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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 2023**

<b>FINANCIAL HIGHLIGHTS</b>	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	<b>192,402</b>	152,215
Gross profit	<b>52,788</b>	37,590
Gross profit margin	<b>27.4%</b>	24.7%
Profit from continuing operations	<b>18,631</b>	12,770
Profit/(loss) for the year	<b>18,631</b>	(79,783)

## 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 2023 (the “Year”), together with the audited comparative figures for the year ended 31 December 2022 as follows:

### CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Year ended 31 December	
		2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	192,402	152,215
Cost of sales	5	(139,614)	(114,625)
Gross profit		52,788	37,590
Other income		3	970
Other losses, net	4	(219)	(326)
Administrative expenses	5	(24,267)	(17,702)
Impairment of financial and contract assets		(1,168)	(762)
<b>Operating profit</b>		<b>27,137</b>	<b>19,770</b>
Finance income		54	44
Finance costs		(2,825)	(2,402)
Finance costs, net		(2,771)	(2,358)
<b>Profit before income tax</b>		<b>24,366</b>	<b>17,412</b>
Income tax expenses	6	(5,735)	(4,642)
<b>Profit from continuing operations</b>		<b>18,631</b>	<b>12,770</b>
Loss from discontinued operation (attributable to equity holders of the Group)	7	–	(92,553)
<b>Profit/(loss) for the year</b>		<b>18,631</b>	<b>(79,783)</b>
<b>Profit/(loss) is attributable to:</b>			
– Owners of the Company		20,046	(79,544)
– Non-controlling interests		(1,415)	(239)
		<b>18,631</b>	<b>(79,783)</b>
<b>Earnings per share from continuing operations attributable to owners of the Company for the year</b>			
– Basic and diluted ( <i>HK cents</i> )	9	3.21	2.08
<b>Earnings/(loss) per share attributable to owners of the Company for the year</b>			
– Basic and diluted ( <i>HK cents</i> )		<b>3.21</b>	<b>(12.75)</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit/(loss) for the year</b>	<b>18,631</b>	<b>(79,783)</b>
<b>Other comprehensive income/(loss):</b>		
<i>Item that may be reclassified subsequently to consolidated income statement</i>		
Exchange difference on translation of foreign operations	<u>12</u>	<u>(2)</u>
Other comprehensive income/(loss) for the year	<u>12</u>	<u>(2)</u>
<b>Total comprehensive income/(loss) for the year</b>	<b><u>18,643</u></b>	<b><u>(79,785)</u></b>
Total comprehensive income/(loss) for the year is attributable to:		
– Owners of the Company	<b>20,065</b>	<b>(79,545)</b>
– Non-controlling interests	<b><u>(1,422)</u></b>	<b><u>(240)</u></b>
	<b><u>18,643</u></b>	<b><u>(79,785)</u></b>
Total comprehensive income/(loss) for the year attributable to owners of the Company arises from:		
– Continuing operations	<b>20,065</b>	<b>13,008</b>
– Discontinued operation	<b><u>–</u></b>	<b><u>(92,553)</u></b>
	<b><u>20,065</u></b>	<b><u>(79,545)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,824	2,686
Deposits and prepayments		395	357
Deferred tax assets		270	–
		3,489	3,043
<b>Current assets</b>			
Inventories		3,437	10,954
Trade and retention receivables	10	49,267	28,847
Contract assets	11	83,394	64,268
Deposits, prepayments and other receivables		3,807	4,752
Amount due from a non-controlling interest		485	–
Pledged deposits		–	2,786
Time deposits		–	1,806
Restricted deposits		15,768	13,090
Cash and cash equivalents		46,269	31,203
		202,427	157,706
<b>Total assets</b>		205,916	160,749
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	12	6,240	6,240
Reserves		98,502	78,437
Capital and reserves attributable to owners of the Company		104,742	84,677
Non-controlling interests		1,020	490
<b>Total equity</b>		105,762	85,167

		<b>As at 31 December</b>	
		<b>2023</b>	2022
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>56,294</b>	34,989
Lease liabilities		<b>1,069</b>	1,548
Deferred tax liabilities		–	18
Provisions		<b>800</b>	484
		<hr/> <b>58,163</b> <hr/>	<hr/> 37,039 <hr/>
<b>Current liabilities</b>			
Trade and retention payables	<i>13</i>	<b>23,726</b>	15,854
Contract liabilities	<i>11</i>	<b>3,731</b>	4,016
Other payables and accruals		<b>7,386</b>	6,536
Income tax liabilities		<b>2,465</b>	690
Borrowings		<b>3,413</b>	10,660
Lease liabilities		<b>1,270</b>	787
		<hr/> <b>41,991</b> <hr/>	<hr/> 38,543 <hr/>
<b>Total liabilities</b>		<hr/> <b>100,154</b> <hr/>	<hr/> 75,582 <hr/>
<b>Total equity and liabilities</b>		<hr/> <b>205,916</b> <hr/>	<hr/> 160,749 <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 building maintenance unit ("BMU") systems ("BMU Systems Business"), 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 Group discontinued the provision of design and build solutions for façade works ("Façade Work Business") 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 have 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.

### (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 2023:

- HKFRS 17 – Insurance Contracts
- Amendments to HKAS 8 – Definition of Accounting Estimates
- Amendments to HKAS 12 – International Tax Reform – Pillar Two Model Rules
- Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

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 2023 or later periods, but have not been early adopted by the Group:

		<b>Effective for accounting year beginning on or after</b>
HKAS 1	Classification of Liabilities as Current or Non-Current (amendments)	1 January 2024
HKAS 1	Non-current Liabilities with Covenants (amendments)	1 January 2024
HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	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 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 segments, has been identified as the Executive Director 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:

- BMU Systems Business – provision of design and build solutions for BMU systems;
- Green New Energy Business – development, design, production and sale of new energy generation and energy storage system and provision of services for sales of electricity; and
- 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.

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

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Hong Kong	<b>1,969</b>	2,675
The PRC	<b>855</b>	44
	<u><b>2,824</b></u>	<u>2,719</u>

Segment assets mainly exclude right-of-use assets for properties, deferred tax assets, pledged deposits, time deposits, 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\$1,499,000 (2022: HK\$2,125,000), amortisation expenses of HK\$nil (2022: HK\$72,000) and corporate expenses of HK\$5,471,000 (2022: HK\$9,422,000).

(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>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Continuing operations:		
Customer A	<b>62,947</b>	33,829
Customer B	<b>42,536</b>	18,325
Customer C	<b>N/A</b>	30,219
	<u><b>105,483</b></u>	<u>82,373</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:

	Year ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations:		
Hong Kong	141,121	145,165
Macau	51,064	5,640
Malaysia	–	1,393
Others	217	17
	<u>192,402</u>	<u>152,215</u>
Discontinued operation:		
Hong Kong	–	81,143

**(c) Disaggregated revenue from contracts with customers**

Revenue of the Group is analysed as follows:

	Year ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations:		
– Construction revenue	192,185	150,805
– Sales of goods	112	1,410
– Services income from sales of electricity	105	–
	<u>192,402</u>	<u>152,215</u>
Discontinued operation:		
– Construction revenue	–	81,143

The Executive Directors assess the performance of the operating segments based on their underlying profit/(loss), which is measured by profit/(loss) before income tax, excluding finance income, finance costs, depreciation on right-of-use assets of properties and amortisation of intangible asset and other corporate items, which are managed on a central basis.

