

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 990)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board (the “**Board**”) of directors (the “**Directors**”) of Theme International Holdings Limited (the “**Company**”) is pleased to announce 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 2019 together with the comparative figures for the corresponding period in 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
		HK\$'000	HK\$'000
	<i>Notes</i>	(unaudited)	(unaudited)
Revenue	4	2,528,757	1,794,883
Cost of sales		(2,363,512)	(1,723,785)
Gross profit		165,245	71,098
Other income, gain and loss		(11,050)	(18,659)
Selling and distribution expenses		(2,784)	(2,571)
Administrative expenses		(34,254)	(24,324)
Profit from operations		117,157	25,544
Finance costs	5(a)	(6,793)	(2,661)
Profit before taxation	5	110,364	22,883
Income tax	6	(22,091)	(5,091)
Profit for the period		88,273	17,792

		Six months ended 30 June	
		2019	2018
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(unaudited)	(unaudited)
Attributable to:			
– Owners of the Company		67,331	16,453
– Non-controlling interests		20,942	1,339
		<u>88,273</u>	<u>17,792</u>
Other comprehensive (loss)/income:			
– item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		(221)	145
Other comprehensive (loss)/income for the period, net of tax		<u>(221)</u>	<u>145</u>
Total comprehensive income for the period		<u><u>88,052</u></u>	<u><u>17,937</u></u>
Attributable to:			
– Owners of the Company		67,110	16,598
– Non-controlling interests		20,942	1,339
		<u>88,052</u>	<u>17,937</u>
			(restated)
Earnings per share			
Basic and diluted	7	HK0.80 cents	HK0.20 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		30 June 2019 <i>HK\$'000</i> (unaudited)	31 December 2018 <i>HK\$'000</i> (audited)
	Notes		
Non-current assets			
Property, plant and equipment	9	2,510	2,896
Right-of-use assets		1,913	—
Investment in an associate	10	—	39,707
		<u>4,423</u>	<u>42,603</u>
Current assets			
Inventories	11	1,672,457	365,724
Loan to customers	12	15,000	15,000
Trade and bills receivables and interest receivables	13	366,521	595,030
Accounts receivables	14	894,406	434,415
Financial assets at fair value through profit or loss	15	1,433	1,446
Prepayments, deposits and other receivables	16	245,661	76,445
Cash and bank balances	17	993,632	286,407
		<u>4,189,110</u>	<u>1,774,467</u>
Current liabilities			
Trade and bills payables	18	652,469	349,815
Trust receipt loans	19	495,425	225,670
Accounts payables	20	1,111,014	415,306
Contract liabilities		673,728	31,491
Accruals and other payables		21,640	53,246
Lease liabilities		1,798	—
Current tax payable		30,348	16,380
		<u>2,986,422</u>	<u>1,091,908</u>
Net current assets		<u>1,202,688</u>	<u>682,559</u>
Net assets		<u>1,207,111</u>	<u>725,162</u>
Capital and reserves			
Share capital	21	29,604	19,736
Reserves		1,111,826	660,687
Equity attributable to owners of the Company		<u>1,141,430</u>	<u>680,423</u>
Non-controlling interests		65,681	44,739
Total equity		<u>1,207,111</u>	<u>725,162</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company							
	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	(Accumulated losses)/ Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2018 (audited)	19,736	690,231	—	(5,168)	(87,367)	617,432	—	617,432
Total comprehensive income for the period	—	—	—	145	16,453	16,598	1,339	17,937
Capital contribution received from non-controlling interests	—	—	—	—	—	—	42,160	42,160
Disposal of interests in subsidiaries without loss of control (note 23)	—	—	2,665	—	—	2,665	(2,665)	—
At 30 June 2018 (unaudited)	19,736	690,231	2,665	(5,023)	(70,914)	636,695	40,834	677,529
At 1 January 2019 (audited)	19,736	690,231	2,665	(6,735)	(25,474)	680,423	44,739	725,162
Total comprehensive income for the period	—	—	—	(221)	67,331	67,110	20,942	88,052
Issue of new shares on rights issue (note 21)	9,868	384,029	—	—	—	393,897	—	393,897
At 30 June 2019 (unaudited)	29,604	1,074,260	2,665	(6,956)	41,857	1,141,430	65,681	1,207,111

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
		HK\$'000	HK\$'000
	Notes	(unaudited)	(unaudited)
Operating activities			
Cash from operations		1,919,377	1,218,596
Interest received		1,565	390
Overseas tax paid		(8,018)	(2,847)
Net cash generated from operating activities		1,912,924	1,216,139
Investing activities			
Purchase of property, plant and equipment	9	(383)	(523)
Purchase of financial assets at fair value through profit or loss		—	(27,300)
Proceeds from voluntary liquidation of investment in an associate		38,220	—
Net cash generated from/(used in) investing activities		37,837	(27,823)
Financing activities			
Net proceeds from issue of new shares on rights issue		393,897	—
Net proceeds from issue of new shares of subsidiaries to non-controlling interests		—	42,160
Payment of lease liabilities and finance costs		(1,790)	—
Proceeds from loan from a related party		—	43,617
Proceeds from issue of promissory note		—	23,595
Repayment of trust receipt loans		(1,865,875)	(954,266)
Interest paid		(6,758)	(2,194)
Net cash used in financing activities		(1,480,526)	(847,088)
Net increase in cash and cash equivalents		470,235	341,228
Cash and cash equivalents at beginning of the period		235,472	92,903
Effect of changes in foreign exchange rates		14,943	5,492
Cash and cash equivalents at end of the period, represented by cash and bank balances		720,650	439,623
Analysis of cash and cash equivalents			
Cash and bank balances — General accounts		720,650	439,623

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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 28 August 2019.

