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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)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF 51.22% OF THE TOTAL ISSUED SHARES IN THE TARGET COMPANY

THE SUBSCRIPTION

The Board is pleased to announce that on 12 April 2024 (after trading hours of the Stock Exchange), the Subscriber (a wholly-owned subsidiary of the Company) entered into the Subscription Deed with the Target Company and the Warrantors, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Target Company has conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price of NZ\$2,100,000 (equivalent to approximately HK\$9,996,000). The Subscription Shares represent approximately 51.22% of the total issued shares of the Target Company upon Completion as enlarged by the allotment and issue of the Subscription Shares. As such, the Target Company will become an indirect subsidiary of the Company upon Completion and its financial results will be consolidated into the financial results of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription is more than 5% but all of which are less than 25%, the Subscription and the transactions contemplated thereunder constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Shareholders and potential investors of the Company should note that the Completion is subject to fulfilment and/or, where applicable, waiver or Conditions Precedent under the Subscription Deed. As the Subscription may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

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THE SUBSCRIPTION DEED

The principal terms of the Subscription Deed are set out below:

- Date: 12 April 2024
- Parties:
- (1) Green Energy Power Inc. as the Subscriber
 - (2) Future Energy Auckland Ltd. as the Target Company
 - (3) Future Energy Holding Ltd. as one of the Warrantors
 - (4) Mr. Alastair James Mortensen as one of the Warrantors
 - (5) Mr. Heath Lloyd Ellis Coleman as one of the Warrantors

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Target Company, the Warrantors and their respective ultimate beneficial owners are Independent Third Parties.

Subject matter

Pursuant to the Subscription Deed, the Subscriber has conditionally agreed to subscribe for, and the Target Company agreed to allot and issue, 105 Subscription Shares to the Subscriber at the aggregate Subscription Price of NZ\$2,100,000 (equivalent to approximately HK\$9,996,000), subject to the terms and conditions of the Subscription Deed. The Subscription, upon allotment and issue at Completion, will be free from all encumbrances and rank *pari passu* in all respects with the other shares of the Target Company in issue or to be issued by the Target Company on or prior to the date of the Subscription Deed. The Subscription Shares represent approximately 51.22% of the total issued shares of the Target Company upon Completion as enlarged by the allotment and issue of the Subscription Shares.

Subscription price

The Subscription Price payable by the Subscriber to the Target Company for the Subscription Shares shall be NZ\$2,100,000 (equivalent to approximately HK\$9,996,000) and payable in cash within 60 days following the Completion Date.

The Subscription Price will be satisfied by loan financing.

The Subscription Price was determined and agreed between the Parties on normal commercial terms after arm's length negotiations taking into account (i) the financial information of the Target Company as set out in the section headed "Information of the Parties of the Subscription Deed – The Target Company and the Warrantors" of this announcement, whereby the Target Company has been recording growth in its revenue of approximately 48.77% from the year ended 31 March 2023 to the year ended 31 March 2024; (ii) the net asset value of the Target Company for the year ended 31 March 2024 in the amount of NZ\$49,840; and (iii) the business potentials and prospects of the Target Company, the principal business of which is complementary to the green new energy business of the Group.

The Subscription Price shall be applied as working capital of the Target Company only.

Conditions precedent

The Completion is conditional upon the following conditions having been fulfilled and/or waived:

- (A) the warranties given by the Target Company and the Warrantors remaining true, accurate and complete in all material respects and not misleading;
- (B) the Subscriber being satisfied with the results of the due diligence review to be conducted on the Target Company;
- (C) there being no material adverse change to the business, operations, properties, conditions (financial or otherwise) and prospects of the Company taken as a whole; and
- (D) all corporate approvals, entitled persons consents and resolutions of the Target Company in connection with the Subscription, including but not limited to the allotment and issue of the Subscription Shares, waivers of all pre-emptive rights or similar restrictions to the Target Company's allotment and issue of the Subscription Shares are unconditionally obtained and fully executed and all related documents are in form and substance satisfactory to the Subscriber and have not been revoked, cancelled or superseded as at the Completion Date.

The Subscriber may, in its discretion, waive all or any of the conditions precedent in the Subscription Deed. In the event that any of the conditions precedent above are not fulfilled by the parties (as applicable) or waived by the Subscriber by 5:00 p.m. on the Long Stop Date, the Subscription Deed shall cease and determine and neither Party shall have any obligations and liabilities thereunder save for any antecedent breaches of the provisions thereof.

Revenue guarantee

Pursuant to the Subscription Deed, each of the Warrantors warrants and guarantees that the aggregate audited consolidated revenue of the Target Company for the three years ending 31 March 2025, 31 March 2026 and 31 March 2027 will not be less than NZ\$50,000,000 (equivalent to approximately HK\$238,000,000).

In the event that the actual aggregate audited consolidated revenue of the Target Company is less than the guaranteed revenue above, the Warrantors shall pay the Subscriber in cash an aggregate sum equivalent to 51% share of 10%, being a set net profit margin, of the shortfall of the guaranteed revenue to the actual aggregate audited consolidated revenue of the Target Company for the three years ending 31 March 2025, 31 March 2026 and 31 March 2027. In the event that (i) a decision is made by the board of the Target Company in relation to (a) the choice of supplier, (b) the hiring of staff; and (c) whether to pursue a new business opportunity, (ii) such decision when proposed is passed by all the directors nominated by the Subscriber and voted against by all the directors nominated by the Holdco; and (iii) such decision materially affected the actual aggregate audited consolidated revenue of the Target Company for such guaranteed period, the Subscriber shall have right to reduce the amount of the guaranteed revenue for the purpose of the revenue guarantee.