	BMU Systems Business		Green New Energy Business		Continued operations Subtotal		Discontinued operation Façade Works Business*		Total	
	Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers recognised at a point in time	-	-	112	1,410	112	1,410	-	-	112	1,410
Revenue from external customers recognised over time	192,185	150,805	105	-	192,290	150,805	-	81,143	192,290	231,948
	192,185	150,805	217	1,410	192,402	152,215	-	81,143	192,402	233,358
Segment gross profit/(loss)	52,837	37,393	(49)	197	52,788	37,590	-	(67,124)	52,788	(29,534)
Segment results	38,043	29,875	(3,939)	(598)	34,104	29,277	-	(88,630)	34,104	(59,353)
Unallocated other operating income									3	48
Unallocated corporate expenses									(6,970)	(11,619)
Finance income									54	165
Finance costs									(2,825)	(4,382)
Profit/(loss) before income tax									24,366	(75,141)
Income tax expenses									(5,735)	(4,642)
Profit/(loss) for the year									18,631	(79,783)
Other segment information:										
Additions to property, plant and equipment	272	389	687	52	959	441	-	-	959	441
Depreciation	150	63	633	8	783	71	-	-	783	71
	140,068	108,686	733	648	140,801	109,334	-	-	140,801	109,334
Unallocated assets									65,115	51,415
Total assets									205,916	160,749
Segment liabilities	32,221	24,911	1,024	105	33,245	25,016	-	-	33,245	25,016
Unallocated liabilities									66,909	50,566
Total liabilities									100,154	75,582

\* In 2022, the Façade Works Business has been classified as discontinued operation, and the related revenue and expenses are presented as a single amount in the consolidated income statement as "loss from discontinued operation".

#### 4 OTHER LOSSES, NET

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Foreign exchange differences, net	(219)	88
Forfeiture of pledged deposits	–	(414)
	<u>(219)</u>	<u>(326)</u>

#### 5 EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Construction costs ( <i>Note a</i> ) and cost of inventories sold recognised in cost of sales	139,614	114,625
Entertainment expenses	685	212
Office expenses	797	492
Employee benefit expenses recognised in administrative expenses (including directors' emoluments)	12,162	9,411
Depreciation of property, plant and equipment	2,282	203
Insurance expenses	1,688	1,155
Auditor's remuneration		
– Audit	1,750	2,250
– Non-audit	40	40
Rental expenses – short term leases	82	102
Legal and professional fees	3,150	2,841
Bank charges	151	143
Travelling expenses	636	311
Other expenses	844	542
	<u>163,881</u>	<u>132,327</u>
Representing:		
Cost of sales	139,614	114,625
Administrative expenses	24,267	17,702
	<u>163,881</u>	<u>132,327</u>

*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% (2022: 16.5%) on the estimated assessable profit for the Year.

During the Year, the Group's subsidiary in Macau is subject to complementary tax at a standard rate of 12% (2022: 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% (2022: 25%).

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	
	2023 HK\$'000	2022 HK\$'000
Current income tax		
– Hong Kong profits tax	5,785	4,612
– Macau complementary tax	236	–
– PRC corporate income tax	2	–
– Adjustments for current tax of prior years	–	30
Deferred tax credits	(288)	–
	<u>5,735</u>	<u>4,642</u>
Income tax expense is attributable to:		
– Continuing operations	5,735	4,642
– Discontinued operation	–	–
	<u>5,735</u>	<u>4,642</u>

## 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 Works (International) Limited (“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 from 1 January to 9 December 2022.

	<b>2022</b> <i>HK\$’000</i>
Revenue	81,143
Cost of sales	(148,267)
Other losses, net	(3,054)
Expenses	(15,559)
Finance cost, net	(1,859)
	<hr/>
<b>Loss before income tax</b>	(87,596)
Income tax expense	–
	<hr/>
<b>Loss after income tax of discontinued operation</b>	(87,596)
Loss on winding up of a subsidiary ( <i>Note (ii)</i> )	(4,957)
	<hr/>
<b>Loss from discontinued operation</b>	<u>(92,553)</u>

(ii) **Details of winding up of a subsidiary**

	<b>2022</b> <i>HK\$'000</i>
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/>
Loss on winding up of a subsidiary ( <i>Note (i)</i> )	4,957
	<hr/> <hr/>

**8 DIVIDENDS**

The Board does not recommend payment of final dividend for the Year (2022: 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.

