

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF ACME HOLDINGS BERHAD (“ACME”) OF RM160,000,000 PURSUANT TO SECTION 117 OF THE COMPANIES ACT 2016 (“PROPOSED SHARE CAPITAL REDUCTION”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting (“EGM”) for the shareholders of ACME and the Proxy Form are enclosed in this Circular. ACME’s EGM will be held on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting (“RPV”) facilities at the online meeting platform provided by Braxton Consulting Sdn Bhd in Malaysia via its website at www.registrar-braxton.com.my (Domain registration number D1A459047) as follows:

Date and time of the EGM : Tuesday, 30 August 2022 at 11.30 a.m. or immediately after the 32nd annual general meeting of our Company (which will be held on the same day at 10.30 a.m.), whichever is later, or at any adjournment thereof

Last date and time for lodging the Form of Proxy : Monday, 29 August 2022 at 11.30 a.m.

Please follow the procedures provided in the Administrative Guide for the Fully Virtual Extraordinary General Meeting (as enclosed herein) in order to register, participate and vote remotely. As a shareholder who is entitled to attend and vote at the EGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. The completed Proxy Form should be lodged at our registered office at 51-8-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang not less than 24 hours before the time set for holding the EGM or at any adjournment thereof. The Proxy Form once deposited will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

This Circular is dated 8 August 2022

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

“ACME” or “Company”	:	ACME Holdings Berhad
“ACME Group” or “Group”	:	Our Company and our subsidiaries, collectively
“ACME Shares” or “Shares”	:	Ordinary shares in our Company
“Act”	:	Companies Act 2016
“Announcement”	:	The announcement of the Proposed Share Capital Reduction dated 28 July 2022
“AHSB”	:	Aracme Holdings Sdn Bhd (<i>formerly known as Supportive Marketing Sdn Bhd</i>)
“Board”	:	Board of Directors of our Company
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Circular”	:	This circular to shareholders dated 8 August 2022 in relation to the Proposed Share Capital Reduction
“COVID-19”	:	Coronavirus disease 2019
“Director”	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“EGM”	:	Extraordinary General Meeting of our Company
“EPS”	:	Earnings per Share
“ESOS”	:	Employees’ share option scheme of up to 15% of the total number of issued ACME Shares (excluding any Treasury Shares) at any point in time during the tenure of the scheme for the eligible Directors and employees of ACME Group (excluding dormant subsidiaries, if any) which was implemented on 24 November 2021
“ESOS Options”	:	Options under the ESOS
“FYE”	:	Financial year ended/ending 31 March
“LBT”	:	Loss before tax
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	28 July 2022, being the latest practicable date prior to the printing of this Circular
“LPS”	:	Loss per Share
“Maximum Scenario”	:	Assuming all of the Treasury Shares are resold in the open market as well as all the outstanding Warrants and ESOS Options granted are exercised prior to the implementation of the Proposed Share Capital Reduction
“MCO”	:	Movement control order

DEFINITIONS (CONT'D)

“Minimum Scenario”	:	Assuming none of the outstanding Warrants and the ESOS Options granted are exercised as well as none of the Treasury Shares are resold in the open market prior to the implementation of the Proposed Share Capital Reduction
“NA”	:	Net assets attributable to the owners of our Company
“PBT”	:	Profit before tax
“Proposed Share Capital Reduction”	:	Proposed reduction of the issued share capital of ACME of RM160,000,000 pursuant to Section 117 of the Act
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“STSB”	:	Supportive Technology Sdn Bhd
“STSB Disposal”	:	Disposal of entire equity interest in STSB for RM21,468,000 which was completed on 21 December 2021
“TA Securities”	:	TA Securities Holdings Berhad
“Treasury Shares”	:	8,784,500 ACME Shares held as treasury shares by our Company
“Warrants”	:	57,493,372 outstanding warrants in the Company (as constituted by the deed poll dated 7 November 2019 and which will expire on 21 November 2024)

All references to “we”, “us”, “our” and “ourselves” are to our Company, or where the context requires, are to our Group. All references to “you” in this Circular are references to the shareholders of our Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in the quarterly results or annual reports of our Company (as the case may be), is due to rounding.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION CONTAINED IN THE MAIN CONTENT OF THIS CIRCULAR. PLEASE READ THE ENTIRE CIRCULAR CAREFULLY FOR FURTHER DETAILS ON THE PROPOSED SHARE CAPITAL REDUCTION BEFORE VOTING.

We are asking our shareholders to vote on the matters below. Our Board recommends that you vote **FOR** the resolution in relation to the Proposed Share Capital Reduction to be tabled at our forthcoming EGM.

