



# Contents

CORPORATE INFORMATION	2
DIRECTORS' STATEMENT	5
MANAGEMENT DISCUSSION AND ANALYSIS	7
DIRECTORS' REPORT	16
BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT	34
CORPORATE GOVERNANCE REPORT	37
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT	50
CONSOLIDATED FINANCIAL STATEMENTS	
INDEPENDENT AUDITOR'S REPORT	68
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	72
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	73
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	75
CONSOLIDATED STATEMENT OF CASH FLOWS	76
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	78
FIVE-YEAR FINANCIAL SUMMARY	146



# Corporate Information

## Directors

### Executive Directors

Mr. Jiang Jiang (*Chief Executive Officer*)

Mr. Wu Lei (*Chief Financial Officer*)

Ms. Chen Jing

### Non-Executive Director

Mr. Ding Lin (Note 1)

Mr. Wang Zhenhui (Note 2)

Mr. Kang Jian

### Independent Non-Executive Directors

Ms. Kent Shun Ming (Note 4)

Mr. Wu Shiming

Mr. Liu Song

Mr. Chan Chi Ming, Tony (Note 3)

### Audit Committee

Ms. Kent Shun Ming (*Chairlady*) (Note 4)

Mr. Wu Shiming

Mr. Ding Lin (Note 6)

Mr. Liu Song (Note 5)

Mr. Chan Chi Ming, Tony (Note 3)

### Remuneration Committee

Ms. Kent Shun Ming (*Chairlady*) (Note 4)

Mr. Wu Shiming

Mr. Liu Song (Note 5)

Mr. Chan Chi Ming, Tony (Note 3)

### Nomination Committee

Ms. Kent Shun Ming (*Chairlady*) (Note 4)

Mr. Wu Shiming

Mr. Liu Song

Mr. Chan Chi Ming, Tony (Note 3)

Notes:

- (1) Appointed on 21 May 2021
- (2) Appointed on 21 July 2021
- (3) Resigned on 28 August 2021
- (4) Appointed on 28 August 2021
- (5) Ceased to act as a member on 28 August 2021
- (6) Appointed to act as a member on 28 August 2021

# Corporate Information

## Authorised Representatives

Mr. Wu Lei  
Ms. Chen Jing

## Company Secretary

Mr. Ho Yui Pang (*FCCA, ACS*)

## Auditor

ZHONGHUI ANDA CPA Limited  
23/F, Tower 2, Enterprise Square Five  
38 Wang Chiu Road  
Kowloon Bay, Kowloon  
Hong Kong

## Legal Advisers on Bermuda Law

Conyers Dill & Pearman  
29th Floor, One Exchange Square  
8 Connaught Place, Central  
Hong Kong

## Legal Advisers on Hong Kong Law

Li & Partners  
22/F, World Wide House  
Central, Hong Kong

## Registered Office

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## Head Office & Principal Place of Business in Hong Kong

Unit 3401-03, 34/F., China Merchants Tower, Shun Tak Centre  
168-200 Connaught Road Central  
Sheung Wan  
Hong Kong

# Corporate Information

## Principal Bankers

Bank of China (Hong Kong) Limited  
Chiyu Banking Corporation Limited  
Industrial Bank Co. Ltd.  
Oversea-Chinese Banking Corporation Limited  
United Overseas Bank Limited  
ING Bank N.V.  
ABN AMRO BANK N.V.  
Industrial and Commercial Bank of China Limited  
Shanghai Pudong Development Bank Company Limited  
Bank of China Limited  
China Everbright Bank Co., Ltd.

## Principal Share Registrar in Bermuda

Conyers Corporate Services (Bermuda) Limited  
Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## Branch Share Registrar & Transfer Agent in Hong Kong

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre, 183 Queen's Road East  
Wanchai, Hong Kong

## Stock Code

990

## Website

[www.990.com.hk](http://www.990.com.hk)





## 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.

## Directors' Statement

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
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
From operations	<b>34,644,900</b>	15,876,104	<b>1,202,620</b>	500,341	<b>HK7.71 cents</b>	HK3.77 cents

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

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



## Management Discussion and Analysis

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).

# Management Discussion and Analysis

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.

# Management Discussion and Analysis

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.





# Management Discussion and Analysis

## 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 report.

# Management Discussion and Analysis

## 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 report.

## 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.



# Management Discussion and Analysis

## 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 report.

## 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.



# Management Discussion and Analysis

## 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 other comprehensive income, 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.



