THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 990)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Theme International Holdings Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2019 together with the comparative figures for the corresponding period in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** ***HK$'000***	2018 *HK$'000*
Revenue	*3*	**11,280,616**	4,330,171
Cost of sales		**(10,770,712)**	(4,141,309)
Gross profit		**509,904**	188,862
Other income, gain and loss	*4*	**(80,885)**	(22,995)
Selling and distribution expenses		**(92,554)**	(20,204)
Administrative expenses		**(90,977)**	(58,242)
Profit from operations		**245,488**	87,421
Finance costs	*5*	**(22,294)**	(4,774)
Share of profits of an associate		**—**	1,487
Profit before taxation		**223,194**	84,134
Income tax	*6*	**(40,284)**	(16,997)
Profit for the year	*7*	**182,910**	67,137

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Attributable to:			
Owners of the Company		**145,745**	61,893
Non-controlling interests		**37,165**	5,244
		182,910	67,137
Other comprehensive income/(loss):			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**2,493**	(1,567)
Other comprehensive income/(loss) for the year, net of tax		**2,493**	(1,567)
Total comprehensive income for the year		**185,403**	65,570
Attributable to:			
Owners of the Company		**148,238**	60,326
Non-controlling interests		**37,165**	5,244
		185,403	65,570
			(restated)
Earnings per share			
— Basic (HK cents per share)	*9*	**1.43**	0.76
— Diluted (HK cents per share)	*9*	**1.43**	0.76

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**12,858**	2,896
Right-of-use assets		**25,205**	—
Investment in an associate		**—**	39,707
		38,063	42,603
Current assets			
Inventories	*10*	**2,078,632**	365,724
Loans to customers	*11*	**18,900**	15,000
Trade and bills receivables and interest receivables	*12*	**490,449**	595,030
Accounts receivables	*13*	**984,315**	434,415
Financial assets at fair value through profit or loss		**—**	1,446
Prepayments, deposits and other receivables	*14*	**190,589**	76,445
Current tax recoverable		**4,105**	—
Cash and bank balances		**813,741**	286,407
		4,580,731	1,774,467
Current liabilities			
Trade and bills payables	*15*	**1,293,958**	349,815
Trust receipt loans	*16*	**625,266**	225,670
Accounts payables	*17*	**1,004,574**	415,306
Contract liabilities		**258,966**	31,491
Accruals and other payables		**49,836**	53,246
Lease liabilities		**9,024**	—
Current tax payable		**45,762**	16,380
		3,287,386	1,091,908
Net current assets		**1,293,345**	682,559
Total assets less current liabilities		**1,331,408**	725,162
Non-current liabilities			
Lease liabilities		**17,241**	—
NET ASSETS		**1,314,167**	725,162
Capital and reserves			
Share capital		**29,604**	19,736
Reserves		**1,192,909**	660,687
Equity attributable to owners of the Company		**1,222,513**	680,423
Non-controlling interests		**91,654**	44,739
TOTAL EQUITY		**1,314,167**	725,162

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL INFORMATION

Theme International Holdings Limited (the "**Company**") is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Unit 3401—03, 34/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The Company and its subsidiaries are collectively referred to as the "Group". The principal activities of its principal subsidiaries are (i) 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 (ii) Financial services business — provision of loan financing services, securities and derivatives financial services, market making and margin financing in Hong Kong and Singapore.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (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; 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 year 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 contain a Lease".

Adjustment 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.

Consolidated statement of financial position (extract)	**31 December 2018** *As original presented* *HK$'000*	**HKFRS 16** *HK$'000*	**1 January 2019** *Restated* *HK$'000*
Non-current assets			
Right-of-use assets	—	3,553	3,553
Liabilities			
Lease liabilities	—	3,553	3,553

Reconciliation of operating lease commitment to lease liabilities is set out below:

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	3,632
Less: Recognition exemption — short term leases	(34)
Gross operating lease obligations at 1 January 2019	3,598
Discounting	(45)
Lease liabilities discounted at relevant incremental borrowing rates and relating to operating leases recognised upon application of HKFRS 16 at 1 January 2019	3,553
Analysed as:	
Current	3,534
Non-current	19
	3,553

The Group has not applied the new and revised 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. REVENUE AND SEGMENT INFORMATION

