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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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL HIGHLIGHTS**

	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		<i>(Restated)</i>
		<i>(Note 2)</i>
Revenue	<b>152,215</b>	163,079
Gross profit	<b>37,590</b>	40,065
Gross profit margin	<b>24.7%</b>	24.6%
Profit from continuing operations	<b>12,770</b>	19,107
Loss for the year	<b>(79,783)</b>	(187,463)

## ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of Acme International Holdings Limited (the “Company”) presents the consolidated results of the Company and its subsidiaries (collectively as the “Group”) for the year ended 31 December 2022 (the “Year”), together with the audited comparative figures for the year ended 31 December 2021 as follows:

### CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
	Note	2022 HK\$'000	2021 HK\$'000 (Restated) (Note 2)
Revenue	3	152,215	163,079
Cost of sales	5	(114,625)	(123,014)
Gross profit		37,590	40,065
Other income		970	114
Other losses, net	4	(326)	(357)
Administrative expenses	5	(17,702)	(15,212)
Impairment of financial and contract assets		(762)	–
<b>Operating profit</b>		<b>19,770</b>	<b>24,610</b>
Finance income		44	34
Finance costs		(2,402)	(464)
Finance costs, net		(2,358)	(430)
<b>Profit before income tax</b>		<b>17,412</b>	<b>24,180</b>
Income tax expenses	6	(4,642)	(5,073)
<b>Profit from continuing operations</b>		<b>12,770</b>	<b>19,107</b>
Loss from discontinued operation (attributable to equity holders of the Group)	7	(92,553)	(206,570)
<b>Loss for the year</b>		<b>(79,783)</b>	<b>(187,463)</b>
<b>Loss to attributable to:</b>			
– Owners of the Company		(79,544)	(187,463)
– Non-controlling interests		(239)	–
		<b>(79,783)</b>	<b>(187,463)</b>
<b>Earnings per share from continuing operations attributable to owners of the Company for the year</b>	9		
– Basic and diluted (HK cents)		2.08	3.42
<b>Loss per share attributable to owners of the Company for the year</b>			
– Basic and diluted (HK cents)		(12.75)	(33.58)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Restated)</i> <i>(Note 2)</i>
<b>Loss for the year</b>	<b>(79,783)</b>	(187,463)
<b>Other comprehensive loss:</b>		
<i>Item that may be reclassified to consolidated income statement</i>		
Exchange difference on translation of foreign operations	(2)	–
Other comprehensive loss for the year	(2)	–
<b>Total comprehensive loss for the year</b>	<b>(79,785)</b>	(187,463)
Total comprehensive loss for the year is attributable to:		
Owners of the Company	(79,545)	(187,463)
Non-controlling interests	(240)	–
	<b>(79,785)</b>	(187,463)
Total comprehensive loss for the year attributable to owners of the Company arises from:		
– Continuing operations	13,008	19,107
– Discontinued operation	(92,553)	(206,570)
	<b>(79,545)</b>	(187,463)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2022	2021
	Note	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,686	4,462
Intangible asset		–	680
Deposits and prepayments		357	925
		3,043	6,067
<b>Current assets</b>			
Inventories		10,954	29,571
Trade and retention receivables	10	28,847	62,091
Contract assets	11	64,268	156,639
Deposits, prepayments and other receivables		4,752	10,698
Pledged deposits		2,786	65,374
Time deposit		1,806	–
Restricted deposits		13,090	8,461
Cash and cash equivalents		31,203	22,294
		157,706	355,128
<b>Total assets</b>		160,749	361,195
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	12	6,240	6,240
Reserves		78,437	147,997
Capital and reserves attributable to owners of the Company		84,677	154,237
Non-controlling interests		490	–
<b>Total equity</b>		85,167	154,237

