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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)

SUPPLEMENTAL SUBSCRIPTION AGREEMENT IN RESPECT OF SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

Reference is made to announcement of the Company dated 17 March 2025 in relation to, among others things, the Subscription (the “**Announcement**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise specified.

THE LOAN

As disclosed in the Announcement, the final repayment date of the Loan was 30 June 2025. The Board wishes to clarify that the final repayment date of the Loan as disclosed in the Announcement should be 30 June 2026 instead of 30 June 2025 due to an inadvertent typographical mistake.

Save as clarified above, all the other information in the Announcement shall remain unchanged.

THE SUPPLEMENTAL SUBSCRIPTION AGREEMENT

Pursuant to the Subscription Agreement dated 17 March 2025, Treasure Ship has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 220,000,000 Subscription Shares at the Subscription Price of HK\$0.138 per Subscription Share. The Subscription Shares will be allotted and issued under the Specific Mandate.

On 16 May 2025 (after trading hours of the Stock Exchange), the Company and Treasure Ship entered into a supplemental agreement to the Subscription Agreement (the “**Supplemental Subscription Agreement**”) to amend certain terms of the Subscription (the “**Revised Subscription**”).

Date

16 May 2025

Parties

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

Amendment to the terms of the Subscription

1. The number of the Subscription Shares shall be 188,370,000 Shares (the “**Revised Subscription Shares**”) instead of 220,000,000 Shares, which represents (i) approximately 25.2% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 20.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Revised Subscription Shares, assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the allotment and issue of the Revised Subscription Shares.

The aggregate nominal value of the Revised Subscription Shares is HK\$1,883,700 and the market value of the Revised Subscription is HK\$48,034,350, based on the closing price of HK\$0.255 per Share on the date of the Supplemental Subscription Agreement.

2. The Subscription Price shall be increased to HK\$0.172 per Share (the “**Revised Subscription Price**”) instead of HK\$0.138 per Subscription Share.
3. The Revised Subscription Price for all Revised Subscription Shares in the aggregate amount of HK\$32,399,640 shall be fully settled by Treasure Ship upon completion by setting off against part of the Loan due by the Company to Treasure Ship on a dollar-to-dollar basis (the “**Loan Capitalisation**”). As such, there will not be any cash proceeds from the Revised Subscription.

As at the date of this announcement, the outstanding amount of the Loan amounted to approximately HK\$32.4 million, comprising principal amount of approximately HK\$30.6 million and interest payment of approximately HK\$1.8 million. Immediately after completion of the Revised Subscription, it is expected that there will be minimal principal amount and interests remaining payable under the Loan.

Save for the terms under the Supplemental Subscription Agreement as stated above, all the other terms of the Subscription Agreement remain unchanged and shall continue in full force and effect.

The Revised Subscription Price

The Revised Subscription Price of HK\$0.172 per Share represents:

- (i) 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;

- (ii) 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;
- (iii) a discount of approximately 30.9% to the average closing price of 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; and
- (iv) 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 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 Revised Subscription Price (after deduction of all professional fees and related expenses), is estimated to be approximately HK\$0.172 per Revised Subscription Share.

The Revised 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 Revised Subscription Price;
- (b) the premium of approximately 24.6% of the Revised Subscription Price over the Placing Price of HK\$0.138 per Placing Shares;
- (c) the theoretical dilution effect only changes slightly from approximately 5.15% based on the market price at the time of the entering into the Subscription Agreement, being 17 March 2025, to approximately 6.54% based on the recent market price of the Shares; and
- (d) 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 cannot restore its shareholding in the Company and regain its position as the single largest Shareholder following the disposals of an aggregate of 155,515,000 Shares by Treasure Ship on 5 and 6 March 2025, resulting in a decrease in its shareholding in the Company from approximately 29.86% to 4.94% (the “**Share Disposals**”).

Completion of the Revised Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreement (as supplemental and amended by the Supplemental Subscription Agreement) and the Revised Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

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

	As at the date of this announcement and immediately before completion of the Revised Subscription		Immediately after the completion of the Revised Subscription	
	<i>Number of shares</i>	<i>Approximate %</i>	<i>Number of shares</i>	<i>Approximate %</i>
Shareholders				
Mr. Liao Shigang	61,240,000	8.18	61,240,000	6.53
RR (BVI) Limited (<i>Note 1</i>)	34,500,000	4.61	34,500,000	3.68
Treasure Ship Holding Limited (<i>Note 2</i>)	30,835,000	4.12	219,205,000	23.39
Other public Shareholders (<i>Note 3</i>)	622,225,000	83.10	622,225,000	66.40
Total	748,800,000	100.00	937,170,000	100.00

Notes:

1. 34,500,000 shares are beneficially held by RR (BVI) Limited, the entire issued share capital of which is wholly owned by Mr. Kwan Kam Tim (“**Mr. Kwan**”), an executive Director.
2. The entire issued share capital of Treasure Ship is beneficially held by Mr. Lin Zhang (“**Mr. Lin**”).
3. The 622,225,000 Shares held by public Shareholders include the 124,800,000 Placing Share held by the Placees.
4. Due to rounding, the percentage figures shown above may not add up to the sub-total or total.