(a) Revenue

	2019	2018
	HK$'000	*HK$'000*
Sales from trading of goods	**11,087,229**	4,272,362
Commission income and brokerage fees from the provision of financial services	**38,381**	17,518
Less: Sales taxes and levies	**(3,415)**	(669)
Revenue from contracts with customers	**11,122,195**	4,289,211
Gain from derivative trading	**152,603**	40,257
Interest income from loans to customers	**3,046**	552
Interest income from customers' segregated accounts	**2,772**	151
	158,421	40,960
Total revenue	**11,280,616**	4,330,171

Sales from trading of goods

The Group trades the bulk commodities and related products — mainly iron ore to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Revenue from these sales is recognised based on the prices specified in the contracts, net of sales taxes and levies as well as commodities price index change between the dates of contracts and goods delivery.

Sales to customers are normally made with credit terms of Nil to 90 days. For those customers in the PRC, deposits are regularly required and these deposits received are recognised as the contract liabilities.

The trade and bills receivables are recognised when the products are delivered to the customers as these are the point in time that the considerations are unconditional because only the passage of time is required before the payment is due.

Commission income and brokerage fees from the provision of financial services

The Group provides a wide range of financial services to its customers. Amongst them, the commission income and brokerage fees from the provision of futures and derivatives products for global exchange services is recognised when the services are rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the services.

Disaggregation of revenue from contracts with customers:

Segments	**Distribution and trading** *HK$'000*	**Financial services** *HK$'000*	**2019 Total** *HK$'000*
Geographical markets			
Hong Kong	**—**	**27,694**	**27,694**
Singapore	**5,089,289**	**10,687**	**5,099,976**
The PRC	**5,994,525**	**—**	**5,994,525**
Total	**11,083,814**	**38,381**	**11,122,195**
Major products/services			
Trading of bulk commodities	**11,083,814**	**—**	**11,083,814**
Commission income and brokerage fees	**—**	**38,381**	**38,381**
Total	**11,083,814**	**38,381**	**11,122,195**
Time of revenue recognition			
At a point in time	**11,083,814**	**38,381**	**11,122,195**

Disaggregation of revenue from contracts with customers:

Segments	Distribution and trading *HK$'000*	Financial services *HK$'000*	2018 Total *HK$'000*
Geographical markets			
Hong Kong	257,101	14,612	271,713
Singapore	2,818,305	2,906	2,821,211
The PRC	1,196,287	—	1,196,287
Total	4,271,693	17,518	4,289,211
Major products/services			
Trading of bulk commodities	4,271,693	—	4,271,693
Commission income and brokerage fees	—	17,518	17,518
Total	4,271,693	17,518	4,289,211
Time of revenue recognition			
At a point in time	4,271,693	17,518	4,289,211

(b) Segment information

The Group determines its operating segment 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 year ended 31 December 2019, the Group's reportable and operating segments are as follows:

(i) 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

(ii) 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:

Year ended 31 December 2019

	Distribution and trading *HK$'000*	**Financial services** *HK$'000*	**Total** *HK$'000*
Revenue	**11,083,814**	**196,802**	**11,280,616**
Segment profit	**171,168**	**74,638**	**245,806**
Finance costs	**(22,083)**	**(85)**	**(22,168)**
Unallocated other income, gain and loss			**7,585**
Corporate expenses and other finance costs			**(8,029)**
Profit before taxation			**223,194**

Year ended 31 December 2018

	Distribution and trading *HK$'000*	Financial services *HK$'000*	Total *HK$'000*
Revenue	4,271,693	58,478	4,330,171
Segment profit	92,056	2,336	94,392
Finance costs	(3,410)	(1,364)	(4,774)
Unallocated other income, gain and loss			629
Corporate expenses			(7,600)
Share of profits of associates			1,487
Profit before taxation			84,134

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 31 December 2019

	Distribution and trading *HK$'000*	Financial services *HK$'000*	Total *HK$'000*
Segment assets	**3,234,597**	**1,345,159**	**4,579,756**
Current tax recoverable	**4,105**	**—**	**4,105**
Unallocated property, plant and equipment and right-of-use assets			**12,149**
Unallocated prepayments, deposits and other receivables			**18,609**
Unallocated cash and bank balances			**4,175**
Consolidated assets			**4,618,794**
Segment liabilities	**1,595,871**	**1,025,444**	**2,621,315**
Trust receipt loans	**625,266**	**—**	**625,266**
Current tax payable	**31,641**	**14,121**	**45,762**
Unallocated accruals and other payables			**182**
Unallocated lease liabilities			**12,102**
Consolidated liabilities			**3,304,627**