		<b>As at 31 December</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>34,989</b>	–
Lease liabilities		<b>1,548</b>	2,262
Deferred income tax liabilities		<b>18</b>	18
Provisions		<b>484</b>	1,252
		<hr/> <b>37,039</b> <hr/>	<hr/> 3,532 <hr/>
<b>Current liabilities</b>			
Trade, bills and retention payables	<i>13</i>	<b>15,854</b>	124,584
Contract liabilities	<i>11</i>	<b>4,016</b>	6,381
Other payables and accruals		<b>6,536</b>	7,216
Income tax liabilities		<b>690</b>	1,301
Borrowings		<b>10,660</b>	49,300
Lease liabilities		<b>787</b>	2,247
Provisions		<b>–</b>	12,397
		<hr/> <b>38,543</b> <hr/>	<hr/> 203,426 <hr/>
<b>Total liabilities</b>		<hr/> <b>75,582</b> <hr/>	<hr/> 206,958 <hr/>
<b>Total equity and liabilities</b>		<hr/> <b>160,749</b> <hr/>	<hr/> 361,195 <hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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 Works Business") that the Group discontinued its operation during the year ended 31 December 2022, 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") that was commenced during the year ended 31 December 2022.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in thousands of Hong Kong dollars ("HK\$'000"), unless otherwise stated.

## 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements has been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

On 27 November 2022, the Group initiated a winding up of its indirectly-wholly-owned subsidiary, Acme Metal Works (International) Limited ("Acme Metal"). Acme Metal represents the whole segment of Façade Works Business and a separate major line of business of the Group. For the presentation of the consolidated financial statements for the years ended 31 December 2022 and 2021, it was regarded as discontinued operation and certain comparative figures have been restated. Refer to Note 7 for details.

### (a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

- HKFRS 16 (Amendments) – Covid-19-Related Rent Concessions Beyond 30 June 2021
- HKFRS 3, HKAS 16 and HKAS 37 (Amendments) – Narrow-Scope Amendments
- Annual Improvements Project (Amendments) – Annual Improvements to HKFRSs 2018-2020
- Accounting Guideline 5 (Revised) – Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(b) New standards and amendments to existing standards not yet adopted by the Group**

The following are new standards and amendments to existing standards that have been published and are mandatory for the Group's accounting periods beginning after 1 January 2022 or later periods, but have not been early adopted by the Group:

		<b>Effective for accounting year beginning on or after</b>
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts (New Standard)	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9–Comparative Information	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current (Amendments)	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
HK Interpretation 5 (2020)	Hong Kong Interpretation 5 (Revised)	1 January 2024
	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

The Group is in the process of assessing potential impact of the above other new standards and amendments to existing standards that is relevant to the Group upon initial application. The management of the Group plans to adopt these new standards and amendments to existing standards when they become effective.

### **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 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 that the Group discontinued its operation during the year ended 31 December 2022;
- BMU Systems Business – provision of design and build solutions for BMU systems; and
- Green New Energy Business – development, design, production and sale of new energy generation and energy storage system that was commenced during the year ended 31 December 2022.

The total non-current assets other than financial instruments and deferred tax assets broken down by location of assets, is shown as follows:

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	<i>HK\$'000</i>
Hong Kong	2,675	6,067
The PRC	44	–
	<u>2,719</u>	<u>6,067</u>

Segment assets mainly exclude right-of-use assets for properties, intangible assets, pledged deposits, time deposit, 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, including depreciation expenses of HK\$2,125,000 (2021: HK\$2,242,000), amortisation expenses of HK\$72,000 (2021: HK\$79,000) and corporate expenses of HK\$9,422,000 (2021: HK\$6,169,000).