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
Profit from continuing operations attributable to owners of the Company ( <i>HK\$'000</i> )	<b>20,046</b>	13,009
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<b>624,000</b>	624,000
	<hr/>	<hr/>
Basic earnings per share from continuing operations ( <i>HK cents</i> )	<b>3.21</b>	2.08
Loss from discontinued operation ( <i>HK\$'000</i> )	–	(92,553)
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<b>624,000</b>	624,000
	<hr/>	<hr/>
Loss per share from discontinued operation ( <i>HK cents</i> )	–	(14.83)
	<hr/>	<hr/>
Basic earnings/(loss) per share ( <i>HK cents</i> )	<b>3.21</b>	(12.75)
	<hr/> <hr/>	<hr/> <hr/>

**(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, there is no potential dilutive shares and the diluted earnings/loss per share is the same as the basic earnings/loss per share (2022: same).

**10 TRADE AND RETENTION RECEIVABLES**

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Trade receivables ( <i>Note (a)</i> )	34,705	16,505
Retention receivables ( <i>Note (b)</i> )	15,529	12,801
	<u>50,234</u>	<u>29,306</u>
Less: loss allowance	(967)	(459)
	<u>49,267</u>	<u>28,847</u>

**(a) Trade receivables**

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

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
0-30 days	12,941	9,111
31-60 days	8,539	5,448
61-90 days	10,255	396
91-180 days	1,167	953
Over 180 days	1,803	597
	<u>34,705</u>	<u>16,505</u>

**(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 and the expiry of the defect liability period of the construction project 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>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Will be recovered within twelve months	<b>5,366</b>	4,723
Will be recovered more than twelve months after the end of the year	<b>10,163</b>	8,078
	<b>15,529</b>	12,801

**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>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Contract assets relating to BMU Systems construction contracts	<b>84,357</b>	64,571
Less: loss allowances	<b>(963)</b>	(303)
Total contract assets	<b>83,394</b>	64,268

	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Contract liabilities relating to BMU Systems construction contracts	<b>3,606</b>	4,016
Contract liabilities relating to Green New Energy contracts	<b>125</b>	–
Total contract liabilities	<b>3,731</b>	4,016

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

Contract assets have increased as the Group has provided more construction services ahead of the right to payment upon issuing invoices for construction contracts in the BMU Systems Business. The Group 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\$660,000 (2022: HK\$303,000).

Contract liabilities for the construction contracts have decreased due to less prepayments were received 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 2023 and 2022 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>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
– Continuing operations	<b>3,505</b>	1,006
– Discontinued operation	–	4,137
	<u><b>3,505</b></u>	<u>5,143</u>
Revenue recognised from performance obligations satisfied in previous years		
– Continuing operations	<b>21,820</b>	20,433
– Discontinued operation	–	8,161
	<u><b>21,820</b></u>	<u>28,594</u>

(c) **Unsatisfied performance obligations**

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

	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Aggregate amount of the transaction price allocated to long-term construction contracts that are partially or fully unsatisfied as at year end		
– Continuing operations	<b>152,683</b>	237,066
	<u><b>152,683</b></u>	<u>237,066</u>

Management expects that the transaction prices regarding the unsatisfied contracts as of 31 December 2023 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

	Number of ordinary shares	Share Capital <i>HK\$'000</i>
<b>Authorised:</b>		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u>4,000,000,000</u>	<u>40,000</u>
<b>Issued and fully paid:</b>		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u>624,000,000</u>	<u>6,240</u>