PROPOSED SHARE CAPITAL REDUCTION	
Details	<p>: Reduce our Company's issued share capital pursuant to Section 117 of the Act via the cancellation of our Company's paid-up share capital which is substantially unrepresented by available assets of RM160,000,000 which will be used to set-off against the accumulated losses of our Company while the remaining balance will be credited to the retained earnings of our Company.</p> <p>Refer to Section 2 of this Circular for further details on the Proposed Share Capital Reduction.</p>
Rationale	<p>: • Eliminate our Company's accumulated losses via cancellation of our issued share capital and enhance our Company's ability to declare and pay dividends out of our retained earnings in the future when our Group returns to profitability, as and when appropriate.</p> <p>• Enhance our Group's credibility with its customers, financiers, suppliers and investors.</p> <p>Refer to Section 2 of this Circular for further details on the Proposed Share Capital Reduction.</p>
Effects	<p>: The Proposed Share Capital Reduction will:</p> <ul style="list-style-type: none">• reduce and cancel RM160,000,000 of the issued share capital but it will not have any effect on the total number of issued Shares.• have no effects on the substantial shareholders' shareholdings in our Company as well as our Group's earnings and EPS for the FYE 2023.• not reduce the NA due to the cancellation of the issued share capital and accumulated losses of our Company, and will not have material effects on the NA per Share and gearing of our Group. <p>Refer to Section 4 of this Circular for further information on the effects of the Proposed Share Capital Reduction.</p>
Approvals	<p>: The Proposed Share Capital Reduction is subject to the following approvals being obtained from:</p> <ul style="list-style-type: none">(a) our shareholders at the forthcoming EGM; and(b) any other relevant parties/authorities, if required.



Registered Office:

51-8-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Georgetown
Penang, Malaysia

8 August 2022

Board of Directors

Lim Shiou Ghay (*Independent Non-Executive Chairman*)
Ooi Soon Hong (*Executive Director*)
Lee Chiong Meng (*Independent Non-Executive Director*)
Tan Chee Keong (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir / Madam,

PROPOSED SHARE CAPITAL REDUCTION

1. INTRODUCTION

On 28 July 2022, TA Securities had, on behalf of our Board, announced that we propose to undertake the Proposed Share Capital Reduction.

Further details of the Proposed Share Capital Reduction are set out in Section 2 below.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED SHARE CAPITAL REDUCTION, TO SET OUT OUR BOARD'S RECOMMENDATION ON THE PROPOSED SHARE CAPITAL REDUCTION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED SHARE CAPITAL REDUCTION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHARE CAPITAL REDUCTION TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SHARE CAPITAL REDUCTION

The Proposed Share Capital Reduction entails the reduction of our Company's issued share capital pursuant to Section 117 of the Act via the cancellation of our Company's paid-up share capital which is substantially unrepresented by available assets of RM160,000,000. The corresponding credit of RM160,000,000 arising from such cancellation will be used to set-off against the accumulated losses of our Company while the remaining balance will be credited to the retained earnings of our Company which shall be used in a manner to be determined by our Board at a later date and in the best interest of our Company as permitted by the relevant and applicable laws as well as the Listing Requirements.

Our Company had accumulated losses of approximately RM158.71 million as at 31 March 2022 which are mainly due to the impairment loss on investment in STSB of RM173.24 million and the realised loss of RM1.17 million pursuant to the STSB Disposal which was offset by dividend payments received by our Company from our subsidiaries and investments over the years.

As at the LPD, our Company's issued share capital is RM251,448,465.11 (after setting off against RM272,381.97 expenses incurred for the previous placement exercises undertaken by our Company) comprising 367,543,100 ACME Shares of which 8,784,500 ACME Shares are held as Treasury Shares. Our Company has 57,493,372 outstanding Warrants as at the LPD. Our Company had on 24 November 2021 implemented the ESOS and has granted 24,932,200 ESOS Options as at the LPD.

For illustrative purposes only, the Proposed Share Capital Reduction will have the following effects:

	(Audited)	
	As at 31 March 2022	
	Company level	Group level
	RM	RM
Accumulated losses	(158,712,156)	(133,452,268)
Add: Credit arising from the Proposed Share Capital Reduction	160,000,000	160,000,000
Less: Estimated expenses for the Proposed Share Capital Reduction	(120,000)	(120,000)
Resultant retained earnings	1,167,844	26,427,732

The summary and commentaries of the financial information of our Group for the past 3 FYEs 2020 to 2022 are set out in **Appendix I** of this Circular.

