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THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 990)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the “**Board**”) of directors (the “**Directors**”) of Theme International Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2017 together with the comparative figures for the corresponding period in 2016.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
		HK\$’000	HK\$’000
	<i>Notes</i>	(unaudited)	(unaudited)
Revenue	3	2,854,417	526,217
Cost of sales		(2,832,909)	(519,889)
Gross profit		21,508	6,328
Other income, gain and loss		(205)	(804)
Selling and distribution expenses		–	(605)
Administrative expenses		(8,985)	(29,011)

Six months ended 30 June		
	2017	2016
	HK\$'000	HK\$'000
<i>Notes</i>	(unaudited)	(unaudited)
Profit/(loss) from operations	12,318	(24,092)
Finance costs	5(a) <u>(5,321)</u>	<u>–</u>
Profit/(loss) before taxation	5 6,997	(24,092)
Income tax	4 <u>(1,614)</u>	<u>(208)</u>
Profit/(loss) for the period attributable to owners of the Company	<u>5,383</u>	<u>(24,300)</u>
Other comprehensive (loss)/income:		
– item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	<u>(238)</u>	<u>183</u>
Total other comprehensive (loss)/income for the period, net of tax	<u>(238)</u>	<u>183</u>
Total comprehensive income/(loss) for the period attributable to owners of the Company	<u>5,145</u>	<u>(24,117)</u>
		(restated)
Earnings/(loss) per share		
Basic and diluted	6 <u>HK0.09 cents</u>	<u>HK(0.42) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		30 June 2017 <i>HK\$'000</i> (unaudited)	31 December 2016 <i>HK\$'000</i> (audited)
	Notes		
Non-current assets			
Property, plant and equipment	8	<u>3,842</u>	<u>575</u>
Current assets			
Loan to a customer	9	5,390	5,390
Trade and bills receivables and interest receivables	10	1,196,083	558,203
Prepayments, deposits and other receivables		1,950	72,862
Restricted bank deposit		6,617	–
Cash and bank balances		<u>74,647</u>	<u>27,432</u>
		<u>1,284,687</u>	<u>663,887</u>
Current liabilities			
Trade payables	11	557,691	460,428
Trust receipt loans	12	126,504	–
Accruals and other payables		961	1,414
Current tax liabilities		<u>1,982</u>	<u>388</u>
		<u>687,138</u>	<u>462,230</u>
Net current assets		<u>597,549</u>	<u>201,657</u>
Net assets		<u><u>601,391</u></u>	<u><u>202,232</u></u>
Capital and reserves			
Share capital	13	19,736	13,157
Reserves		<u>581,655</u>	<u>189,075</u>
Total equity		<u><u>601,391</u></u>	<u><u>202,232</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Share-based payment reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2016 (audited)	10,965	182,472	78,196	(5,202)	(185,022)	81,409
Total comprehensive loss for the period	–	–	–	183	(24,300)	(24,117)
Issue of new shares under subscription (note 13 (i))	2,192	120,324	–	–	–	122,516
Equity-settled share-based transaction (note 14)	–	–	24,047	–	–	24,047
At 30 June 2016 (unaudited)	<u>13,157</u>	<u>302,796</u>	<u>102,243</u>	<u>(5,019)</u>	<u>(209,322)</u>	<u>203,855</u>
At 1 January 2017 (audited)	13,157	302,796	–	(5,005)	(108,716)	202,232
Issue of new shares on rights issue (note 13 (ii))	6,579	387,435	–	–	–	394,014
Total comprehensive income for the period	–	–	–	(238)	5,383	5,145
At 30 June 2017 (unaudited)	<u>19,736</u>	<u>690,231</u>	<u>–</u>	<u>(5,243)</u>	<u>(103,333)</u>	<u>601,391</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Operating activities			
Cash used in operations		(457,846)	(124,751)
Interest received		1	–
Tax paid		(20)	–
Net cash used in operating activities		<u>(457,865)</u>	<u>(124,751)</u>
Investing activities			
Purchase of property, plant and equipment	8	(3,525)	–
Placement of restricted bank deposits		(6,617)	–
Proceeds from disposal of property, plant and equipment		–	64
Net cash (used in)/generated from investing activities		<u>(10,142)</u>	<u>64</u>
Financing activities			
Net proceeds from issue of new shares on subscription		–	122,516
Net proceeds from issue of new shares on rights issue		394,013	–
Proceeds from trust receipt loans		312,081	–
Repayment of trust receipt loans		(185,577)	–
Interest paid		(5,321)	–
Net cash generated from financing activities		<u>515,196</u>	<u>122,516</u>
Net increase/(decrease) in cash and cash equivalents		47,189	(2,171)
Cash and cash equivalents at beginning of the period		27,432	12,272
Effect of foreign exchange rate changes		26	250
Cash and cash equivalents at end of the period, represented by cash and bank balances		<u><u>74,647</u></u>	<u><u>10,351</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. Basis of Preparation

This unaudited condensed consolidated financial statements of Theme International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 17 August 2017.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of a condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The condensed consolidated interim financial statements are unaudited, but have been reviewed by the audit committee of the Company.

The financial information relating to the financial year ended 31 December 2016 that is included in the condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

The condensed consolidated financial statements have been prepared on a going concern basis.

2. Changes in Accounting Policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this condensed consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Revenue and Segment Information

(a) Revenue

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Sales from trading of goods	2,854,094	522,076
Interest income from loans to customers	323	3,391
Retailing of garments	–	750
	2,854,417	526,217

(b) Segment information

The Group determines its operating segments and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and making strategic decision.

During the period ended 30 June 2017, the Group's reportable and operating segments are as follows:

- Distribution and trading business – trading of bulk commodities and related products in Hong Kong and Singapore; and
- Financial services business – provision of loan financing services, securities and futures contracts brokerage services, placing and underwriting services and provision of margin financing in Hong Kong.