**(a) Revenue from customers contributing over 10% of the total revenue of the Group for the year is as follows:**

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	<i>HK\$'000</i>
		<i>(Restated)</i>
		<i>(Note 2)</i>
Continuing operations:		
Customer A	33,829	20,641
Customer B	30,219	19,966
Customer C	18,325	16,623
	<u>82,373</u>	<u>57,230</u>

**(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:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	<i>HK\$'000</i>
		<i>(Restated)</i>
		<i>(Note 2)</i>
Continuing operations:		
– Hong Kong	145,165	147,178
– Macau	5,640	15,901
– Malaysia	1,393	–
– Mainland China	17	–
	<u>152,215</u>	<u>163,079</u>
Discontinued operation:		
– Hong Kong	<u>81,143</u>	<u>213,485</u>



#### 4 OTHER LOSSES, NET

	Year ended 31 December	
	2022 HK\$'000	2021 HK\$'000 (Restated) (Note 2)
Foreign exchange differences, net	88	(359)
Forfeiture of pledged deposits	(414)	–
Others	–	2
	<u>          </u>	<u>          </u>
	<b>(326)</b>	<b>(357)</b>

#### 5 EXPENSES BY NATURE

	Year ended 31 December	
	2022 HK\$'000	2021 HK\$'000 (Restated) (Note 2)
Construction costs recognised in cost of sales (Note a)	114,625	123,014
Entertainment expenses	212	97
Office expenses	492	58
Employee benefit expenses recognised in administrative expenses (including directors' emoluments)	9,411	8,910
Depreciation of property, plant and equipment	203	43
Insurance expenses	1,155	970
Auditor's remuneration		
– Audit	2,250	2,000
– Non-audit	40	40
Rental expenses – short term leases	102	–
Legal and professional fees	2,841	2,364
Bank charges	143	131
Travelling expenses	311	229
Other expenses	542	370
	<u>          </u>	<u>          </u>
	<b>132,327</b>	<b>138,226</b>
Representing:		
Cost of sales	114,625	123,014
Administrative expenses	17,702	15,212
	<u>          </u>	<u>          </u>
	<b>132,327</b>	<b>138,226</b>

Note:

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

## 6 INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year ended 31 December 2022.

During the year ended 31 December 2022, the Group's subsidiary in Macau is subject to complementary tax at a standard rate of 12% (2021: 12%).

The Group's subsidiary incorporated in the PRC is subject to Corporate Income Tax ("CIT") in accordance with the Law of the PRC on Corporate Income Tax (the "CIT Law"). Under the CIT Law, the income tax rate applicable to this subsidiary is 25% (2021: N/A).

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 consolidated income statements represented:

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
		(Restated)
		(Note 2)
Current income tax		
– Hong Kong profits tax	4,612	5,058
– Macau complementary tax	–	20
– PRC CIT	–	–
– Adjustments for current tax of prior years	30	(10)
Deferred income tax expenses	–	6,699
	<hr/>	<hr/>
	4,642	11,767
Income tax expense is attributable to:		
– Continuing operations	4,642	5,073
– Discontinued operation	–	6,694
	<hr/>	<hr/>
	4,642	11,767
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 December 2022, tax recession relates to tax reduction to tax payable under Two-Tiered Profits Tax Rates Regime capped at HK\$165,000 (2021: HK\$165,000) for one of the Hong Kong incorporated entities of the Group.

According to Macau complementary tax law, Macau complementary tax is levied at progressive rates ranging from 3% to 9% on the taxable income above MOP32,000 but below MOP300,000, and thereafter at a fixed rate at 12%. In addition, according to the budget and approved by the Legislative Assembly, the tax-free income threshold for complementary tax was increased from MOP32,000 to MOP600,000 for income derived in the tax year 2022 and taxable income over MOP 600,000 is taxed at 12% (2021: Same). The Group has obtained such tax incentives amounting to HK\$23,000 for the year ended 31 December 2022 (2021: HK\$140,000).

## 7 DISCONTINUED OPERATION

On 27 November 2022, the Group initiated a winding up under section 228(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “Ordinance”) by way of creditors’ voluntary liquidation of Acme Metal, an indirect wholly-owned subsidiary of the Company which was engaged in Façade Works Business. Messrs. Osman Mohammed Arab and Lai Wing Lun were appointed as the joint and several liquidators of Acme Metal by the sole shareholder’s resolution passed on 27 November 2022 and was confirmed at the creditors’ meeting held on 9 December 2022.