REASONS FOR AND BENEFITS OF THE REVISED 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.

On and shortly after 6 March 2025, the Company was made aware of the Share Disposals, whereby the shareholding of Treasure Ship decreased from approximately 29.86% to 4.94%, and the intention of Mr. Lin, being the sole shareholder 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 as detailed in the Announcement. In light of 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, the Company considered potential investors may become more interested in the Shares as the result. As such, the Placing was successfully completed on 8 April 2025, whereby an aggregate of 124,800,000 Shares were placed pursuant to the Placing.

The Company and Treasure Ship commenced re-negotiation over the terms of the Subscription shortly after the completion of the Placing and the parties entered into the Supplemental Subscription Agreement on 16 May 2025 (after trading hours of the Stock Exchange). Given Mr. Lin's financial support provided to the Company historically through the provision of the Loan, the terms of which were subsequently extended multiple times and the principal amount increased, the Company considered that it was important for the Company to obtain Mr. Lin's continued and unwavering support to the Company. As the Share Disposals were not initiated, intended or planned by Mr. Lin and the Company and were beyond the Company's control, Mr. Lin expressed that he was willing to continue his support in the event that his shareholding and position as the largest single Shareholder was restored, and was willing to capitalise the Loan pursuant to the terms of the Revised Subscription in order to restore his shareholding. In consideration that the Loan may not be renewed if Mr. Lin 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) 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, an executive Director and a shareholder of the Company, with the outstanding amount of approximately HK\$11.7 million (including principal and accrued interests) as at 31 December 2024, which 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 and 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. Please refer to the announcements of the Company in relation to the acquisition of such properties dated 9 October 2024 and 18 October 2024;
 - (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**”);
- (b) net unutilised credit facilities (taking into account the amount not subject to security requirement) of approximately HK\$3.7 million as at 31 December 2024, taking into consideration the unutilised credit facilities of approximately HK\$73.3 million were available as at 31 December 2024, of which approximately HK\$56.7 million 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. Furthermore, approximately HK\$1.3 million and HK\$11.6 million of such credit facilities were granted through the loans from Mr. Kwan and Treasure Ship, respectively (the “**Net Unutilised Credit 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 amount 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 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 approximately US\$1.0 million (equivalent to approximately HK\$7.8 million), as compared to the estimated capital requirement of approximately US\$5.0 million to US\$6.0 million (equivalent to approximately HK\$39.0 million to HK\$46.8 million, respectively). 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;

the remaining cash and cash equivalent in the amount of approximately HK\$13.3 million, being the sum of Contingency Cash Reserve of HK\$6.2 million, the Net Unutilised Credit Facilities of HK\$3.7 million and the Potential Investment Opportunity of HK\$3.4 million, 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 Revised 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.

The Directors has 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. Considering the tightening credit policies and prudent risk appetite of banks under the recent financial market condition, as well as the negative net cash position and the gearing ratio of the Company as discussed above, the processes of debt financing may be practically uncertain and time-consuming. On the other hand, rights issue or open offer may also involve 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.

After the completion of the Revised Subscription (including the Loan Capitalisation), the unutilised amount of the Loan will be increased by approximately HK\$30.6 million. Pursuant to the agreement for the Loan, 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.

The Directors consider that the Subscription Agreement (as supplemented and amended by the Supplemental 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 (as supplemented and amended by the Supplemental Subscription Agreement) (including the Revised Subscription Price), are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GENERAL

The EGM will be convened to consider and, if thought fit, approve the Subscription (as revised by the Revised Subscription) (including the allotment and issuance of the Revised Subscription Shares pursuant to the Specific Mandate).

Treasure Ship is a shareholder of the Company interested in 30,835,000 Shares, representing approximately 4.12% of the entire issued share capital of the Company as at the date of this announcement, and is wholly-owned by Mr. Lin. As such, Treasure Ship, Mr. Lin and their respective associates are required to abstain from voting on the proposed resolution(s) of the Company in approving the Subscription (as revised by the Revised 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 (as revised by the Revised Subscription) and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further details of the Subscription (as revised by the Revised Subscription) and the transactions contemplated thereunder; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as possible in compliance with the Listing Rules.

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

Hong Kong, 18 May 2025

In this announcement, for the purpose of illustration only, amounts quoted in US\$ have been converted into HK\$ at the rate of HK\$7.80 per US\$1.00. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

As at the date of this announcement, 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.