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If you have sold or transferred all your shares in Acme International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE AND NOTICE OF THE EGM

Financial adviser to the Company



紅日資本有限公司

RED SUN CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A letter from the Board is set out on pages 5 to 20 of this circular.

A notice convening the EGM to be held at Artyzen Club, 401A, 4/F, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Wednesday, 25 June 2025 at 2:30 p.m. is set out on pages 21 to 23 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. at or before 2:30 p.m. on Monday, 23 June 2025) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

5 June 2025

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Announcements”	collectively, the announcement of the Company dated 17 March 2025 in relation to, among others, the Placing and the Subscription and the announcement of the Company dated 18 May 2025 in relation to the Supplemental Subscription Agreement
“associate”	has the meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday or public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“BVI”	British Virgin Islands
“Company”	Acme International Holdings Limited (益美國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1870)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Subscription and the grant of the Specific Mandate to allot and issue the Subscription Shares
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution of the Company passed at the annual general meeting of the Company held on 30 May 2024 to allot, issue and deal with new Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of the passing of such resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	30 May 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Loan”	an unsecured revolving credit facility granted by Treasure Ship in favour of the Company in the principal amount of up to HK\$40,000,000 at the interest rate of 5.5% per annum from the drawdown date up to 15 January 2025 and at the interest rate of 6.0% per annum thereafter with the final repayment date on 30 June 2026, pursuant to the terms and conditions of the Loan Agreement
“Loan Agreement”	the loan agreement dated 19 August 2022 (as supplemented and amended by the supplemental agreements dated 19 December 2022, 12 December 2023, 19 August 2024 and 23 December 2024) entered into between the Company as borrower and Treasure Ship as lender in respect of the Loan
“Loan Capitalisation”	conversion of HK\$32,399,640 in the outstanding principal and accrued interest payable under the Loan into the share capital of the Company by applying such amount of the Loan in payment of the Subscription Price for the Subscription Shares credited as fully paid to Treasure Ship under the Subscription
“Long Boom”	Long Boom Capital Holding Limited, a company incorporated in the BVI with limited liability and the entire issued share capital of which is owned by Mr. Lin
“Mr. Lin”	Mr. Lin Zhang, the sole director and the sole beneficial owner of Treasure Ship
“Placees”	professional, institutional and other investors selected and procured by or on behalf of the Placing Agent to subscribe for the Placing Shares pursuant to the provisions as contemplated by the Placing Agreement

DEFINITIONS

“Placing”	the placing of the Placing Shares to the Placees pursuant to the Placing Agreement, the completion of which took place on 8 April 2025
“Placing Agent”	Bradbury Securities Limited, a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the placing agent under the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 17 March 2025 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$0.138 per Placing Share (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable)
“Placing Share(s)”	a total of 124,800,000 new Shares placed pursuant to the Placing Agreement and issued under the General Mandate
“Price Collapse”	the decrease in closing price per Share from HK\$1.45 as at 4 March 2025 to HK\$0.148 as at 6 March 2025
“Share(s)”	the ordinary share(s) of the Company with a par value of HK\$0.01 each in the share capital of the Company
“Share Disposals”	the disposals of an aggregate of 155,515,000 Shares by Treasure Ship on 5 and 6 March 2025, which were caused by a forced liquidation of margin financing of Mr. Lin, and not initiated, intended or planned by Mr. Lin or the Company and were beyond the Company’s control
“Shareholder(s)”	holders of the Shares
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the EGM and to be granted to the Board for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by Treasure Ship pursuant to the terms of the Subscription Agreement

DEFINITIONS

“Subscription Agreement”	the conditional subscription agreement dated 17 March 2025 (as supplemented and amended by the Supplemental Subscription Agreement) entered into between the Company as the issuer and Treasure Ship as the subscriber in respect of the Subscription
“Subscription Price”	HK\$0.172 per Subscription Share pursuant to the Subscription Agreement
“Subscription Share(s)”	an aggregate of 188,370,000 new Shares to be subscribed by Treasure Ship pursuant to the Subscription Agreement
“subsidiary(ies)”	has the meaning as ascribed to it under the Listing Rules
“Supplemental Subscription Agreement”	the conditional supplemental agreement to the Subscription Agreement dated 16 May 2025 entered into between the Company as the issuer and Treasure Ship as the subscriber to amend certain terms of the Subscription
“Treasure Ship”	Treasure Ship Holding Limited, a direct wholly-owned subsidiary of Long Boom and a company incorporated in the BVI with limited liability, the entire issued share capital of which is ultimately and beneficially owned by Mr. Lin
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Kwan Kam Tim (*Chairman*)