Subject to and subsequent to the approval of the Proposed Share Capital Reduction by our shareholders at the forthcoming EGM, the Proposed Share Capital Reduction will be effective when the Registrar of Companies has recorded the information lodged in the appropriate register in accordance with Section 119 of the Act.

For the avoidance of doubt, the Proposed Share Capital Reduction will not result in:

- (a) any adjustment to the share price of ACME Shares;
- (b) any change in the total number of ACME Shares in issue or the number of ACME Shares held by our shareholders;
- (c) any payment to our shareholders; and
- (d) any cash outflow or change in the NA of our Group, save for the estimated expenses to be incurred in relation to the Proposed Share Capital Reduction.

3. RATIONALE FOR THE PROPOSED SHARE CAPITAL REDUCTION

Due to the accumulated losses, the share capital to be cancelled is substantially no longer represented by available assets. As such, the Proposed Share Capital Reduction will enable our Company to eliminate our accumulated losses to reflect more accurately of our financial position. It will also enhance our Company's ability to declare and pay dividends out of our retained earnings in the future, as and when appropriate, when our Company returns to profitability. The Proposed Share Capital Reduction would also enhance our Group's credibility with its customers, financiers, suppliers and investors.

4. EFFECTS OF THE PROPOSED SHARE CAPITAL REDUCTION

4.1 Share capital

The pro forma effects of the Proposed Share Capital Reduction on the issued share capital of our Company are illustrated as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD (including Treasury Shares*)	367,543,100	251,448,465	367,543,100	251,448,465
To be issued assuming the full exercise of the outstanding Warrants	-	-	57,493,372	14,373,343 ⁽¹⁾
To be issued assuming the exercise of the ESOS Options granted as at the LPD	-	-	425,036,472 24,932,200 ⁽²⁾	265,821,808 5,903,945 ⁽²⁾
To be cancelled pursuant to the Proposed Share Capital Reduction	-	(160,000,000)	-	(160,000,000)
After the Proposed Share Capital Reduction	367,543,100	91,448,465	449,968,672	111,725,753

Notes:

* There are 8,784,500 Treasury Shares held by our Company as at the LPD.

(1) Based on the exercise price of RM0.25 each.

(2) Assuming 24,932,200 ESOS Options granted on 27 April 2022 are exercised at RM0.2368 each and no additional ESOS Options are granted by our Company prior to the effective date of the Proposed Share Capital Reduction.

4.2 Substantial shareholders' shareholdings

The Proposed Share Capital Reduction will not have any effect on our substantial shareholders' shareholdings.

4.3 Earnings and EPS

The Proposed Share Capital Reduction will not have any material effect on our Group's earnings and EPS for the FYE 2023.

4.4 NA and gearing

The pro forma effects of the Proposed Share Capital Reduction on the NA and gearing of our Group based on our audited consolidated financial statements as at 31 March 2022 are as follows:

Minimum Scenario

	(Audited) As at 31 March 2022 RM	After the Proposed Share Capital Reduction RM
Share capital	251,448,465	91,448,465
Treasury shares	(13,873,523)	(13,873,523)
Foreign currency translation reserve	(57,912)	(57,912)
Retained earnings / (Accumulated losses)	(133,452,268)	26,427,732 ⁽¹⁾
Shareholders' funds / NA	104,064,762	103,944,762
No. of Shares in issue (excluding Treasury Shares)	358,758,600	358,758,600
NA per Share (RM)	0.29	0.29
Total borrowings (RM)	1,485,440	1,485,440
Gearing ⁽²⁾ (times)	0.01	0.01

Notes:

- (1) After setting off RM160,000,000 from our Company's accumulated losses due to the cancellation of our Company's issued share capital and deducting the estimated expenses of RM120,000 in relation to the Proposed Share Capital Reduction.
- (2) Computed based on total borrowings divided by NA.

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Maximum Scenario

	(Audited) As at 31 March 2022 RM	(I) Assuming all the Treasury Shares are resold in the open market RM	(II) After (I) and assuming exercise of all outstanding Warrants RM	(III) After (II) and assuming the exercise of granted ESOS Options RM	(IV) After (III) and the Proposed Share Capital Reduction RM
Share capital	251,448,465	265,321,988	279,695,331 ⁽¹⁾	285,599,276 ⁽²⁾	125,599,276
Treasury shares	(13,873,523)	- ⁽³⁾	-	-	-
Foreign currency translation reserve	(57,912)	(57,912)	(57,912)	(57,912)	(57,912)
Retained earnings / (Accumulated losses)	(133,452,268)	(133,452,268)	(133,452,268)	(133,452,268)	26,427,732 ⁽⁴⁾
Shareholders' funds / NA	104,064,762	131,811,808	146,185,151	152,089,096	151,969,096
No. of Shares in issue	358,758,600 ⁽⁵⁾	367,543,100	425,036,472	449,968,672	449,968,672
NA per Share (RM)	0.29	0.36	0.34	0.34	0.34
Total borrowings (RM)	1,485,440	1,485,440	1,485,440	1,485,440	1,485,440
Gearing ⁽⁶⁾ (times)	0.01	0.01	0.01	0.01	0.01