As a result of the voluntary winding-up under the Hong Kong Companies Ordinance, the Group lost control over Acme Metal because the joint and several provisional liquidators have taken over control of the operations of Acme Metal under the statutory power and therefore, Acme Metal was then ceased to be a subsidiary of the Company with effect from 9 December 2022.

In light of this, the results of Acme Metal for the year are presented as discontinued operation in the consolidated income statement and consolidated statement of comprehensive income.

### (i) Financial performance information

The financial performance presented are for the period ended 9 December 2022 and the year ended 31 December 2021.

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Revenue	81,143	213,485
Cost of sales	(148,267)	(393,659)
Other losses, net	(3,054)	(1,471)
Expenses	(15,559)	(16,769)
Finance cost, net	(1,859)	(1,462)
	<hr/>	<hr/>
<b>Loss before income tax</b>	<b>(87,596)</b>	<b>(199,876)</b>
Income tax expense	–	(6,694)
	<hr/>	<hr/>
<b>Loss after income tax of discontinued operation</b>	<b>(87,596)</b>	<b>(206,570)</b>
Loss on winding up of a subsidiary ( <i>Note (ii)</i> )	(4,957)	–
	<hr/>	<hr/>
<b>Loss from discontinued operation</b>	<b>(92,553)</b>	<b>(206,570)</b>

(ii) Details of winding up of a subsidiary

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Consideration	–	–
Less: carrying amount of net assets		
Trade and retention receivables	28,034	–
Contract assets	39,766	–
Deposits, prepayments and other receivables	802	–
Trade, bills and retention payables	(63,449)	–
Borrowings	(25,072)	–
Provisions	(6,602)	–
Other net assets	31,478	–
	<hr/>	<hr/>
Loss on winding up of a subsidiary ( <i>Note (i)</i> )	<u>4,957</u>	<u>–</u>

8 DIVIDENDS

The Board does not recommend payment of final dividend for the year ended 31 December 2022 (2021: Nil).

9 EARNINGS/LOSS PER SHARE

(a) Basic

Basic earnings/loss per share is calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2022	2021
		(Restated)
		(Note 2)
Profit from continuing operations attributable to owners of the Company ( <i>HK\$'000</i> )	13,009	19,107
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<u>624,000</u>	<u>558,181</u>
Basic earnings per share from continuing operations	2.08	3.42
Loss from discontinued operation	(92,553)	(206,570)
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<u>624,000</u>	<u>558,181</u>
Loss per share from discontinued operation	<u>(14.83)</u>	<u>(37.00)</u>
Basic loss per share ( <i>HK cents</i> )	<u>(12.75)</u>	<u>(33.58)</u>

**(b) Diluted**

Diluted earnings/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 year ended 31 December 2022, there is no potential dilutive shares and the diluted earnings/loss per share is the same as the basic earnings/loss per share.

For the year ended 31 December 2021, the Company has one type 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.

Diluted earnings/loss per share for the year ended 31 December 2021 is the same as basic earnings/loss per share as the conversion of potential ordinary shares in relation to the outstanding Pre-IPO Share Options does not have an anti-dilutive effect on the basic earnings/loss per share.

**10 TRADE AND RETENTION RECEIVABLES**

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade receivables ( <i>Note (a)</i> )	<b>16,505</b>	27,221
Retention receivables ( <i>Note (b)</i> )	<b>12,801</b>	34,870
	<hr/>	<hr/>
	<b>29,306</b>	62,091
Less: loss allowance	<b>(459)</b>	–
	<hr/>	<hr/>
Trade and retention receivables	<b>28,847</b>	62,091
	<hr/> <hr/>	<hr/> <hr/>

**(a) Trade receivables**

The ageing analysis of the trade receivables before loss allowances based on invoice date was as follows:

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
0–30 days	<b>9,111</b>	15,379
31–60 days	<b>5,448</b>	10,792
61–90 days	<b>396</b>	382
91–180 days	<b>953</b>	595
Over 180 days	<b>597</b>	73
	<hr/>	<hr/>
	<b>16,505</b>	27,221
	<hr/> <hr/>	<hr/> <hr/>