Mr. Yip Wing Shing

Mr. Zhang Guangying

Independent non-executive Directors:

Prof. Hon. Lau Chi Pang, *BBS, J.P.*

Mr. Chin Wai Keung Richard

Prof. Mo Lai Lan

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681 Grand Cayman,

KY1-1111

Cayman Islands

Head office:

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Principal Place of Business

in Hong Kong:

Unit A, 15/F.,

Infotech Centre,

21 Hung To Road,

Kwun Tong, Hong Kong

5 June 2025

To the Shareholders

Dear Sir or Madam,

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

References are made to the Announcements in relation to, among others, the Subscription.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (a) further information relating to the Subscription; (b) the notice of the EGM; and (c) other information as required under the Listing Rules.

THE SUBSCRIPTION

Background to the Subscription Agreement

On 19 August 2022, the Company, as borrower, and Treasure Ship, as lender, entered into the Loan Agreement, pursuant to which Treasure Ship granted the Loan, which is a revolving credit facility, in favour of the Company in the principal amount of up to HK\$10,000,000 at the interest rate of 5.5% per annum with the final repayment date on 18 August 2023. Pursuant to the supplemental loan agreement dated 19 December 2022, the final repayment date of the Loan was extended to 30 June 2024. Pursuant to the second supplemental loan agreement dated 12 December 2023, the final repayment date of the Loan was extended to 30 June 2025, and the principal amount under the Loan was increased to up to HK\$20,000,000. Pursuant to the third supplemental loan agreement dated 19 August 2024, the principal amount under the Loan was further increased to up to HK\$40,000,000. Pursuant to the fourth supplemental loan agreement dated 23 December 2024, the final repayment date of the Loan was further extended to 30 June 2026, and the interest rate of the Loan was increased to 6.0% per annum effective from 16 January 2025.

Treasure Ship was then a Shareholder as to 122,000,000 Shares, representing approximately 19.55% of the then entire issued share capital of the Company, and therefore a connected person of the Company. As such, the Loan constitutes a financial assistance from a connected person of the Company for the benefit of the Group, which are on normal commercial terms or better, and such loans are not secured by the assets of the Group, therefore is exempt under Rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and shareholders' approval requirements.

LETTER FROM THE BOARD

Set out below is a breakdown of major drawdown (in the amount of at least HK\$500,000) of the Loan up to the Latest Practicable Date.

Date of drawdown	Drawdown amount HK\$	Accumulated drawdown amount HK\$
5 September 2022	1,000,000	1,000,000
29 December 2022	500,000	1,500,000
10 January 2023	500,000	2,000,000
28 March 2023	700,000	3,000,000
23 November 2023	1,000,000	6,945,000
25 November 2023	1,000,000	7,945,000
26 November 2023	1,000,000	8,945,000
28 November 2023	1,000,000	9,945,000
11 June 2024	730,000	13,965,000
2 September 2024	600,000	15,697,000
3 September 2024	500,000	16,197,000
12 September 2024	800,000	16,997,000
15 October 2024	8,606,940	26,203,940
29 October 2024	500,000	26,803,940
2 December 2024	800,000	27,603,940
30 December 2024	700,000	28,303,940
9 January 2025	500,000	28,903,940 ^{Note}

Note: The accumulated drawdown amount shown as at 9 January 2025 does not equal the total outstanding principal of the Loan of approximately HK\$30.6 million as at the date of the Supplemental Subscription Agreement, which was mainly because several smaller drawdowns (each in the amount of less than HK\$500,000) made between 9 January 2025 and the date of the Supplemental Subscription Agreement are not individually detailed in the table above.

The outstanding amount of the Loan amounted to (a) approximately HK\$1.5 million, comprising principal amount of approximately HK\$1.5 million and interest of approximately HK\$19,000, as at 31 December 2022; (b) HK\$11.0 million, comprising principal amount of approximately HK\$10.7 million and interest of approximately HK\$0.3 million, as at 31 December 2023; and (c) HK\$29.6 million, comprising principal amount of approximately HK\$28.4 million and interest of approximately HK\$1.2 million) as at 31 December 2024. The Loan is mainly utilised for business development and working capital required to maintain the daily operation of the Group, including payment of professional fees, staff salaries, office rental, utilities and other expenses.

As at the Latest Practicable Date, the Company has not made any repayment of the principal amount or any interest under the Loan to Treasure Ship.