## 13 TRADE AND RETENTION PAYABLES

	As at 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables ( <i>Note (a)</i> )	20,977	11,712
Retention payables ( <i>Note (b)</i> )	<u>2,749</u>	<u>4,142</u>
Trade and retention payables	<u>23,726</u>	<u>15,854</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 year end were as follows:

	As at 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	9,945	5,423
31-60 days	5,303	1,978
61-90 days	232	1,512
91-120 days	–	–
Over 120 days	<u>5,497</u>	<u>2,799</u>
	<u>20,977</u>	<u>11,712</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 and the expiry of the defect liability period of the construction project 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:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Will be settled within twelve months	<b>317</b>	278
Will be settled more than twelve months after the end of the year	<b>2,432</b>	3,864
	<b><u>2,749</u></b>	<u>4,142</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is principally engaged in providing one-stop design and build solutions for BMU systems works, and development, design, production and sales of new energy generation and energy storage system and provision of services for sales of electricity.

With the announcements by the governments of Mainland China, Hong Kong and Macau on the further relaxation of the pandemic prevention and control measures in early 2023, the operations of the Group have resumed to normal. In addition, the Group has undertaken substantial work on a large-scale BMU project during the Year. As a result, the Group's revenue and profit from the continuing operations also recorded an increase by 26.4% and 45.9%, respectively, compared with last year. For more details, please refer to the "Financial Review" section below.

### **OUTLOOK**

With the relaxation of the pandemic prevention and control measures, and the announcement in Hong Kong's latest budget that all residential property transactions will no longer need to attract additional stamp duty, buyer's stamp duty and new residential stamp duty, as well as the relaxation of the mortgage loan-to-value limit for owner-occupied residential properties, Hong Kong's real estate industry has shown signs of recovery. However, the continued high level of interest rates still put pressure on private residential demand and housing prices. The pace of real estate development and the stringency of construction cost controls led by real estate developers and main contractors remain uncertain. 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.

Stable energy supply is an important factor in economic development, and renewable energy and electricity spot markets are becoming increasingly popular. In the view of this, the Group carries out work such as power spot system development, direct power purchase services, and agency transactions during the Year, aiming to become a leading trading practitioner and technical information service provider. At the same time, the Group will continue to develop diversified new energy businesses and continue to look for investment opportunities. As such, the Group anticipates that additional fundraising may be required from time to time to support working capital expenses in order to achieve such business growth.

### **FINANCIAL REVIEW**

#### **Revenue**

During the Year, the revenue of the Group was approximately HK\$192.4 million, representing an increase of 26.4% as compared to approximately HK\$152.2 million recorded for the year ended 31 December 2022. The increase was mainly contributed by BMU System Business, while the Group undertook substantial work on a large-scale BMU project in 2023.

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

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
BMU System Business	<b>192,185</b>	150,805
Green New Energy Business	<b>217</b>	1,410
	<hr/>	<hr/>
Total	<b>192,402</b>	152,215
	<hr/> <hr/>	<hr/> <hr/>

### **Gross profit and gross profit margin**

The gross profit and gross profit margin of the Group increased from approximately HK\$37.6 million and 24.7% to approximately HK\$52.8 million and 27.4%, respectively. The increase in gross profit and gross profit margin was mainly attributable to the increase in the number and profit margin of the variation orders received by the BMU Systems Business of the Group.

### **Other income**

The other income of the Group for the Year significantly decreased to approximately HK\$3,000 from approximately HK\$1.0 million for the year ended 31 December 2022. The decrease in other income is mainly attributed by the Group no longer receiving the government grant under the employment support scheme, which was received in 2022.

### **Other losses, net**

The net of other losses recorded for the Year represented the net foreign exchange differences, and the net of other losses recorded for the year ended 31 December 2022 represented the net foreign exchange differences and a forfeiture of pledged deposits.