Segment information and results:

The following is an analysis of the Group's revenue and results by reportable segments:

For the six months ended 30 June 2017 (unaudited)

	Distribution and trading HK\$'000	Financial services HK\$'000	Total HK\$'000
Revenue	<u>2,854,094</u>	<u>323</u>	<u>2,854,417</u>
Segment profit/(loss)	<u>17,621</u>	<u>(2,889)</u>	14,732
Finance costs	<u>(5,321)</u>	<u>–</u>	(5,321)
Unallocated other income, gain and loss			(202)
Corporate expenses			<u>(2,212)</u>
Profit before taxation			<u>6,997</u>

For the six months ended 30 June 2016 (unaudited)

	Distribution and trading <i>HK\$'000</i>	Loan financing services <i>HK\$'000</i>	Retailing of garments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>522,076</u>	<u>3,391</u>	<u>750</u>	<u>526,217</u>
Segment profit/(loss)	<u>2,259</u>	<u>1,753</u>	<u>(598)</u>	3,414
Unallocated other income, gain and loss				(828)
Share-based compensation expenses				(24,047)
Corporate expenses				<u>(2,631)</u>
Loss before taxation				<u>(24,092)</u>

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of, certain other income, certain other gains and losses, finance costs and taxation. This is the measure reporting to the executive directors for the purposes of resource allocation and making strategic decision.

Segment assets and liabilities:

The following is an analysis of the Group's assets and liabilities by reportable segments:

As at 30 June 2017 (unaudited)

	Distribution and trading <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>1,236,278</u>	<u>40,443</u>	<u>1,276,721</u>
Unallocated property, plant and equipment			3
Unallocated prepayments, deposits and other receivables			1,936
Unallocated cash and bank balances			<u>9,869</u>
Consolidated assets			<u>1,288,529</u>
Segment liabilities	<u>554,321</u>	<u>19</u>	554,340
Unallocated accruals and other payables			4,312
Trust receipt loans			126,504
Current tax liabilities			<u>1,982</u>
Consolidated liabilities			<u>687,138</u>

As at 31 December 2016 (audited)

	Distribution and trading <i>HK\$'000</i>	Loan financing services <i>HK\$'000</i>	Retailing of garments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>643,307</u>	<u>7,676</u>	<u>147</u>	651,130
Unallocated property, plant and equipment				16
Unallocated prepayments, deposits and other receivables				2,380
Unallocated cash and bank balances				<u>10,936</u>
Consolidated assets				<u>664,462</u>
Segment liabilities	<u>457,318</u>	<u>31</u>	<u>3,585</u>	460,934
Unallocated accruals and other payables				908
Current tax liabilities				<u>388</u>
Consolidated liabilities				<u>462,230</u>

Geographical information:

	Revenue		Non-current assets	
	Six months ended 30 June		30 June	31 December
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(audited)
Hong Kong	323	525,467	3,839	575
Singapore	2,854,094	—	—	—
Taiwan	—	750	—	—
	<u>2,854,417</u>	<u>526,217</u>	<u>3,839</u>	<u>575</u>

In presenting the geographical information, revenue is based on the location where the business activities were carried out.

Information about major customers:

Revenue from three (2016: one) customers from the Group's distribution and trading business segment contributing over 10% of the total revenue of the Group represents approximately HK\$2,126,177,000 (2016: approximately HK\$482,917,000) of the Group's total revenue.

4. Income Tax

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	–	208
Current tax – Singapore Corporate Income Tax		
Provision for the period	1,655	–
Over-provision for prior year	(41)	–
	<u>1,614</u>	<u>208</u>

The provision for Hong Kong Profits Tax for the six months ended 30 June 2016 is calculated by applying the estimated annual effective tax rate of 16.5%. No Hong Kong Profits Tax was provided for the period ended 30 June 2017 as the Company and its subsidiaries have no assessable profit arising from Hong Kong during the period.

The profit tax rate prevailing in Taiwan is 17% for both periods and no provision for Taiwan profit tax was made in both periods as the Company and its subsidiaries have no assessable profit arising in Taiwan.

Singapore Corporate Income Tax is provided using the Singapore standard rate of income tax of 17% or the concession rate of 10% for the period ended 30 June 2017. With the Global Trader Programme (“GTP”) incentive awarded to Bright Point Trading Pte. Ltd., a wholly-owned subsidiary of the Company, by the Inland Revenue Authority of Singapore with effect from 1 January 2017, certain qualified income generated during the period from the distribution and trading business of the Group has been charged at a tax concessionary rate of 10%. Any other income not qualified for the GTP incentive has been charged at the standard rate of 17% during the period.

5. Profit/(loss) before Taxation

		Six months ended 30 June	
		2017	2016
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Profit/(loss) before taxation has been arrived at after charging/(crediting):			
(a)	Finance costs		
	Bills discounting interest expenses	5,226	–
	Interest expenses on trust receipt loans	95	–
		<u>5,321</u>	<u>–</u>
(b)	Other items		
	Interest income on bank deposits	(1)	(2)
	Write-back for obsolete inventories	–	(912)
	Depreciation of property, plant and equipment	256	86
	Loss/(gain) on disposal of property, plant and equipment	2	(22)
	Exchange (gain)/loss, net	(203)	911
	Operating lease rentals in respect of rented premises	1,473	773
	Directors' remuneration (<i>notes a & c</i>)	2,360	6,044
	Consultancy fees (<i>note c</i>)	–	19,118
	Other staff costs (<i>notes b & c</i>)	<u>2,089</u>	<u>1,161</u>

Notes:

- (a) Directors' remuneration include fees, remunerations, equity-settled share-based payment and retirement benefits scheme contributions.
- (b) Other staff costs (excluding directors' remuneration) include salaries, allowances, equity-settled share-based payment and retirement benefits scheme contributions.
- (c) Equity-settled share-based payment for the period ended 30 June 2016 comprised share-based payment to directors, employees and other qualified persons of which approximately HK\$4,836,000, HK\$93,000 and HK\$19,118,000 are included in directors' remuneration, other staff costs and consultancy fees respectively. No share-based payment was recorded for the period ended 31 June 2017 as no share option was granted during the period.

