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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)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE

This announcement is published on a voluntary basis to keep shareholders and potential investors of Acme International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) informed of the latest business development of the Group.

Reference is made to the interim report of the Company for the period ended 30 June 2021 (the “**Interim Report**”), and the announcement of the Company dated 29 July 2021 (the “**Announcement**”) regarding, among others, the update status of the façade construction project in Kwun Tong (the “**Project**”).

The Board would like to provide further updates in relation to the Project to its shareholders and potential investors. As disclosed in the Interim Report and the Announcement, in respect of the Project, the Group was in negotiation with the contractors for the relevant amount incurred by variation orders due to the substantial modification and delay of the construction plan of the third phase of the Project which involved certain variation orders.

During the past few months, the Group continued to negotiate with the contractors and the property developer on the construction plan and the contract amount for the third phase variation orders of the Project. Having considered the cost of the construction materials and the increase in outsourcing costs and the other additional costs incurred from delays in project schedule, the Group could not agree the contract amount offered by the contractors. As such, the Group did not reach an agreement with the contractors regarding the contract amount of the variation orders and informed the contractors of its decision accordingly. On 30 September 2021, the Group received a notice from the property developer informing the Group that work required for the third phase of the Project will be outsourced to another subcontractor (the “**Notice**”).

As disclosed in the prospectus of the Company dated 25 October 2019, the award contract sum of the Project (project code: F-47) was HK\$197,240,000. As a result of the Notice, the Group expects that the award contract sum of the Project without variation order will be reduced by approximately HK\$98 million and an overall loss expected to incur from the Project will be approximately HK\$34 million in accordance with the relevant accounting standards after taking into account the increase in construction material costs and subcontracting fees, the additional costs arising from the delay in construction, as well as the construction cost previously incurred as works for the third phase.

As a result of the above, the Group is expected to record a loss of approximately HK\$48 million for the year ending 31 December 2021 arising from the Project as compared to the loss of approximately HK\$33 million for the six months ended 30 June 2021 as disclosed in the Interim Report, which was mainly due to the cost incurred from design, moulds, subcontracting charges, material costs, and other expenses in the preliminary work of the third phase construction project, as well as certain defective maintenance work in the first and second phases of the Project undertaken by the Group.

Currently, the Group is still negotiating with the property developer and contractors regarding the amount of the variation orders for the first and second phases of the Project. If such is confirmed, it will bring additional revenue to the Group. The above estimated loss has not taken into account any other potential revenue in relation to the variation orders, claims, and contract adjustments of the Project. As the negotiation of the Project is still ongoing, the above estimation is not finalised and is subject to change as a result of further negotiation with the counterparty. The Company will continue to monitor the development of the Project closely and will make further announcement(s) if the Company is aware of any material development in this regard.

The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available, which has not been reviewed by the Company's independent auditors or the audit committee of the Company and is therefore subject to further adjustments.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 4 October 2021

As at the date of this announcement, the Board comprises eight members, of which Mr. Kwan Kam Tim, Mr. Mak Kim Hung, Mr. Yip Wing Shing and Ms. Leung Ng Mui May are the executive Directors; and Mr. Keung Kwok Hung, Mr. Tse Wai Kit, Prof. Lau Chi Pang, J.P. and Mr. Chin Wai Keung Richard are the independent non-executive Directors.