As at 31 December 2018

	Distribution and trading *HK$'000*	Financial services *HK$'000*	Total *HK$'000*
Segment assets	1,153,553	612,291	1,765,844
Unallocated property, plant and equipment			2
Unallocated prepayments, deposits and other receivables			2,626
Investment is an associate			39,707
Unallocated cash and bank balances			8,891
Consolidated assets			1,817,070
Segment liabilities	385,300	459,212	844,512
Trust receipt loans	225,670	—	225,670
Current tax payable	14,063	2,317	16,380
Unallocated trade and bills payables			3,665
Unallocated accruals and other payables			1,681
Consolidated liabilities			1,091,908

Other segment information:

	Distribution and trading ***HK$'000***	**Financial services** ***HK$'000***	**Total** ***HK$'000***
Year ended 31 December 2019			
Amounts included in the measure of segment results or segment assets:			
Additions of property, plant and equipment	**10,896**	**963**	**11,859**
Depreciation of property, plant and equipment	**395**	**1,499**	**1,894**

	Distribution and trading *HK$'000*	Financial services *HK$'000*	Total *HK$'000*
Year ended 31 December 2018			
Amounts included in the measure of segment results or segment assets:			
Additions of property, plant and equipment	269	411	680
Depreciation of property, plant and equipment	2	1,433	1,435

Geographical information:

	Revenue		Non-current assets	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**31,058**	272,265	**12,998**	1,991
Singapore	**5,255,033**	2,861,619	**24,927**	40,408
The PRC	**5,994,525**	1,196,287	**138**	204
	11,280,616	4,330,171	**38,063**	42,603

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

Information about major customers:

None of the (2018: two) customers from the Group's distribution and trading business segment contributing over 10% of the total revenue of the Group (2018: approximately HK$693,718,000 and HK$528,289,000).

4. OTHER INCOME, GAIN AND LOSS

	2019	2018
	HK$'000	*HK$'000*
Interest income on bank deposits	**7,402**	1,181
Net foreign exchange loss	**(55,914)**	(22,297)
Impairment loss		
— Inventories	**(85,922)**	—
— Trade receivables	**—**	(3,319)
Reversal of impairment loss of trade receivables	**1,404**	—
(Loss)/Gain on disposal of financial assets at fair value through profit or loss	**(85)**	1,299
Government subventions	**1,268**	—
Hedging gains on future contracts	**50,266**	—
Claims and compensation received	**570**	—
Others	**126**	141
	(80,885)	(22,995)

5. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Bills discounting interest expenses and interest expenses on trust receipt loans	**21,982**	3,410
Interest expenses on promissory notes	**—**	1,364
Lease interest expenses	**312**	—
	22,294	4,774

6. INCOME TAX

	2019	2018
	HK$'000	*HK$'000*
Current tax		
— Hong Kong Profits Tax		
— Provision for the year	**107**	—
— PRC Corporate Income Tax		
— Provision for the year	**—**	8,265
— Singapore Corporate Income Tax		
— Provision for the year	**40,269**	8,677
— (Over)/Under-provision for prior year	**(92)**	55
	40,284	16,997

Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits in respect of the Group's operating entities in Hong Kong for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% (2018: Nil).

Singapore Corporate Income Tax is provided using the Singapore standard rate of income tax of 17% or the concession rate of 10% for the year ended 31 December 2019. 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 year ended 31 December 2019 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 year ended 31 December 2019.

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. No provision for PRC income tax was made for the year ended 31 December 2019 as the subsidiaries in the PRC has incurred a loss for taxation purposes.

The reconciliation between the income tax and profit before taxation is as follows:

	2019	2018
	HK$'000	*HK$'000*
Profit before taxation	**223,194**	84,134
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdiction concerned	**27,227**	17,121
Tax effect on income that is not taxable	**(248)**	(22)
Tax effect of expenses that are not deductible	**226**	1,565
(Over)/Under provision in respect of prior years	**(92)**	55
Utilisation of tax losses previously not recognised	**(1,084)**	(46)
Effect of GTP incentive award	**(20,220)**	(3,833)
One-off tax reduction	**—**	(206)
Tax losses not recognised	**34,510**	2,190
Others	**(35)**	173
	40,284	16,997

At the end of the reporting period, subject to agreement with tax authorities, the Group has unused tax losses of approximately HK$524,660,000 (2018: approximately HK$422,191,000) available for offsetting against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unused tax losses are losses of approximately HK$130,226,000 (2018: Nil) arisen in the PRC operations of the Group, are eligible for carried forward for a period of 5 years from their respective year of origination under the PRC Corporate Income Tax Law. The other tax losses are carried forward indefinitely.

7. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

		2019	2018
	Note	*HK$'000*	*HK$'000*
Cost of inventories recognised as expenses		**10,689,741**	4,109,667
Depreciation			
— Property, plant and equipment		**1,894**	1,435
— Right-of-use assets		**4,967**	—
Auditors' remuneration			
— audit services		**830**	790
— non-audit services	*(a)*	**183**	186
		1,013	976
Operating lease rentals in respect of rented premises		**—**	3,722
Short term lease expense		**34**	—
Directors' remuneration		**15,380**	11,531
Other staff costs			
— salaries, discretionary bonuses and allowances		**44,000**	28,916
— retirement benefits scheme contributions		**2,276**	1,588
		46,276	30,504

Note:

(a) The remuneration in respect of non-audit service provided by the Company's auditors in the year ended 31 December 2019 was HK$288,000 (2018: HK$186,000), in which HK$183,000 (2018: HK$186,000) was charged to profit or loss for the year ended 31 December 2019 and HK$105,000 (2018: Nil) relating to the professional services in connection with the rights issue was charged to equity for the year ended 31 December 2019.

8. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2019 (2018: Nil).

9. 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 year attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the rights issue during the year.

	2019	2018
	HK$'000	*HK$'000*
Profit:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**145,745**	61,893

	2019	2018
	'000	*'000*
		(Restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share *(note)*	**10,168,233**	8,117,651

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

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2019.

10. INVENTORIES

	2019	2018
	HK$'000	*HK$'000*
Finished goods	**2,078,632**	365,724

11. LOANS TO CUSTOMERS

	2019	2018
	HK$'000	*HK$'000*
Loans to customers	**24,290**	20,390
Provision for impairment	**(5,390)**	(5,390)
	18,900	15,000

There is no movement in the provision for impairment of loans to customers during the years ended 31 December 2018 and 2019.

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for loans to customers. To measure the expected credit losses, loans to customers have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	**Over 360 days past due**	**Total**
At 31 December 2019			
Weighted average expected loss rate	**0%**	**100%**	**22%**
Receivable amount *(HK$'000)*	**18,900**	**5,390**	**24,290**
Loss allowance *(HK$'000)*	**—**	**5,390**	**5,390**
At 31 December 2018			
Weighted average expected loss rate	0%	100%	26%
Receivable amount *(HK$'000)*	15,000	5,390	20,390
Loss allowance *(HK$'000)*	—	5,390	5,390

The fixed-rate loans to customers of HK$24,290,000 (2018: HK$20,390,000) as at the end of reporting period under the Group's loan financing services operation, represent loan advances to three parties, including 1 employee of the Group and 2 independent third parties (2018: two independent third parties). Save that the loan due from the employee of the Group is unsecured, the remaining loans are secured by personal guarantee. The interest rates for the loans to customers were ranging from 8% to 12% (2018: 8% to 12%) per annum.

The loans 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. At the end of reporting period, one of 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.

Aging analysis

Aging analysis of loans to customers prepared based on loan commencement or renewal date set out in the relevant contracts, and net of impairment allowances, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Less than 1 year	**18,900**	15,000

12. TRADE AND BILLS RECEIVABLES AND INTEREST RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade and bills receivables	**490,247**	598,349
Interest receivables	**202**	—
Allowance for bad and doubtful debts	**—**	(3,319)
	490,449	595,030

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

	2019	2018
	HK$'000	*HK$'000*
Not yet due or within 90 days	**487,805**	594,746
91—180 days	**1,240**	284
Over 1 year	**1,404**	—
	490,449	595,030

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 11 to the condensed consolidated financial statements, the Directors consider that no allowance for bad and doubtful debts is required.