Notes:

- (1) Based on the exercise price of RM0.25 each.
- (2) Assuming 24,932,200 ESOS Options granted on 27 April 2022 are exercised at RM0.2368 each and no additional ESOS Options are granted by our Company prior to the effective date of the Proposed Share Capital Reduction.
- (3) Assuming all the 8,784,500 Treasury Shares amounting to RM13,873,523 are resold in the open market as well as taking into account the reversal of Treasury Shares.
- (4) After setting off RM160,000,000 from our Company's accumulated losses due to the cancellation of our Company's issued share capital and deducting the estimated expenses of RM120,000 in relation to the Proposed Share Capital Reduction.
- (5) Excluding 8,784,500 Treasury Shares amounting to RM13,873,523.
- (6) Computed based on total borrowings divided by NA.

4.5 Convertible securities

Save for the 24,932,200 ESOS Options granted by our Company on 27 April 2022 and the 57,493,372 outstanding Warrants, our Company does not have any other convertible securities as at the LPD. The Proposed Share Capital Reduction will not result in any adjustment to the Warrants and the ESOS Options.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted prices of ACME Shares for the past 12 months up to July 2022 are as follows:

	Highest (RM)	Lowest (RM)
<u>2021</u>		
August	0.300	0.255
September	0.265	0.215
October	0.250	0.215
November	0.220	0.175
December	0.185	0.150
<u>2022</u>		
January	0.245	0.155
February	0.285	0.170
March	0.270	0.170
April	0.285	0.210
May	0.275	0.210
June	0.235	0.170
July	0.235	0.175

The last transacted market price of ACME Shares on 27 July 2022 (being the last trading date prior to the Announcement and the LPD) was RM0.205 each.

(Source: Bloomberg)

6. APPROVAL/ CONSENT REQUIRED

The Proposed Share Capital Reduction is subject to the following approvals being obtained from:

- (a) our shareholders at the forthcoming EGM; and
- (b) any other relevant parties/authorities, if required.

7. CONDITIONALITY OF THE PROPOSED SHARE CAPITAL REDUCTION

The Proposed Share Capital Reduction is not conditional upon any other corporate proposal undertaken or to be undertaken by our Company.

Save for the announcement made by our Company on 28 January 2022 on the sale and purchase agreement entered into between our Company and Ramsey Properties Sdn Bhd (“RPSB”) for the acquisition of 6 properties for a total cash consideration of RM8 million which is pending fulfilment of the condition precedent as at the LPD, there are no other corporate exercises which has been announced by our Company but not yet completed before the date of this Circular.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of our Directors, major shareholders, chief executive and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Share Capital Reduction.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Share Capital Reduction, including but not limited to the rationale and effects of the Proposed Share Capital Reduction, is of the opinion that the Proposed Share Capital Reduction is in the best interests of our Company and accordingly recommend you to vote **IN FAVOUR** of the resolution in respect of the Proposed Share Capital Reduction to be tabled at our Company's forthcoming EGM.

10. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Share Capital Reduction is expected to be completed in the 4th quarter of 2022. The indicative timetable of events in relation to the Proposed Share Capital Reduction is set out below:

Tentative timeline	Events
End August 2022	• EGM
Mid to end October 2022	• Lodgement of document with the Registrar of Companies for the Proposed Share Capital Reduction
	• Effective date of the Proposed Share Capital Reduction

11. EGM

Our EGM, the notice of which is enclosed in this Circular, will be held on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting facilities at the online meeting platform provided by Braxton Consulting Sdn Bhd in Malaysia via its website at www.registrar-braxton.com.my (Domain registration number D1A459047) on Tuesday, 30 August 2022 at 11.30 a.m. or immediately after the 32nd annual general meeting of our Company (which will be held on the same day at 10.30 a.m.), whichever is later, or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Share Capital Reduction.