### **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\$6.6 million to approximately HK\$24.3 million for the Year, as compared to approximately HK\$17.7 million for the year ended 31 December 2022. The increase was mainly due to the increase in staff cost, depreciation expenses, legal and professional fees and travelling expenses as a result of the development of the Green New Energy Business 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 increased to approximately HK\$2.8 million from approximately HK\$2.4 million for the year ended 31 December 2022, 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 2022, the income tax expenses of the Group for the Year increased from HK\$4.6 million to HK\$5.7 million mainly due to the increase in profit before tax from BMU Systems Business of the Group.

## **Profit from continuing operations**

For the Year, the Group recorded an increase in net profit from continuing operations of the Group from HK\$12.8 million to HK\$18.6 million. The increase was mainly attributable to (1) the increase in the gross profit of the Group, (2) the share-based payment expenses of approximately HK\$6.6 million recognised for the year ended 31 December 2022 as an acceleration of vesting under the relevant accounting standards due to the cancellation of pre-IPO share options and the Group has no such expenses to be recorded for the Year, and (3) the increase in administrative expenses of the Group due to the development of the Green New Energy Business, which partially set-off against the above mentioned effects.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 December 2023, the Group's monetary assets, including cash and cash equivalents, time deposits, pledged deposits and restricted deposit increased to approximately HK\$62.0 million as compared to approximately HK\$48.9 as at 31 December 2022.

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 31 December 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 31 December 2023, 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 31 December 2023, the Group had entered into two supplemental loan agreements with Treasure Ship to extend the repayment date to increase the loan facility up to an aggregate amount of HK\$20 million and 30 June 2025, with the other terms remaining unchanged.

As at 31 December 2023 and 2022, the Group’s total borrowings amounted to approximately HK\$59.7 million and HK\$45.6 million, respectively. The borrowings as at 31 December 2023 were denominated in Hong Kong Dollars (2022: same) and carried at interest rates of 5.50% to 6.41% per annum (2022: 5.50% per annum).

As at 31 December 2023 and 2022, the Group had unutilised credit facilities of HK\$29.1 million and HK\$39.1 million, respectively.

The Group recorded gearing ratios (total debt, being the total of borrowings and lease liabilities, as at the year end divided by total equity attributable to shareholder as at the year end and multiplied by 100%) of approximately 58.7% and 56.3% as at 31 December 2023 and 2022, 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 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 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 interest as at 31 December 2023.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2023, the Group has no plan for any material investments or capital assets.

## PLEDGE OF ASSETS

As at 31 December 2023, pledged and restricted deposits in the sum of approximately HK\$15.8 million (2022: HK\$15.9 million) were placed with banks as securities for certain banking facilities of the Group.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At each of the years ended 31 December 2023 and 2022, the Group's contingent liabilities were as follows:

### (i) Surety bonds and performance guarantee insurance contract

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Surety bonds ( <i>Note (a)</i> )	13,123	16,911
Performance guarantee insurance contract ( <i>Note (b)</i> )	2,203	–
	<u>15,326</u>	<u>16,911</u>

*Note (a):* As at 31 December 2023, the Group provided guarantees of surety bonds in respect of 22 (2022: 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.

*Note (b):* As at 31 December 2023, the Group provided a performance guarantee insurance contract in relation to the Green New Energy Business. The contract will be released on 28 February 2025.

## **(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) Capital commitments**

The Group has no material commitments as at 31 December 2023 and 31 December 2022.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2023, the Group had 66 full-time employees (As at 31 December 2022: 58 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 and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code set out in Part 2 of the Appendix C1 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 all applicable code provisions as set out in the CG Code as set out in Part 2 of the Appendix C1 of the Listing Rules throughout the Year.

## **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 Thursday, 30 May 2024. 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 Monday, 27 May 2024 to Thursday, 30 May 2024 (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 Friday, 24 May 2024 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.

## **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 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 conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **PUBLICATION OF THE 2023 ANNUAL RESULTS AND THE 2023 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 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, 26 March 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.*