6. Earnings/(loss) per Share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share attributable to owners of the Company was based on the profit/(loss) for the period attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the period, as adjusted to reflect the rights issue during the period as further detailed in note 13(ii).

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit/(losses):		
Profit/(loss) for the period attributable to owners of		
the Company for the purpose of		
basic earnings/(loss) per share	<u>5,383</u>	<u>(24,300)</u>
	'000	'000
		(restated)

Number of shares:

Weighted average number of ordinary shares for		
the purpose of basic earnings/(loss) per share (note)	<u>6,054,242</u>	<u>5,805,076</u>

Note: On 21 June 2017, the Company announced the completion of a rights issue of 2,631,409,918 rights shares at HK\$0.15 per rights share. As the Company's share market price immediately before the exercise of rights was higher than the rights subscription price, this gave rise to a bonus element in the rights issue to existing shareholders. Therefore earnings/(loss) per share is calculated as if the bonus element (but not the total rights issue) arose proportionately at the start of the earliest period for which earnings/(loss) per share is presented in accordance with the requirements under HKAS 33.

(b) Diluted earnings/(loss) per share

As the Company's outstanding share options had an anti-dilutive effect to the basic loss per share calculation for the period ended 30 June 2016, the conversion of the above potential dilutive shares will result in a decrease of loss per share for that period. During the current period, there is no instrument with potential dilutive shares issued by the Group. Therefore the basic and diluted earnings/(loss) per share for the respective periods are equal.

7. Interim Dividend

No dividends were paid, declared or proposed during the periods ended 30 June 2017 and 2016. The directors do not recommend the payment of an interim dividend for the current period.

8. Movements in Property, Plant and Equipment

During the six months period ended 30 June 2017, there was an addition of approximately HK\$3,525,000 to the Group's property, plant and equipment (six months period ended 30 June 2016: Nil). Items of property, plant and equipment with a net book value of approximately HK\$2,000 (six months period ended 30 June 2016: approximately HK\$42,000) were disposed during the six months period ended 30 June 2017, resulting in a loss on disposal of approximately HK\$2,000 (six months period ended 30 June 2016: gain on disposal of approximately HK\$22,000).

9. Loan to a Customer

The fixed-rate loan to a customer of HK\$5,390,000 as at 30 June 2017 and 31 December 2016 under the Group's financial services operation represent loan advances to an independent third party which is secured by personal guarantee. The interest rate for the loan to customer was 12% per annum.

The loan made available to customers depends on management's assessment of credit risk on the customers by evaluation on background check and repayment abilities. The Group determines the allowance of impaired debts based on the evaluation of collectability and aging analysis of accounts and on the management's judgment, including assessment of change of credit quality and the past collection history of each customer.

Aging analysis

Aging analysis of loan to a customer prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
7 to 12 months	–	5,390
More than 12 months	<u>5,390</u>	<u>–</u>
	<u>5,390</u>	<u>5,390</u>

Aging analysis of loan to a customer prepared based on contractual due date is as follows:

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Not yet past due	–	5,390
1-3 months past due	<u>5,390</u>	<u>–</u>
	<u>5,390</u>	<u>5,390</u>

Loan to a customer that was past due but not impaired relate to customer that has good track record with the Group. Based on past experience, the management is of the opinion that no provision for impairment is necessary in respect of the balance as there has not been a significant change in credit quality of the customer/the party who provided guarantee for the loan and the balance is still considered fully recoverable.

10. Trade and Bills Receivables and Interest Receivables

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Trade and bills receivables	1,195,328	557,772
Interest receivables	<u>755</u>	<u>431</u>
	<u>1,196,083</u>	<u>558,203</u>

Trade and bills receivables as at 30 June 2017 and 31 December 2016 mainly represent receivables from trading customers and relevant bills issuing banks in relation to the sale of commodities in the period/year. The majority of the Group's sales in the period are on letter of credit or document against payment. The remaining sales are with average credit period of 5 to 90 days.

As at 30 June 2017, trade receivables with carrying amount of approximately HK\$129,358,000 (31 December 2016: Nil) were pledged as security for the Group's borrowing (note 12).

The aging analysis of trade and interest receivables, based on the invoice due date or interest due date, and net of allowance, is as follows:

	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Not yet due or within 90 days	1,196,083	558,187
Over 360 days	<u>–</u>	<u>16</u>
	<u>1,196,083</u>	<u>558,203</u>

The Group has policy of providing allowance for bad and doubtful debts which is based on the evaluation of collectability and aging analysis of accounts and on management's judgment including credit worthiness and past collection history of each debtor.

In determining the recoverability of the trade and bills receivables and interest receivables, the Group considers any changes in the credit quality of the trade and bills receivables and interest receivables from the date credit was initially granted up to the end of the reporting period. Accordingly, the Directors believe that no allowance for bad and doubtful debts is required. No allowance for bad and doubtful debts are provided for trade and bills receivables and interest receivables during the period and at the end of the reporting period.

11. Trade Payables

The following is an aging analysis of the trade payables presented based on the date of receipt of goods at the end of the reporting period:

	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Within 90 days	553,974	456,966
Over 360 days	<u>3,717</u>	<u>3,462</u>
	<u>557,691</u>	<u>460,428</u>

12. Loans and Borrowings

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Current liabilities		
Trust receipt loans	<u>126,504</u>	<u>–</u>
Total borrowings	<u>126,504</u>	<u>–</u>

Trust receipt loans as at 30 June 2017 are secured by restricted bank deposits of approximately HK\$6,617,000 (31 December 2016: Nil) and trade receivables of approximately HK\$129,358,000 (31 December 2016: Nil).