If you are unable to attend and vote in person at our EGM, you should complete, sign and return the enclosed Proxy Form in accordance with the instructions provided therein so as to arrive at the registered office of our Company at 51-8-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang not less than 24 hours before the time set for holding our EGM or any adjournment thereof. The lodging of the Proxy Form will not, however, preclude you from attending our EGM and voting in person should you subsequently wish to do so.

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12. FURTHER INFORMATION

You are advised to refer to the appendices set out in this Circular for additional information.

Yours faithfully,
For and on behalf of the Board
ACME HOLDINGS BERHAD

OUI SOON HONG
Executive Director

HISTORICAL FINANCIAL INFORMATION OF OUR GROUP

The summary of the financial information of our Group for the past 3 audited FYEs 2020 to 2022 is as follows:

	Audited		
	FYE 2020 (RM)	FYE 2021 (RM)	FYE 2022 (RM)
Revenue	24,837,056	30,313,238	9,852,314
PBT / (LBT)	(1,079,119)	3,573,739	(2,720,689)
Profit / (Loss) after tax attributable to owners of the Company	(572,973)	2,579,494	(2,589,801)
Total borrowings	1,001,169	2,109,757	1,485,440
Shareholders' funds / NA	81,510,002	98,044,666	104,064,762
Share capital	228,861,014	242,826,438	251,448,465
No. of Shares in issue (excluding Treasury Shares)	239,973,500	298,965,500	358,758,600
Weighted average no. of Shares in issue (excluding Treasury Shares)	232,768,021	270,603,962	314,406,575
NA per Share (RM) ⁽¹⁾	0.34	0.33	0.29
Basic EPS / (LPS) (sen) ⁽²⁾	(0.25)	0.95	(0.82)
Diluted EPS / (LPS) (sen) ⁽³⁾	(0.24)	0.91	(0.81)
Current ratio (times)	4.39	3.45	9.58
Gearing ratio (times)	0.01	0.02	0.01

Notes:

- (1) Computed by dividing the NA with the total number of Shares in issue in the respective financial year under review.
- (2) Computed by dividing the PAT/(LAT) with the weighted average number of Shares in issue (excluding Treasury Shares) in the respective financial year under review.
- (3) Computed by dividing the PAT/(LAT) with the weighted average number of Shares in issue (excluding Treasury Shares) and the adjustment for the dilutive effects of all potential Shares in the respective financial year under review.

Commentaries:**(i) FYE 2022 vs FYE 2021**

Our Group's revenue for the FYE 2022 decreased by approximately RM20.46 million (67.50%) to RM9.85 million (FYE 2021: RM30.31 million) mainly attributable to the impact of the COVID-19 pandemic on our Group's business as well as the reimplementations of the nationwide full MCO by the Malaysian government during the first half of FYE 2022 which resulted in the drop in sales from both our Group's manufacturing segment (i.e. manufacturing of diverse plasticware products) and property segment (i.e. housing and property development activities) as follows:

- (a) revenue generated from the property development segment in the FYE 2022 of RM1.71 million (FYE 2021: RM14.72 million) representing a decrease of RM13.01 million or 88.36%; and
- (b) revenue generated from the manufacturing segment of RM7.05 million (FYE 2021: RM14.51 million) representing a decrease of RM7.46 million (51.41%).

In addition, the lower revenue generated from said divisions in the second half of FYE 2022 were due to the following:

- (a) lower sales being recorded from the on-going low-cost flats project; and
- (b) no contribution was recorded for the fourth quarter of FYE 2022 from the manufacturing division following the disposal of STSB and AHSB on 21 December 2021 and 31 December 2021, respectively.

HISTORICAL FINANCIAL INFORMATION OF OUR GROUP (CONT'D)

Our Group recorded LBT for the FYE 2022 of RM2.59 million (FYE 2021: PBT of RM2.58 million) resulting from the lower revenue for the same reasons as stated above as well as the loss on the STSB Disposal amounting to RM0.75 million.

(ii) FYE 2021 vs FYE 2020

Our Group's revenue for the FYE 2021 increased by approximately RM5.47 million or 22.05% to RM30.31 million (FYE 2020: RM24.84 million) due to higher revenue generated by the property development segment in the FYE 2021 of RM14.72 million (FYE 2020: RM5.78 million) representing an increase of RM8.94 million or 154.67% resulting from strong demand for our Group's completed 3-storey terrace houses of phase 4 of the Taman Bayu Aman development which was attributed to the reintroduction of Home Ownership Campaign by the Malaysian government that provided stamp duty exemptions on instruments of transfer and loan agreements for the purchase of certain residential homes.