(b) **Retention receivables**

Retention receivables are settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. In the consolidated statement of financial position, retention receivables were classified as current assets based on operating cycle. The ageing analysis of these retention receivables before loss allowances based on the terms of related contracts was as follows:

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Will be recovered within twelve months	<b>4,723</b>	8,002
Will be recovered more than twelve months after the end of the year	<b>8,078</b>	26,868
	<b>12,801</b>	<b>34,870</b>

**11 CONTRACT ASSETS/LIABILITIES**

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

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Contract assets relating to BMU systems construction contracts		
– Continuing operations	<b>64,571</b>	82,482
Contract assets relating to Façade Works construction contracts		
– Discontinued operation	–	74,157
Less: loss allowances	<b>(303)</b>	–
Total contract assets	<b>64,268</b>	<b>156,639</b>

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Contract liabilities relating to BMU systems construction contracts		
– Continuing operations	<b>4,016</b>	1,945
Contract liabilities relating to Façade Works construction contracts		
– Discontinued operation	–	4,436
Total contract liabilities	<b>4,016</b>	<b>6,381</b>

(a) **Significant changes in contract assets and liabilities**

Contract assets have decreased as the Group has provided less construction services ahead of the right to payment upon receiving certification from quantity surveyors for fixed-price contracts in the BMU Systems Business and the contract assets relating to façade works construction contracts were derecognised as a result of its winding up (Note 7). The Group also applied the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for contract assets. This resulted in an increase of loss allowance of approximately HK\$303,000 (2021: immaterial).

Contract liabilities for the construction contracts have decreased due to the contract liabilities relating to Façade Works construction contracts were derecognised as a result of its winding up (Note 7), offset by the negotiation of more prepayments from customers on overall contract activities in the BMU Systems Business.

(b) **Revenue recognised in relation to contract liabilities**

The following table shows how much of the revenue recognised during the years ended 31 December 2022 and 2021 relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year.

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		<i>(Restated)</i>
		<i>(Note 2)</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
– Continuing operations	<b>1,006</b>	2,180
– Discontinued operation	<b>4,137</b>	3,802
	<b>5,143</b>	5,982
Revenue recognised from performance obligations satisfied in previous years		
– Continuing operations	<b>20,433</b>	16,792
– Discontinued operation	<b>8,161</b>	39,411
	<b>28,594</b>	56,203

(c) **Unsatisfied performance obligations**

The following table shows unsatisfied performance obligations resulting from fixed-price long-term construction contracts.

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
		<i>(Restated)</i>
		<i>(Note 2)</i>
Aggregate amount of the transaction price allocated to long-term construction contracts that are partially or fully unsatisfied as at year ended		
– Continuing operations	<b>237,066</b>	223,177
– Discontinued operation	–	149,777
	<b>237,066</b>	<b>372,954</b>

Management expects that the transaction prices regarding the unsatisfied contracts as of 31 December 2022 will be recognised as revenue during the next corresponding reporting periods by referencing to the progress towards completion of the contract activity. The amount disclosed above does not include consideration which is constrained.

**12 SHARE CAPITAL**

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

*Note (i):* 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 TRADE AND RETENTION PAYABLES

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Trade payables ( <i>Note (a)</i> )	11,712	105,553
Retention payable ( <i>Note (b)</i> )	4,142	19,031
	<u>15,854</u>	<u>124,584</u>

### (a) Trade payables

Trade payables are unsecured and the credit terms of trade payables granted by suppliers ranges from 30 to 60 days from invoice date. The ageing analysis of trade payables based on invoice date as at 31 December 2022 and 2021 were as follows:

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
0–30 days	5,423	47,091
31–60 days	1,978	14,821
61–90 days	1,512	4,146
91–120 days	–	11,778
Over 120 days	2,799	27,717
	<u>11,712</u>	<u>105,553</u>

### (b) Retention payables

Retention payables are settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. In the consolidated statement of financial position, retention payables were classified as current liabilities based on operating cycle. The ageing analysis of these retention payables based on the terms of related contracts was as follows:

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Will be settled within twelve months	278	2,214
Will be settled more than twelve months after the end of the year	3,864	16,817
	<u>4,142</u>	<u>19,031</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group is principally engaged in providing one-stop design and build solutions for façade works, BMU systems works, and development, design, production and sales of new energy generation and energy storage system that was commenced during the year ended 31 December 2022.