(a) The maturity of borrowings is as follows:

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Trust receipt loans		
– On demand or within 1 year	<u>126,504</u>	<u>–</u>

(b) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Trust receipt loans		
– 6 months or less	<u>126,504</u>	<u>–</u>

- (c) The average effective interest rates per annum at the end of the reporting period are as follows:

	30 June 2017 (unaudited)	31 December 2016 (audited)
Trust receipt loans	2.5%	–

- (d) Loans and borrowings are denominated in US\$.

- (e) The carrying value of loans and borrowings approximate their fair values.

13. Share Capital

	Number of ordinary shares of HK\$0.0025 each	
<i>Notes</i>	<i>'000</i>	<i>HK\$'000</i>
Authorised:		
At 1 January 2016, 31 December 2016 and 30 June 2017	<u>200,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 1 January 2016 (audited)	4,385,820	10,965
Issue of new shares under subscription	(i) <u>877,000</u>	<u>2,192</u>
At 30 June 2016 (unaudited)	<u>5,262,820</u>	<u>13,157</u>
At 1 January 2017 (audited)	5,262,820	13,157
Issue of new shares on rights issue	(ii) <u>2,631,410</u>	<u>6,579</u>
At 30 June 2017 (unaudited)	<u>7,894,230</u>	<u>19,736</u>

Notes:

- (i) On 15 January 2016, the Company entered into a subscription agreement (the “**January 2016 Subscription**”) with Hua Lang Limited to allot and issue 877,000,000 new shares of par value of HK\$0.0025 each of the Company at a subscription price of HK\$0.14 each at an aggregate consideration of approximately HK\$122,780,000. The subscription agreement has been fulfilled and the completion of the January 2016 Subscription took place on 27 January 2016, of which approximately HK\$2,192,000 was credited to share capital and the remaining balance of approximately HK\$120,324,000 (net of issuing expenses of approximately HK\$264,000) was credited to the share premium account. Details of the January 2016 Subscription are disclosed in the Company’s announcements dated 15 and 27 January 2016.
- (ii) During the period ended 30 June 2017, a total 2,631,409,918 new ordinary shares at par value of HK\$0.0025 each of the Company were issued under a rights issue at a subscription price of HK\$0.15 each at an aggregate consideration of approximately HK\$394,711,000, of which approximately HK\$6,579,000 was credited to share capital and the remaining balance of approximately HK\$387,435,000 (net of issuing expenses of approximately HK\$697,000) was credited to the share premium account. The rights issue was completed on 21 June 2017. Details of the rights issue are disclosed in the Company’s announcements dated 4 May 2017, 18 May 2017 and 20 June 2017 and the Company’s prospectus dated 29 May 2017.

14. Equity-settled share-based expense

The 2009 Share Option Scheme (the “2009 Scheme”)

The 2009 Scheme was adopted by the Company on 29 December 2009.

The purpose of the 2009 Scheme is to encourage the eligible participants to perform their best in achieving the goals of the Group and at the same time allow the participants to enjoy the results of the Company attained through their efforts and contributions and to provide the participants with incentives and help the Company in retaining its existing employees and recruiting additional employees. A stronger business relationship will accordingly be established by the Group with the participants. Eligible participants of the 2009 Scheme include any employee, business associate and trustee.

The 2009 Scheme shall be valid and effective for a period of 10 years commencing from the date of approval.

The total number of shares which may be issued upon exercise of all options which may be granted under the 2009 Scheme shall not exceed 10% of the total number of shares in issue on 9 May 2016 when the share option limit was refreshed at the annual general meeting. The maximum number of shares issuable under share options to each eligible participant in the 2009 Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at anytime. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Any grant of option to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors. In addition, any share options granted to a substantial shareholder of the Company or an independent non-executive director or any of their respective associates in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer. The share option may be exercised at any time during the option period, which is determinable by the Company's Board of Directors and will not exceed 10 years from the date of grant of the options.

The exercise price of the share options is determinable by the Company's Board of Directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of the share options; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 6 April 2016, the Company granted 201,000,000 share options to certain of its Directors, employees and other eligible participants at the exercise price of HK\$0.27 per share and are vested and exercisable immediately. The closing share price at date of grant on 6 April 2016 was HK\$0.27.

The fair values of the share options granted in 2016 were determined using the Binomial Tree Option Pricing Model. Significant inputs into the calculation included expected volatilities of 54.13%, estimated expected life of 10 years, risk-free interest rate of 1.199% and dividend yield of 0%. The Binomial Tree Option Pricing Model was developed for use in estimating the fair value of traded options and requires input of highly subjective assumptions, including the expected life and stock price volatility. Since the Company's share options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimates, the Binomial Tree Option Pricing Model does not necessarily provide a reliable measure of the fair value of the share options.