However, the increase in revenue was offset by lower revenue generated from the manufacturing segment of RM14.51 million for the financial year (FYE 2020: RM17.96 million) representing a decrease of RM3.45 million or 19.21% mainly due to the MCO imposed by the Malaysian government during the financial year which resulted in the following:

- (a) no revenue being generated during the temporary closure of our Group's business from 18 March 2020 to 3 May 2020;
- (b) reduced demand for our Group's plasticware products from its customers resulting from operating disruptions following several implementations of the MCO and intense competition from other plasticware industry player which has led to downward pressure on the prices of the plasticware products; and
- (c) our Group ceased production of plastic and wooden audio speakers in the financial year due to low demand.

Higher revenue generated from our manufacturing division in FYE 2020 for our plasticware business was contributed by both STSB and AHSB (both were wholly-owned subsidiaries of our Company) whereby AHSB was the distributor of the products manufactured by STSB to our end customers during the financial year. The inter-group business arrangement between STSB and AHSB ceased in the end of January 2020 which was part of our Group's efforts to streamline our plasticware business.

Our Group recorded PBT for the FYE 2021 of RM3.57 million (FYE 2020: LBT of RM1.08 million) which is in line with the higher revenue generated during the financial year as well as due to the following:

- (a) higher other income of RM1.17 million in FYE 2021 (FYE 2020: RM0.82 million) due to the Stimulus Economy Package (PRIHATIN)'s wage subsidy of RM0.38 million provided by Malaysian Government;
- (b) lower administrative expenses of RM4.02 million incurred due to lower salaries, directors' remuneration and impairment of trade receivables in FYE 2021 (FYE 2020: RM5.10 million); and
- (c) lower selling and distribution expenses of RM0.60 million in FYE 2021 (FYE 2020: RM0.91 million) as a result of temporary closure of business during the MCO in FYE 2021 as well as appointing ABBA Marketing Sdn Bhd (which is a wholly-owned subsidiary of Asia File Corporation Bhd) as STSB's sole and exclusive distributor to market, sell and distribute STSB's plasticware products from 1 December 2020.

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Board, having seen, read and understood the contents of this Circular in relation to the Proposed Share Capital Reduction approves and, collectively and individually, accepts full responsibility for the accuracy of the information contained in this Circular and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or information contained in this Circular, or other material facts and information, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT

TA Securities, as the adviser for the Proposed Share Capital Reduction, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. CONFLICT OF INTEREST

TA Securities has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the adviser for the Proposed Share Capital Reduction.

4. MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of our Group) during the 2 years immediately preceding the date of this Circular:

- (a) joint venture agreement dated 23 November 2020 entered into amongst our Company, Skymind Holdings Berhad (“**Skymind**”) and Java Multimedia Sdn Bhd (“**Java**”) in relation to a collaboration in the manufacturing of hardware devices required for artificial intelligence solutions through a joint venture company, namely Skymind Intelligent Systems Sdn Bhd (“**SISSB**”). As at the LPD, SISSB is in the midst of exploring with potential customers for collaboration and/or partnership for provision of artificial intelligence solutions;
- (b) shareholders’ agreement dated 23 November 2020 entered into amongst our Company, Skymind and Java to formalise our relationship as shareholders and investors in SISSB and to regulate the conduct and management of the business and affairs of SISSB. Consequently, our Company completed the subscription of 150,000 ordinary shares in SISSB, representing 30% equity interest in SISSB for a total cash consideration of RM150,000 on 24 November 2020;
- (c) share sale agreement dated 10 September 2021 entered into between our Company and Asia File Corporation Bhd for the disposal of 1,666,665 ordinary shares in STSB (“**STSB Shares**”), representing 100% of the total number of issued STSB Shares, to Asia File Corporation Bhd for a total cash consideration of RM21,468,000, which was completed on 21 December 2021;
- (d) sale and purchase agreement dated 28 January 2022 entered into between our Company and RPSB for the acquisition of 6 properties located at the One-Stop Midlands Park Centre, Jalan Burma Sek. 1, 10350 Pulau Pinang, for a total cash consideration of RM8,000,000. As at the LPD, the acquisition is pending the fulfilment of the condition precedent, where the titles of the properties shall first be transferred and perfected from Majlis Bandaraya Pulau Pinang to the name of RPSB within 12 months from 28 January 2022; and
- (e) the disposal of 100,000 ordinary shares in AHSB (“**AHSB Shares**”), representing 100% of the total number of issued AHSB Shares, by our Company to En Mohd Noorkhamin bin Khamis for a cash consideration of RM144,326 on 31 December 2021, where the disposal was completed on 26 January 2022.

