

TARGET

Intelligence Report

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S A T U R D A Y

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ACME INTERNATIONAL HOLDINGS LTD

ARE THE SHARES OF THIS COMPANY WORTH \$HK2.46, EACH ?

The share price of Acme International Holdings Ltd () (Code: 1870, Main Board, The Stock Exchange of Hongkong Ltd) at noon, yesterday, was about \$HK2.46.

Trading in the shares of the Company commenced on Friday, November 8, 2019, with the share price, vaulting from the Offer Price of 97 cents to a little higher than \$HK2.01 at the start of share trading on The Stock Exchange of Hongkong Ltd.

TARGET () cannot fathom the reason for the share price to have risen from its Offer Price as quickly as it did, but, no doubt, there must be some explanation for this seeming departure from logical thinking.

A question, however, that a right-minded person might be inclined to cogitate is whether or not the Company's Global Offering was sufficiently comprehensive, not just in respect of that which is clearly manifest, but that which was omitted, for one reason or another, by accident or by design.

The Initial Public Offering (IPO) Of Acme International Holdings Ltd

Acme International Holdings Ltd published and disseminated its Global Offering Prospectus in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** on Friday, October 25, 2019.

Management Offered a total of 130 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 97 cents to a high of \$HK1.31.

HKSAR Investors were Offered 13 million Shares and International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with any of their corporate entities in which this class of investor had equity control – were induced to subscribe to 117 million Offer Shares.

On Thursday, November 7, 2019, Management announced that the Offer Price Per Share had been struck at 97 cents – the lowest level of the Indicative Offer Price range – and that the net proceeds from the Global Offering enriched the Company's coffers to the extent of \$HK85.70 million.

While the HKSAR Investors' tranche had been oversubscribed by about 20.13 times, the International Investors tranche had been undersubscribed by about 11.10 percent.

At Pages Seven and Eight of the November 7, 2019 Announcement in respect of the Offer Price Per Share and the Allotment Results, one was informed as to how the net proceeds of the Global Offering were intended to be utilised:

- 1) Approximately, \$HK47.60 million, that is about 55.50 percent of the net proceeds from the Global Offering, *'will be used for funding the upfront costs (excluding surety bonds) of the Group's new projects'*;
- 2) Approximately, \$HK19.40 million, that is about 22.70 percent of the net proceeds from the Global Offering, *'will be used for funding the issuance of surety bonds for the Group's new projects'*;
- 3) Approximately, \$HK6.90 million, that is about eight percent of the net proceeds from the Global Offering, *'will be used for expanding the Group's workforce by recruiting additional staff'*;
- 4) Approximately, \$HK3.30 million, that is about 3.80 percent of the net proceeds from the Global Offering, *'will be used for purchasing an ERP (Enterprise Resource Planning)*

system and additional computer equipment'; and,

- 5) Approximately, \$HK8.50 million, that is about 10.00 percent of the net proceeds from the Global Offering, *'will be used for the Group's general corporate purposes and working capital.'*

The History And Business Of Acme International Holdings Ltd

Acme International Holdings Ltd is about 30 years old.

The Company's Founders were Messrs Kwan Kam Tim () and Mak Kim Hung ().

On December 8, 1989, these two gentlemen were said to have been responsible for the incorporation of Acme Metal Works (International) Ltd ([]) in the HKSAR.

This company, today, is a wholly owned subsidiary of Acme International Holdings Ltd.

Acme Metal Works (International) Ltd was, originally, engaged in carrying out façade works in the HKSAR.

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