# Management Discussion and Analysis

## 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 non-wholly owned subsidiary in the PRC (2020: Nil).

## FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except as disclosed in this annual report, 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 report, save as disclosed in the section headed "Fund Raising Activities", the Company did not carry out other equity fund raising activities.

\* For identification purposes only

# Directors' Report

The Board submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2021.

## Principal Activities and Business Review

Theme International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in (i) Distribution, trading and processing business — 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.

Particulars of the activities of the Company’s principal subsidiaries during the year are set out in note 40 to the consolidated financial statements. Further discussion and analysis of these activities is required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group’s business, can be found in the Management Discussion and Analysis set out on pages 7 to 15 of this Annual Report. This discussion forms part of this Directors’ Report.

## Financial Results

The results of the Group for the year ended 31 December 2021 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 72 to 145.

## Segment Information

The analysis of the Group’s revenue and the contribution to results by principal activities for the year ended 31 December 2021 is set out in note 7 to the consolidated financial statements.

## Dividends

The Board does not recommend the payment of a dividend for the year ended 31 December 2021 (2020: Nil).

## Share Capital

Details of movements in the share capital of the Company during the year ended 31 December 2021 are set out in note 34 to the consolidated financial statements.

## Equity Linked Agreements

No equity linked agreements were entered into by the Company during the year ended 31 December 2021 or subsisted at the end of the year.





# Directors' Report

## Reserves

Details of the movements in reserves of the Company and the Group during the year ended 31 December 2021, are set out in note 35 to the consolidated financial statements and in the consolidated statement of changes in equity on page 75 of this annual report, respectively.

## Distributable Reserves

The Company has no reserves, comprising share premium and accumulated losses, which are available for distribution to shareholders as at 31 December 2021 (2020: no reserves available for distribution).

Pursuant to the Bermuda Companies Act 1981 (as amended), the Company's share premium account of approximately HK\$1,877,644,000 (2020: approximately HK\$1,074,215,000) can be distributed in the form of fully paid shares.

## Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

## Donations

During the year ended 31 December 2021, the Group made charitable donations of approximately HK\$294,000 (2020: HK\$171,000).

## Five Years Financial Summary

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 146. This summary does not form part of the audited financial statements.

## Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities in the year ended 31 December 2021.

# Directors' Report

## Directors

The directors of the Company during the year and up to the date of this annual report were:

### Executive Directors:

Mr. Jiang Jiang (*Chief Executive Officer*)

Mr. Wu Lei (*Chief Financial Officer*)

Ms. Chen Jing

### Non-Executive Director

Mr. Ding Lin (*appointed on 21 May 2021*)

Mr. Wang Zhenhui (*appointed on 21 July 2021*)

Mr. Kang Jian

### Independent Non-Executive Directors:

Ms. Kent Shun Ming (*appointed on 28 August 2021*)

Mr. Wu Shiming

Mr. Liu Song

Mr. Chan Chi Ming, Tony (*resigned on 28 August 2021*)

## Independence Confirmation

The Company has received from each of independent non-executive directors an annual confirmation of independence pursuant to the Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and considers all the independent non-executive directors to be independent.

## Directors' Emoluments

Particulars as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in note 12 to the consolidated financial statements.

## Biographical Details of Directors and Senior Management

Biographical details of the directors and senior management of the Company are set out on pages 34 to 36 of this Annual Report.

# Directors' Report

## Directors' Service Contracts

As at 31 December 2021, Mr. Jiang Jiang, Mr. Wu Lei and Ms. Chen Jing are executive directors of the Company. They have entered into service agreements with the Group. The service agreements shall be valid unless terminated by either party by giving a one month's written notice.

Mr. Ding Lin, Mr. Wang Zhenhui and Mr. Kang Jian have entered into appointment letters with the Company in relation to their appointment as non-executive directors for a term of one year expiring on 20 May 2022, 20 July 2022 and 3 March 2023, respectively, unless terminated by at least one month's written notice served by either party at any time during the then existing term.

Ms. Kent Shun Ming, Mr. Wu Shiming and Mr. Liu Song are independent non-executive directors of the Company. Ms. Kent Shun Ming, Mr. Wu Shiming and Mr. Liu Song were appointed for a one-year term expiring on 27 August 2022, 21 May 2022 and 7 August 2022 respectively, and their appointment letters shall be valid unless terminated by at least one months' written notice served by either party at any time during the then existing term.

Save as disclosed above, none of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## Directors' Interests in Contracts

Except for those disclosed in the section headed "Connected Transactions" below, no contract, transaction or arrangement of significance, to which the Company, its subsidiaries, its controlling shareholder or holding company or any of its subsidiaries was a party and in which a director of the Company or entity connected with a director is or was materially interested, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## Management Contracts

Saved as disclosed in this annual report, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Save as disclosed in this annual report, no contracts of significance (as that term is used in Appendix 16 of the Listing Rules) in relation to the business of the Group, to which the Company, its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Save as disclosed in this annual report, no contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted at the end of year or at any time during the year.



## Directors' Report

Save as disclosed in this annual report, no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries subsisted at the end of the year or at any time during the year.

### Director's Rights To Acquire Securities

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

### Update on Directors' Information Pursuant to Rule 13.51B(1) of the Listing Rules

In the twelve months ended 31 December 2021 and up to the date of this report, pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the directors are as follows:

Mr. Wu Shiming — appointed as an independent non-executive director of Jiujiuwang Food International Limited with effective from 18 February 2021.

Other than the information disclosed above, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### Directors' and Chief Executives' Long and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2021, the interests of the Directors and the chief executive and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

# Directors' Report

## Long Positions

### The Company

Name of Director	Capacity	Number of shares held	Percentage of the share capital of the Company (Note)
Ding Lin	Beneficial Owner	1,010,000	0.007%
Wang Zhenhui	Beneficial Owner	1,680,000	0.012%

Note:

The percentage of interest in the Company is calculated by reference to the number of shares of the Company in issue as at 31 December 2021, that is 13,471,344,631.

Other than as disclosed above, none of the Directors, chief executive nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as at 31 December 2021 that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

### Discloseable Interests and Short Positions of Persons other than Directors and Chief Executives

As at 31 December 2021, so far as known to the Directors or the chief executives of the Company, the following person is the shareholder (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange.

# Directors' Report

## Long position in shares of the Company

Name of substantial shareholder	Capacity and Nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital (note 3)
Mr. You Zhenhua (Note 1)	Beneficial Owner	3,840,000	0.03%
	Interest of a controlled corporation	8,494,967,176 (note 1)	63.06%
Mr. Liu Bin (Note 2)	Interests of controlled corporations	850,000,000 (note 2)	6.31%

### Notes:

- These shares are held by Wide Bridge Limited ("**Wide Bridge**"). Mr. You indirectly holds 100% interest in Wide Bridge. According to SFO, Mr. You is deemed to be interested in the shares held by Wide Bridge.
- ZTFO Holding Pte. Ltd and Toptip Holding Pte. Ltd. are interested in 515,000,000 shares and 335,000,000 shares of the Company, respectively. They are legally and beneficially owned as to 100% by Mr. Liu Bin. According to SFO, Mr. Liu Bing is deemed to have the interests owned by them.
- Based on the number of 13,471,344,631 shares of the Company in issue as at 31 December 2021.

Save as disclosed above, the Company has not been notified of any persons other than substantial shareholders who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 31 December 2021.

## Retirement Benefits Schemes

The Group mainly participates in social pension scheme, mandatory provident fund scheme and Central Provident Funds scheme for employees in China, Hong Kong and Singapore respectively. In 2021, the Group had no forfeited contributions available to the pension schemes in future years.

The Group's companies in Hong Kong participate in the Mandatory Provident Fund Scheme (the "**MPF Scheme**") which is registered under the Mandatory Provident Fund Schemes Ordinance in Hong Kong for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held in a separately administered fund. The Group contributes 5% of relevant monthly salaries of employees with a cap of monthly contributions of HK\$1,500 to the MPF Scheme. The Group's contributions to the MPF Scheme vest fully and immediately with the employees. Accordingly, there were no forfeited contributions available for the Group to reduce its existing level of contributions to the MPF Scheme.



## Directors' Report

The Group's company in the PRC participates in defined contribution retirement plans and other employee social security plans including pension, medical, other welfare benefits (the "**Defined Contribution Plans in the PRC**"), which are organised and administered by the relevant governmental authorities for all qualifying employees in the PRC. Each of the Group and the employees contribute to these plans based on certain percentages of relevant monthly salaries of employees, subject to a certain ceiling, as stipulated by the relevant regulations. The Group has no further payment obligation once the contributions have been paid. The Group's contributions to the Defined Contribution Plans in the PRC vest fully and immediately with the employees. Accordingly, there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Plans in the PRC.

The Group's companies in Singapore participate in the Central Provident Fund Scheme (the "**CPF Scheme**") which is registered under Central Provident Fund Act in Singapore for all qualifying employees in Singapore. The Group contributes to the CPF Scheme based on certain percentages of relevant monthly salaries of employees, subject to a certain ceiling, as stipulated by the relevant regulations. The Group has no further payment obligations once the contributions have been paid. The Group's contributions to the CPF Scheme vest fully and immediately with the employees. Accordingly, there were no forfeited contributions available for the Group to reduce its existing level of contributions to the CPF Scheme.

### Major Customers and Suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year ended 31 December 2021 is as follows:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	16.5%	
Five largest customers in aggregate	36.4%	
The largest supplier		16.0%
Five largest suppliers in aggregate		46.1%

At no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had any interest in these major customers and suppliers.

### Connected Transactions

During the year ended 31 December 2021, the Group had the following connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules. Such transactions were also disclosed in the transactions with non-controlling interests as disclosed in note 36 and the related party transactions as disclosed in note 39 to the consolidated financial statements in this annual report.

# Directors' Report

## 1. Continuing connected transactions

### (a) Service agreement entered into between the Company and Prosperity Steel United Singapore Pte Ltd ("PSU")

Pursuant to the announcement of the Company dated 29 December 2020, a service agreement was entered into between the Company and PSU, pursuant to which the Company can provide services to PSU (where applicable, including its close associates (as defined in the Listing Rules)), including the execution and clearing services for derivative products and the inter-dealer brokerage services. The period of the service agreement started from 1 January 2021 to 31 December 2023 (both dates inclusive), which can be terminated by either party with 7 days' prior written notice.

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

#### **Annual cap**

The following table is a summary of the transaction amount and the annual cap for the year ended 31 December 2021 for the transaction contemplated:

	<b>Transaction amount for the year ended 31 December 2021 HK\$'000</b>	<b>Annual cap for the year ended 31 December 2021 HK\$'000</b>
Revenue generated from the provision of the services to PSU	10,441	35,000

### (b) Service agreement entered into between the Company and E&F Resources Pte Limited ("E&F Resources")

Pursuant to the announcement of the Company dated 22 February 2019, a service agreement was entered into between the Company and E&F Resources, pursuant to which the Company can provide services to E&F Resources (where applicable, including its close associates (as defined in the Listing Rules)), including the execution and clearing services for derivative products and the inter-dealer brokerage services. The period of the service agreement started from the date of the Service Agreement to 31 December 2021 (both dates inclusive), which can be terminated by either party with 7 days' prior written notice.

E&F Resources is an associate of Mr. Gao Feng, who is a director of a subsidiary of the Company. Therefore, E&F Resources is a connected person of the Company at the subsidiary level. As such, the transaction contemplated by the service agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

## Directors' Report

### Annual cap

The following table is a summary of the transaction amount and the annual cap for the year ended 31 December 2021 for the transaction contemplated:

	<b>Transaction amount for the year ended 31 December 2021</b>	<b>Annual cap for the year ended 31 December 2021</b>
	HK\$'000	HK\$'000
Revenue generated from the provision of the services to E&F Resources	14,363	45,000

### (c) Master Sale and Purchase Agreement I entered into between the Company and Mr. You Zhenhua ("Mr. ZH You")

Pursuant to the announcement of the Company dated 12 August 2021, a master sale and purchase agreement I (the "**Master Sale and Purchase Agreement I**") was entered into between the Company and Mr. ZH You, pursuant to which the Company agrees to purchase and/or supply iron ore, steel products and nickel ore and Mr. ZH You and his associates from time to time ("**ZH You Group**") agrees to supply and/or purchase and/or procure the purchase and/or supply of iron ore, steel products and nickel ore in Singapore in accordance with the terms of Master Sale and Purchase Agreement I. The Master Sale and Purchase Agreement I is for a term of three financial years ending on 31 December 2023.

Mr. ZH You is the controlling shareholder, and hence a connected person of the Company. As such, the transactions contemplated under the Master Sale and Purchase Agreement I constitute continuing connected transactions of the Company and are therefore subject to the reporting, announcement and annual review requirements under chapter 14A of the Listing Rules.

### Annual cap

The following table is a summary of the transaction amount and the annual cap for the year ended 31 December 2021 for the transactions contemplated:

	<b>Transaction amount for the year ended 31 December 2021</b>	<b>Annual cap for the year ended 31 December 2021</b>
	HK\$'000	HK\$'000
Purchase or sale of iron ore, steel products and nickel ore from/to the ZHY Group	Nil	240,000



## Directors' Report

### (d) Master Sale and Purchase Agreement II and Supplemental Master Sale and Purchase Agreement II entered into between the Company and Mr. You Zhenwu (“Mr. ZW You”)

Pursuant to the announcement of the Company dated 12 August 2021 and 29 October 2021, a master sale and purchase agreement II (the “**Master Sale and Purchase Agreement II**”) and a supplemental master sale and purchase agreement II (the “**Supplemental Master Sale and Purchase Agreement II**”) were entered into between the Company and Mr. ZW You, pursuant to which the Company agrees to purchase and/or supply iron ore, steel products and nickel ore and Mr. ZW You and his associates from time to time (“**ZW You Group**”) agrees to supply and/or purchase and/or procure the purchase and/or supply of iron ore, steel products and nickel ore in the PRC and the Company agrees to provide or procure its subsidiary(ies) to provide the Processing Services to the ZWY Group in the PRC, in accordance with the terms of agreements. The Master Sale and Purchase Agreement II (including supplemental one) are for a term of three financial years ending on 31 December 2023.

Mr. ZH You is the controlling shareholder, and hence a connected person of the Company. Mr. ZW You is the brother of Mr. ZH You, and an associate of Mr. ZH You. Mr. ZW You is hence a connected person of the Company. As such, the transactions contemplated under the Logistic Services Framework Agreement constitute continuing connected transactions of the Company and are therefore subject to the reporting, announcement and annual review requirements under chapter 14A of the Listing Rules.

#### **Annual cap**

The following table is a summary of the transaction amount and the annual cap for the year ended 31 December 2021 for the transactions contemplated:

	<b>Transaction amount for the year ended 31 December 2021 HK\$'000</b>	<b>Annual cap for the year ended 31 December 2021 HK\$'000</b>
Purchase or sale of iron ore, steel products and nickel ore from/to the ZWY Group and the provision of the processing services by the Group to the ZWY Group	255,599	440,000

## Directors' Report

### (e) Logistic Services Framework Agreement entered into between the Company and Mr. ZW You

Pursuant to the announcement of the Company dated 12 August 2021, a logistic services framework agreement (the “**Logistic Services Framework Agreement**”) was entered into between the Company and Mr. ZW You, pursuant to which ZWY Group agrees to provide the logistic services to the Group in accordance with the terms of the Logistic Services Framework Agreement. The Master Sale and Purchase Agreement I is for a term of three financial years ending on 31 December 2023 (both days inclusive).

Mr. ZH You is the controlling shareholder, and hence a connected person of the Company. Mr. ZW You is the brother of Mr. ZH You, and an associate of Mr. ZH You. Mr. ZW You is hence a connected person of the Company. As such, the transactions contemplated under the Logistic Services Framework Agreement constitute continuing connected transactions of the Company and are therefore subject to the reporting, announcement and annual review requirements under chapter 14A of the Listing Rules.

#### **Annual cap**

The following table is a summary of the transaction amount and the annual cap for the year ended 31 December 2021 for the transactions contemplated:

	<b>Transaction amount for the year ended 31 December 2021 HK\$'000</b>	<b>Annual cap for the year ended 31 December 2021 HK\$'000</b>
--	--	--

Provision of Logistic Services from the ZWY Group to the Group	16,884	240,000
--	--------	---------

#### **Confirmations from independent non-executive Directors and reports from auditors**

The independent non-executive directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that the transactions have been entered into (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms or better; and (3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

## Directors' Report

The Company has engaged its auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (**"Revised"**) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their letter containing their findings and conclusions in respect of such continuing connected transactions set out above in accordance with the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

For the purpose of rule 14A.56 of the Listing Rules, the auditor of the Company has provided a letter to the Board confirming that in respect of the abovementioned continuing connected transactions covered in the Service Agreement (**"Disclosed Continuing Connected Transactions"**):

- (a) nothing has come to the auditor's attention to believe that the Disclosed Continuing Connected Transactions have not been approved by the Company's board of directors.
- (b) for transactions disclosed above, nothing has come to the auditor's attention to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- (c) nothing has come to the auditor's attention to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- (d) with respect to the transaction amounts for the year ended 31 December 2021 disclosed above, nothing has come to the auditor's attention to believe that the Disclosed Continuing Connected Transactions have exceeded the annual caps as set by the Company in respect of the continuing connected transactions.

### 2. Connected transactions

#### (a) Tenancy agreements entered into between the Company and PSU

Reference was made to announcement of the Company dated 16 August 2019, regarding the connected transactions of entering into tenancy agreements.

It was disclosed that, on 16 August 2019, Bright Point Trading Pte. Ltd. (as tenant) entered into tenancy agreement 1 (**"Tenancy Agreement 1"**) with PSU (as landlord) for the leasing of the premise 1 for a term of three years commencing from 16 August 2019 to 15 August 2022. Under the Tenancy Agreement 1, the rent-free period is 4.5 months. Bright Point Trading Pte. Ltd. shall pay the rent amounting to S\$37,503 (equivalent to HK\$211,892) per calendar month (exclusive of taxes) and the service charge amounting to S\$4,686 (equivalent to HK\$26,476) per calendar month in advance without deduction or set off on the first day of each calendar month.



## Directors' Report

Also, on the same day, BPI Trading (SG) Pte. Ltd. (as tenant) entered into the tenancy agreement 2 ("**Tenancy Agreement 2**") with PSU (as landlord) for the leasing of the premise 2 for a term of three years commencing from 16 August 2019 to 15 August 2022. Under the Tenancy Agreement 2, the rent-free period is 1.5 months. BPI Trading (SG) Pte. Ltd. shall pay the rent amounting to S\$37,503 (equivalent to HK\$211,892) per calendar month (exclusive of taxes) and the service charge amounting to S\$4,686 (equivalent to HK\$26,476) per calendar month in advance without deduction or set off on the first day of each calendar month.

Bright Point Trading Pte. Ltd. is a direct wholly-owned subsidiary of the Company and BPI Trading (SG) Pte. Ltd. is an indirect non-wholly owned subsidiary of the Company. PSU is wholly-owned by Mr. You, a controlling shareholder and therefore is a connected person of the Company. As such, the transactions contemplated by the tenancy agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

During the year ended 31 December 2021, the Group paid the lease expenses of approximately HK\$6,268,000 in relation to tenancy agreements with PSU. (2020: approximately HK\$5,830,000)

### (b) Acquisition of minority interests of Wubo Technology

In addition, for the year ended 31 December 2021, as shown in the announcement of the Company dated 17 September 2021, the Company made capital injection of HK\$22,567,000 into Wubo Technology Co., Ltd ("**Wubo Technology**"), which represented 0.5% of its enlarged registered capital upon the completion.

Mr. ZH You is the controlling shareholder, and hence a connected person of the Company. Mr. ZW You is the brother of Mr. ZH You, and an associate of Mr. ZH You. Mr. ZW You is hence a connected person of the Company. Mr. ZW You is the majority shareholder of RGL Group Co., Ltd. ("**RGL**"), a commodities trading company established in the PRC. RGL controls Wubo Technology indirectly. Therefore, Wubo Technology is a connected person of the Company. Accordingly, the Capital Injection constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Capital Injection exceed 0.1% but all are less than 5%, the Capital Injection is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## Directors' Report

### (c) Others

Apart from that, as disclosed in the transactions with non-controlling interests in note 36 and the related party transactions in note 39 to the consolidated financial statements, during the year ended 31 December 2020, the Company and its subsidiaries had the following transactions, which constituted fully exempt connected transactions pursuant to the Listing Rules.

- (i) During the year ended 31 December 2021, the Company and its subsidiaries made a loan totaling HK\$3,900,000 to a non-controlling interest party, who is also a director of certain subsidiaries of the Group and received interest income of approximately HK\$328,000 (2020: approximately HK\$328,000). Such transaction was conducted on normal commercial terms and was in the ordinary course of business. It fell within the de minimis provision under Chapter 14A of the Listing Rules because the applicable percentage ratios were less than 1% and the transaction was a connected transaction only because it involved a connected person at the subsidiary level. Accordingly, it was exempted from the reporting, announcement and independent shareholders' approval under the applicable Listing Rules.
- (ii) As shown in note 36 of the consolidated financial statements, during the year ended 31 December 2021, the Group has the following transactions with non-controlling interests.

In April 2021, Theme International Trading SPC, a non-wholly owned subsidiary of the Group, issued new shares to a non-controlling interesting party at the consideration of US\$744,000 (or equivalent to approximately HK\$5,799,000).

Also, in January 2021, the Company issued new shares of BPI Financial Group Limited, a non-wholly owned subsidiary of the Group, to several parties, including the Company itself and certain non-controlling interesting parties on a pro-rata basis, at the aggregate consideration of HK\$39,000,000.

Further, in September 2021, the Company issued new shares of BPI Financial Group Limited, to several parties, including the Company itself and certain non-controlling interesting parties. Under the new share placement, BPI Financial Group Limited issued 75,000,000 new shares to subscribers to increase its issued share capital from 178,000,000 shares to 253,000,000 shares, where the Company subscribed for 66,000,000 new shares at the consideration of approximately HK\$68,640,000 and other non-controlling interest parties subscribed for 9,000,000 new shares at the consideration of approximately HK\$9,360,000. As a result of the issue of new shares, the Company's interest in BPI Financial Group Limited has increased from 75% to 78.9%, and such transaction was deemed as an acquisition of 3.9% interests in BPI Financial Group Limited.

## Directors' Report

For the aforementioned transactions, save as the non-controlling interest parties in the transactions of BPI Financial Group Limited, which are connected persons of the Company at the subsidiary level under the Listing Rules, other subscribers are independent third parties. Such transactions were conducted on normal commercial terms that are fair and reasonable, in the ordinary and usual course of business of the Group, and in the interests of the Company and shareholders as a whole.

In January 2021, the issue of new securities by BPI Financial Group to connected persons at the subsidiary level was fully exempt under the Rule 14A.92 of the Listing Rules, because such connected persons received the pro-rata entitlements to the issue as shareholders. Also, the transaction of deemed acquisition in September 2021 with the non-controlling interest parties fell within the de minimis provisions under Chapter 14A of the Listing Rules. The applicable percentage ratios for the transaction with the non-controlling interest parties were less than 1% and the transaction was a connected transaction only because it involved connected persons at the subsidiary level. Accordingly, they were exempted from the reporting, announcement and independent shareholders' approval under the applicable Listing Rules.

Save as disclosed above, the Group had no other transactions which were required to be disclosed as connected transactions pursuant to the Listing Rules. The Directors confirm that the Company has, where applicable, complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

### Compliance with Relevant Laws and Regulations

During the Year, there were no areas of material non-compliance with applicable laws and regulations that have a significant impact on the Company known to the Directors.

### Key Relationships with Employees, Customers and Suppliers and Others

The Group recognises that employees are a valuable asset of the organisation and it is essential to attract and motivate good talent while balancing the interests of other stakeholders. Apart from a safe and healthy workplace, we offer a comprehensive remuneration and benefits package to our employees, training opportunities, equal opportunities and fairness at work for all as well as channels for staff communication. Staff social functions are arranged to enhance employees' sense of belonging and to help create a friendly and harmonious working environment. Salaries are reviewed and adjusted on a yearly basis, and from time to time, to ensure balancing pay for performance with shareholder alignment. The Group also recognises the importance of maintaining good relationship with its shareholders, customers and business partners in order to achieve long-term goals. Accordingly, the senior management maintains good communication and promptly exchanges ideas and shares the Group's business updates with these people.

During the Year, there were no material and significant disputes between the Company or any of its subsidiaries and their respective employees, customers and suppliers, shareholders or business partners known to the Directors.



# Directors' Report

## Environmental Policies and Performance

The Group recognises the importance of environmental sustainability against modern ecological challenges. As a responsible corporate citizen, the Group has been actively taking steps to minimise the negative environmental impacts, reduce wastage and maximise energy efficiency which in turn provides a green and eco-friendly environment to the community. Green office practices such as double-sided printing and copying, promoting using recycled papers and reducing energy consumption by switching off idle lighting are encouraged in the operation of the Group's businesses. The Group will review its environmental practices from time to time and will consider implementing further practicable measures and practices to enhance environmental sustainability.

## Directors' Interests in a Competing Business

During the Year, none of the Directors nor their respective associates had any business which competes or may compete with the business of the Group.

## Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the best knowledge of the Directors as at the date of this Annual Report, the Company has maintained sufficient public float as required under the Listing Rules.

## Corporate Governance

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 37 to 49 of this annual report.

## Dividend Policy

The Company has adopted a dividend policy ("**Dividend Policy**"), pursuant to which the Company aims to create long-term, sustainable and stable returns for the Company's shareholders. According to the Dividend Policy, when determining and recommending any dividend payout ratio, the Board will take into account the Company's financial results, future prospects and other factors and it is subject to:

- the Bye-laws of the Company;
- the applicable restrictions and requirements under the laws of Bermuda;
- any banking or other funding covenants by which the Company is bound from time to time;
- the investment and operating requirements of the Company; and
- any other factors that have material impact on the Company.

# Directors' Report

## Indemnity of Directors

A permitted indemnity provision (as defined in Section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the Year.

## Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption the shareholders are entitled by reason of their holding of the Company's securities.

## Auditor

The consolidated financial statements of the Company for the year ended 31 December 2021 were audited by ZHONGHUI ANDA CPA Limited ("**ZHONGHUI ANDA**") which would retire at the conclusion of the forthcoming annual general meeting ("**AGM**") and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the Shareholders to re-appoint ZHONGHUI ANDA as auditor of the Company and to authorise the Board to fix their remuneration at the AGM.

ON BEHALF OF THE BOARD

**Wu Lei**

*Executive Director*

Hong Kong, 31 March 2022

# Biographical Details of Directors and Senior Management

## Executive Directors

**Mr. Jiang Jiang (“Mr. Jiang”)**, aged 39, was appointed as executive director of the Company on 29 July 2019. He is also a director of subsidiaries of the Company. Mr. Jiang obtained his master degree of business administration from the University of Oklahoma in the United States and bachelor degree in Chemistry from the University of Science and Technology of China. He has over 10 years of experience in commodities trading and derivatives trading of iron ore, manganese and rebar. Mr. Jiang was previously the head of trading of an international commodity house, where he gained ample experience in commodity and derivatives trading.

**Mr. Wu Lei (“Mr. Wu”)**, aged 34, was appointed as executive director of the Company on 1 October 2016. He is also a director of subsidiaries of the Company. Mr. Wu Lei held a Bachelor of Business Administration (Accountancy) with Honours from The National University of Singapore and has more than 10 years of experiences in accountancy and commodities trading and hedging. Mr. Wu Lei used to work in one of the big four international accounting firms. Before joining the Company, Mr. Wu Lei was a trader of an international commodity house, where he gained ample experience in commodity trading, futures trading, international hedging and financial management.

**Ms. Chen Jing (“Ms. Chen”)**, aged 42, was appointed as a non-executive director of the Company on 1 October 2016 and was re-designated as an executive director of the Company since 1 October 2017. She is also a director of subsidiaries of the Company. Ms. Chen obtained her Bachelor degree in English Language and Literature from Xiamen University in the PRC and Master degree in Law from Shandong University in the PRC and she holds a PRC Legal Professional Qualification Certificate. Ms. Chen has over 10 years of experience in the trading of metallurgical bulk commodities, seaborne logistics operations and risk management.

## Non-executive Directors

**Mr. Ding Lin (“Mr. Ding”)**, aged 47, was appointed as non-executive director of the Company with effect from 21 May 2021. He is currently a member of the audit committee of the Company. He obtained a bachelor’s degree of engineering, majoring in Precision Instrument from Tsinghua University in 1997 and obtained a master’s degree of economics, majoring in Finance from Peking University in 2000. Mr. Ding has over twenty years of experience in capital markets and investment banking, institutional broking and direct investment businesses.



## Biographical Details of Directors and Senior Management

**Mr. Wang Zhenhui (“Mr. Wang”)**, aged 47, was appointed as non-executive director of the Company with effect from 21 July 2021. He graduated from the University of Science and Technology Beijing, in China, in July 1998 where he obtained a Bachelor of Engineering degree and obtained an EMBA degree from China Europe International Business School in November 2016. Mr. Wang has over twenty years of experience in management and operations, particularly in the logistics supply chain and internet industry.

**Mr. Kang Jian (“Mr. Kang”)**, aged 36, was appointed as executive director of the Company on 8 August 2018 and was re-designated as non-executive director of the Company with effect from 3 March 2020. He is also a director of subsidiary of the Company. Mr. Kang obtained both his master and bachelor degrees in law from Renmin University of China. Mr. Kang has over 9 years of experience in risk management and corporate credit approval in the banking sector. Prior to joining the Group, Mr. Kang was the vice president and fund manager of a private equity fund in PRC since April 2017, where he gained ample experience in commodity and derivative trading.

### Independent Non-executive Directors

**Ms. Kent Shun Ming (“Ms. Kent”)**, aged 54, was appointed as independent non-executive director of the Company on 28 August 2021 and is currently a member of the audit committee, remuneration committee and nomination committee of the Company. She obtained a master of business administration degree from Murdoch University in March 2000. She has been admitted as a certified public accountant since January 1998, and became a fellow of the Hong Kong Institute of Certified Public Accountants since July 2005. Ms. