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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)

PROFIT WARNING

This announcement is made by Acme International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment on the latest unaudited consolidated management accounts of the Group and other information currently available to the management of the Group, the Group is expected to record a consolidated net loss of not less than HK\$60 million for the six months ended 30 June 2022 (the “**Interim Period**”), as compared to the unaudited consolidated loss of approximately HK\$73.1 million for the corresponding period in 2021.

The expected loss of the Group was primarily due to the combined effect of the following:

- (i) due to the outbreak of the new wave of novel coronavirus (“**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. 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 Interim 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 Interim Period, the Group realised that the quality of such construction material parts for unitised curtain wall construction which were 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 raw materials for major construction materials (mainly aluminum, steel and glass) used in the façade work business and the fluctuation of Renminbi; 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 Interim 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.

As at the date of this announcement, the Company is in the course of preparing and finalising the interim results of the Group for the Interim Period. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available including the unaudited consolidated management accounts of the Group, which has not been reviewed by the Company's independent auditors or the audit committee of the Company and is therefore subject to adjustments. Further details of the Company's performance will be disclosed in the interim results of the Company for the Interim Period which are expected to be approved by the Board and published on or before 31 August 2022.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 12 August 2022

As at the date of this announcement, the Board comprises seven members, of which Mr. Kwan Kam Tim, Mr. Yip Wing Shing, Mr. Gao Shufang 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.