Acme Metal was principally engaged in providing one-stop design and build solutions for façade works. As Acme Metal has been continuously making losses in recent years and the Board does not perceive that it has any reasonable means or prospect of making any material improvement on its financial performance or operations in the foreseeable future given the negative outlook of the construction industry in Hong Kong, Acme Metal is likely to remain unable to generate sufficient revenue to cover its own operating expenses or its other liabilities. On 27 November 2022, after due and careful consideration, Acme Metal Works (BVI) Limited, being a directly wholly owned subsidiary of the Company, in its capacity as the sole shareholder of Acme Metal, an indirect wholly owned subsidiary of the Company, resolved that Acme Metal could not by reason of its loss and liabilities continue its business and that it should be wound up under section 228(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “Ordinance”) by way of creditors’ voluntary liquidation and Messrs. Osman Mohammed Arab and Lai Wing Lun were appointed as the joint and several liquidators of Acme Metal by the sole shareholder’s resolution passed on 27 November 2022, and further confirmed at the creditors’ meeting held on 9 December 2022.

As a result of the voluntary winding-up under the Hong Kong Companies Ordinance, the Group lost control over Acme Metal because the joint and several provisional liquidators have taken over control of the operations of Acme Metal under the statutory power and therefore, Acme Metal ceased to be a subsidiary of the Company with effect from 9 December 2022.

For the year ended 31 December 2022, the Group reported a loss attributable to the owners of the Company of approximately HK\$79.5 million, which was mainly consisted of the loss from discontinued operation of approximately HK\$92.5 million offset by the profit from continued operation of approximately HK\$13.0 million.

### OUTLOOK

With the announcements by the governments of Mainland China and Hong Kong of further relaxation of the pandemic prevention and control measures in early of 2023, Hong Kong real estate is expected to gradually recover. The Group will continue to closely monitor the market conditions and adjust its business strategies, and stick to the Group’s quality of excellence and safety to achieve sustainable development of the BMU Systems Business.

With the rise of energy prices and vigorous promotion of the use of the renewable energy worldwide, the renewable energy will gradually become the main source of power for countries around the world. The Group hopes to grasp these opportunities to actively develop its new energy business, including actively seeking more cooperative distributors to promote its high-quality energy storage products with its own brand “SUNEWTRAL”, and identifying suitable areas for the development of solar farms. The Group anticipates that additional fundraising may be required from time to time to support the working capital expenditure to achieve such business growth.

## FINANCIAL REVIEW

### Revenue

During the year, the revenue of the Group was approximately HK\$152.2 million, representing a slightly decrease of 6.7% as compared to approximately HK\$163.1 million recorded for the year ended 31 December 2021. The slight decrease was primarily attributable to a large-scale outbreaks of COVID-19 in the first half of 2022 in Hong Kong, which led to delays in construction plans, resulting in a decrease of revenue from BMU Systems Business.

The following table sets forth a breakdown of the revenue of the Group by business stream for the year indicated:

	Year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
BMU Systems Business	<b>150,805</b>	163,079
Green New Energy Business	<b>1,410</b>	–
Total	<b>152,215</b>	163,079

### Gross profit and gross profit margin

The gross profit margin of the BMU Systems Business remains stable at approximately 24.8% and 24.6% for the years ended 31 December 2022 and 2021, respectively. The Green New Energy Business of the Group has been successfully launched and recorded a gross profit margin of approximately 14.0% for the Year.