ADDITIONAL INFORMATION (CONT'D)

5. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group and our Board is not aware of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at 51-8-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang, during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Constitution of our Company;
- (ii) our Group's audited financial statements for the FYEs 2020, 2021 and 2022;
- (iii) the letter of consent and conflict of interest as referred to in **Sections 2 and 3 of this Appendix II**; and
- (iv) the material contracts referred to in **Section 4 of this Appendix II**.



NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“EGM”) of ACME Holdings Berhad (“ACME” or the “Company”) will be held on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting (“RPV”) facilities at the online meeting platform provided by Braxton Consulting Sdn Bhd in Malaysia via its website at www.registrar-braxton.com.my (Domain registration number D1A459047) on Tuesday, 30 August 2022 at 11.30 a.m. or immediately after the 32nd annual general meeting of the Company (which will be held on the same day at 10.30 a.m.), whichever is later, or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following special resolution:

SPECIAL RESOLUTION

PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF ACME OF RM160,000,000 PURSUANT TO SECTION 117 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED SHARE CAPITAL REDUCTION”)

“THAT subject to the approvals being obtained from all relevant parties and/or authorities (where applicable) pursuant to Section 117 of the Act, the Board of Directors of ACME (“**Board**”) be and is hereby given the authority and approval to reduce the share capital of the Company via the cancellation of the issued share capital by RM160,000,000 and for the credit arising from such cancellation to be used to set-off against the accumulated losses of the Company while the remaining balance, if any, will be credited to the retained earnings of the Company which shall be used in a manner to be determined by the Board at a later date and in the best interest of the Company as permitted by the relevant and applicable laws as well as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as may be necessary, expedient and/or appropriate to implement and give full effect to the Proposed Share Capital Reduction with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit, necessary, expedient, appropriate and/or as may be imposed or permitted by any relevant authorities in connection with the Proposed Share Capital Reduction and to do all such things as the Board may consider necessary or expedient in the best interest of the Company.”

By Order of the Board

WONG YEE LIN (MIA 15898)
SSM Practicing No: 201908001793
HING POE PYNG (MAICSA 7053526)
SSM Practicing No: 202008001322
Joint Company Secretaries

Date: 8 August 2022

Notes:

- 1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak in his stead, and a proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. The proxy so appointed shall be entitled to vote on any matter which may properly come before the meeting.*

2. *A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of two (2) proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*
5. *The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*
6. *The instrument appointing a proxy must be deposited at the registered office, 51-8-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 George Town, Penang not less than 24 hours before the time for holding the meeting or any adjournments thereof PROVIDED that in the event the member(s) duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s). Proxy Form via facsimile or electronic mail will not be accepted.*
7. *For the purpose of determining a member who shall be entitled to attend the meeting, the Company shall be requesting the Depository to issue a General Meeting Record of Depositors as at 23 August 2022. Only Depositors whose names appear on the Record of Depositors as at 23 August 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.*
8. *The resolution as set out in this notice of extraordinary general meeting is to be voted by poll.*

PERSONAL DATA POLICY

By submitting the duly executed Proxy Form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the EGM, and any adjournment thereof.



ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL EXTRAORDINARY GENERAL MEETING (“EGM”)

The Company has appointed Braxton Consulting Sdn Bhd as the Poll Administrator to conduct the EGM using the Remote Participation and Voting (“RPV”) Facilities provided by the same company via its website at www.registrar-braxton.com.my (Domain registration number D1A459047) (“Braxton Portal”).

PROCEDURES TO PARTICIPATE IN RPV FACILITIES

The procedures to participate in RPV Facilities are as follows:-

Procedure		Action
BEFORE THE DAY OF THE EGM		
(i)	Register as User	<ul style="list-style-type: none"> • Access the Braxton Portal at www.registrar-braxton.com.my • Click <<Login/Register>> followed by <<Register New User>> to register as a new user. • Complete the registration by filling up the information required and upload a clear copy of your MyKAD (both front and back page) or Passport. • Read and agree to the terms & conditions and thereafter, submit your registration. • Please enter a valid email address in order for you to receive the verification email from the Braxton Portal. • Your registration will be verified and approved by the Braxton Portal. Once approved, an email notification will be sent to you. • If you are already a user with the Braxton Portal, you are not required to register again.
(ii)	Submit your Question	<ul style="list-style-type: none"> • You may pre-submit your questions by using the Braxton Portal from 12:00 pm on 24 August 2022 up to 11.00 am on 30 August 2022.
ON THE DAY OF THE EGM		
(iii)	Login to Braxton Portal at www.registrar-braxton.com.my	<ul style="list-style-type: none"> • Login with your user ID and password for remote participation at the EGM at any time from 11.00 a.m., i.e. 30 minutes before the commencement of the EGM. • If you have forgotten your password, you can reset it by clicking on “Forgot Password”.