LETTER FROM THE BOARD

The Subscription Agreement

On 17 March 2025 (after the trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with Treasure Ship and on 16 May 2025 (after the trading hours of the Stock Exchange), the Company and Treasure Ship entered into the Supplemental Subscription Agreement, pursuant to which Treasure Ship has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 188,370,000 Shares, being the Subscription Shares, at the Subscription Price, of HK\$0.172 per Subscription Share, which shall be settled by Treasure Ship by setting off against part of the Loan due by the Company to Treasure Ship on a dollar-to-dollar basis.

As at the date of the Subscription Agreement, being 17 March 2025, the outstanding amount of the Loan amounted to approximately HK\$31.3 million, comprising principal amount of approximately HK\$29.8 million and interest of approximately HK\$1.5 million. As at the date of the Supplemental Subscription Agreement, the outstanding amount of the Loan amounted to approximately HK\$32.4 million, comprising principal amount of approximately HK\$30.6 million and interest of approximately HK\$1.8 million. Based on the outstanding amount of the Loan of approximately HK\$32.5 million, comprising principal amount of approximately HK\$30.6 million and interest of approximately HK\$1.9 million as at the Latest Practicable Date, it is expected that, immediately after completion of the Subscription and the Loan Capitalisation, the outstanding amount of the Loan will amount to approximately HK\$0.1 million, comprising principal amount of approximately HK\$0.1 million and interest of approximately HK\$Nil.

The principal terms of the Subscription Agreement are as follows:

Date

17 March 2025 (as supplemented and amended by the Supplemental Subscription Agreement dated 16 May 2025)

Parties

- (i) the Company; and
- (ii) Treasure Ship

LETTER FROM THE BOARD

Number of Subscription Shares

The Subscription Shares represent (i) approximately 25.2% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 20.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming that there will be no change in the issued share capital of the Company between the Latest Practicable Date and the allotment and issue of the Subscription Shares.

The aggregate nominal value of the Subscription Shares is HK\$1,883,700 and the market value of the Subscription is HK\$46,904,130, based on the closing price of HK\$0.249 per Share on the Latest Practicable Date.

The Subscription Shares will be allotted and issued under the Specific Mandate.

Subscription Price

The Subscription Price is HK\$0.172 per Subscription Share. The aggregate Subscription Price of all Subscription Shares of HK\$32,399,640, which shall be fully settled by setting off against part of the Loan due by the Company to Treasure Ship on a dollar-to-dollar basis.

The Subscription Price represents:

- (i) a discount of approximately 30.9% to the closing price of HK\$0.249 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (ii) the closing price of HK\$0.172 per Share as quoted on the Stock Exchange on 17 March 2025, being the date of the Subscription Agreement;
- (iii) a discount of approximately 32.5% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on 16 May 2025, being the date of the Supplemental Subscription Agreement;
- (iv) a discount of approximately 30.9% to the average closing price of approximately HK\$0.249 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Supplemental Subscription Agreement;
- (v) a discount of approximately 89.4% over the average closing price of approximately HK\$1.623 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the date immediately prior to the Price Collapse (i.e. 4 March 2025);
- (vi) a discount of approximately 89.7% over the average closing price of approximately HK\$1.662 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the date immediately prior to the Price Collapse (i.e. 4 March 2025);

LETTER FROM THE BOARD

- (vii) a discount of approximately 89.8% over the average closing price of approximately HK\$1.691 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the date immediately prior to the Price Collapse (i.e. 4 March 2025); and
- (viii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 6.54%, which is calculated based on the theoretical diluted price of approximately HK\$0.238 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the Supplemental Subscription Agreement of HK\$0.255 per Share; and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the Supplemental Subscription Agreement of approximately HK\$0.249 per Share).

The net Subscription Price (after deduction of all professional fees and related expenses), is estimated to be approximately HK\$0.172 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and Treasure Ship with reference to, among other things:

- (a) the closing price of HK\$0.172 per Share as quoted on the Stock Exchange on 17 March 2025, being the date of the Subscription Agreement, which is equivalent to the Subscription Price;
- (b) the premium of approximately 24.6% of the Subscription Price over the Placing Price of HK\$0.138 per Placing Shares; and
- (c) the continuous financial support by Treasure Ship in the past through the provision of the Loan, including the subsequent increase of the principal amount and extension of the repayment date, and the risk of the discontinuation of the financial support from Treasure Ship in the event that Treasure Ship is unable to restore its shareholding in the Company and regain its position as the single largest Shareholder following the Share Disposals, whereby the shareholding of Treasure Ship in the Company decreased from approximately 29.86% to 4.94% of the then entire issued share capital of the Company. For further details, please refer to the section headed "Reasons for and Benefits of the Subscription" in this circular.