The following table sets forth a breakdown of the gross profit of the Group by business stream for the year indicated:

	Year ended 31 December			
	2022		2021	
	Gross profit	Gross profit	Gross profit	Gross profit
	<i>HK\$'000</i>	<i>margin</i>	<i>HK\$'000</i>	<i>margin</i>
		<i>%</i>		<i>%</i>
BMU Systems Business	<b>37,393</b>	<b>24.8</b>	40,065	24.6
Green New Energy Business	<b>197</b>	<b>14.0</b>	–	–
Total	<b>37,590</b>	<b>24.7</b>	40,065	24.6

## **Other income**

The other income of the Group for the Year increased to approximately HK\$1.0 million from approximately HK\$0.1 million for the year ended 31 December 2021. The increase in other income mainly consisted of the government grant under the employment support scheme received by the Group in 2022.

## **Other losses, net**

The net of other losses of the Group mainly represented the net foreign exchange differences and a forfeiture of pledged deposits during the Year.

## **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 and etc.

The administrative expenses of the Group increased by approximately HK\$2.5 million to approximately HK\$17.7 million for the Year, as compared to approximately HK\$15.2 million for the year ended 31 December 2021. The increase in administrative expenses was mainly due to the Group's new business development during the Year.

## **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 Year significantly increased to HK\$2.4 million from HK\$0.5 million for the year ended 31 December 2021, which was mainly due to the increase in borrowings drawn by the Company.

## **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 Year, the Group's subsidiaries in the PRC and Macau are subject to corporate income tax at a standard rate of 25% and complementary tax at a standard rate of 12%, respectively. As compared to the year ended 31 December 2021, the income tax expenses of the Group for the Year slightly decreased from HK\$5.1 million to HK\$4.6 million which was mainly due to the decrease in profit from continuing operations before tax of the Group.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2022 and 2021, the Group's monetary assets, including cash and cash equivalents, pledged deposits, time deposit, and restricted deposits were approximately HK\$48.9 million and HK\$96.1 million, respectively.

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 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 shareholder, 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 Year, the Group entered into four 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 2024, 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 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 18 August 2023. During the Year, the Group entered into a supplemental loan agreement with Treasure Ship to extend the repayment date to 30 June 2024, with the other terms remaining unchanged.

As at 31 December 2022 and 2021, the Group's total borrowings amounted to approximately HK\$45.6 million and HK\$49.3 million, respectively. The borrowings as at 31 December 2022 were denominated in Hong Kong Dollars (2021: same) and carried at interest rates of 5.50% per annum (2021: 5.50% to 6.50% per annum).

As at 31 December 2022 and 2021, the Group had unutilised credit facilities of HK\$39.1 million and HK\$28.2 million, respectively.

The Group recorded gearing ratios (total debt, being the total of borrowings and lease liabilities, as at the year ended divided by total equity attributable to shareholder as at the year ended and multiplied by 100%) of approximately 56.3% and 34.9% as at 31 December 2022 and 2021, respectively.

## **TREASURY POLICIES**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. 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**

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 Year.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group did not have any material acquisitions or disposals of assets, subsidiaries, associated companies or joint ventures during the Year.

## **SIGNIFICANT INVESTMENTS HELD**

Except for investment in subsidiaries, the Group did not have any significant investments in equity interests as at 31 December 2022.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As at 31 December 2022, the Group has no plan for any material investments or capital assets.

## **PLEDGE OF ASSETS**

As at 31 December 2022, pledged deposits in the sum of approximately HK\$2.8 million (2021: HK\$65.4 million) were placed with banks as securities for certain banking facilities of the Group.

## CONTINGENT LIABILITIES

At each of the years ended 31 December 2022 and 2021, the Group's contingent liabilities were as follows:

### (i) Surety bonds

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Surety bonds ( <i>Note</i> )	<u>16,911</u>	<u>50,359</u>

*Note:* As at 31 December 2022, the Group provided guarantees of surety bonds in respect of 28 (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

In 2018, the Group received a claim from a customer for damage amounting to approximately HK\$3.4 million. In 2021, the Group received a revised claim of approximately HK\$2.9 million 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 consolidated financial statements of the Group.