The fair values of the share options granted in 2016, measured at the date of grant, were approximately HK\$24,047,000. As the options are vested immediately, the amounts are recognised as share-based compensation expenses in profit or loss at the date of grant. An aggregate amount of approximately HK\$24,047,000 has been charged as directors' remuneration, other staff cost and consultancy fees to profit or loss during the period ended 30 June 2016. The corresponding amount has been credited in the share-based payment reserve.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

The following table disclose movements in the Company's share options during the six months period ended 30 June 2016:

	Outstanding at 1 January 2016	Granted during the period	Reclassified during the period	Lapsed during the period	Outstanding at 30 June 2016	Grant date	Exercisable period	Exercise price
Directors								
Mr. Wong Lik Ping (<i>note 3</i>)	3,000,000	–	(3,000,000)	–	–	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Mr. Ng Chi Lung	–	40,000,000	–	–	40,000,000	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Mr. Wong Hok Bun, Mario	–	10,000,000	–	–	10,000,000	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Mr. Chan Chi Ming, Tony	–	1,000,000	–	–	1,000,000	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Mr. Wu Shiming	–	1,000,000	–	–	1,000,000	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Mr. Chan Wah	–	1,000,000	–	–	1,000,000	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Sub-total	3,000,000	53,000,000	(3,000,000)	–	53,000,000			
Other employees (<i>note 4</i>)	3,000,000	–	(3,000,000)	–	–	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Other employee	–	1,000,000	–	–	1,000,000	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Others	127,000,000	–	–	–	127,000,000	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Others (<i>note 1</i>)	6,000,000	–	–	–	6,000,000	15 April 2010	15 April 2012 – 30 November 2016	HK\$1.70
Others	12,500,000	–	–	–	12,500,000	15 April 2010	15 April 2012 – 28 February 2017	HK\$1.70
Others (<i>note 2</i>)	6,000,000	–	–	–	6,000,000	15 April 2010	15 April 2012 – 3 May 2017	HK\$1.70
Others (<i>note 3</i>)	–	–	3,000,000	–	3,000,000	15 April 2010	15 April 2012 – 5 July 2017	HK\$1.70
Others (<i>note 4</i>)	–	–	3,000,000	–	3,000,000	15 April 2010	15 April 2012 – 31 July 2017	HK\$1.70
Others	–	147,000,000	–	–	147,000,000	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Total	<u>157,500,000</u>	<u>201,000,000</u>	<u>–</u>	<u>–</u>	<u>358,500,000</u>			

Notes:

1. Mr. Kee Wah Sze and Mr. To Yan Ming Edmond resigned as independent non-executive directors on 31 May 2015. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from their resignation.
2. Mr. Huang Bin and Mr. Chan Pat Lam resigned as non-executive director and independent non-executive director respectively on 4 November 2015. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from their resignation.
3. Mr. Wong Lik Ping resigned as executive director on 6 January 2016. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from his resignation.
4. Some employees resigned during the period ended 30 June 2016. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from their resignation.

No share option was exercised, lapsed or cancelled under the 2009 Scheme during the period ended 30 June 2016.

All outstanding share options as at 30 June 2016 granted under the 2009 Scheme were either cancelled or lapsed, on 19 July 2016, as a result of the general offers made by Wide Bridge Limited to acquire all the issued shares of the Company and to cancel all outstanding options of the Company (other than those already owned by Wide Bridge Limited and parties acting in concert with it). Details of which are set out in the composite offer and response document dated 29 June 2016 jointly issued by Wide Bridge Limited and the Company. The share-based payment reserve balance is released to accumulated losses upon the share options were either cancelled or lapsed on 19 July 2016.

No share option was granted, exercised, lapsed or cancelled under the 2009 Scheme during the period ended 30 June 2017. There were no share options outstanding as at 30 June 2017 and 31 December 2016.

Apart from the 2009 Scheme, during the periods ended 30 June 2017 and 30 June 2016, no rights were granted to the Directors, chief executives of the Company, or any of their spouses or children under 18 years of age to subscribe for equity or debt securities of the Company.

15. Related Party Transactions

Except for the related party transactions disclosed elsewhere in the financial statements, the Group has the following material transactions with its related parties as defined in HKAS 24 and/or connected person as defined in the Listing Rules during the period:–

	Six months ended 30 June	
	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)
Interest income from Golden Empires Limited (<i>note</i>)	<u>–</u>	<u>1,500</u>
Key management compensation		
Salaries, allowances and other benefits in kind	2,008	1,011
Retirement scheme contributions	52	18
Equity-settled share-based payment expenses	<u>–</u>	<u>4,562</u>
	<u>2,060</u>	<u>5,591</u>

Note:

On 31 March 2016, Mr. Ng Chi Lung was appointed as executive director, vice chairman and authorized representative of the Company with effect from 1 April 2016. As Golden Empires Limited and Putian City Jin Di Huang Trading Company Limited* (莆田市金帝皇貿易有限公司) are wholly-owned by Ms. Ng Yin, the elder sister of Mr. Ng Chi Lung, the newly appointed executive director and vice chairman of the Company, while the terms of the loan agreement remain unchanged, the transaction thereunder has become a continuing connected transaction of the Company since Ms. Ng Yin, Golden Empires Limited, Putian City Jin Di Huang Trading Company Limited* (莆田市金帝皇貿易有限公司) have become related parties of the Company following the appointment of Mr. Ng Chi Lung as executive director and vice chairman of the Company.

Interest income from Golden Empires Limited for the period from 1 April 2016 (the date of which Golden Empires Limited becomes a related party) to 30 June 2016 was approximately HK\$1,500,000. The loan was fully repaid in November 2016 and no interest income from Golden Empires Limited was recorded for the period ended 30 June 2017.

* *for identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

Theme International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in (i) trading of bulk commodities and related products in Hong Kong and Singapore; and (ii) provision of loan financing services, securities and futures contracts brokerage services, placing and underwriting services and provision of margin financing in Hong Kong. In the first quarter of 2016, the Group was also engaged in retailing garments through the operation of retail outlets and department store counters in Taiwan. The garment retail business ceased by the end of March 2016.