Ranking of the Subscription Shares

The Subscription Shares when allotted and issued, shall rank *pari passu* among themselves and with all Shares in issue on the date of such allotment and issue in all respects.

LETTER FROM THE BOARD

Conditions precedent

Completion of the Subscription is conditional upon the following conditions being fulfilled on or before 30 June 2025:

- (a) the passing of the necessary resolution(s) by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules and other applicable laws and regulations at the EGM to be held and convened to approve, among other things, the Subscription Agreement and the transactions contemplated hereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares;
- (b) the completion of the Placing having taken place and all of 124,800,000 new Placing Shares having been successfully placed to the Placees;
- (c) the Listing Committee granting, and not having withdrawn or revoked up to completion, the listing of and permission to deal in the Subscription Shares;
- (d) all necessary consents and approvals required to be obtained by the Company in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained; and
- (e) all necessary consents and approvals required to be obtained by Treasure Ship in respect of Subscription Agreement and the transactions contemplated thereunder having been obtained.

The conditions are incapable of being waived. In the event that any of the above conditions is not fulfilled on or before 30 June 2025 (or such other date as may be agreed between the parties to the Subscription Agreement in writing), all rights, obligations and liabilities of the parties to the Subscription Agreement shall cease and terminate and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Subscription Agreement prior to such termination.

As at the Latest Practicable Date, save for condition precedent (b) set out above which has been satisfied, all the other conditions are yet to be fulfilled.

Completion of the Subscription shall take place on the third Business Day (or such other date as the Company and Treasure Ship may agree) after satisfaction of the above conditions.

LETTER FROM THE BOARD

Setting-off of the Loan

Based on the outstanding amount of the Loan of approximately HK\$32.5 million as at the Latest Practicable Date and the aggregate Subscription Price for all Subscription Shares in the amount of HK\$32,399,640 to be set-off against the Loan through the Loan Capitalisation, the remaining amount of the Loan will be approximately HK\$0.1 million, comprising the principal amount of approximately HK\$0.1 million and interest of HK\$Nil immediately after the completion of the Subscription.

Pursuant to the terms and conditions of the Loan Agreement, the Company may at its sole and absolute discretion to prepay to Treasure Ship the whole or part of the outstanding principal amount of the Loan before the final repayment date provided that, among other things, the Company shall, on the date of prepayment of any part of the outstanding principal amount of the Loan prior to the final repayment date, pay to Treasure Ship all accrued interest on the amount prepaid. Furthermore, any amounts prepaid prior to the repayment date of the Loan shall be available for re-borrowing and drawing.

APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES

Application(s) will be made by the Company to the Listing Committee for the listing of and permission to deal in the Subscription Shares.

INFORMATION ON THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in provision of design and built solutions for building maintenance unit system, development, design, production and sale of green power energy generation and energy storage system, provision of electricity trading services and provision of professional technical services for renewable energy solutions.

INFORMATION ON TREASURE SHIP

Treasure Ship is an investment holding company incorporated in the BVI with limited liability. Treasure Ship is ultimately and beneficially wholly-owned by Mr. Lin. As at 19 August 2022 (i.e. date of the Loan Agreement), Treasure Ship was a Shareholder as to 122,000,000 Shares, representing approximately 19.55% of the then entire issued share capital of the Company. As at 4 March 2025 (i.e. the date immediately prior to the Share Disposals), Treasure Ship was a Shareholder as to 186,350,000 Shares, representing approximately 29.86% of the then entire issued share capital of the Company. As at the Latest Practicable Date, Treasure Ship is a shareholder of the Company as to 30,835,000 Shares, representing approximately 4.12% of the entire issued share capital of the Company. Immediately upon the completion of the Subscription, Treasure Ship will be a Shareholder as to 219,205,000 Shares, representing approximately 23.39% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming that there are no changes in the issued share capital of the Company between the Latest Practicable Date and the allotment and issue of the Subscription Shares.