These condensed consolidated financial statements should be read in conjunction with the 2018 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2018 except as stated below.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets – land and building, is calculated at rates to write off their cost over the shorter of the asset’s useful life and the lease term on a straight-line basis approximately at 8% per month.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group’s incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000.

The preparation of a condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgments, 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 2018 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 condensed consolidated financial statements have been prepared on a going concern basis.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which have been measured at fair values, as appropriate.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years except as stated below.

HKFRS 16 “Leases”

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.75%.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease”.

Adjustments recognised on adoption of HKFRS 16

As a lessee, the Group's leases are mainly rentals of offices. Rental contracts are typically made for fixed periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The right-of-use assets were measured at the amount equal to the lease liability and there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

Condensed consolidated statement of financial position (extract)	31 December 2018 As originally presented HK\$'000	HKFRS 16 HK\$'000	1 January 2019 Restated HK\$'000
Non-current assets			
Right-of-use assets	—	3,553	3,553
Current liabilities			
Lease liabilities	—	3,553	3,553

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. Fair Value Measurement

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

- (a) Disclosures of level in fair value hierarchy:

Description	Fair value measurements as at 30 June 2019 using:			
	Level 1	Level 2	Level 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss Unlisted investment fund in Singapore	—	—	1,433	1,433

Description	Fair value measurements as at 31 December 2018 using:			
	Level 1	Level 2	Level 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)	(audited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss	—	—	1,446	1,446

During the period ended 30 June 2019, there was no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (year ended 31 December 2018: Nil). The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

- (b) Reconciliation of assets measured at fair value based on level 3:

	Financial assets at fair value through profit or loss: Unlisted investment fund	
	30 June 2019 <i>HK\$'000</i> (unaudited)	30 June 2018 <i>HK\$'000</i> (unaudited)
At beginning of period	1,446	—
Purchases	—	27,300
Total (loss)/gain recognised in profit or loss*	(13)	665
At end of the reporting period	1,433	27,965
* Include unrealised (loss)/gain for assets held at end of the reporting period	(13)	665

- (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2019:

The Directors are responsible for the fair value measurements of assets and liabilities required for financial reporting purpose, including level 3 fair value measurements. The measurement is undertaken at least twice a year.

For level 3 fair value measurements, the key unobservable input currently applied by the Group is:

— risk-adjusted discount rate

Level 3 fair value measurements

Description	Valuation technique	Unobservable input	Range	Effect on fair value for increase of inputs	Fair value as at 30 June 2019 HK\$'000 (unaudited)	Fair value as at 31 December 2018 HK\$'000 (audited)
Unlisted investment fund classified at financial assets at fair value through profit or loss	Discounted cash flow	Risk-adjusted discount rate	10%	The estimated fair value would increase/ (decrease) if the risk-adjusted discount factor was lower/(higher)	1,433	1,446

4. Revenue and Segment Information

(a) Revenue

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

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers		
Sales from trading of goods	2,045,459	1,387,494
Freight services	384,619	393,212
<i>Less: sales taxes and levies</i>	(890)	(316)
Commission fee income	—	528
Commission income and brokerage fees from the provision of financial services	20,457	5,038
	<u>2,449,645</u>	<u>1,785,956</u>
Other Revenue		
Gain from derivative trading	78,564	8,927
Interest income from loans to customers	548	—
	<u>79,112</u>	<u>8,927</u>
	<u><u>2,528,757</u></u>	<u><u>1,794,883</u></u>

(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 2019, the Group's reportable and operating segments are as follows:

- Distribution and trading business — trading of bulk commodities and related products in Hong Kong, Singapore and the People's Republic of China (the "PRC"); and
- Financial services business — provision of loan financing services, securities and derivatives financial services, market making and margin financing in Hong Kong and Singapore.

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 2019 (unaudited)

	Distribution and trading <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	2,429,188	99,569	2,528,757
Segment profit	83,637	38,923	122,560
Finance costs	(6,758)	—	(6,758)
Unallocated other income, gain and loss			1,238
Corporate expenses and other finance costs			(6,676)
Profit before taxation			110,364

For the six months ended 30 June 2018 (unaudited)

	Distribution and trading <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>1,780,918</u>	<u>13,965</u>	<u>1,794,883</u>
Segment profit/(loss)	<u>34,990</u>	<u>(4,096)</u>	30,894
Finance costs	<u>(2,194)</u>	<u>(467)</u>	(2,661)
Unallocated other income, gain and loss			397
Corporate expenses			<u>(5,747)</u>
Profit before taxation			<u>22,883</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 2019 (unaudited)

	Distribution and trading <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>2,822,133</u>	<u>1,330,530</u>	<u>4,152,663</u>
Segment liabilities	<u>1,329,515</u>	<u>1,125,946</u>	<u>2,455,461</u>

As at 31 December 2018 (audited)

	Distribution and trading <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>1,153,553</u>	<u>612,291</u>	<u>1,765,844</u>
Segment liabilities	<u>385,300</u>	<u>459,212</u>	<u>844,512</u>

Geographical information:

