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Theme

THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 990)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 together with the comparative figures for the corresponding period in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3	34,644,900	15,876,104
Cost of sales		<u>(33,175,881)</u>	<u>(15,248,552)</u>
Gross profit		1,469,019	627,552
Other income, gain and loss	4	39,274	46,050
Selling and distribution expenses		(5,078)	(13,446)
Administrative expenses		<u>(222,187)</u>	<u>(108,381)</u>
Profit from operations		1,281,028	551,775
Finance costs	5	(5,373)	(19,503)
Share of profits of an associate		<u>19,045</u>	<u>—</u>
Profit before taxation		1,294,700	532,272
Income tax	6	<u>(92,080)</u>	<u>(31,931)</u>
Profit for the year	7	<u>1,202,620</u>	<u>500,341</u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Attributable to:			
Owners of the Company		997,967	445,977
Non-controlling interests		<u>204,653</u>	<u>54,364</u>
		<u>1,202,620</u>	<u>500,341</u>
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss:</i>			
Share of associate's exchange differences on translating foreign operations		3,746	—
Exchange differences on translating foreign operations		<u>8,184</u>	<u>1,025</u>
Other comprehensive income for the year, net of tax		<u>11,930</u>	<u>1,025</u>
Total comprehensive income for the year		<u>1,214,550</u>	<u>501,366</u>
Attributable to:			
Owners of the Company		1,007,932	447,002
Non-controlling interests		<u>206,618</u>	<u>54,364</u>
		<u>1,214,550</u>	<u>501,366</u>
Earnings per share			
— Basic (<i>HK cents per share</i>)	9	<u>7.71</u>	<u>3.77</u>
— Diluted (<i>HK cents per share</i>)	9	<u>7.71</u>	<u>3.77</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		193,691	10,503
Right-of-use assets		29,359	16,537
Goodwill		917	—
Interest in an associate	<i>10</i>	234,995	—
Financial assets at fair value through other comprehensive income		22,567	—
Deferred tax assets		304	—
Loans to customers	<i>12</i>	9,600	1,000
		491,433	28,040
Current assets			
Inventories	<i>11</i>	1,241,564	766,573
Loans to customers	<i>12</i>	13,157	16,782
Trade and bills receivables and interest receivables	<i>13</i>	1,849,477	1,032,014
Accounts receivables	<i>14</i>	2,316,438	1,142,749
Financial assets at fair value through profit or loss		15,643	2,571
Derivative instruments		710,178	192,578
Prepayments, deposits and other receivables	<i>15</i>	575,665	107,482
Current tax recoverable		16,982	2,478
Cash and bank balances		1,864,744	720,155
		8,603,848	3,983,382
Current liabilities			
Trade and bills payables	<i>16</i>	732,554	498,142
Trust receipt loans		38,656	—
Accounts payables	<i>17</i>	2,817,402	1,015,171
Contract liabilities		381,364	161,205
Accruals and other payables		114,407	34,303
Derivative instruments		597,799	392,110
Lease liabilities		8,929	9,435
Current tax payable		63,720	51,684
		4,754,831	2,162,050
Net current assets		3,849,017	1,821,332

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Total assets less current liabilities		4,340,450	1,849,372
Non-current liabilities			
Lease liabilities		511	7,943
Deferred tax liabilities		10,623	—
		11,134	7,943
NET ASSETS		4,329,316	1,841,429
Capital and reserves			
Share capital	<i>18</i>	33,679	29,604
Reserves		3,451,786	1,640,190
Equity attributable to owners of the Company		3,485,465	1,669,794
Non-controlling interests		843,851	171,635
TOTAL EQUITY		4,329,316	1,841,429

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company							Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
At 1 January 2020	29,604	1,074,215	2,665	(4,242)	120,271	1,222,513	91,654	1,314,167	
Profit for the year	—	—	—	—	445,977	445,977	54,364	500,341	
Other comprehensive income for the year									
— Exchange difference arising on translating foreign operations	—	—	—	1,025	—	1,025	—	1,025	
Total comprehensive income for the year	—	—	—	1,025	445,977	447,002	54,364	501,366	
Capital contribution received from non-controlling interests	—	—	—	—	—	—	25,896	25,896	
Disposal of interests in subsidiaries without loss of control	—	—	279	—	—	279	(279)	—	
At 31 December 2020 and 1 January 2021	29,604	1,074,215	2,944	(3,217)	566,248	1,669,794	171,635	1,841,429	
Profit for the year	—	—	—	—	997,967	997,967	204,653	1,202,620	
Other comprehensive income for the year									
— Exchange difference arising on translating foreign operations	—	—	—	9,965	—	9,965	1,965	11,930	
Total comprehensive income for the year	—	—	—	9,965	997,967	1,007,932	206,618	1,214,550	
Issue of new shares (<i>Note 18</i>)	4,075	803,429	—	—	—	807,504	—	807,504	
Capital contribution received from non-controlling interests	—	—	—	—	—	—	398,367	398,367	
Acquisition of non-wholly owned subsidiaries	—	—	—	—	—	—	67,466	67,466	
Deemed disposal and acquisition of interests in via shares placement in subsidiaries	—	—	235	—	—	235	(235)	—	
At 31 December 2021	33,679	1,877,644	3,179	6,748	1,564,215	3,485,465	843,851	4,329,316	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 Group is principally engaged in (i) distribution, trading and processing of bulk commodities and related products in Hong Kong, Singapore and the PRC; and (ii) provision of securities and derivatives financial services, margin financing and fund management 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 2021. 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.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Sales from trading and processing of goods	34,028,873	15,570,497
Commission income and brokerage fees from the provision of financial services	87,650	65,151
Less: Sales taxes and levies	<u>(6,604)</u>	<u>(4,148)</u>
Revenue from contracts with customers	<u>34,109,919</u>	<u>15,631,500</u>
Gain from derivative trading	529,412	241,263
Interest income from loans to customers	1,417	1,450
Interest income from customers' segregated accounts	<u>4,152</u>	<u>1,891</u>
	<u>534,981</u>	<u>244,604</u>
Total revenue	<u><u>34,644,900</u></u>	<u><u>15,876,104</u></u>

Sales from trading and processing of goods

The Group trades and processes the bulk commodities and related products. 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, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	2021 Total <i>HK\$'000</i>
Geographical markets			
Hong Kong	131,881	58,383	190,264
Singapore	27,212,458	29,267	27,241,725
The PRC	6,677,930	—	6,677,930
	<u>34,022,269</u>	<u>87,650</u>	<u>34,109,919</u>
Total	<u>34,022,269</u>	<u>87,650</u>	<u>34,109,919</u>
Major products/services			
Trading and processing of bulk commodities	34,022,269	—	34,022,269
Commission income and brokerage fees	—	87,650	87,650
	<u>34,022,269</u>	<u>87,650</u>	<u>34,109,919</u>
Total	<u>34,022,269</u>	<u>87,650</u>	<u>34,109,919</u>
Time of revenue recognition			
At a point in time	<u>34,022,269</u>	<u>87,650</u>	<u>34,109,919</u>

Disaggregation of revenue from contracts with customers:

Segments	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	2020 Total <i>HK\$'000</i>
Geographical markets			
Hong Kong	111,314	47,576	158,890
Singapore	9,173,518	17,575	9,191,093
The PRC	6,281,517	—	6,281,517
	<u>15,566,349</u>	<u>65,151</u>	<u>15,631,500</u>
Total	<u>15,566,349</u>	<u>65,151</u>	<u>15,631,500</u>
Major products/services			
Trading and processing of bulk commodities	15,566,349	—	15,566,349
Commission income and brokerage fees	—	65,151	65,151
	<u>15,566,349</u>	<u>65,151</u>	<u>15,631,500</u>
Total	<u>15,566,349</u>	<u>65,151</u>	<u>15,631,500</u>
Time of revenue recognition			
At a point in time	<u>15,566,349</u>	<u>65,151</u>	<u>15,631,500</u>

(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 2021, the Group's reportable and operating segments are as follows:

- (i) Distribution, trading and processing business — distribution, trading and processing 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 securities and derivatives financial services, margin financing and fund management 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 2021

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>34,022,269</u>	<u>622,631</u>	<u>34,644,900</u>
Segment profit	<u>963,212</u>	<u>314,661</u>	1,277,873
Finance costs	<u>(4,939)</u>	<u>(192)</u>	(5,131)
Unallocated other income, gain and loss			14,286
Share of profits of associate			19,045
Corporate expenses and other finance costs			<u>(11,373)</u>
Profit before taxation			<u>1,294,700</u>

Year ended 31 December 2020

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>15,566,349</u>	<u>309,755</u>	<u>15,876,104</u>
Segment profit	<u>442,945</u>	<u>99,585</u>	542,530
Finance costs	<u>(18,707)</u>	<u>(397)</u>	(19,104)
Unallocated other income, gain and loss			20,077
Corporate expenses and other finance costs			<u>(11,231)</u>
Profit before taxation			<u>532,272</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, share of profits of associate, 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 2021

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>4,502,207</u>	<u>4,334,667</u>	8,836,874
Current tax recoverable	<u>16,982</u>	—	16,982
Unallocated property, plant and equipment and right-of-use assets			4,049
Unallocated prepayments, deposits and other receivables			1,740
Interest in an associate			234,995
Unallocated cash and bank balances			<u>641</u>
Consolidated assets			<u>9,095,281</u>
Segment liabilities	<u>1,199,406</u>	<u>3,458,692</u>	4,658,098
Trust receipt loans	<u>38,656</u>	—	38,656
Current tax payable	<u>38,517</u>	<u>25,203</u>	63,720
Unallocated accruals and other payables			1,277
Unallocated lease liabilities			<u>4,214</u>
Consolidated liabilities			<u>4,765,965</u>

As at 31 December 2020

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>2,177,096</u>	<u>1,821,828</u>	3,998,924
Current tax recoverable	<u>2,478</u>	<u>—</u>	2,478
Unallocated property, plant and equipment and right-of-use assets			8,099
Unallocated prepayments, deposits and other receivables			1,531
Unallocated cash and bank balances			<u>390</u>
Consolidated assets			<u>4,011,422</u>
Segment liabilities	<u>691,508</u>	<u>1,417,866</u>	2,109,374
Current tax payable	<u>27,496</u>	<u>24,188</u>	51,684
Unallocated accruals and other payables			696
Unallocated lease liabilities			<u>8,239</u>
Consolidated liabilities			<u>2,169,993</u>

Other segment information:

	Distribution, trading and processing HK\$'000	Financial services HK\$'000	Total HK\$'000
Year ended 31 December 2021			
<i>Amounts included in the measure of segment results or segment assets:</i>			
Additions of property, plant and equipment	130,638	773	131,411
Depreciation of property, plant and equipment	7,813	689	8,502

	Distribution, trading and processing HK\$'000	Financial services HK\$'000	Total HK\$'000
Year ended 31 December 2020			
<i>Amounts included in the measure of segment results or segment assets:</i>			
Additions of property, plant and equipment	2,323	390	2,713
Depreciation of property, plant and equipment	4,333	736	5,069

Geographical information:

	Revenue		Non-current assets	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	193,221	160,550	13,837	9,583
Singapore	27,773,749	9,434,037	10,698	18,407
The PRC	6,677,930	6,281,517	466,898	50
	34,644,900	15,876,104	491,433	28,040

In presenting the geographical information, revenue is based on the location where the business activities were carried out. Information about major customers:

Revenue from one (2020: one) customer from the Group's distribution, trading and processing business segment contributing over 10% of the total revenue of the Group represents approximately HK\$5,478,656,000 (2020: HK\$2,499,705,000).

4. OTHER INCOME, GAIN AND LOSS

	2021 <i>HK\$'000</i>	2020 HK\$'000
Interest income on bank deposits	4,082	15,703
Net foreign exchange gain	23,221	28,176
Impairment loss on loans to customers	—	(3,700)
Reversal of impairment loss on loans to customers	5,000	—
Gain on bargain purchase arising from acquisitions	5,897	—
Government subventions	—	3,337
Others	1,074	2,534
	<u>39,274</u>	<u>46,050</u>

5. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bills discounting interest expenses and interest expenses on trust receipt loans	4,824	18,629
Lease interest expenses	549	874
	<u>5,373</u>	<u>19,503</u>

6. INCOME TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax		
— Hong Kong Profits Tax		
— Provision for the year	339	1,792
— PRC Corporate Income Tax		
— Provision for the year	19,233	—
— Singapore Corporate Income Tax		
— Provision for the year	66,570	32,526
— Over-provision for prior year	—	(2,387)
Deferred tax	5,938	—
	<u>92,080</u>	<u>31,931</u>

Hong Kong Profits Tax is calculated at 16.5% (2020: 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%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2020.

Singapore Corporate Income Tax is provided using the Singapore standard rate of income tax of 17% or the concession rate of 5% for the years ended 31 December 2021 and 2020. 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 and further revised in late 2019, certain qualified income generated during the year ended 31 December 2020 from the distribution and trading business of the Group has been charged at a tax concessionary rate of 5% since then. Any other income not qualified for the GTP incentive has been charged at the standard rate of 17% during the year ended 31 December 2021 and 2020.

Besides, Theme International VCC, a partially-owned subsidiary of the Company which is incorporated in Singapore has been awarded by the Monetary Authority of Singapore as a Tax Exemption Scheme for Resident Funds with effect from 7 September 2020.

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.

7. PROFIT FOR THE YEAR

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of inventories recognised as expenses	32,927,238	15,132,397
Depreciation		
— Property, plant and equipment	8,502	5,069
— Right-of-use assets	9,694	8,668
Auditors' remuneration		
— audit services	1,100	830
— non-audit services	234	183
	1,334	1,013
Expenses related to short-term leases	29	17
	<u> </u>	<u> </u>

8. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2021 (2020: 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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>997,967</u>	<u>445,977</u>
	2021 <i>'000</i>	2020 <i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>12,948,851</u>	<u>11,841,345</u>

(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 2021 and 2020.

10. INTEREST IN AN ASSOCIATE

	2021 <i>HK\$'000</i>
Unlisted investments in the PRC:	
At cost	
Share of net assets	192,555
Goodwill	12,993
Due from an associate (<i>Note</i>)	<u>29,447</u>
	<u>234,995</u>

Note:

The amount due from an associate is unsecured, bears interest at 8.4% per annum and the settlement date could be extendable even though the initial term is one year period from drawing.

The following table shows information of an associate that is material to the Group. This associate is accounted for in the consolidated financial statements using the equity method.

Name:	連雲港恆鑫通礦業有限公司
Principal place of business and place of incorporation:	The PRC
Principal activities:	Ore commodity trading and processing
% of ownership interests/voting rights held by the Group:	40%

11. INVENTORIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Finished goods	<u>1,241,564</u>	<u>766,573</u>

Included in the inventories are approximately of HK\$17,029,000 (2020: HK\$13,106,000) precious metal commodities which are measured at fair value less costs to sell at the end of the reporting period.

12. LOANS TO CUSTOMERS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loans to customers	26,847	26,872
Provision for impairment	<u>(4,090)</u>	<u>(9,090)</u>
	<u>22,757</u>	<u>17,782</u>
Current assets	13,157	16,782
Non-current assets	<u>9,600</u>	<u>1,000</u>
	<u>22,757</u>	<u>17,782</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	9,090	5,390
Provision for impairment recognised during the year	—	3,700
Reversal of provision made for the year	<u>(5,000)</u>	<u>—</u>
At 31 December	<u>4,090</u>	<u>9,090</u>

The fixed-rate loans to customers of HK\$26,847,000 (2020: HK\$26,872,000) as at 31 December 2021 and 2020 under the Group's loan financing services operation represent loan advances to three parties, represented 1 employee of the Group and 2 independent third parties and the treasury making through National Debt Reserves Repurchase in the securities brokers. Save as the loan due from the employee of the Group is unsecured, the remaining loans are secured by personal guarantee or the National Debt. The interest rates for the loans to customers were ranging from 4% to 12% (2020: 4% 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. During the year, the Group has arrived an understanding with one of the borrowers for relieving the outstanding loan due upon its settlement of HK\$5,000,000 and consequently reversing the provision for impairment. Accordingly, reversal of allowance of HK\$5,000,000 had been made for the year ended 31 December 2021.

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Less than 1 year	4,867	17,782
Between 1 and 2 years	<u>17,890</u>	<u>—</u>
	<u><u>22,757</u></u>	<u><u>17,782</u></u>

13. TRADE AND BILLS RECEIVABLES AND INTEREST RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade and bills receivables	1,847,131	1,031,815
Interest receivables	<u>2,346</u>	<u>199</u>
	<u><u>1,849,477</u></u>	<u><u>1,032,014</u></u>

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 have required the payments in advance prior to the issuance of goods sold and the remaining are on letter of credit or document against payment and their average credit period of 30 to 90 days (2020: 30 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:

	2021	2020
	HK\$'000	HK\$'000
Not yet due or within 90 days	<u>1,849,477</u>	<u>1,032,014</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 loans to customers as mentioned on note 12 to this announcement, the Directors consider that no allowance for bad and doubtful debts is required. No allowance for bad and doubtful debts are provided for trade receivables and bills receivables during the year and at the end of the reporting period.

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 2021					
Weighted average expected loss rate	0%	0%	0%	0%	0%
Receivable amount (HK\$'000)	1,849,477	—	—	—	1,849,477
Loss allowance (HK\$'000)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 31 December 2020					
Weighted average expected loss rate	0%	0%	0%	0%	0%
Receivable amount (HK\$'000)	1,032,014	—	—	—	1,032,014
Loss allowance (HK\$'000)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

14. ACCOUNTS RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Arising from the business of dealing in futures contracts:		
— Brokers and dealers		
— Representing customer balances	2,070,527	748,736
— Representing house balances	<u>236,581</u>	<u>390,851</u>
	<u>2,307,108</u>	<u>1,139,587</u>
Arising from financial services provided:		
— Customers	<u>9,330</u>	<u>3,162</u>
	<u><u>2,316,438</u></u>	<u><u>1,142,749</u></u>

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.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade deposits	486,525	43,196
Prepayments	2,957	17,459
VAT receivables	12,437	2,065
Deposit and other receivables	<u>73,746</u>	<u>44,762</u>
	<u><u>575,665</u></u>	<u><u>107,482</u></u>

16. TRADE AND BILLS PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	724,448	412,548
Bills payables	8,106	85,594
	<u>732,554</u>	<u>498,142</u>

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 90 days	712,496	486,491
90–180 days	19,613	9,182
181–365 days	66	1,992
Over 1 year	379	477
	<u>732,554</u>	<u>498,142</u>

17. ACCOUNTS PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Arising from the business of dealing in futures contracts	<u>2,817,402</u>	<u>1,015,171</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.

18. SHARE CAPITAL

	<i>Notes</i>	Number of ordinary shares of HK\$0.0025 each (‘000)	<i>HK\$’000</i>
Authorised:			
At 1 January 2020, 31 December 2020 and 2021		200,000,000	500,000
Issued and fully paid:			
At 1 January 2020, 31 December 2020 and 1 January 2021		11,841,345	29,604
Issue of new shares under General Mandate			
— on 25 February 2021	<i>(i)</i>	815,000	2,037
— on 29 June 2021	<i>(ii)</i>	815,000	2,038
At 31 December 2021		13,471,345	33,679

Note:

- (i) For the first issue of new shares under General Mandate, on 25 February 2021, a total 815,000,000 new ordinary shares of par value of HK\$0.0025 each of the Company were issued at HK\$0.241 per subscription share with an aggregate consideration of approximately HK\$196,415,000, of which approximately HK\$2,037,000 was credited to share capital and the remaining balance of approximately HK\$194,300,000 (net of issuing expenses of approximately HK\$78,000) was credited to the share premium account. The first issue of new shares under General Mandate was completed on 25 February 2021. For details, please refer to the announcements of the Company dated 20 January 2021, 22 January 2021, 25 January 2021 and 25 February 2021.
- (ii) For the second issue of new shares under General Mandate, on 29 June 2021, a total 815,000,000 new ordinary shares of par value of HK\$0.0025 each of the Company were issued at HK\$0.75 per subscription share with an aggregate consideration of approximately HK\$611,250,000, of which approximately HK\$2,038,000 was credited to share capital and the remaining balance of approximately HK\$609,129,000 (net of issuing expenses of approximately HK\$83,000) was credited to the share premium account. The second issue of new shares under General Mandate was completed on 29 June 2021. For details, please refer to the announcements of the Company dated 31 May 2021 and 29 June 2021.

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 2021 (the “**Year**”), the Group’s net profit was approximately Hong Kong dollars (“**HK\$**”) 1,202,620,000, as compared to the profit of approximately HK\$500,341,000 for the year ended 31 December 2020 (the “**Corresponding Year**”).

The Group’s increase in profit was mainly due to the stable performance of the distribution, trading and processing 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\$963,212,000 in the Year, representing an increase of approximately 117% compared to approximately HK\$442,945,000 in the Corresponding Year. The financial service business has recorded a segment profit before interest and tax of approximately HK\$314,661,000 in the Year when compared to approximately HK\$99,585,000 in the Corresponding Year.

Gross profit of the Group also increased to approximately HK\$1,469,019,000 in the Year from approximately HK\$627,552,000 in the Corresponding Year. The increase in gross profit were attributable to: (i) the stable performance of the distribution, trading and processing business, mainly due to China’s success in combating the COVID-19 and recovery of the economy; and (ii) the steady development of the Group’s financial services business segment.

Since last year, China has controlled and contained the outbreak of COVID-19 effectively. The economy recovered quickly and the demand has grown exponentially. The Group continues to focus on its development and expansion in China.

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 management.

In 2021, the financial services segment of the Group continued to have good performance. In December 2020, the Monetary Authority of Singapore has approved the registration of a subsidiary of the Group as a Registered Fund Management Company. Besides existing regulated licences in Hong Kong, the Group has obtained Capital Market Services (CMS) License from the Monetary Authority of Singapore in Singapore in October 2021 to offer inter-dealer broking services and Global Clearing Services as well as Contract for Differences (CFDs) offerings in Singapore. The Group’s financial services, including clearing and inter-dealer broking services, also 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 78 at 31 December 2020 to 315 at 31 December 2021 with employees located across Hong Kong, Singapore, the PRC and the United Kingdom. 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, 31 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Theme International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in (i) distribution, trading and processing of bulk commodities and related products in Hong Kong, Singapore and the PRC; and (ii) provision of securities and derivatives financial services, margin financing and fund management in Hong Kong and Singapore.

Financial and Business Review

Revenue, profit for the year and basic earnings per share of the Group for the years ended 31 December 2021 and 2020 are summarised as follows:

	Revenue		Profit for the year		Basic earnings per share	
	2021	2020	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
From operations	<u>34,644,900</u>	<u>15,876,104</u>	<u>1,202,620</u>	<u>500,341</u>	<u>HK7.71 cents</u>	<u>HK3.77 cents</u>

The Group recorded a total revenue of approximately HK\$34,644,900,000 (2020: approximately HK\$15,876,104,000) for the year ended 31 December 2021 (the “**Year**”) representing an increase of approximately 118% over the year ended 31 December 2020 (the “**Corresponding Year**”). Further analysis of the Group’s revenue in the Year and Corresponding Year is as follows:

	2021	2020
	Revenue	Revenue
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Products</i>		
Iron Ore	14,977,860	12,739,963
Silver ingots and gold	14,264,765	1,680,390
Other commodities and processing income (<i>Note</i>)	<u>4,779,644</u>	<u>1,145,996</u>
Distribution, trading and processing	34,022,269	15,566,349
Financial Services	<u>622,631</u>	<u>309,755</u>
	<u>34,644,900</u>	<u>15,876,104</u>

Note: Other commodities mainly represent steel products, nickel ore and chrome ore, etc.

The distribution, trading and processing business contributed to the majority of the Group’s revenue in the Year. Iron ore trading represented the main commodity product of the distribution, trading and processing business. During the Year, we also have other commodities trading such as silver and gold ingots, chrome ore, nickel ore and

steel products. Revenue from the distribution, trading and processing business increased from approximately HK\$15,566,349,000 in the Corresponding Year to approximately HK\$34,022,269,000 in the Year. The increase in sales was mainly due to the increase in sales of trading business of silver ingots and gold during the Year. Such silver ingots and gold trading business was still in the beginning stage in the Corresponding Year.

During the Year, the Group recorded revenues from the provision of financial services approximately HK\$622,631,000 (2020: approximately HK\$309,755,000). The increase in revenue during the Year was due to the stable development of the financial services segment, which led to the increase in demand for commodity-related derivatives financial services.

Gross profit of the Group also increased to approximately HK\$1,469,019,000 in the Year from approximately HK\$627,552,000 in the Corresponding Year. The increase in gross profit was attributable to: (i) the stable performance of the distribution, trading and processing business, mainly due to China's success in combating the COVID-19 and recovery of the economy; and (ii) the steady development of the Group's financial services business segment.

Other gain of approximately HK\$39,274,000 (2020: other gain of approximately HK\$46,050,000) was incurred during the Year, mainly due to the decrease in interest income on bank deposits.

Selling and distribution expenses of approximately HK\$5,078,000 (2020: approximately HK\$13,446,000) were incurred during the Year, mainly attributable to the charges paid when importing cargoes into China.

Administrative expenses have increased from approximately HK\$108,381,000 in the Corresponding Year to approximately HK\$222,187,000 in the Year. It was mainly attributable to the increase in staff cost as a result of the good operating performance and increase in headcounts due to business expansion.

Finance costs of approximately HK\$5,373,000 (2020: approximately HK\$19,503,000) 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. The decrease was mainly due to the facts that banks have tightened their credit control amid the COVID-19 pandemic and that one of the Group's sponsor banks fully exited commodity financing business in Asia in 2021.

Share of profits of an associate totaling approximately HK\$19,045,000 was recorded during the Year (2020: Nil).

Income tax expense increased from approximately HK\$31,931,000 in the Corresponding Year to approximately HK\$92,080,000 in the Year, which is in line with the increase in profits.

The profit for the Year attributable to owners of the Company increased from approximately HK\$445,977,000 in the Corresponding Year to approximately HK\$997,967,000 in the Year. The increase in profit was mainly attributable to the increases in the gross profits and shares of profits of an associate aforementioned, where were partially set off by increases in administrative expenses and income tax expenses.

The Group recorded a basic earnings per share of approximately HK7.71 cents in the Year, as compared to a basic earnings per share of approximately HK3.77 cents in the Corresponding Year.

Future Prospects

The Group will focus on the continuing development of the financial services business and the distribution, trading and processing business in 2022.

(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 markets), provision of futures and derivatives products, provision of services for global exchanges, provision of margin financing and money lending business in Hong Kong.

— 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 lender's 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).

— *Assets Management and Fund Management*

In December 2020, the Monetary Authority of Singapore has approved the registration of a subsidiary of the Group as a Registered Fund Management Company.

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 existing regulated licences in Hong Kong, the Group has obtained Capital Market Services (CMS) License from the Monetary Authority of Singapore in Singapore in October 2021 to offer inter-dealer broking services and Global Clearing Services as well as Contract for Differences (CFDs) offerings in Singapore.

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 compelling business opportunities to the Group and will diversify its business scope with a view to delivering better returns to the Company and its shareholders.

(ii) Distribution, Trading and Processing Business

Since last year, China has controlled and contained the outbreak of COVID-19 effectively. The economy recovered quickly and the demand has grown exponentially. The Group continues to focus on its development and expansion in China.

In 2021, the Group has acquired a few iron ore processing plants in China, to expand its business horizon and supplement its trading business. The Group will actively seek other acquisition opportunities in future.

FUND RAISING ACTIVITIES

First issue of new shares under the General Mandate

On 20 January 2021, the Company entered into certain subscription agreements with no fewer than 6 independent third parties to allot and issue an aggregate of 815,000,000 new shares of the Company at the subscription price of HK\$0.241 per subscription share. These subscription agreements have been fulfilled and the completion of the subscription took place on 25 February 2021. The gross proceeds from the subscription was approximately HK\$196,415,000. The entire net proceeds from the subscription are to be applied for the settlement of some of the payment for the purchase of iron ore which is due in the first quarter of 2021.

Details of the subscription are set out in the announcements of the Company dated 20 January 2021, 22 January 2021, 25 January 2021 and 25 February 2021, and in the “Use of Proceeds” section below.

Second issue of new shares under the General Mandate

On 31 May 2021, the Company entered into certain subscription agreements with no fewer than 6 independent third parties to allot and issue an aggregate of 815,000,000 new shares of the Company at the subscription price of HK\$0.75 per subscription share. These subscription agreements have been fulfilled and the completion of the subscription took place on 29 June 2021. The gross proceeds from the subscription was approximately HK\$611,250,000. The net proceeds from the Subscription will be used as working capital for the Group to expand its business in China, especially steel trading business and concentrating plants investment business, subject to market conditions and business opportunities as and when arise.

Details of the subscription are set out in the announcements of the Company dated 31 May 2021 and 29 June 2021, and in the “Use of Proceeds” section below.

Save as disclosed above, the Company has not conducted any equity fund raising activities for the year ended 31 December 2021 and the period immediately prior to the date of this annual result announcement.

USE OF PROCEEDS

The Company has conducted the following equity fund raising activities during the year ended 31 December 2021 and subsequently after 31 December 2021:

Date of announcements	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds as at 31 December 2021
20 January 2021, 22 January 2021, 25 January 2021 and 25 February 2021	Subscription of new shares under the general mandate	HK\$196.3 million	Settlement of some payment for the purchase of iron ore due in the first quarter of 2021	Used as intended
31 May 2021 and 29 June 2021	Subscription of new shares under the general mandate	HK\$611.2 million	As working capital for the Group to expand its business in China, especially steel trading business and concentrating plants investment business	Used as intended. Approximately HK\$267.3 million used for acquisition of 60% of 大鵬礦業有限公司 and formation of the joint venture named 福建競點合金有限公司, as showed in the announcements dated 20 July 2021 and 28 August 2021. The remaining of approximately HK\$343.9 million was used for business expansion in China, mainly the set-up of new subsidiaries in China for continuous development of the distribution, trading and processing activities.

Save as disclosed above, the Company has not conducted any other equity fund raising activities for the year ended 31 December 2021 and the period immediately prior to the date of this annual result announcement.

SIGNIFICANT EVENTS

Saved as the first and second issues of new shares under the General Mandate as shown in “Fund Raising Activities” and the events as shown in “Material Acquisitions and Disposals”, the Directors are not aware of any significant events that have taken place during the year ended 31 December 2021.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any events that have taken place subsequent to 31 December 2021 and up to the date of this annual result announcement.

CHARGES ON ASSETS

Save for the restricted deposits of approximately HK\$29,390,000 (2020: approximately HK\$85,598,000) 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 2021.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had no material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS

On 20 August 2021, 億皇國際有限公司 (King Topwell International Limited*) (“**King Topwell**”), a wholly-owned subsidiary of the Company, entered into a joint venture agreement (“**Joint Venture Agreement**”) with 中天鋼鐵集團有限公司 (Zenith Steel Group Co., Ltd.*) (“**Zenith Steel**”), 山西晉南鋼鐵集團有限公司 (Shanxi Jinnan Iron and Steel Group Co., Ltd.*) (“**Shanxi Jinnan**”) and 永鋒集團有限公司 (Yongfeng Group Co., Ltd.*) (“**Yongfeng Group**”), for the formation of a joint venture in PRC (“**Joint Venture**”). The registered capital of the Joint Venture is expected to be RMB1,000 million. Pursuant to the Joint Venture Agreement, the Joint Venture shall be, after its formation, owned as to 51% by the Company, 20% by Zenith Steel, and 20% by Shanxi Jinnan and 9% by Yongfeng Group. For details, please refer to the announcement of the Company dated 20 August 2021.

During the year ended 31 December 2021, save as disclosed, there is no material acquisition or disposal of subsidiaries, associates and joint ventures, which requires disclosures under the Listing Rules.

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.

Price risk

The Group's financial assets at fair value through profit or loss and derivative instruments are measured at fair value at the end of reporting period. Therefore, the Group is exposed to equity security and forward contract price risk. The Group manages this exposure by maintaining a portfolio of investments with different risk profiles.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group's net current assets were approximately HK\$3,849,017,000 (2020: approximately HK\$1,821,332,000), and its net assets were approximately HK\$4,329,316,000 (2020: approximately HK\$1,841,429,000). As at 31 December 2021, the Group had outstanding loans and other borrowings of approximately HK\$38,656,000 (2020: approximately HK\$Nil).

As at 31 December 2021, the current ratio (defined as current assets divided by current liabilities) was approximately 1.81 (2020: approximately 1.84) and the gearing ratio (defined as loans and other borrowings divided by net assets) was 0.009 (2020: Nil).

As at 31 December 2021, the Group had an undrawn banking letter of credit limit totalling approximately US\$212,185,000, equivalent to approximately HK\$1,655,043,000 (2020: US\$226,394,000, equivalent to approximately HK\$1,765,873,000).

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

The capital expenditure of the Group for the Year was approximately HK\$131,411,000 (2020: approximately HK\$2,713,000) for addition of property, plant and equipment, and approximately HK\$57,119,000 (2020: Nil) for increase in property, plant and equipment arising from the acquisition of new subsidiaries.

As at 31 December 2021, the Group had no material capital expenditure commitments (2020: Nil).

As at 31 December 2021, the Group had capital commitments of approximately HK\$430,767,000 in relation to the formation of a joint venture in the PRC (2020: Nil).

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except as disclosed in this annual result announcement, as at 31 December 2021, the Group does not have any other plans for material investments or capital assets.

HUMAN RESOURCES

As at 31 December 2021, the Group had 315 employees in total (2020:78), consisting of 10 employees in Hong Kong, 73 employees in Singapore, 230 employees in the PRC and 2 employees in the United Kingdom. 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 2021, the Group had equity attributable to owners of the Company of approximately HK\$3,485,465,000 (2020: approximately HK\$1,669,794,000). During the year ended 31 December 2021 and up to the date of this annual result announcement, save as disclosed in the section headed "Fund Raising Activities", the Company did not carry out other equity fund raising activities.

DIVIDENDS

The Board did not recommend the payment of dividends for the year ended 31 December 2021 (2020: 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 2021.

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 in the Corporate Governance Code effective on or before 31 December 2021 ("CG Code") A.2.1 and E.1.2 (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 2021.

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 until identification of a suitable candidate. Mr. Wu Lei, executive director of the Company, temporarily acted as the role of chairman during the Year. Mr. Jiang Jiang has been the CEO of the Company during the Year.

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 until identification of a suitable candidate. From 3 March 2020, the position of chairman has been temporarily acted by Mr. Wu Lei, the executive director of the Company to fill the casual vacancy. Mr. Wu Lei has attended the annual general meeting held on 30 June 2021.

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 2021.

AUDIT COMMITTEE

As at 31 December 2021, the audit committee of the Company comprises one non-executive director and two independent non-executive directors of the Company, namely Ms. Kent Shun Ming (Chairlady of the audit committee), Mr. Wu Shiming and Mr. Ding Lin. 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 2021.

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 2021 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 2021. 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 2021 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, 31 March 2022

As at the date of this announcement, the executive Directors are Mr. Jiang Jiang, Mr. Wu Lei and Ms. Chen Jing; the non-executive Directors are Mr. Ding Lin, Mr. Wang Zhenhui and Mr. Kang Jian; and the independent non-executive Directors are Mr. Liu Song, Ms. Kent Shun Ming and Mr. Wu Shiming.