LETTER FROM THE BOARD

Mr. Lin is a businessman and a financial investor with more than 15 years of experience in the natural resources and finance industry. He holds a Bachelor Degree in Economics from Tianjin University of Commerce. Save for the Loan and the shareholding in the Company disclosed in this circular, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, each of Treasure Ship and Mr. Lin does not have any other relationship with the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company is an investment holding company and its subsidiaries are principally engaged in providing one-stop design and built solutions for building maintenance unit system works and development, design, production and sales of green power energy generation and energy storage system, provision of electricity trading services and provision of professional technical services for renewable energy solutions.

As disclosed in the annual report of the Company for the year ended 31 December 2024, as at 31 December 2024, the Group recorded (i) cash and cash equivalents of approximately HK\$62.5 million; and (ii) borrowings of approximately HK\$79.8 million (including non-current portion of approximately HK\$65.5 million and current portion of approximately HK\$14.3 million), which represents, for illustrative purposes only, a negative net cash position of approximately HK\$17.3 million. As at 31 December 2024, the Group's gearing ratio (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%) amounted to approximately 78.6%. Moreover, it is disclosed that the Group expected to further expand and diversify its green new energy business through geographical expansion, technology integration and product diversification.

On and shortly after 6 March 2025, the Company was made aware of the Share Disposals, whereby the shareholding of Treasure Ship in the Company decreased from approximately 29.86% to 4.94% of the then entire issued share capital of the Company, and the intention of Mr. Lin, being the sole ultimate beneficial owner of Treasure Ship, to restore his shareholding and position as the single largest Shareholder. At the same time, the Company expressed that it was interested in additional fundings and it was considering to undertake a potential issuance of new Shares by way of placing and/or subscription by specific investors to meet its ongoing financial needs for business operations and expansion. In light of the Price Collapse, the Company considered potential investors may become more interested in the Shares as the result. As such, the Company entered into the Placing Agreement with the Placing Agent and the Subscription Agreement with Treasure Ship, each on 17 March 2025, and the Placing was successfully completed on 8 April 2025, whereby an aggregate of 124,800,000 Shares were placed pursuant to the Placing.

LETTER FROM THE BOARD

Given Mr. Lin's financial support provided to the Company historically through the provision of the Loan with multiple extensions of repayment terms and increase in the principal amount, the Company considered that it was important for the Company to obtain Mr. Lin's continuous and unwavering support to the Company. The Share Disposals were caused by a forced liquidation of margin financing of Mr. Lin, which were not initiated, intended or planned by Mr. Lin or the Company and were beyond the Company's control. Mr. Lin expressed that he is willing to continue his support in the event that Treasure Ship's shareholding and position as the largest single Shareholder is restored, and is willing to capitalise the Loan pursuant to the terms of the Subscription Agreement in order to restore its shareholding. In consideration that the Loan may not be renewed if Treasure Ship is no longer the substantial Shareholder and there is no assurance that the Company will be able to obtain sufficient financial resources to repay the Loan when it becomes due, it may entail material adverse effect on the operation of the Company.

After reviewing the Company's funding needs, taking into account the following:

- (a) the cash and cash equivalents in the amount of HK\$62.5 million as at 31 December 2024, which is reserved for/consisted of:
 - (i) monthly operating cash maintained for (1) building maintenance unit ("BMU") business, which is a relatively capital intensive business requiring significant upfront outlays at the time of BMU installation, of approximately HK\$30.0 million, which is reserved to cover upfront outlays and surety bonds for newly awarded projects, with surety bonds typically amounting to 10% of the contract sum as security for contract performance; (2) existing green power energy business in the PRC of approximately HK\$4.0 million; and (3) existing green power energy business in New Zealand of approximately HK\$6.0 million;
 - (ii) scheduled repayment of a loan from Mr. Kwan Kam Tim ("Mr. Kwan"), an executive Director and a Shareholder, with the outstanding amount of approximately HK\$11.7 million (including principal and accrued interests) as at 31 December 2024 and repayable on or before 15 July 2025 according to the relevant loan agreement; and other short term borrowings of approximately HK\$2.6 million as at 31 December 2024, which is repayable on demand;
 - (iii) approximately HK\$2.0 million for the office renovation for a property acquired in 2024, which will be used as workshop and storage upon expiry of the existing tenancies thereon in or around May 2025. For further details, please refer to the announcements of the Company in relation to the acquisition of such properties dated 9 October 2024 and 18 October 2024; and
 - (iv) the remaining amount of approximately HK\$6.2 million shall be maintained as a cash reserve for contingencies, in particular under the current unstable global macro-environment (the "Contingency Cash Reserve");