Reconciliation of loss allowance for trade and bills receivables and interest receivables:

	2019	2018
	HK$'000	*HK$'000*
At 1 January	**3,319**	809
Increase in loss allowance for the year	**—**	3,319
Amounts recoverable	**(1,404)**	—
Amounts written off	**(1,915)**	(809)
At 31 December	**—**	3,319

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade and bills receivables and interest receivables. To measure the expected credit losses, trade and bills receivables and interest receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	**Over 90 days past due**	**Over 180 days past due**	**Over 360 days past due**	**Total**
At 31 December 2019					
Weighted average expected loss rate	**0%**	**0%**	**0%**	**0%**	**0%**
Receivable amount *(HK$'000)*	**487,805**	**1,240**	**—**	**1,404**	**490,449**
Loss allowance *(HK$'000)*	**—**	**—**	**—**	**—**	**—**
At 31 December 2018					
Weighted average expected loss rate	1%	0%	0%	0%	1%
Receivable amount *(HK$'000)*	597,086	—	1,257	6	598,349
Loss allowance *(HK$'000)*	3,319	—	—	—	3,319

13. ACCOUNTS RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Arising from the business of dealing in futures contracts:		
— Brokers and dealers		
— representing customer balances	**973,549**	415,984
— representing house balances	**9,300**	18,191
	982,849	434,175
Arising from financial services provided:		
— Customers	**1,466**	240
	984,315	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 judgement, including the creditworthiness, collateral and past collection history of the counter-parties.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade deposits	**7,611**	13
Prepayments	**63,618**	25,044
VAT receivables	**93,570**	13,976
Deposit and other receivables	**25,790**	37,412
	190,589	76,445

15. TRADE AND BILLS PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade and bills payables	**1,293,958**	349,815

The bills payables operated in the PRC are secured by the restricted deposits of the Group.

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

	2019	2018
	HK$'000	*HK$'000*
Within 90 days	**1,229,148**	344,753
90—180 days	**64,568**	1,280
181—365 days	**242**	—
Over 1 year	**—**	3,782
	1,293,958	349,815

16. TRUST RECEIPT LOANS

	2019	2018
	HK$'000	*HK$'000*
Trust receipt loans — secured	**625,266**	225,670

The maturity of trust receipt loans is as follows:

	2019	2018
	HK$'000	*HK$'000*
Repayable on demand or within 1 year	**625,266**	225,670

Trust receipt loans at 31 December 2019 and 2018 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 at 31 December 2019 and 2018 is as follows:

	2019	2018
Trust receipt loans	**2.21%**	3.61%

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

17. ACCOUNTS PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Arising from the business of dealing in futures contracts	**1,004,574**	415,306

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.

18. CAPITAL COMMITMENT

Details of the Group's capital commitment in respect of an investment in joint venture are as follows:

	2019
	HK$'000
Capital expenditure contracted but not provided for in the financial statements in respect of unpaid balance of capital contributions to a joint venture	**50,336**

During the reporting period, the Company has incepted for a 15% investment in a joint venture named 天津東銘融資租賃有限公司 (the "**JV**") which has been incorporated in the People's Republic of China at the registered capital of Renminbi 300 million (equivalent to approximately of HK$335.6 million) on 11 November 2019 for a period of thirty years. The JV will be engaging in finance leasing business.

DIRECTORS' STATEMENT

On behalf of the Board (the "**Board**") of Directors (the "**Director(s)**") of Theme International Holdings Limited (the "**Company**") and its subsidiaries (collectively as the "**Group**"), I am delighted to announce that, for the year ended 31 December 2019 (the "**Year**"), the Group's profit attributable to equity owners of the Company was approximately Hong Kong dollars ("**HK$**") 145,745,000, as compared to the profit of approximately HK$61,893,000 for the year ended 31 December 2018 (the "**Corresponding Year**").

The Group's increase in profit was mainly due to the impressive performance of the distribution and trading business, in particular the trading of iron ore, and the financial services business during the Year. The distribution and trading business has recorded a segment profit before interest and tax of approximately HK$171,168,000 in the Year, representing an increase of approximately 86% compared to approximately HK$92,056,000 in the Corresponding Year. The financial service business has recorded a segment profit before interest and tax of approximately HK$74,638,000 in the Year when compared to approximately HK$2,336,000 in the Corresponding Year.

