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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 unaudited consolidated management accounts of the Group for the year ended 31 December 2020 (“**FY2020**”) and other information currently available to the management of the Group, the Group is expected to record a consolidated net loss ranging from approximately HK\$44.0 million to HK\$49.0 million for FY2020, as compared with an audited consolidated net profit of approximately HK\$59.1 million for the year ended 31 December 2019 (excluding the one-off listing expenses of HK\$18.1 million incurred in relation to the listing of the shares of Company on the Main Board of the Stock Exchange in November 2019).

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

- (i) due to the outbreak of novel coronavirus (“**COVID-19**”), the supply chain management and production capacity of construction material suppliers for the Façade Work Business were affected, resulting in suppliers’ delayed delivery and a decline in product quality of construction materials. In order to catch up with the original schedule for the on-going projects and to maintain the quality of the Group’s construction work, the Group incurred additional subcontracting charges and material costs to speed up the installation process and to replace the defective construction materials, which had led to a significant loss in certain projects for FY2020;

- (ii) One of the core building components used in a number of large-scale construction projects undertaken in the Group's Façade Work Business is unitised curtain walls which need to be prefabricated in factories before delivered to the construction site for on-site installation, which means any delay in the supply chain of prefabricate parts can directly impact the projects. This occurred in FY2020 as a result of COVID-19, when there was a substantial delay in the delivery by suppliers that had a direct impact on the project progress. Therefore to minimise the impact, the Group proactively negotiated with the main contractors in the second half of 2020 and engaged new approved suppliers of construction materials for certain projects, with a view to reduce the impact brought by the delay in the supply chain of the construction materials. As a result of the engagement of new suppliers, the Group has incurred additional costs in design, moulds, logistics, quality inspection and other expenses. Thus, the overall project expenses increased further;
- (iii) as some large-scale projects undertaken by the Group's BMU Systems Business were close to completion by the end of 2019, therefore a substantial part of such revenue was recognised in 2019. As a result of COVID-19, there was a substantial delay to the master plans for certain new projects and ongoing projects, which had led to a sharp decrease in the revenue generated by the BMU Systems Business in FY2020;
- (iv) on account of the prolonged impact of COVID-19, a number of construction projects were delayed. In order to deal with the unexpected changes to the on-site arrangements initiated by contractors and the delay in site progress while the construction was underway, the Group had to incur more subcontracting charges for maintaining sufficient manpower in construction sites during the affected period, and to incur additional storage and transportation cost to facilitate the logistics arrangement; and
- (v) the downturn in the overall economic performance in Hong Kong, together with fierce competition in the market forced the Group to be more competitive in its project pricing, which resulted in a decline in the number of variation orders work and the gross profit margin of the Group.

As at the date of this announcement, the Company is in the course of preparing and finalising the consolidated financial results of the Group for FY2020. 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. The annual results announcement of the Group for FY2020 is expected to be published in March 2021.

**Shareholders of the Company and potential investors 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, 29 January 2021

*As at the date of this announcement, the Board comprises six members, of which Mr. Kwan Kam Tim, Mr. Mak Kim Hung and Ms. Leung Ng Mui May are the executive directors of the Company; and Mr. Keung Kwok Hung, Mr. Tse Wai Kit and Prof. Lau Chi Pang, J.P. are the independent non-executive directors of the Company.*