LETTER FROM THE BOARD

- (b) net unutilised credit facilities (being the amount not subject to any security requirement) of approximately HK\$5.0 million as at 31 December 2024 (the “**Net Unutilised Credit Facilities**”), which represents the net amount of the available unutilised credit facilities as at 31 December 2024 in the amount of approximately HK\$73.3 million after deduction of (i) the amount of approximately HK\$11.6 million available for drawdown pursuant to the Loan Agreement, and (ii) the amount of approximately HK\$56.7 million of unutilised credit facilities which was subject to additional security requirements, such as the placement of pledged or restricted deposits with the bank on a 1:1 basis to secure these facilities; and
- (c) with reference to the announcement of the Company dated 8 April 2025 in relation to the completion of the Placing, the net proceeds from the Placing amounted to approximately HK\$16.4 million, which is intended to be applied by the Company in the following manner:
 - (i) approximately HK\$7.0 million for development of electricity trading business and other related potential green energy projects in the PRC, of which approximately HK\$3.2 million has been utilised in April 2025, and the remaining of approximately HK\$3.8 million is expected to be utilised between June to September 2025 for the expansion of electricity trading business and development of potential energy storage solution business in PRC;
 - (ii) approximately HK\$4.0 million for general working capital of the Group, which was substantially used for settling the audit fee, professional fees and staff costs in April 2025; and
 - (iii) approximately HK\$5.4 million for the existing renewable energy solution business in New Zealand and development of potential green energy projects in overseas markets, of which approximately HK\$2.0 million is intended to be utilised between the second and fourth quarter of 2025 for the initial expansion of existing renewable energy solution business in New Zealand, in particular expanding its service network to other major cities such as Queenstown, Christchurch, and Wellington (and approximately HK\$0.2 million was utilised as at the Latest Practicable Date, please refer to the section headed “Fund raising activity by the Company in the past twelve months” for more details); and the remaining of HK\$3.4 million are reserved for potential investment opportunities in renewable energy projects in relation to a solar farm project in the Southeast Asia (the “**Potential Investment Opportunity**”), which is in advanced negotiations, with an estimated consideration of interest in an entity of approximately US\$1.0 million (equivalent to approximately HK\$7.8 million), considering its ownership of the development rights of the relevant project, as compared to the estimated capital requirement for the subsequent development of the project amounting to approximately US\$5.0 million to US\$6.0 million (equivalent to approximately HK\$39.0 million to HK\$46.8 million, respectively), if realised. The relevant amount for such investment is expected to be fully utilised by the Company within 2025, in the event that the Potential Investment Opportunity is realised;

LETTER FROM THE BOARD

the remaining cash and cash equivalent in the amount of approximately HK\$14.6 million (the “**Remaining Cash and Cash Equivalent**”), being the sum of the Contingency Cash Reserve of HK\$6.2 million, the Net Unutilised Credit Facilities of HK\$5.0 million, and the amount of HK\$3.4 million reserved for the Potential Investment Opportunity, will not be sufficient for the repayment of the Loan and to fund the continuous development and expansion of the Company’s business operations.

In addition, the Loan Capitalisation upon completion of the Subscription will effectively lead to a healthier financial position of the Group by (a) relieving the financial burden of the Group from the Loan; and (b) reducing the gearing level of the Group (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 78.6% as at 31 December 2024, which can in turn strengthen its financial position and debt financing capability in the long run.

Having considered the above, the Directors are of the view that there is imminent and genuine need to proceed with the Subscription.

The Directors have considered alternative fund-raising methods such as debt financing, rights issue or open offer. The Directors considered that debt financing may incur interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks in light of the Group’s financial position, including the negative net cash position, the increase in the gearing ratio of the Group from approximately 56.3% as at 31 December 2022 to approximately 58.7% as at 31 December 2023, and further to approximately 78.6% as at 31 December 2024, and the Remaining Cash and Cash Equivalent being insufficient for the repayment of the Loan and to fund the continuous development and expansion of the Company’s business operations as discussed above. Additionally, major non-current assets of the Group had already been pledged to secure the Group’s bank borrowings. During the annual review in early 2025 in relation to the existing facilities granted, principal bankers of the Group also indicated that further facilities are not likely to be granted unless there is a placement of pledged or restricted deposits with the bank on a 1:1 basis. Considering the above and the tightening credit policies and prudent risk appetite of banks under the recent financial market condition, the processes of debt financing may be practically uncertain and time-consuming. On the other hand, the Company has contacted not less than three financial institutions after the Price Collapse regarding the possibilities of rights issue or open offer, which involves the issue of listing documents with other application and administrative procedures, substantial negotiations with potential underwriters or placing agents, and additional expenses, including underwriting commission, placing commission and a range of professional service fees and a relatively substantial amount of time and cost to complete compared to the equity financing through the issue of new Shares under the Specific Mandate, however, no positive response was received. Based on the above, the Directors consider that the Subscription would be the best financing option as compared to the above other financing alternatives. After the completion of the Subscription (including the Loan Capitalisation), the unutilised amount of the Loan will be increased by approximately HK\$30.6 million. Pursuant to the Loan Agreement, any amounts prepaid prior to the repayment date of the Loan shall be available for re-borrowing and drawing. As such, the Company may continue to draw down the Loan, which would provide additional short-term financial resources for the Company’s business development and operation up to the final repayment date of 30 June 2026, subject to the decision of the Directors at the relevant time having regard to the circumstances then pertaining to ensure it is in the best interest of the Company and its Shareholders.