FINANCIAL AND BUSINESS REVIEW

Revenue, profit/(loss) for the period and basic earnings/(loss) per share of the Group for the six months periods ended 30 June 2017 and 2016 are summarized as follows:

	Revenue		Profit/(loss) for the period		Basic earnings/(loss) per share	
	2017	2016	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
						(restated)
From operations	<u>2,854,417</u>	<u>526,217</u>	<u>5,383</u>	<u>(24,300)</u>	<u>HK0.09 cents</u>	<u>HK(0.42) cents</u>

The Group recorded a total revenue of approximately HK\$2,854,417,000 (2016: approximately HK\$526,217,000) for the six months period ended 30 June 2017 (the “**Interim Period**”) representing an increase of approximately 447.0% over the six months period ended 30 June 2016 (the “**Corresponding Period**”). Further analysis of the Group’s revenue in the Interim Period and Corresponding Period is as follows:

	Six months ended 30 June			
	2017		2016	
	Revenue	Sales Volume	Revenue	Sales Volume
	<i>HK\$'000</i>	<i>Tonnes ('000)</i>	<i>HK\$'000</i>	<i>Tonnes ('000)</i>
<i>Product</i>				
Iron Ore	2,421,130	6,068	522,076	1,642
Deformed Steel Bar	432,964	122	–	–
Distribution and trading	2,854,094		522,076	
Financial services	323		3,391	
Retailing of garments	–		750	
	2,854,417		526,217	

The distribution and trading business contributed to over 99% of the Group’s revenue in the Interim Period. Volume of iron ore traded in the period increased from approximately 1,642,000 tonnes in the Corresponding Period to approximately 6,068,000 tonnes in the Interim Period, representing an increase of approximately 269.5%, together with the increase in average iron ore price, revenue from iron ore trade increased from approximately HK\$522,076,000 in the Corresponding Period to approximately HK\$2,421,130,000 in the Interim Period, representing an increase of approximately 363.8%.

In June 2017, the Group successfully completed a rights issue and a total of 2,631,409,918 rights shares at HK\$0.15 per share were issued with proceeds of approximately HK\$394,014,000, net of share issue costs. With the availability of additional capital raised from the rights issue (of which proceeds were applied for the settlement of additional trading contracts entered in May and June 2017) and the utilization of banking facilities available to the Group, the Group was able to increase its trading volume during the Interim Period.

At the same time, the Group commenced the trading of prime deformed steel bar in the Interim Period where the Group recorded a revenue of approximately HK\$432,964,000 (2016: Nil) and a trading volume of approximately 122,000 tonnes (2016: Nil) in the Interim Period.

Gross profit margin of the Group decreased to approximately 0.75% in the Interim Period from approximately 1.20% in the Corresponding Period. Less revenue and gross profit was contributed by the high gross profit margin financial services segment as the Group is preparing for the launch of a wider scope of financial services including brokerage service. Gross profit in the Interim Period was mainly contributed by the distribution and trading segment. This segment provides a steady income stream but at a much lower gross profit margin as compared to the higher gross profit margin garment retailing business and financial services business in the prior period, therefore lowering the overall gross profit of the Group in the Interim Period.

An one-off, non-cash, equity-settled share-based expense of approximately HK\$24,047,000 was recorded in the Corresponding Period due to the grant of 201,000,000 share options to certain directors, employees and business associates of the Group on 6 April 2016. Details of the equity-settled share-based expenses is included in note 14 to the condensed consolidated financial statements. There was no share options granted by the Company during the Interim Period.

Excluding the one-off, non-cash, equity-settled share-based expense of approximately HK\$24,047,000, the underlying administrative expenses for the Corresponding Period were approximately HK\$4,964,000. The underlying administrative expenses have increased by 80.9% from approximately HK\$4,964,000 in the Corresponding Period to approximately HK\$8,985,000 in the Interim Period. The increase was mainly due to the expansion of the Group's trading desk to Singapore, increase in rental expenses and the preparation expenses incurred for the extension of financial services business into securities and futures contracts brokerage services and margin financing services which will be launched in the fourth quarter of 2017.

Finance costs of approximately HK\$5,321,000 (2016: Nil) was incurred during the Interim Period for factoring the Group's trade receivables and for settlement of interests arising from outstanding trust receipt loans. Management considered that reasonably increasing the Group's leverage will enable the Group to further expand its distribution and trading business and maximize return on shareholders' capital.

Income tax expense increased from approximately HK\$208,000 in the Corresponding Period to approximately HK\$1,614,000 in the Interim Period, in line with the improved performance of the Group's distribution and trading business.

Bright Point Trading Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of the Company, was awarded the Global Trader Programme ("GTP") incentive by the Inland Revenue Authority of Singapore. With effect from 1 January 2017, certain qualified income generated during the Interim Period from the distribution and trading business of the Group has been charged at a tax concessionary rate of 10%. Any other income not qualified for the GTP incentive has been charged at the rate of 17% during the Interim Period. The effective tax rate of Bright Point Trading Pte. Ltd. in the Interim Period was approximately 11.3%, which was lower than the standard Singapore Corporate Income Tax rate of 17%.

The underlying profit/(loss) for the period is calculated as follows:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Profit/(loss) for the period	5,383	(24,300)
Add back: Equity-settled share-based expense	<u>—</u>	<u>24,047</u>
Underlying earnings/(loss) for the period	<u>5,383</u>	<u>(253)</u>

Excluding the one-off, non-cash, equity-settled share-based expense of approximately HK\$24,047,000, the Group recorded an adjusted loss for the period of approximately HK\$253,000 in the Corresponding Period. The Group has successfully turned around in the Interim Period and returned to positive profit for the first time since the commencement of the Group's distribution and trading and financial services businesses in 2015. Benefiting from the increased scale of operations, the distribution and trading segment recorded a segment profit of approximately HK\$12,300,000 (net of finance cost and before profit tax) in the Interim Period. However, this was partially offset by the segment loss of approximately HK\$2,889,000 recorded by the financial services segment in the Interim Period where preparation expenses were incurred for the extension of business into securities and futures contracts brokerage services and margin financing services which will be launched in the fourth quarter of 2017.