Completion

The Completion shall take place on the 5th Business Day after the Parties confirm to each other (as applicable) in writing that the conditions precedent in the Subscription Deed are fulfilled or, as the case may be, waived by the Subscriber, or such other date as may be agreed between the Parties.

The Target Company will become an indirect subsidiary of the Company upon Completion and its financial results will be consolidated into the financial results of the Group.

INFORMATION OF THE PARTIES OF THE SUBSCRIPTION DEED

The Group

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 sale of new energy generation and energy storage system.

The Subscriber is a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

The Target Company and the Warrantors

The Target Company is a company incorporated in New Zealand with limited liability and is principally engaged in the design, sale, installation and maintenance of sustainable energy products, including but not limited to solar panels, batteries, EV charging solutions, hot-water heat pumps and air-conditioning in New Zealand. As at the date of this announcement, it is owned as to 98% by the Holdco and as to the remaining 2% equally by each of Mr. Alastair James Mortensen and Heath Lloyd Ellis Coleman, being the current directors of the Target Company.

Set out below is certain unaudited financial information of the Target Company for the two years ended 31 March 2024:

	For the year ended 31 March	
	2023	2024
	(unaudited)	(unaudited)
	<i>NZ\$</i>	<i>NZ\$</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Revenue	5,201,836	7,738,718
Net (loss)/profit before tax	(328,678)	390,597
Net (loss)/profit after tax	(328,678)	390,597

As at 31 March 2024, based on the unaudited financial information of the Target Company, the net asset value of the Target Company is NZ\$49,840.

The Holdco is a company incorporated in New Zealand with limited liability and is principally engaged in roof top solar panel installation.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION DEED

As disclosed in the interim report of the Company for the six months ended 30 June 2023, since (i) the outlook of the Hong Kong's real estate sector and construction industry remain uncertain and (ii) the Group is looking to grasp opportunities to actively develop its green new energy business, the Group has been closely monitoring the market conditions and adjusting its business strategies.

The Target Company has been principally engaged in the provision of sustainable energy solutions since its incorporation in 2019. Specifically, it is engaged in the installation of air-conditioning and rooftop solar energy equipment in New Zealand. Since its incorporation, despite the effect caused by the hit of the COVID-19 pandemic on the economy, the Target Company has expanded its revenue streams considerably and recorded an aggressive growth in the domestic energy market. The Subscription not only would facilitate the further expansion of the business of the Target Company across New Zealand, but also strengthen the Target Company's workforce and expertise on power generation plant projects. The Target Company would also render its expertise and experience in supporting the Group's rooftop solar panel installation business in the Pan Pacific region.

Having regard to the Target Company's principal business in New Zealand, the Directors are of the view that the Target Company's principal business would be complementary to the Group's principal business and believe that the overall synergies would benefit the Group in that the Subscription would generate the guaranteed revenues with set profit margin to the Group and the Shareholders.

Taking into account of the above, the Board considers that the terms of the Subscription Deed are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business Day”	Monday to Friday, other than any public holiday that occurs in Auckland, New Zealand
“Company”	Acme International Holdings Limited, 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)
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Deed
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Holdco”	Future Energy Holding Ltd., a company incorporated in New Zealand under company number 7554736 with limited liability and the holding company of the Target Company
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)

“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Long Stop Date”	12 July 2024 (or such other time and date as may be agreed between the Parties in writing)
“NZ\$”	New Zealand dollars, the lawful currency of New Zealand
“Party(ies)”	the party(ies) to the Subscription Deed, being the Subscriber, the Target Company and the Warrantors
“Shareholder(s)”	holder(s) of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Green Energy Power Inc., a company incorporated in the British Virgin Islands with limited liability, which is a wholly owned subsidiary of the Company
“Subscription”	the allotment and issue of the Subscription Shares by the Target Company to the Subscriber pursuant to the Subscription Deed
“Subscription Deed”	the conditional subscription deed dated 12 April 2024 entered into between the Subscriber, the Target Company and the Warrantors in relation to the Subscription
“Subscription Price”	the total aggregate consideration of the Subscription, being NZ\$2,100,000 (equivalent to approximately HK\$9,996,000)
“Subscription Share(s)”	105 new ordinary share(s) of the Target Company to be allotted and issued by the Target Company to the Subscriber pursuant to the Subscription Deed, representing approximately 51.22% of the total number of the issued shares of the Company upon Completion as enlarged by the allotment and issue of the Subscription Shares
“Target Company”	Future Energy Auckland Ltd., a company incorporated in New Zealand under company number 7554756 with limited liability, being an Independent Third Party

“Warrantor(s)” the Holdco, Mr. Alastair James Mortensen and Mr. Heath Lloyd Ellis Coleman

“%” per cent.

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

Hong Kong, 14 April 2024

In this announcement, for the purpose of illustration only, amounts quoted in NZ\$ have been converted into HK\$ at the rate of HK\$4.76 per NZ\$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 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. Hon 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.