LETTER FROM THE BOARD

The Directors consider that the Subscription Agreement was entered into upon normal commercial terms following arm's length negotiations between the Company and Treasure Ship, and the terms of the Subscription Agreement (including the Subscription Price and the Loan Capitalisation), are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY BY THE COMPANY IN THE PAST TWELVE MONTHS

The following fund-raising activity involving the issue of the Company's securities was conducted in the past 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds as at the Latest Practicable Date
17 March 2025 and 8 April 2025	The Placing	HK\$16.4 million	(i) Approximately HK\$7.0 million for the development of electricity trading business and other related potential green energy projects in the PRC;	Approximately HK\$3.2 million was utilised for development of electricity trading business and other related potential green energy projects in the PRC;
			(ii) Approximately HK\$5.4 million for the expansion of existing renewable energy solution business in New Zealand and development of potential green energy projects in overseas markets; and	Approximately HK\$0.2 million was utilised for the expansion of existing renewable energy solution business in New Zealand; and
			(iii) Approximately HK\$4.0 million for general working capital of the Group, including payment of professional fees, staff salaries, office rental, utilities and other expenses.	Approximately HK\$4.0 million was utilised for general working capital of the Group, including payment of professional fees, staff salaries, office rental, utilities and other expenses.

Save as disclosed above, the Company has not conducted any fund-raising activities involving the issue of its equity securities in the 12 months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date and immediately before completion of the Subscription; and (ii) immediately after completion of the Subscription, assuming that there are no changes in the issued share capital of the Company between the Latest Practicable Date and the allotment and issue of the Subscription Shares, for illustration purposes only:

	As at the Latest Practicable Date and immediately before completion of the Subscription		Immediately after the completion of the Subscription	
	<i>Number of shares</i>	<i>Approximate %</i>	<i>Number of shares</i>	<i>Approximate %</i>
Shareholders				
Mr. Liao Shigang (<i>Note 1</i>)	61,240,000	8.18	61,240,000	6.53
RR (BVI) Limited (<i>Note 2</i>)	34,500,000	4.61	34,500,000	3.68
Treasure Ship Holding Limited (<i>Note 3</i>)	30,835,000	4.12	219,205,000	23.39
Other public Shareholders (including the Placees) (<i>Note 4</i>)	622,225,000	83.10	622,225,000	66.30
Total	<u>748,800,000</u>	<u>100.00</u>	<u>937,170,000</u>	<u>100.00</u>

Notes:

- To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, Mr. Liao Shigang is not a core connected person (as defined under the Listing Rules) of the Company.
- 34,500,000 shares are beneficially held by RR (BVI) Limited, the entire issued share capital of which is wholly owned by Mr. Kwan, an executive Director.
- The entire issued share capital of Treasure Ship is ultimately and beneficially owned by Mr. Lin.
- The 622,225,000 Shares held by public Shareholders include the 124,800,000 Placing Share held by the Placees.
- Due to rounding, the percentage figures shown above may not add up to the sub-total or total.

LETTER FROM THE BOARD

Completion of the Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreement, and the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

EGM

An EGM will be held and convened for the purpose of considering and, if thought fit, approving the Subscription Agreement and the transaction contemplated thereunder, including allotment and issue of the Subscription Shares, and grant of the Specific Mandate.

Treasure Ship is a shareholder of the Company as to 30,835,000 Shares, representing approximately 4.12% of the entire issued share capital of the Company as at the Latest Practicable Date, and is ultimately and beneficially wholly-owned by Mr. Lin. As such, Treasure Ship, Long Boom and Mr. Lin are required to abstain from voting on the proposed resolution(s) of the Company in approving the Subscription at the EGM. Save as disclosed and to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholder will be required to abstain from voting on the resolution(s) to approve the Subscription and the transactions contemplated thereunder at the EGM.