The Group recorded a basic earnings per share of approximately HK0.09 cents in the Interim Period as compared to a basic loss per share of approximately HK0.42 cents (restated) in the Corresponding Period.

FUTURE PROSPECTS

The Group will focus on the continuing development of the financial services business and the distribution and trading business in the second half of 2017.

(i) Financial services business

The Company is extending the scope of its principal activities to include the provision of a wide range of financial services, including securities and futures contracts brokerage services, placing and underwriting services, provision of margin financing, money lending business and investment advisory in Hong Kong and Singapore.

– Money Lending

Since June 2015, the Group has commenced money lending business in Hong Kong through Asia Develop Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company, which has successfully obtained a money lenders licence in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

The Group will continue to carry out its loan review and further develop loan financing operation. The Group's target customers are corporate customers in Hong Kong, with target loans denominated in Hong Kong dollars which are made for a period of one year in general but could be extended to mutual agreement, carrying interest at fixed rates ranging from 10% to 16% per annum. The loans are either secured by collaterals or backed by guarantee.

– ***Securities and Futures Contracts Dealing***

As announced in the Company's announcement on 24 July 2017, the Securities and Futures Commission of Hong Kong has granted to the Group licences to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The two brokerage businesses are expected to commence operation in the fourth quarter of 2017.

As at 30 June 2017, the Group is also working towards establishing a futures brokerage firm to apply for licence with the Monetary Authority of Singapore to conduct exempted activities in Singapore. Revenue is expected to be generated in the form of, among others, brokerage commissions and fees derived from investment and trading in commodities/futures contracts related products.

Hong Kong is the leading financial centre in Asia. With the Shanghai-Hong Kong Stock Connect programme and Shenzhen-Hong Kong Stock Connect programme launched in November 2014 and December 2016 respectively, the Board believes that there will be a lot of business opportunities in the financial services sector.

The Board considers that entering into the new businesses will provide good business opportunities to the Group and will diversify its business scope with a view to achieve better returns to the Company and its shareholders.

(ii) Distribution and Trading

Despite the growth of iron ore trading business is slowing down in the People's Republic of China (the "PRC"), the PRC government's effort in closing low grade iron ore mines to curb air pollution has led to the increasing demand for higher quality imports from Australia and Brazil, which the Group traded in the Interim Period. Moreover, the property sector in the PRC is growing and the demand for constructions materials has increased continuously in the PRC.

According to the PRC Custom statistics, imports of iron ore from overseas to the PRC have increased by 9.3% from approximately 493.4 million tonnes in the first half of 2016 to approximately 539.3 million tonnes in the first half of 2017. In 2016, the PRC only just beat one-billion tonnes mark for the first time, importing 1.024 billion tonnes. The Group believes that the increasing demand for better quality iron ores will continue to grow in the second half of 2017 and there is a huge potential for iron ore trading in the PRC, which provides a good opportunity for the Group to further expand in this aspect.

In June 2017, the Group launched a rights issue to raise over HK\$390 million. The rights issue was significantly oversubscribed by approximately 7.7 times, when including excess applications, demonstrating investors' confidence in being part of the Company's continuing success in turning around. The proceeds raised were used to strengthen our balance sheet and fund the development of the Group's distribution and trading business. Depending on the performance of the Group's business, market conditions, volume of customer's orders and the management's ability to secure further contracts and financing, the Company will continue to review its funding needs. The Company may raise further fund if opportunities arise and it considers appropriate.

FUND RAISING ACTIVITIES

2017 Rights Issue (“2017 Rights Issue”)

On 4 May 2017, the Company announced a rights issue of 2,631,409,918 rights shares at HK\$0.15 per rights share on the basis of 1 rights share for every 2 existing shares held by Shareholders. The results of the 2017 Rights Issue was confirmed on 20 June 2017 and 2,631,409,918 rights shares were allotted and issued on 21 June 2017. The rights shares are ranked pari passu in all respects with the then existing shares. The gross proceeds from the 2017 Rights Issue was approximately HK\$394,711,000, excluding share issue costs of approximately HK\$697,000.

The entire net proceeds from 2017 Rights Issue are to be applied to further develop the distribution and trading business of the Group. Details of the 2017 Rights Issue are set out in the announcements of the Company dated 4 May 2017, 18 May 2017 and 20 June 2017, the prospectus of the Company dated 29 May 2017 and in the “Use of Proceeds” section below.

CHARGES ON ASSETS

As at 30 June 2017, the Group’s pledged bank deposits of approximately HK\$6,617,000 and trade receivables of approximately HK\$129,358,000 were pledged for the trust receipt loans outstanding.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had no material contingent liabilities.

PRINCIPAL RISKS AND UNCERTAINTIES

Commodities price risk

The Group's revenue and profit for the period were affected by fluctuations in the commodities price as our goods are sold at the market prices and such fluctuation is beyond our control. The considerable fluctuation of commodities price would lead to the Group's instability in operating results, especially in the event of a significant drop in commodities price which would have an adverse impact to the Group's operating results.

Exposure to fluctuation in exchange rates

The Group conducts its distribution and trading business in United States Dollars ("US\$") and Singapore Dollars ("SGD"). Foreign currency exposure to US\$ is minimal, as the Hong Kong Dollars ("HK\$") is pegged to the US\$ while the volume of transactions denominated in SGD is minimal as compared to transactions carried out in US\$ in the Interim Period. As at 30 June 2017, the Group's major assets and liabilities were denominated in the functional currencies of the respective group entities. The Group had minimal material exposure to foreign exchange fluctuation.

Counterparty credit and performance risk

The Group continuously monitors the credit quality of our counterparties and seek to reduce the risk of customer non-performance by requiring credit support from creditworthy financial institutions including making extensive use of credit enhancement products, such as letter of credit.