### (iii) Commitments 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 PRC with registered share capital of RMB10,000,000. Its principal activities are development, design, production and sale of new energy generation and energy storage system. Xinneng Zhonghe was not in operation during the year ended 31 December 2021. As at 31 December 2021, the Group had not injected any share capital to the joint venture and was committed to provide funding to the joint venture's share capital of RMB6,000,000 (equivalent to HK\$7,351,000) and had no contingent liabilities in respect of the joint venture.

On 14 March 2022, Xinneng Zhonghe has become an indirect 60%-owned subsidiary of the Group as the Group obtained control as a result of the amendment of the memorandum and article of association of Xinneng Zhonghe. As at the date of the Group obtained control over Xinneng Zhonghe, there was no financial information available as Xinneng Zhonghe had not commence its operation yet. The Group has injected RMB450,000 (equivalent to HK\$524,000) during the Year and is committed to provide further funding to the subsidiary's share capital of RMB5,550,000 (equivalent to HK\$6,281,000).

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2022, the Group had 58 full-time employees (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 Group's employees (including the Directors) is 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 the 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 the shareholders of the Company (the "Shareholders") and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "CG Code") as its own code of corporate governance. To the best knowledge of the Directors, the Company had complied with the applicable code provisions as set out in the CG Code throughout the Year, 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. Mr. Kwan Kam Tim acted as the chairman of the Board and the chief executive officer of the Company (the "CEO") until his resignation of the CEO and the appointment of Mr. Poon Pui Kit as the CEO with effect from 27 May 2022. Having considered the composition of the Board at the time, comprising four executive Directors and three independent non-executive Directors, and that all major decisions are made with prior consultation with the members of the Board, the Board was of the view that the balance of power and authority of the Board was not impaired prior to the change of CEO. Nonetheless, the change of CEO was undertaken to further facilitate the implementation of the Group's business strategies, maximise the effectiveness of the Group's operation and enhance corporate governance.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code. Further information about the corporate governance practices of the Company will be set out in the annual report of the Company for the year ended 31 December 2022.

### **Purchase, Sale or Redemption of the Company’s Listed Securities**

Neither the Company, nor any of its subsidiaries, had purchased, sold or redeemed any of the Company’s listed securities during the Year.

### **Model code for securities transactions by directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 has complied with the Model Code during the Year.

## **ANNUAL GENERAL MEETING**

It is proposed that the forthcoming annual general meeting of the Company (the “AGM”) will be held on Tuesday, 30 May 2023. The notice of AGM will be published and delivered to the Shareholders in due course.

## **FINAL DIVIDEND**

The Board does not recommend payment of final dividend for the Year.

### **Closure of Register of Members**

The register of members of the Company will be closed from Wednesday, 24 May 2023 to Tuesday, 30 May 2023 (both days inclusive), during which period no transfer of Shares will be registered, for purpose of determining the right to attend and vote at the AGM. All transfer of the Company’s shares together with the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong no later than 4:30 p.m. on Tuesday, 23 May 2023 in order for the holders of the shares to qualify to attend and vote at the AGM or any adjournment thereof.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “Audit Committee”) comprises three independent non-executive directors of the Company with written terms of reference in accordance with the requirements of the Listing Rules. The Audit Committee has reviewed and has agreed with the auditor of the Company on the Group’s audited final results for the year ended 31 December 2022.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, and the related notes thereto for the Year ending 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **PUBLICATION OF THE 2022 ANNUAL RESULTS AND THE 2022 ANNUAL 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](http://www.hkexnews.hk)) as well as the website of the Company ([www.acmehld.com](http://www.acmehld.com)). The annual report of the Company for the year ended 31 December 2022 will be dispatched to Shareholders 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, 30 March 2023

*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.*