Set out on pages 21 to 23 of this circular is a notice convening the EGM to be held at Artyzen Club, 401A, 4/F, Shun Tak Centre, 200 Connaught Road Central, Hong Kong at 2:30 p.m. on Wednesday, 25 June 2025 at which ordinary resolutions will be proposed to consider and, if thought fit, approve the Subscription Agreement and the transaction contemplated thereunder, including allotment and issue of the Subscription Shares, and grant of the Specific Mandate. A form of proxy for the EGM is also enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time fixed for the EGM. The completion of a form of proxy will not preclude you from attending and voting at the EGM in person.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 20 June 2025 to Wednesday, 25 June 2025, both dates inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the EGM, non-registered Shareholders must lodge all duly completed and stamped transfers of Shares, accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 19 June 2025.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Subscription, the Subscription Agreement, the allotment and issue of the Subscription Shares pursuant to the Specific Mandate and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and accordingly, recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

GENERAL

The Subscription Shares will be allotted and issued under the Specific Mandate and the Subscription will be subject to the Shareholders' approval at the EGM.

MISCELLANEOUS

The translation into Chinese language of this circular is for reference only. In case of any inconsistency, the English text of this circular will prevail.

Yours faithfully,
For and on behalf of the Board of
Acme International Holdings Limited
Kwan Kam Tim
Chairman and Executive Director

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Acme International Holdings Limited (the “**Company**”) will be held at Artyzen Club, 401A, 4/F, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Wednesday, 25 June 2025 at 2:30 p.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution, which will be proposed as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the subscription agreement dated 17 March 2025 (as supplemented and amended by the supplemental subscription agreement dated 16 May 2025) (the “**Subscription Agreement**”) entered into between the Company as the issuer with Treasure Ship Holding Limited (“**Treasure Ship**”) as the subscriber pursuant to which Treasure Ship has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 188,370,000 subscription shares (the “**Subscription Share(s)**”), at the subscription price of HK\$0.172 per Subscription Share (a copy of the Subscription Agreement having been produced at the EGM and marked “A” and initialed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Subscription Shares) be and are hereby approved, confirmed and/or ratified;
- (b) the board of directors of the Company be and is hereby granted a specific mandate to exercise all the powers of the Company to allot and issue the Subscription Shares, subject to and in accordance with the terms and conditions of the Subscription Agreement; and

NOTICE OF EGM

- (c) any one director of the Company be and is hereby authorised to, on behalf of the Company, implement and take all steps and do all such acts and things and to sign and execute all such documents (including under seal, where applicable) as he/she may consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with the implementation of giving effect to the Subscription Agreement and the transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 5 June 2025

Head office:

Unit 3007-3008, 30/F, West Tower,
Shun Tak Centre,
168-200 Connaught Road Central,
Sheung Wan, Hong Kong

Registered office:

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

Unit A, 15/F., Infotech Centre,
21 Hung To Road,
Kwun Tong, Hong Kong

Notes:

- a. All resolution set out in this notice of EGM will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands). The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and of the Company at <https://www.acmehld.com/en/> in accordance with the Listing Rules.
- b. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company. If more than one proxies is appointed, the appointment shall specify the number and class of shares in respect of which such proxy is so appointed. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
- c. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

NOTICE OF EGM

- d. Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should they so wish. If you attend and vote at the EGM in person, the form of proxy shall be deemed to be revoked.
- e. A form of proxy for use at the meeting is being despatched together with this notice. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to Tricor Investor Services Limited, the office of the Company's Hong Kong branch share registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- f. The register of members of the Company will be closed from Friday, 20 June 2025 to Wednesday, 25 June 2025 (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 EGM. All transfer of the Company's shares together with the relevant share certificates must be lodged with Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong no later than 4:30 p.m. on Thursday, 19 June 2025 in order for the holders of the shares to qualify to attend and vote at the EGM or any adjournment thereof.

As at the date of this notice, the Board comprises six members, of which Mr. Kwan Kam Tim, Mr. Yip Wing Shing and Mr. Zhang Guangying are the executive Directors; and Prof. Hon. Lau Chi Pang, BBS, J.P., Mr. Chin Wai Keung Richard and Prof. Mo Lai Lan are the independent non-executive Directors.