6,240</u>

11 TRADE AND RETENTION PAYABLES

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
Trade payables (Note (a))	13,938	20,977
Retention payable (Note (b))	<u>2,752</u>	<u>2,749</u>
Trade and retention payables	<u><u>16,690</u></u>	<u><u>23,726</u></u>

(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 2024 and 31 December 2023 were as follows:

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) <i>HK\$'000</i>
0-30 days	5,716	9,945
31-60 days	677	5,303
61-90 days	880	232
91-120 days	672	–
Over 120 days	5,993	5,497
	<hr/> 13,938 <hr/>	<hr/> 20,977 <hr/>

(b) **Retention payables**

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

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) <i>HK\$'000</i>
Will be settled within twelve months	215	317
Will be settled more than twelve months after the end of the period/year	2,537	2,432
	<hr/> 2,752 <hr/>	<hr/> 2,749 <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

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 and provision of services for sales of electricity (“**Green New Energy Business**”).

As compared with the corresponding period in 2023, the revenue of the Group for the six months ended 30 June 2024 slightly increased by 10.9% from approximately HK\$75.7 million to approximately HK\$83.9 million. However, the Group recorded a decrease in gross profit and net profit from approximately HK\$24.5 million to approximately HK\$20.9 million and from approximately HK\$9.1 million to approximately HK\$4.5 million, respectively. The decrease in gross profit and net profit of the Group was mainly attributable to the decrease in the profit margin of BMU systems installation, decrease in the number and profit margin of the variation order received by the BMU Systems Business of the Group and the increased expenses of the development of the Green New Energy Business during the Period.

For the Green New Energy Business, the Group’s electricity sales business in Guangdong and Shandong Provinces are currently progressing smoothly, having achieved milestones in its development. As a result, the Group’s Green New Energy Business generated approximately HK\$6.4 million in revenue during the first half of 2024.

OUTLOOK

For the BMU Systems Business, the first half of 2024 has presented a certain degree of challenges for the Group, as the Hong Kong property market experienced a notable slowdown in first-hand property transactions. This has directly impacted the profit margin of the Group, as compared with the corresponding period in 2023.

Despite the prevailing market conditions, the management team remains cautiously optimistic about the long-term prospects of the Hong Kong construction industry. The management of the Company believes there are still pockets of opportunity, but we must adapt our strategies to navigate the current market conditions. 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.

For the Green New Energy Business, the Group’s electricity sales operations in Guangdong and Shandong Provinces are currently progressing smoothly. Most recently, in July 2024, the Group has expanded its geographic reach by obtaining the market electricity sales license from the Hunan Power Exchange Centre. The Group plans to continue expanding its electricity sales business in other provinces with mature electricity spot markets, such as Shanxi.

Building on this foundation, in April 2024, the Group took a strategic step forward by acquiring a New Zealand company specializing in the installation of rooftop solar energy equipment. This transaction, completed in July 2024, has further strengthened the Group’s capabilities and expertise in the renewable energy sector. For details, please refer to “Significant Event After the Reporting Period” of this announcement.

Furthermore, the Group concurrently established a new subsidiary, which focuses on developing and applying AI technology in the new energy power sector to diversify its new energy businesses and seek additional investment opportunities.

Looking ahead, the Group expects to further expand and diversify its Green New Energy Business through geographical expansion, technology integration and product diversification.

FINANCIAL REVIEW

Revenue

During the Period, the revenue of the Group was approximately HK\$83.9 million. As compared with approximately HK\$75.7 million for the corresponding period in 2023, the revenue of the Group slightly increased by HK\$8.2 million or 10.9%, which was mainly due to the increase in the number of BMU systems installed during the Period and the contribution from the electricity sales business in Guangdong and Shandong Provinces under the Green New Energy Business segment.

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	
	2024	2023
	(unaudited)	(unaudited)
	HK\$’000	HK\$’000
BMU Systems Business	77,573	75,576
Green New Energy Business	6,359	102
Total	83,932	75,678

Gross profit and gross profit margin

As compared with the corresponding period in 2023, the gross profit and gross profit margin of the Group significantly decreased from approximately HK\$24.5 million and 32.4% to approximately HK\$20.9 million and 24.9%, respectively. The decrease in gross profit and gross profit margin was mainly attributable to the decrease in the profit margin of BMU systems installation and decrease 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 for the Period 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 15.7% to approximately HK\$12.7 million for the Period, as compared to approximately HK\$11.0 million for the corresponding period in 2023. The increase was mainly due to the increase in employee benefit 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 2023, the income tax expenses of the Group for the Period decreased from HK\$2.9 million to HK\$1.8 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\$1.5 million from HK\$1.4 million for the corresponding period in 2023, which was mainly due to the increase in borrowings drawn by the Company.