Gross profit of the Group also increased to approximately HK$509,904,000 in the Year from approximately HK$188,862,000 in the Corresponding year. The increases in both profit and gross profit were attributable to: (i) the Group was able to source iron ore from several new suppliers in 2019, which are able to provide the Group with iron ore at competitive prices; (ii) the sharp increase in iron ore prices during first half of 2019, due to the disruptions of iron ore supplies in places like Australia and Brazil. For example, in January 2019, a fatal dam spill accident happened in Vale's mines in Brazil. Vale is the largest iron ore producer in the world and this accident significantly affected its iron ore productions; (iii) the stable economic development in China drove the strong demand for iron ore; and (iv) the impressive performance of the growing financial services segment, due to increased market volatility.

The PRC is the largest iron ore importer in the world, importing 1,070 million tonnes in 2019, surpassing 1,000 million tonnes for the fourth consecutive year. With the domestic iron ore reserves being low in grade and high in impurity, to fulfil PRC's huge demand for medium to high grade iron ore, it has to rely heavily on imports from overseas. The Group targets to continue to grow its iron ore trading business in line with the large volume of iron ore imports into the PRC and at the same time, exploring other opportunities to expand its financial services platform by bringing in new financial products to our customers.

The Group continuously explores new business opportunities that can deliver synergistic advantages to its physical commodities trading operations. Since the end of 2017, the Group successfully operationalised its commodity derivatives related financial services, including but not limited to trading and clearing of derivatives contracts in global markets, inter-dealer broking services for over-the-counter commodities, structured trade finance operations and market making of iron ore derivative market. In 2019, the financial services segment of the Group has recorded a segment profit before interest and tax of approximately HK$74,638,000 in the Year. The Group has set up its iron ore derivative market making trading arm in the first half of 2018, and since then the market making trading has been generating profits for the Group. In addition, the Group's other financial services, including clearing and inter-dealer broking services, continued to expand and contributed profits to the Group.

As both distribution and trading and financial services are people-oriented business, the Group continued to invest heavily in human capital. The Group's headcount has increased from 49 at 31 December 2018 to 69 at 31 December 2019 with employees located across Hong Kong, Singapore and the PRC. The Group believes best people can bring value to the Group and will continue to invest in human capital in future.

At last, I would like to take this opportunity to express my deepest gratitude to all the shareholders, my fellow directors, management team and staff to the Group for their support and contributions to the Group throughout the Year.

Wu Lei
Executive Director

Hong Kong, 27 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Theme International Holdings Limited and its subsidiaries 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 year and basic earnings per share of the Group for the year ended 31 December 2019 and 2018 are summarized as follows:

	Revenue		Profit for the year		Basic earnings per share	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*		(restated)
From operations	**11,280,616**	4,330,171	**182,910**	67,137	**HK1.43 cents**	HK0.76 cents

The Group recorded a total revenue of approximately HK$11,280,616,000 (2018: approximately HK$4,330,171,000) for the Year, representing an increase of approximately 161% over the Corresponding Year. Further analysis of the Group's revenue in the Year and the Corresponding Year is as follows:

	2019		2018	
	Revenue	**Sales Volume**	Revenue	Sales Volume
	HK$'000	***Tonnes ('000)***	*HK$'000*	*Tonnes ('000)*
Products				
Iron Ore	**11,043,301**	**14,718**	4,271,693	8,173
Other commodities	**40,513**		—	
Distribution and trading	**11,083,814**		4,271,693	
Financial Services	**196,802**		58,478	
	11,280,616		4,330,171	

The distribution and trading business contributed to the majority of the Group's revenue in the Year. Iron ore trading represented the majority of the distribution and trading business. Volume of iron ore traded in the Year increased from approximately 8,173,000 tonnes in the Corresponding Year to approximately 14,718,000 tonnes in the Year, together with the increase in the average price of iron ore, revenue from the distribution and trading business increased from approximately HK$4,271,693,000 in the Corresponding Year to approximately HK$11,083,814,000 in the Year.

During the Year, the Group recorded revenues from the provision of financial services totalling HK$196,802,000 (2018: approximately HK$58,478,000), mainly attributable to the market making of iron ore derivative market and provision of other financial services such as clearing and inter-dealer broking services. The increase in revenue during the Year was due to the continuous expansion and development of the financial services segment, which was still in the development stage in the Corresponding Year.