Disaggregation of revenue from contracts with customers:

Segments	Six months ended 30 June 2019			Six months ended 30 June 2018		
	Distribution and trading <i>HK\$'000</i> (unaudited)	Financial services <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)	Distribution and trading <i>HK\$'000</i> (unaudited)	Financial services <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Geographical markets						
Hong Kong	—	12,985	12,985	—	4,078	4,078
Singapore	1,224,051	7,472	1,231,523	1,454,327	960	1,455,287
The PRC	<u>1,205,137</u>	<u>—</u>	<u>1,205,137</u>	<u>326,591</u>	<u>—</u>	<u>326,591</u>
Revenue from contracts with customers	<u>2,429,188</u>	<u>20,457</u>	<u>2,449,645</u>	<u>1,780,918</u>	<u>5,038</u>	<u>1,785,956</u>
Major products/service						
Trading of bulk commodities	2,429,188	—	2,429,188	1,780,918	—	1,780,918
Commission income and brokerage fees	<u>—</u>	<u>20,457</u>	<u>20,457</u>	<u>—</u>	<u>5,038</u>	<u>5,038</u>
Total	<u>2,429,188</u>	<u>20,457</u>	<u>2,449,645</u>	<u>1,780,918</u>	<u>5,038</u>	<u>1,785,956</u>
Timing of revenue recognition						
At a point in time	<u>2,429,188</u>	<u>20,457</u>	<u>2,449,645</u>	<u>1,780,918</u>	<u>5,038</u>	<u>1,785,956</u>

5. Profit before Taxation

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging/(crediting):		
(a) Finance costs		
Bills discounting interest expenses and interest expenses on trust receipt loans	6,758	2,194
Interest expenses on promissory notes	—	467
Lease liabilities	35	—
	<u>6,793</u>	<u>2,661</u>
(b) Other items		
Interest income on bank deposits	(1,565)	(390)
Depreciation		
— property, plant and equipment	769	695
— right-of-uses assets	1,640	—
Exchange loss, net	18,149	19,722
Operating lease rentals in respect of rented premises	—	1,820
Directors' remuneration (note a)	4,842	5,025
Consultancy fees	413	952
Other staff costs (note b)	<u>17,485</u>	<u>11,755</u>

Notes:

- (a) Directors' remuneration include fees, remunerations, bonuses and retirement benefits scheme contributions paid or payable to directors of the Company.
- (b) Other staff costs (excluding directors' remuneration) include salaries, bonuses, allowances and retirement benefits scheme contributions paid or payable to other employees of the Group.

6. Income Tax

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current tax — Hong Kong Profits Tax		
Provision for the period	—	—
Current tax — PRC Corporate Income Tax		
Provision for the period	5,520	—
Current tax — Singapore Corporate Income Tax		
Provision for the period	16,571	5,036
Under-provision for prior year	—	55
	<u>22,091</u>	<u>5,091</u>

No Hong Kong Profits Tax was provided for the period ended 30 June 2019 and 2018 as the Company and its subsidiaries have no assessable profit arising from Hong Kong during the periods ended 30 June 2019 and 2018.

The income tax provision in respect of operations in the PRC is calculated at 25% on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

Singapore Corporate Income Tax is provided using the Singapore standard rate of income tax of 17% or the concession rate of 10% for the periods ended 30 June 2019 and 2018. 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 periods ended 30 June 2019 and 2018 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 periods ended 30 June 2019 and 2018.

7. Earnings per Share

(a) Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company was based on the profit 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 corresponding period as further detailed in note 21.

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit:		
Profit for the period attributable to owners of the Company		
for the purpose of basic earnings per share	<u>67,331</u>	<u>16,453</u>
	'000	'000
		(restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose		
of basic earnings per share (<i>note</i>)	<u>8,467,390</u>	<u>8,117,651</u>

Note: On 13 June 2019, the Company announced the completion of a rights issue of 3,947,114,877 rights shares at HK\$0.10 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 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 per share is presented in accordance with the requirements under HKAS 33.

(b) Diluted earnings per share

There is no instrument with potential dilutive shares issued by the Company during the periods ended 30 June 2019 and 2018. Therefore the basic and diluted earnings per share for the respective periods are equal.

8. Interim Dividend

No dividends were paid, declared or proposed during the periods ended 30 June 2019 and 2018. The directors do not recommend the payment of an interim dividend in respect of the period ended 30 June 2019 (2018: Nil).

9. Movements in Property, Plant and Equipment

During the six months ended 30 June 2019, there was an addition of approximately HK\$383,000 to the Group's property, plant and equipment (six months ended 30 June 2018: HK\$523,000). No property, plant and equipment were disposed of during the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

10. In May 2019, the Group passed a special resolution with the shareholder of the associate company, an independent third party, to voluntarily liquidate the associate company, in which the Company held 49% equity interest. Upon completion of the liquidation, it ceased to be an associate of the Company.