Net profit for the Period

As a result of the foregoing, the Group reported a net profit of approximately HK\$4.5 million for the Period compared to a net profit of approximately HK\$9.1 million for the corresponding period of 2023. The decrease was mainly attributable to the decrease in the profit margin of BMU systems installation, decrease in the number and profit margin of the variation order received by the BMU Systems Business of the Group and the increased expenses of the development of the Green New Energy Business during the Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2024, the Group's monetary assets, including cash and cash equivalents and restricted deposits were approximately HK\$60.3 million (31 December 2023: approximately HK\$62.0 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 2024, the Group entered into six 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 15 January 2025, 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. Up to 30 June 2024, the Group entered into two supplemental loan agreements with Treasure Ship to increase the loan facility up to an aggregate amount of HK\$20 million and extend the repayment date to 30 June 2025, with the other terms remaining unchanged.

As at 30 June 2024, the Group's total borrowings amounted to approximately HK\$61.1 million (31 December 2023: approximately HK\$59.7 million). The borrowings of the Group as at 30 June 2024 were denominated in Hong Kong dollars, and carried at interest rates of 5.50% per annum (31 December 2023: 5.50% to 6.41% per annum).

As at 30 June 2024, the Group had unutilised credit facilities of HK\$31.6 million (31 December 2023: approximately HK\$29.1 million).

As at 30 June 2024, the Group's gearing ratio (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 59.5%, compared to gearing ratio of 58.7% as at 31 December 2023. The slight increase in gearing ratio was mainly attributable to the slight increase in total borrowings from approximately HK\$59.7 million as at 31 December 2023 to approximately HK\$61.1 million as at 30 June 2024 for the Period.

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 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2024, the Group has no plan to acquire any material investments or capital assets.

PLEDGE OF ASSETS

As at 30 June 2024, restricted deposits were approximately HK\$11.8 million (31 December 2023: HK\$15.8 million) were placed with banks to secure certain banking facilities of the Group.

CAPITAL COMMITMENTS

The Group has no material commitments as at 30 June 2024 and 31 December 2023.

CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group's contingent liabilities were as follows:

(i) Surety bonds

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
Surety bonds (<i>Note (a)</i>)	14,257	13,123
Performance guarantee insurance contract (<i>Note (b)</i>)	8,484	2,203
	<u>22,741</u>	<u>15,326</u>

Notes:

- (a) As at 30 June 2024, the Group provided guarantees of surety bonds in respect of 25 (as at 31 December 2023: 22) 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.
- (b) As at 30 June 2024, the Group provided performance guarantee insurance contracts in relation to the Green New Energy Business. The contracts will be released from 28 February 2025 and 31 March 2025.

(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 announcement, 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.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 77 full-time employees (As at 31 December 2023: 66 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 to recognise and reward eligible employees for their contributions to the business and development of the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 Part 2 of the Appendix C1 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 C1 of the Listing Rules.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Completion of Subscription of 51.22% of Future Energy Auckland Ltd. (the “Target”)

On 12 April 2024, Green Energy Power Inc. (“**Green Energy**”), a wholly-owned subsidiary of the Company, entered into the subscription deed with the Target and Mr. Alastair James Mortensen and Mr. Heath Lloyd Ellis Coleman under which Green Energy agree to subscribe 51.22% shares (total issued shares of the Target upon completion as enlarged by the allotment and issue shares) of the Target at the subscription price of NZ\$2,100,000.

The Target is a company incorporated in New Zealand and is principally engaged in the design, sale, installation and maintenance of sustainable energy products, including but not limited to solar panels, batteries and EV charging solutions in New Zealand.

The transaction was completed on 5 July 2024 and the Target Company became an indirect non wholly-owned subsidiary of the Company.

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

During the Period and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 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.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the current Period (six months ended 30 June 2023: Nil).

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.

PUBLICATION OF THE 2024 INTERIM RESULTS AND THE 2024 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.acmehld.com). The interim report of the Company for the six months ended 30 June 2024 will be despatched to shareholders of the Company and made available on the websites of the Stock Exchange and the Company in due course.

By order of the Board of
Acme International Holdings Limited
Mr. Kwan Kam Tim
Chairman and Executive Director

Hong Kong, 29 August 2024

As at the date of this announcement, the Board comprises seven members, of which Mr. Kwan Kam Tim, Mr. Yip Wing Shing, Mr. Zhang Guangying and Ms. Leung Ng Mui May are the executive directors of the Company; and Prof. Hons. Lau Chi Pang, BBS, J.P., Mr. Chin Wai Keung Richard and Prof. Mo Lai Lan are the independent non-executive directors of the Company.