Gross profit of the Group also increased to approximately HK$509,904,000 in the Year from approximately HK$188,862,000 in the Corresponding year. The increases in gross profit was attributable to: (i) the Group was able to source iron ore from several new suppliers in 2019, which are able to provide the Group with iron ore at competitive prices; (ii) the sharp increase in iron ore prices during first half of 2019, due to the disruptions of iron ore supplies in places like Australia and Brazil. For example, in January 2019, a fatal dam spill accident happened in Vale's mines in Brazil. Vale is the largest iron ore producer in the world and this accident significantly affected its iron ore productions; (iii) the stable economic development in China drove the strong demand for iron ore; and (iv) the impressive performance of the growing financial services segment, due to increased market volatility.

Other loss of approximately HK$80,885,000 (2018: approximately HK$22,995,000) was incurred during the Year, mainly due to (i) impairment loss on inventories of approximately HK$85,922,000. Iron ore prices had big fluctuations during the Year. Impairment losses mainly arose from the cargoes purchased at higher prices during the Year but remained unsold at the Year end; (ii) the exchange loss of approximately HK$55,914,000 arising from the depreciation of Renminbi ("**RMB**"). Cargoes sold by Shanghai trading desk were denominated in RMB; and (iii) partially offset by the hedging gains on future contracts of approximately HK$50,266,000 to hedge contracts in the distribution and trading business.

Selling and distribution expenses of approximately HK$92,554,000 (2018: approximately HK$20,204,000) were incurred during the Year, mainly attributable to the freight charges, port charges and agent fees paid when importing cargoes into China. The increase was mainly attributable to more freight charges being paid to shipping companies for cargoes under the term of Free on Board ("**FOB**") in the Year than in the Corresponding Year.

Administrative expenses have increased from approximately HK$58,242,000 in the Corresponding Year to approximately HK$90,977,000 in the Year. It was mainly attributable to the increased staff cost, arising from the expansion of the Group's both commodities trading business and financial service segments.

Finance costs of approximately HK$22,294,000 (2018: approximately HK$4,774,000) were incurred during the Year for the factoring of the Group's trade receivables and for the settlement of interests arising from outstanding trust receipt loans. We considered that the slight adjustment the Group's leverage enabled the Group to further expand its distribution and trading business and maximize return on shareholders' capital.

Income tax expense increased from approximately HK$16,997,000 in the Corresponding Year to approximately HK$40,284,000 in the Year, which was in line with the improved performance of the Group's businesses.

The profit for the Year attributable to owners of the Company increased from approximately HK$61,893,000 in the Corresponding Year to approximately HK$145,745,000 in the Year. The increase in profit was mainly attributable to the increase in the gross profits aforementioned, where were partially set off by the increase in other loss, selling and distribution expenses and administrative expenses.

The Group recorded a basic earnings per share of approximately HK1.43 cents in the Year as compared to a basic earnings per share of approximately HK0.76 cents (restated) in the Corresponding Year.

Future Prospects

The Group will focus on the continuing development of the financial services business and the distribution and trading business in 2020.

(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 of (1) global clearing services, (2) inter-dealer broking in over-the-counter markets, (3) structured trade finance and (4) China access products. The Group's aspiration is to extend its four 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 several 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 China. In order to maximise their production output, they demand 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 increased continuously in the PRC.

According to the PRC Custom statistics, imports of Iron ore reached 1,070 million tonnes in 2019, surpassing 1,000 million tonnes for the fourth consecutive year. The Group believes that there will still be strong demand for iron ores in 2020 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.

Novel Coronavirus ("**COVID-19**") that ravaged China and other parts of the world in early 2020 has brought and is likely to continue to bring uncertainty to China's national economic growth and the global economy. Despite the challenge ahead, the Group remains confident in the market potential and will be committed to exploring more development opportunities.

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$859,000.

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 year and subsequently after 31 December 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
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 year and the period immediately prior to the date of this annual result announcement.

SIGNIFICANT EVENTS

Saved as the 2019 Rights Issue aforementioned, the Directors are not aware of any significant events that have taken place during the year ended 31 December 2019.

EVENTS AFTER THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 ("**COVID-19 outbreak**") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the world. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date of this annual result announcement, the Group was not aware of any material adverse effects on the financial position and operations of the Group as a result of the COVID-19 outbreak.

Saved as disclosed above, the Directors are not aware of any events that have taken place subsequent to 31 December 2019 and up to the date of this annual result announcement.

CHARGES ON ASSETS

Save for the restricted deposits of approximately HK$6,477,000 (2018: approximately HK$42,122,000) which were restricted for securing banking facilities granted to the Group in connection to the bills payables, none of the Group's assets was charged or subject to encumbrance as at 31 December 2019.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group had no material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS

There is no material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2019.

PRINCIPAL RISKS AND UNCERTAINTIES

Commodities price risk

The Group's revenue and profit for the year 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

As at 31 December 2019, the Group's net current assets were approximately HK$1,293,345,000 (2018: approximately HK$682,559,000), and its net assets were approximately HK$1,314,167,000 (2018: approximately HK$725,162,000). As at 31 December 2019, the Group's total loans and other borrowings were approximately HK$625,266,000 (2018: approximately HK$225,670,000).

As at 31 December 2019, the current ratio (defined as current assets divided by current liabilities) was approximately 1.39 (2018: approximately 1.63) and the gearing ratio (defined as loans and other borrowings divided by net assets) was approximately 0.48 (2018: 0.31).

As at 31 December 2019, the Group had an undrawn banking letter of credit limit totalling approximately US$165,492,000, equivalent to approximately HK$1,290,838,000 (2018: US$268,453,000, equivalent to approximately HK$2,093,933,000).

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

The total capital expenditure of the Group for the Year was approximately HK$9,677,000 (2018: Nil) for addition of leasehold improvements and approximately HK$2,182,000 (2018: approximately HK$680,000) for addition of furniture, fixtures and other equipment.

As at 31 December 2019, the Group had no material capital expenditure commitments.

As at 31 December 2019, the Group had the capital commitments of approximately HK$50,336,000 in respect of an investment in a joint venture in the PRC.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except as disclosed in this annual result announcement, as at 31 December 2019, the Group does not have any other plans for material investments or capital assets.

HUMAN RESOURCES

As at 31 December 2019, the Group had 69 employees in total, consisting of 8 employees in Hong Kong, 50 employees in Singapore and 11 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.

CAPITAL STRUCTURE AND EQUITY FUND RAISING

As at 31 December 2019, the Group had equity attributable to owners of the Company of approximately HK$1,222,513,000 (2018: approximately HK$680,423,000). Saved as the 2019 Rights Issue aforementioned, during the year ended 31 December 2019 and up to the date of this annual result announcement, the Company did not carry out any equity fund raising activities.

DIVIDENDS

The Board did not recommend the payment of dividends for the year ended 31 December 2019 (2018: Nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance, holding the beliefs of transparency, independence, honesty and accountability, with a view to enhance investors' confidence. The Company therefore strives to attain and maintain effective corporate governance practices and procedures. Save and except for Code Provisions E.1.2, A.2.1 and A.6.7 (details of which are set out below), the Company has complied with all the Code Provisions and to a certain extent of the recommended best practices set out in the CG Code throughout the year ended 31 December 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 year ended 31 December 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. From 1 January 2019 to 28 July 2019, Mr. Kang Jian, the vice-chairman and executive director of the Company, has temporarily handled the dual roles of CEO and chairman. Despite that, the Board considered that such arrangement was still appropriate, since all major decisions were made in consultation with the Board members and the senior management of the Company. The effectiveness of the corporate planning and the implementation of corporate strategies and decisions were not affected. Also, Mr. Kang Jian was able to maintain the continuity of the Company's policies and the stability of the Company's operations.

On 29 July 2019, Mr. Kang Jian ceased to be the CEO and Mr. Jiang Jiang has been appointed as CEO of the Company. Since then, the roles of the chairman and CEO were segregated. Mr. Kang Jian continued to temporarily act as the role of chairman, while Mr. Jiang Jiang took up the position of CEO.

Under Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. One independent non-executive director had not attended the annual general meeting held on 28 June 2019, due to his other official commitments.

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 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. 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 throughout the year ended 31 December 2019.

AUDIT COMMITTEE

As at 31 December 2019, the audit committee of the Company comprises three independent non-executive directors of the Company, namely Mr. Chan Chi Ming, Tony (Chairman of the audit committee), Mr. Wu Shiming and Mr. Liu Song. The Audit Committee has adopted terms of reference which are in line with the CG Code. The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2019.

SCOPE OF WORK OF EXTERNAL AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2019. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL 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 2019 annual report 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
Wu Lei
Executive Director

Hong Kong, 27 March 2020

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