11. Inventories

	30 June 2019 <i>HK\$'000</i> (unaudited)	31 December 2018 <i>HK\$'000</i> (audited)
Finished goods	<u>1,672,457</u>	<u>365,724</u>

12. Loan to Customers

	30 June 2019 <i>HK\$'000</i> (unaudited)	31 December 2018 <i>HK\$'000</i> (audited)
Loan to customers	20,390	20,390
Provision for impairment	<u>(5,390)</u>	<u>(5,390)</u>
	<u>15,000</u>	<u>15,000</u>

Movements in the provision for impairment of loan to customers are as follows:

	30 June 2019 <i>HK\$'000</i> (unaudited)	31 December 2018 <i>HK\$'000</i> (audited)
At 1 January, 31 December 2018, 1 January 2019 (audited) and 30 June 2019 (unaudited)	<u>5,390</u>	<u>5,390</u>

The fixed-rate loans to customers of HK\$20,390,000 (31 December 2018: HK\$20,039,000) as at the end of reporting period under the Group's loan financing services operation represent loan advances to two (31 December 2018: two) independent third parties which are secured by personal guarantee. The interest rates for the loans to customers were ranging from 8% to 12% (31 December 2018: 8% to 12%) per annum.

The loans made available to customers depend 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. At the end of reporting period, one the loans had been past due and no collection was probable despite the series of chasing actions conducted by the Group. Accordingly, an allowance had been made for estimated irrecoverable loan of HK\$5,390,000 since the year ended 31 December 2017.

13. Trade and Bills Receivables and Interest Receivables

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Trade and bills receivables	369,840	598,349
Allowance for bad and doubtful debts	(3,319)	(3,319)
	<u>366,521</u>	<u>595,030</u>

Trade and bills receivables as at the end of reporting period mainly represent receivables from trading customers and relevant bills issuing banks in relation to the sale of commodities. The majority of the Group's sales are on letter of credit or document against payment or cash on delivery. The remaining sales are with average credit period of 5 to 90 days (31 December 2018: 5 to 90 days).

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

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Not yet due or within 90 days	366,346	594,746
91-180 days	175	284
	<u>366,521</u>	<u>595,030</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. Save as the interest receivables due from the loan to a customer as mentioned on note 12 to the condensed consolidated financial statements and an allowance for bad and doubtful debt for a specific unsecured trade receivable with an approximate balance of HK\$3,319,000, the Directors consider that no additional allowance for bad and doubtful debts is required.

14. Accounts Receivables

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Arising from the business of dealing in futures contracts:		
– Brokers and dealers		
– representing customer balances	891,158	415,984
– representing house balances	2,333	18,191
	893,491	434,175
Arising from financial services provided:		
– Customers	915	240
	894,406	434,415

Accounts receivables from brokers and dealers are all current and repayable on demand. No aging analysis is disclosed as in the opinion of Directors, the aging analysis does not give additional value in view of the nature of broking business.

The Group has a policy for determining the allowance for impairment based on the evaluation of collectability and management's judgment, including the creditworthiness, collateral and past collection history of the counter-parties.

15. Financial Assets at Fair Value through Profit or Loss

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Unlisted investment fund in Singapore	1,433	1,446

Changes in fair values of financial assets at fair value through profit or loss are recorded in other income, gain and loss for the loss of approximately HK\$13,000 (30 June 2018: gain of approximately HK\$665,000).

16. Prepayments, Deposits and Other Receivables

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Trade deposits and prepayments	76,243	25,057
Deposit and other receivables	169,418	51,388
	245,661	76,445

17. Cash and Bank Balances

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Cash at bank		
– General accounts	720,618	235,435
– Trust and segregated accounts	272,982	50,935
Cash in hand	32	37
	993,632	286,407

The Group maintains segregated trust accounts with licensed financial institutions and approved bank incorporated outside Hong Kong to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as bank trust account balances under the current assets section of the statement of financial position and recognised the corresponding accounts payable to respective clients on the ground that it is liable for any loss or misappropriation of the client's monies. The Group is not permitted to use the clients' monies to settle its own obligations.

18. Trade and Bills Payables

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Trade and bills payables	652,469	349,815

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Within 90 days	650,054	344,753
91-180 days	410	1,280
Over 1 year	2,005	3,782
	<u>652,469</u>	<u>349,815</u>

19. Trust Receipt Loans

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Trust receipt loans – secured	<u>495,425</u>	<u>225,670</u>

The maturity of trust receipt loans is as follows:

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Repayable on demand or within 1 year	<u>495,425</u>	<u>225,670</u>

Trust receipt loans at 30 June 2019 are secured by:

- (i) guarantee by the beneficial owner of the Group; and
- (ii) deed of charge and assignment.

The average effective interest rate per annum is as follows:

	30 June 2019 (unaudited)	31 December 2018 (audited)
Trust receipt loans	<u>3.75%</u>	<u>3.61%</u>

The trust receipt loans are denominated in US\$ and their carrying values approximate their fair values.

20. Accounts Payables

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Arising from the business of dealing in futures contracts	<u>1,111,014</u>	<u>415,306</u>

Accounts payables arising from business of dealing in futures contracts are margin deposits received from clients for their trading of these contracts. The required margin deposits are repayable upon the closure of the corresponding futures contracts position. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand.

21. Share Capital

	Number of ordinary shares of HK\$0.0025 each '000	HK\$'000
<i>Note</i>		
Authorised:		
At 1 January 2018 (audited), 31 December 2018 (audited) and 30 June 2019 (unaudited)	<u>200,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 1 January 2018 (audited) and 31 December 2018 (audited)	7,894,230	19,736
Issue of new shares on rights issue	(i) <u>3,947,115</u>	<u>9,868</u>
At 30 June 2019 (unaudited)	<u>11,841,345</u>	<u>29,604</u>

Note:

- (i) During the period ended 30 June 2019, a total 3,947,114,877 new ordinary shares of par value of HK\$0.0025 each of the Company were issued under a rights issue at HK\$0.10 per rights share with an aggregate consideration of approximately HK\$394,711,000, of which approximately HK\$9,868,000 was credited to share capital and the remaining balance of approximately HK\$384,029,000 (net of issuing expenses of approximately HK\$814,000) was credited to the share premium account. The rights issue was completed on 13 June 2019. Details of the rights issue are disclosed in the Company's announcements dated 3 May 2019 and 12 June 2019 and the Company's prospectus dated 21 May 2019.