Interest rate risk

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its assets and liabilities and cash flows. Floating rate debt which is predominantly used to fund fast turning working capital is primarily based on US\$ LIBOR plus an appropriate premium. Accordingly, prevailing market interest rates are continuously factored into transactional pricing and terms.

LIQUIDITY AND FINANCIAL RESOURCES

In June 2017, the Group successfully completed the 2017 Rights Issue of 2,631,409,918 rights shares at HK\$0.15 per share with proceeds of approximately HK\$394,014,000, net of share issue costs. Following the 2017 Rights Issue, the Group's net current assets has been improved to approximately HK\$597,549,000 (31 December 2016: approximately HK\$201,657,000), and net assets to approximately HK\$601,391,000 (31 December 2016: approximately HK\$202,232,000) respectively at 30 June 2017. As at 30 June 2017, there was a total loans and other borrowings of approximately HK\$126,504,000 outstanding (31 December 2016: Nil).

As at 30 June 2017, the current ratio (as defined as current assets divided by current liabilities) was 1.87 (31 December 2016: 1.44) and the gearing ratio (as defined as loans and other borrowings divided by net assets) was 0.21 (31 December 2016: Nil).

As at 30 June 2017, the Group had a undrawn banking letter of credit limit totalling US\$150 million, equivalent to approximately HK\$1,170 million (31 December 2016: US\$100 million, equivalent to approximately HK\$780 million).

CAPITAL EXPENDITURE

The total capital expenditure of the Group for the Interim Period was approximately HK\$2,183,000 (31 December 2016: Nil) for addition of leasehold improvement and approximately HK\$1,342,000 (31 December 2016: Nil) for addition of furniture, fixtures and other equipment.

As at 30 June 2017, the Group had no material capital expenditure commitments.

HUMAN RESOURCES

As at 30 June 2017, the Group had 10 employees in Hong Kong and 3 employees in Singapore. Other than the competitive remuneration package offered to the employees, share options may also be granted to selected employees based on the Group's performance.

USE OF PROCEEDS

The Company has conducted the following equity fund raising activities during the Interim Period and subsequently after 30 June 2017:

Date of announcement and prospectus	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds (approximately)
4, 18 and 29 May 2017, 20 June 2017	Subscription of new shares under rights issue	HK\$394,014,000	Intended to be used for settlement of the payment for additional iron ore shipment contracts entered in May and June 2017.	Part of the net proceeds of HK\$388,624,000 was utilized as intended as at 30 June 2017.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the Interim Period and the period immediately prior to the date of this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Save and except for Code Provisions E.1.2 and A.2.1 as detailed below, the Company has complied with all the Code Provisions and to a certain extent of the recommended best practices set out in the Corporate Governance Code contained in Appendix 14 (the “CG Code”) of the Listing Rules throughout the period for the six months ended 30 June 2017.

Under Code Provision E.1.2 of the CG Code, the Chairman of the Board should attend the annual general meeting. Since the resignation of the Chairman of the Company on 1 April 2016, the role of Chairman has been vacant and temporarily acted by Mr. Ng Chi Lung, the Vice Chairman of the Company to fill the casual vacancy of the position of Chairman. Mr. Ng Chi Lung has attended the annual general meeting held on 26 May 2017.

Under Code Provision A.2.1 of the CG Code, the role of chairman and chief executive officer (“CEO”) should be separated and should not be performed by the same individual. Since the resignation of CEO of the Company in 2013, and the resignation of the Chairman of the Company on 1 April 2016, the roles of CEO and Chairman have been vacant and temporarily acted by Mr. Ng Chi Lung, the Vice Chairman of the Company to fill the casual vacancy of the positions of CEO and Chairman. Given the current corporate structure, the roles of CEO and Chairman are temporarily handled by Mr. Ng Chi Lung as the Board has not identified suitable candidates to be appointed as CEO and Chairman. However, before any suitable candidates are appointed as CEO and Chairman, the Board considers that it is appropriate and in the best interests of the Company to maintain the current arrangement as all major decisions are made in consultation with the Board members and the senior management of the Company. The Board believes that Mr. Ng Chi Lung is able to maintain the continuity of the Company’s policies and the stability of the Company’s operations. The effectiveness of the corporate planning and implementation of corporate strategies and decisions will not be affected. The Board would segregate the roles of the Chairman and CEO when suitable candidates are appointed as CEO and Chairman.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. The Company has made specific enquiries with all directors of the Company and each of them confirmed that they have complied with the Model Code during the six months period ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the six months period ended 30 June 2017, the Company has not redeemed any of its securities. Neither the Company nor any of its subsidiaries has purchased nor sold any of the Company’s securities during the six months period ended 30 June 2017.

AUDIT COMMITTEE

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Stock Exchange. The Audit Committee comprises three independent non-executive directors, Mr. Chan Chi Ming, Tony, Mr. Wu Shiming and Mr. Chan Wah. The primary duties of the Audit Committee are to review the Company's annual and interim results and to review and supervise the Company's financial reporting and internal control procedures.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed the internal controls and financial reporting matters, including review of the unaudited interim financial results of the Group for the six months ended 30 June 2017.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Company (www.990.com.hk) and the designated issuer website of the Stock Exchange (www.hkexnews.hk).

The interim report for 2017 of the Company will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Theme International Holdings Limited
Ng Chi Lung
Executive Director

Hong Kong, 17 August 2017

As at the date of this announcement, there are (i) three Executive Directors, namely Mr. Ng Chi Lung (Vice Chairman), Mr. Wu Lei and Mr. Wong Hok Bun, Mario; (ii) one Non-executive Director, namely Ms. Chen Jing; and (iii) three Independent Non-executive Directors, namely Mr. Chan Wah, Mr. Chan Chi Ming, Tony and Mr. Wu Shiming.