Procedure		Action
ON THE DAY OF THE EGM		
(iv)	Participate through Live Streaming	<ul style="list-style-type: none"> • Select <<My Virtual Meeting>> under Main Menu. • Click <<Join Meeting>> in order to join the live streaming of the EGM. • If you have any question(s) during the EGM, you may use the Q&A platform in Zoom Cloud Meetings App to submit your question(s). The Chairman of the EGM (“Chairman”) / Board / Management will try to respond to all relevant questions submitted during the EGM. • If you are using a smartphone to participate in the EGM, please download Zoom Cloud Meetings App from the Google Play Store or App Store before the EGM. • Please take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.
(v)	Online Remote Voting	<ul style="list-style-type: none"> • Please select the <<Voting>> option located next to <<Join Meeting>> to indicate your votes for the resolutions that are tabled for voting. • Voting session will commence once the Chairman declares that the voting platform is activated. The voting session will end upon declaration by the Chairman. • Please cast your vote on all resolutions as appeared on the screen and submit your votes. Once submitted, your votes will be final and cannot be changed.
(vi)	End of the RPV Facilities	<ul style="list-style-type: none"> • The RPV Facilities will end and the Q&A platform will be disabled the moment the Chairman announces the closure of the EGM.

Notes to users of the RPV Facilities:

- (a) *Should your registration to join the EGM be approved, we will make available to you the rights to join the live streamed EGM and to vote remotely using the RPV Facilities. Your login to the Braxton Portal on the day of the EGM will indicate your presence at the EGM.*
- (b) *If you encounter any issue with your online registration at the Braxton Portal, please call +6010-526 5490 or e-mail to propollsolution@gmail.com for assistance.*

Enquiry

If you have any enquiry or require any assistance before or during the EGM, please contact the Share Registrar during office hours (Monday to Friday).

Braxton Consulting Sdn Bhd
198501008643 (141091-W)
51-8-A Menara BHL
Jalan Sultan Ahmad Shah
10050 George Town
Pulau Pinang

Telephone : +604 3736616 or +6010-526 5490 (Eric Tan)
Fax : +604 3736615
Email : enquiry@braxton.com.my



PROXY FORM

No. of shares held	
CDS Account No.	

*I / We *NRIC / Company No.
 (Full Name in Block Letters)

of being a *Member / Members of
 (Full Address)

ACME Holdings Berhad, hereby appoint (Proxy 1)
 (Full Name in Block Letters)

*NRIC / Passport No. of

 (Full Address)

and* / or failing him/ her * (Proxy 2), *NRIC / Passport
 (Full Name in Block Letters)

No of
 (Full Address)

and*/or failing him*, the Chairman of the Meeting, as *my/ our proxy / proxies to attend and vote for *me/us and on *my/ our behalf at the Extraordinary General Meeting of the Company to be held on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting (“RPV”) facilities at the online meeting platform provided by Braxton Consulting Sdn Bhd in Malaysia via its website at www.registrar-braxton.com.my (Domain registration number D1A459047) on Tuesday, 30 August 2022 at 11.30 a.m., or immediately after the 32nd annual general meeting of the Company (which will be held on the same day at 10.30 a.m.), whichever is later, or at any adjournment thereof as indicated below:

AGENDA

Special Resolution		For	Against
1.	Proposed Share Capital Reduction		

Please indicate with an “X” in the spaces provided above as to how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:-

Proxy 1	%
Proxy 2	%
	<u>100%</u>

In the case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

As witness my hand this day of 2022.

* Strike out whichever is inapplicable

 Signature of Member (s)/ Common Seal

Notes:

1. *A member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak in his stead, and a proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. The proxy so appointed shall be entitled to vote on any matter which may properly come before the meeting.*
2. *A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of two (2) proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*
5. *The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*
6. *The instrument appointing a proxy must be deposited at the registered office, 51-8-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 George Town, Penang not less than 24 hours before the time for holding the meeting or any adjournments thereof PROVIDED that in the event the member(s) duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s). Proxy Form via facsimile or electronic mail will not be accepted.*
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STAMP

The Company Secretaries
ACME HOLDINGS BERHAD
Registration No. 198901012432 (189740-X)
Registered Office
51-8-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 George Town
Pulau Pinang
Malaysia

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