22. Equity-settled share-based expense

The share option scheme of the Company (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 associates and trustee.

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

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.

No share option was granted, exercised, lapsed or cancelled under the 2009 Scheme during the periods ended 30 June 2019 and 2018. There were no share options outstanding as at 31 December 2017, 30 June 2018, 31 December 2018 and 30 June 2019.

Apart from the 2009 Scheme, during the periods ended 30 June 2019 and 30 June 2018, 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.

23. Transactions with non-controlling interests

On 4 January 2018, the Company has entered into a shareholders agreement with four independent parties to establish an one stop platform for the provision of derivatives financial services to customers in Asia Pacific. According to the shareholders' agreement, the then wholly-owned subsidiary of the Group, BPI Financial Group Limited issued 99,999,999 new shares to subscribers to increase its issued share capital from 1 share of HK\$1 each to 100,000,000 shares where the Company and the four independent parties subscribed for 74,999,999 new shares and 25,000,000 new shares at an issuance price of HK\$1 each respectively. As a result of the new share placement, the Company's interest in BPI Financial Group Limited has decreased from 100% to 75% on 4 January 2018.

Having obtained approval from the Securities and Futures Commission of Hong Kong, the Company transferred its entire interest in Bright Point International Futures Limited, a company holding a licence granted by the Securities and Futures Commission to carry out type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong to provide futures contract brokerage services, to BPI Financial Group Limited on 29 June 2018 at a consideration of HK\$50,000,000. As a result of the transfer, the Company's effective interest in Bright Point International Futures Limited has decreased from 100% to 75% and the transfer was deemed as a disposal of 25% interest in Bright Point International Futures Limited to the non-controlling shareholders of BPI Financial Group Limited.

	Six months ended 30 June 2018 HK\$'000 (unaudited)
Consideration received from non-controlling interests	25,000
Carrying amount of non-controlling interests increase	<u>22,335</u>
Gain on deemed disposal with equity	<u><u>2,665</u></u>

There were no transactions with non-controlling interests in the period ended 30 June 2019.

24. 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	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Key management compensation		
Salaries, allowances and other benefits in kind	3,100	2,222
Bonuses	1,659	2,737
Retirement benefits scheme contributions	<u>83</u>	<u>66</u>
	<u><u>4,842</u></u>	<u><u>5,025</u></u>

Balances with related parties

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Accounts receivable from related party owned by the ultimate controlling shareholder of the Company	324	239
Accounts payable to related party owned by the ultimate controlling shareholder of the Company	330,815	51,776
Accounts payable to non-controlling shareholder of subsidiaries	83,100	68,409
Trade receivables from an associate	—	430,244
Trade payables to an associate	—	126,338

As at 30 June 2019, the Group had accounts receivable from related parties and accounts payable due to related parties which was arising from the Group's ordinary course of commodities and futures broking and derivatives dealing. Accounts receivable/payable from/to related parties are set at the same terms as those normally offered to third party clients.

Other transactions with related parties

	Six months ended 30 June 2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Brokerage and commission fee income from related party owned by the ultimate controlling shareholder of the Company	3,376	2,904
Brokerage and commission fee income from non-controlling shareholder of subsidiaries	5,548	1,561

Brokerage income and commission fee was received from related companies in the ordinary course of the Group's business of commodities and futures broking and derivatives dealing. It is inclusive of the brokerage and commission fees paid to the Group's service suppliers, which are the direct members of Singapore Stock Exchange, Nasdaq Futures, ICE Futures US, New York Mercantile Exchange and London Metal Exchange. Commission rates are set at the same level as those normally offered to third party clients.

25. Events after the Reporting Period

On 16 August 2019, Bright Point Trading Pte. Ltd. (as tenant), a direct wholly-owned subsidiary of the Company, entered into a 3-year tenancy agreement with Prosperity Steel United Singapore Pte. Ltd. ("PSU") (as landlord) for the leasing of a premise for a term of three years at the consideration of approximately S\$1,328,954 (equivalent to HK\$7,508,590). Also, on the same day, BPI Trading (SG) Pte. Ltd. (as tenant), an indirect non-wholly owned subsidiary of the Company, entered into a tenancy agreement with PSU (as landlord) for the leasing of a premise for a term of three years at the consideration of approximately S\$1,455,521 (equivalent to HK\$8,223,694).

PSU is wholly-owned by Mr. You Zhenhua, a controlling shareholder and therefore is a connected person of the Company. As such, the transactions contemplated by the tenancy agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcement dated 16 August 2019.

Save as that, the Directors are not aware of any other significant events requiring disclosure that have taken place subsequent to 30 June 2019 and up to the date of this interim announcement.

26. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year presentation. The changes represented:

- (i) the reclassification of certain selling and distribution expenses into the cost of sales as presented in the 30 June 2018 condensed consolidated statement of profit or loss and other comprehensive income; and
- (ii) the movement in trust receipt loans as presented in the 30 June 2018 condensed consolidated statement of cash flows.

