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## **THEME INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 990)**

### **NEW CONTINUING CONNECTED TRANSACTIONS**

On 7th September 2018, the Company entered into the Service Agreement with PSU pursuant to which the Company shall, through its subsidiaries, provide the Services to PSU in accordance with the terms thereunder.

PSU is wholly-owned by Mr. You, a controlling shareholder of the Company, and therefore is a connected person of the Company. As such, the transaction contemplated by the Service Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As all of the relevant percentage ratios are expected to be less than 5% and the total consideration of the transaction will be over HK\$3,000,000 on an annual basis, the transaction contemplated under the Service Agreement will be subject to the reporting, annual review, announcement requirements but exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **THE SERVICE AGREEMENT**

#### **Principal terms**

The principal terms of the Service Agreement are set out as follows:

#### ***Term***

The period from the date of the Service Agreement to 31 December 2020 (both dates inclusive), which can be terminated by either party with 7 days' prior written notice.

## ***Services***

The Company shall, through its subsidiaries, provide the Services to PSU (where applicable, including its close associates (as defined in the Listing Rules)) during the abovementioned term, including the execution and clearing services for derivative products and the inter-dealer brokerage services.

## ***Fees and commissions***

The clearing fee and commission to be charged for the Services shall be at rates no more favourable than offered to other clients of the Group who are Independent Third Parties for the provision of similar services and in accordance with the pricing policy of the Group from time to time.

The indicative range of the general clearing fee rate offered to PSU is as follows:

<b>Exchange</b>	<b>Product</b>	<b>Indicative Range</b>
London Metal Exchange (LME)	Base Metals	1/32% – 1/64% of contract value
Singapore Exchange Limited (SGX)/Nasdaq Futures (NFX)	Forward Freight Agreement (FFA)	US\$6 – 10/lot
SGX	Iron Ore Swap	US\$10 – 15/lot
SGX	Iron Ore Futures	US\$2 – 3/lot
SGX	US\$/CNH Futures	US\$2 – 3/lot
SGX	Coking Coal Swap	US\$6 – 10/lot
SGX	Coking Coal Futures	US\$1 – 2/lot
The New York Board of Trade (NYBOT)	US Dollar Index	US\$3 – 6/lot
All other global exchanges	All other futures	US\$3 – 6/lot

The indicative range of the over-the-counter (OTC) broking commission rate offered to PSU is between US\$0.02 – 0.03/ton.

## **Annual caps for the revenue generated from the Services to be provided to PSU**

The Group estimates and proposes that the annual caps for the revenue generated from the provision of the Services to PSU for each of the three financial years ending 31 December 2020 (including any revenue generated from the provision of the Services to PSU prior to the date of the Service Agreement) are to be HK\$9,000,000, HK\$25,000,000 and HK\$35,000,000, respectively (the “**Revenue Annual Caps**”).

## **Basis for determining the Revenue Annual Caps**

In determining the Revenue Annual Caps, the Directors have taken into consideration of (i) the historical revenue generated from the provision of the Services to PSU since December 2017 and (ii) the expected business expansions and increase in service provision by the Company to its clients including PSU.

## **INTERNAL CONTROL**

As a general rule, the continuing connected transactions of the Group will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company will engage the Company's auditor to review and report to the Board on an annual basis whether the relevant continuing connected transactions are conducted in accordance with the terms of the Service Agreement and whether the relevant fees and commissions charged for the Services are fair and reasonable and in accordance with the Group's pricing policies and guidelines. The independent non-executive Directors will also review the transactions under the Service Agreement on an annual basis. Accordingly, the Directors consider that the internal control system of the Group is effective to ensure that the transactions contemplated under the Service Agreement will be conducted on normal commercial terms and in the interests of the Company and its shareholders as a whole.

## **REASONS FOR ENTERING INTO THE SERVICE AGREEMENT**

The management team of the Company has maintained good commercial relationship with PSU for the past 10 years and therefore is very familiar with the trading requirements and styles of PSU. As such, the Company is able to provide the necessary support as and when required by PSU. The Company started to provide the Services to PSU in December 2017.

The inclusion of PSU in the Company's clientele enables the Company to enhance its credibility in its early stage of business expansion in the market of clearing and inter-dealer brokerage services. PSU is one of the largest iron ore traders in the world and is also very active in trading other commodities including coal and nickel ore. PSU has huge demand for trading of related derivative products in the financial market to hedge its physical positions. The inclusion of such a large prominent trading house in the Company's clientele gives confidence to other trading participants in the market place to engage similar business activities with the Company, which will help the Company to establish its foothold and market share in the very competitive market.

Based on the above reasons, the Directors consider that it is in the best interest of the Company to enter into the Service Agreement to continue and increase the size of the transactions with PSU.

## **INFORMATION ON PSU**

PSU is principally engaged in trading of commodities including iron ore, coal and nickel ore.

## **LISTING RULES IMPLICATIONS**

PSU is wholly-owned by Mr. You, a controlling shareholder of the Company, and therefore is a connected person of the Company. As such, the transaction contemplated by the Service Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the relevant percentage ratios are expected to be less than 5% and the total consideration of the transaction will be over HK\$3,000,000 on an annual basis, the transaction contemplated under the Service Agreement will be subject to the reporting, annual review, announcement requirements but exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **VIEWS OF THE DIRECTORS**

Having considered that the Services to be provided to PSU are at rates comparable to those offered to other clients of the Group who are Independent Third Parties and in accordance with the policy of the Group from time to time, the Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions contemplated under the Service Agreement have been and will be in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **DEFINITIONS**

“associates”	shall have the same meaning as is provided in the Listing Rules
“Board”	the board of Directors
“Company”	Theme International Holdings Limited, a company incorporated with limited liability in Bermuda and whose Shares are listed on the Stock Exchange
“connected person”	shall have the same meaning as is provided in the Listing Rules
“controlling shareholder”	shall have the same meaning as is provided in the Listing Rules
“Directors”	the directors of the Company
“financial year”	the financial year of the Company, being the period of twelve months from 1 January to 31 December, or as otherwise determined by the Board

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Independent Third Party(ies)”	Person(s) or company(ies) which is/are independent of and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates within the meaning of the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. You”	Mr. You Zhenhua, a controlling shareholder of the Company
“PSU”	Prosperity Steel United Singapore Pte Ltd, a company incorporated with limited liability in Singapore
“Service Agreement”	the agreement dated 7th September 2018 entered into between the Company and PSU in relation to, among others, the provision of Services to PSU
“Service(s)”	the execution and clearing services for derivative products and the inter-dealer brokerage services provided by the Group
“Shares”	ordinary shares in the issued share capital of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	the lawful currency for the time being of the United States of America
“%”	per cent.

By Order of the Board  
**Theme International Holdings Limited**  
**Kang Jian**  
*Executive Director & Vice Chairman*

Hong Kong, 7 September 2018

*As at the date of this announcement, there are (i) five Executive Directors, namely Mr. Kang Jian, Mr. Wu Lei, Ms. Chen Jing, Ms. Wu Aiping and Mr. Hu Yong; and (ii) three Independent Non-executive Directors, namely Mr. Liu Song, Mr. Chan Chi Ming, Tony and Mr. Wu Shiming.*