The new reclassifications are consistent to the presentation in the 31 December 2018 audited financial statements and considered to provide a more appropriate presentation of the nature of transactions and have no effect on the reported financial position and results of the Group.

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, Singapore and the PRC; and (ii) provision of loan financing services, securities and derivatives financial services, market making and margin financing in Hong Kong and Singapore.

FINANCIAL AND BUSINESS REVIEW

Revenue, profit for the period and basic earnings per share of the Group for the six months period ended 30 June 2019 and 2018 are summarised as follows:

	Revenue		Profit for the period		Basic earnings per share	
	2019	2018	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		(restated)
From operations	<u>2,528,757</u>	<u>1,794,883</u>	<u>88,273</u>	<u>17,792</u>	<u>HK0.80 cents</u>	<u>HK0.20 cents</u>

The Group recorded a total revenue of approximately HK\$2,528,757,000 (2018: approximately HK\$1,794,883,000) for the six months period ended 30 June 2019 (the “**Interim Period**”) representing an increase of approximately 40.9% over the six months period ended 30 June 2018 (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			
	2019		2018	
	Revenue <i>HK\$'000</i>	Sales Volume <i>Tonnes ('000)</i>	Revenue <i>HK\$'000</i>	Sales Volume <i>Tonnes ('000)</i>
<i>Product</i>				
Distribution and trading				
– Iron Ore	2,429,188	3,574	1,780,918	4,072
Financial services	<u>99,569</u>		<u>13,965</u>	
	<u>2,528,757</u>		<u>1,794,883</u>	

The distribution and trading business contributed to the majority of the Group's revenue in the Interim Period. Although the volume of iron ore traded in the Interim Period decreased from approximately 4,072,000 tonnes in the Corresponding Period to approximately 3,574,000 tonnes, it was offset by the sharp increase in the iron ore price in the Interim Period. Platts Iron Ore Fines 62% Fe Index has risen by 63% from USD72.35 per tonne on 2nd January 2019 to USD117.95 per tonne on 28th June 2019. Therefore, revenue from iron ore trading increased from approximately HK\$1,780,918,000 in the Corresponding Period to approximately HK\$2,429,188,000 in the Interim Period.

The increase in price was mainly due to the disruptions in iron ore supply and the continuous strong demand from the PRC. On the supply side, in January 2019 a fatal dam spill accident happened in Vale's mines in Brazil, leaving more than 300 people dead or missing and polluting waterways. Vale is the largest iron ore producer in the world and this accident significantly affected its iron ore productions in 2019 and created many social and political aftermaths. Additionally, there were also a few cyclones in Australia early this year, which disrupted the operations of the miners in Australia. On the demand side, the demand for iron ore remained strong, according to the PRC custom statistic, it has imported 1,064 million tonnes of iron ore in 2018, surpassing 1,000 million tonnes for the third consecutive year. The PRC is the largest iron ore importer in the world.

During the Interim Period, the Group recorded revenue from the provision of financial services totaling HK\$99,569,000 (2018: HK\$13,965,000). The rise in revenue was mainly attributable to the continuous expansion and development of the financial services business segment. Such segment was still in the development stage in the Corresponding Period.

Gross profit of the Group increased from approximately HK\$71,098,000 in the Corresponding Period to approximately HK\$165,245,000 in the Interim Period, which was primarily attributable to the strong performance of the commodity trading business and the financial service business aforementioned.

Other loss of approximately HK\$11,050,000 (2018: approximately HK\$18,659,000) was incurred during the Interim Period, mainly due to the exchange loss arising from the depreciation of Renminbi ("RMB"). Cargoes sold by Shanghai trading desk were denominated in RMB.

Selling and distribution expenses of approximately HK\$2,784,000 (2018: approximately HK\$2,571,000) was incurred during the Interim Period.

The administrative expenses have increased from approximately HK\$24,324,000 in the Corresponding Period to approximately HK\$34,254,000 in the Interim Period. The increase was mainly due to the expansion of the Group's commodity trading and financial service segment. More people are hired, which led to the increase in staff costs.

Income tax expense increased from approximately HK\$5,091,000 in the Corresponding Period to approximately HK\$22,091,000 in the Interim Period, in line with the improved performance of the Group.

The profit for the Interim Period was approximately HK\$88,273,000, when compared with profit for the Interim Period of the Company totaling HK\$17,792,000 in the Corresponding Period. The significant increase in net profit for the Interim Period was primarily attributable to (i) the rise in profit from the Group's distribution and trading segment in the Interim Period, as a result of the sharp increase in iron ore price; and (ii) the continuous expansion and development of the financial services business segment. Such segment was still in the development stage in the Corresponding Period.

The profit for the Interim Period attributable to owners of the Company was approximately HK\$67,331,000, when compared with profit for the Interim Period attributable to owners of the Company totaling HK\$16,453,000 in the Corresponding Period.

The Group recorded a basic earning per share of approximately HK0.80 cents in the Interim Period as compared to a basic earning per share of approximately HK0.20 cents (restated) in the Corresponding Period.

FUTURE PROSPECTS

The Group will focus on the continuous development of the financial services business and the distribution and trading business in the second half of 2019.

(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 derivatives financial services (including access to global market), provision of futures and derivatives products, provision of market making services for global exchanges, provision of margin financing and money lending business in Hong Kong and Singapore.

— Money Lending

The Group carried out 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 a money lenders licence in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). Target customers include corporate customers in Hong Kong, with target loans denominated in Hong Kong dollars and for a period of one year in general but could be extended to mutual agreement. The loans are usually secured by collaterals or backed by guarantee.

— *Securities, Futures Contracts and Derivatives 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 derivatives arm of the Group has commenced its operations to establish a financial services platform in derivatives facilitating international trade in commodities with combined access to both physical and derivatives market. Besides the Type 2 licence, the Group has exemption from Monetary Authority of Singapore licensing in Singapore to offer inter-dealer broking services in Singapore and global markets.

Over the last decade, the financial services space has changed structurally creating opportunities for both existing participants and new entrants. Capitalising on the opportunities and filling the void created as a result of receding participation from traditional financial market participants, the Group aims to deliver a range of products and services to better serve commodity market participants.

Combining the strengths stemming from powerful suite of products and services and experienced and proven management team, the Group is positioned to deliver strong financial results and return to its stakeholders.

The Group's product and service portfolio is deliberately designed to be broad and diversified. This benefits the Group in two key ways — (i) to offer an end to end coverage to its global clientele and (ii) to weather proof the business and manage varying seasonal cycles which strengthens its revenue streams and therefore the firm's financials over the long run.

Its business lines comprise (1) global clearing services, (2) inter-dealer broking in over-the-counter markets, (3) structured trade finance, (4) China access products and (5) market making in iron ore derivative market. The Group's aspiration is to extend its five pillars of business across all key asset classes comprising of commodities, foreign exchange and interest rates as part of its product roadmap.

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

In the past two years, the PRC government has placed more emphasis on the structural reform of the supply side of the steel industry, to increase the quality and efficiency of the supply system. This led to higher profitability of the steel mills in the PRC. In order to maximise their production output, they demanded for more higher quality iron ore imports from overseas. In addition, the property sector in the PRC is growing and the demand for construction materials has been increasing continuously in the PRC.

According to the PRC custom statistics, imports of iron ore reached 1,064 million tonnes in 2018, surpassing 1,000 million tonnes for the third consecutive year. The Group believes that there will still be strong demand for iron ore 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.

FUND RAISING ACTIVITIES

2019 Rights Issue (“2019 Rights Issue”)

On 3 May 2019, the Company announced a rights issue of 3,947,114,877 rights shares at HK\$0.10 per rights share on the basis of 1 rights share for every 2 existing shares held by its shareholders. The results of the 2019 Rights Issue were confirmed on 12 June 2019 and 3,947,114,877 rights shares were allotted and issued on 13 June 2019. The rights shares are ranked pari passu in all respects with the then existing shares. The gross proceeds from the 2019 Rights Issue was approximately HK\$394,711,000, excluding the issue costs of shares of approximately HK\$814,000.

The entire net proceeds from 2019 Rights Issue are to be applied to further develop the distribution and trading business of the Group. Details of the 2019 Rights Issue are set out in the announcements of the Company dated 3 May 2019 and 12 June 2019, the prospectus of the Company dated 21 May 2019 and in the “Use of Proceeds” section below.

USE OF PROCEEDS

The Company has conducted the following equity fund raising activities during the Interim Period and subsequently after 30 June 2019:

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)
3 May 2019, 21 May 2019 and 12 June 2019	Subscription of new shares under rights issue	HK\$394 million	Settlement of the payment for the five iron ore shipment contracts totaling approximately HK\$476 million due in July 2019	Used as intended

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 interim announcement.

INTERIM DIVIDENDS

The directors do not recommend the payment of an interim dividend in respect of the period ended 30 June 2019 (2018: Nil).

EVENTS AFTER THE REPORTING PERIOD

On 16 August 2019, Bright Point Trading Pte. Ltd. (as tenant), a direct wholly-owned subsidiary of the Company, entered into a 3-year tenancy agreement with Prosperity Steel United Singapore Pte. Ltd. (“PSU”) (as landlord) for the leasing of a premise for a term of three years at the consideration of approximately S\$1,328,954 (equivalent to HK\$7,508,590). Also, on the same day, BPI Trading (SG) Pte. Ltd. (as tenant), an indirect non-wholly owned subsidiary of the Company, entered into a tenancy agreement with PSU (as landlord) for the leasing of a premise for a term of three years at the consideration of approximately S\$1,455,521 (equivalent to HK\$8,223,694).

PSU is wholly-owned by Mr. You Zhenhua, a controlling shareholder and therefore is a connected person of the Company. As such, the transactions contemplated by the tenancy agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcement dated 16 August 2019.

Save as that, the Directors are not aware of any other significant events requiring disclosure that have taken place subsequent to 30 June 2019 and up to the date of this interim announcement.

CHARGES ON ASSETS

As at 30 June 2019, none of the Group's assets was charged or subject to encumbrance.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group had no material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS

During the period ended 30 June 2019, there is no material acquisition or disposal of subsidiaries, associates and joint ventures.

SHARE CAPITAL

Details of movements in the share capital of the Company during the period ended 30 June 2019 are set out in note 21 to the condensed consolidated financial statements.

EQUITY LINKED AGREEMENTS

Other than the share-based compensation as disclosed in note 22 to the condensed consolidated financial statements, no equity linked agreements were entered into by the Company during the period ended 30 June 2019 or subsisted at the end of the period.

RESERVES

Details of the movements in reserves of the Group during the period are set out in the condensed consolidated statement of changes in equity on page 4 of this announcement.

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 Renminbi (“RMB”). Foreign currency exposure to US\$ is minimal, as the Hong Kong Dollars (“HK\$”) is pegged to the US\$. The Group is exposed to fluctuation of transactions denominated in RMB. The Group monitors its exposure to foreign currency exchange risk on an ongoing basis.

Counterparty credit and performance risk

The Group continuously monitors the credit quality of our counterparties and seeks 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.

Legal, regulatory and compliance risk

Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss including fines, penalties, judgments, damages and/or settlements, or loss to reputation the Group may suffer as a result of our failure to comply with laws, regulations, rules, related self-regulatory organisation standards and codes of conduct applicable to our business activities. This risk also includes contractual and commercial risk such as the risk that a counterparty’s performance obligations will be unenforceable. In today’s environment of rapid and possibly transformational regulatory change, the Group also view regulatory change as a component of legal, regulatory and compliance risk.

The financial services industry is subject to extensive regulation, which is undergoing major changes that will impact our business.

The Group oversees potential compliance risks, such as insider dealing, money laundering, on a regular basis. With the support of external professional advisers where appropriate, the Group monitors whether and the extent to which additional regulatory requirements apply as a result of the growth or expansion of our operations in financial services business.

Like other major financial services firms, the Group is subject to extensive regulations, which significantly affect the way the Group do business and can restrict the scope of our existing businesses and limit our ability to expand our product offerings and pursue certain

investments. The Group is and will continue to be subject to a more complex regulatory framework, and will incur costs to comply with new requirements as well as to monitor for compliance in the future.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's net current assets have improved to approximately HK\$1,202,688,000 (31 December 2018: approximately HK\$682,559,000), and net assets to approximately HK\$1,207,111,000 (31 December 2018: approximately HK\$725,162,000) respectively as at 30 June 2019. As at 30 June 2019, there were total loans and other borrowings of approximately HK\$495,425,000 outstanding (31 December 2018: approximately HK\$225,670,000).

As at 30 June 2019, the current ratio (as defined as current assets divided by current liabilities) was approximately 1.40 (31 December 2018: approximately 1.63) and the gearing ratio (as defined as loans and other borrowings divided by net assets) was approximately 0.41 (31 December 2018: 0.31).

As at 30 June 2019, the Group had an undrawn banking letter of credit limit totalling US\$117,797,000, equivalent to approximately HK\$918,816,600 (31 December 2018: US\$268,453,000, equivalent to approximately HK\$2,093,933,000).

CAPITAL EXPENDITURE/COMMITMENTS

The total capital expenditure of the Group for the Interim Period was approximately HK\$383,000 (2018: HK\$523,000) for addition of furniture, fixtures and other equipment. There was no addition of leasehold improvement for the Interim Period (2018: Nil).

The Group had no material capital commitments as at 30 June 2019.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2019, the Group does not have any other plan for material investments or capital assets.

HUMAN RESOURCES

As at 30 June 2019, the Group had 60 employees in total, consisting of 8 employees in Hong Kong, 33 employees in Singapore and 19 employees in the PRC. The remuneration committee of the Company and the Directors reviewed remuneration policies regularly. The structure of the remuneration packages would take into account the level and composition of pay and the general market conditions in the respective countries and businesses. 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.

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 (the “**CG Code**”) contained in Appendix 14 of the Listing Rules throughout the period for the six months ended 30 June 2019.

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. Throughout the period ended 30 June 2019, the position of chairman has been temporarily acted by Mr. Kang Jian, the vice chairman of the Company to fill the casual vacancy. Mr. Kang Jian has attended the annual general meeting held on 28 June 2019.

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 the chairman of the Company on 1 April 2016, the role of chairman has been vacant. Throughout the period ended 30 June 2019, Kang Jian, the vice-chairman and CEO of the Company, have temporarily handled the dual roles of CEO and chairman. Given the then corporate structure, the roles of chairman and CEO are temporarily handled by Mr. Kang Jian as the Board has not identified a suitable candidate to be appointed as chairman. However, before any suitable candidates have been appointed as 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. Kang Jian 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 a suitable candidate is appointed as 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 2019.

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

During the six months period ended 30 June 2019, 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 2019.

DIRECTOR'S RIGHTS TO ACQUIRE SECURITIES

Save as disclosed in the section headed "Share Option Scheme" below, at no time during the period was the Company or the Company's subsidiaries or holding company or a subsidiary of the Company's holding company a party to arrangements whose objects are, or one of whose objects is, to enable directors or chief executives of the Company or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities (or warrants or debentures, if applicable) of the Company or had exercised any such rights.

SHARE OPTION SCHEME

Under the share option scheme of the Company adopted on 29 December 2009 ("**2009 Scheme**"), the Board of the Company may, at its discretion, grant options to certain directors, employees of the Group and other eligible participants to subscribe for shares of the Company. The purpose of the 2009 Scheme is to enable the Company to grant options to selected participants as incentives for their contributions to the Group.

No share options were granted during the period ended 30 June 2019 and 2018 under the 2009 Scheme. There were no outstanding share options as at 30 June 2019.

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. Liu Song. 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 2019.

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 2019 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
Kang Jian
Executive Director and Vice Chairman

Hong Kong, 28 August 2019

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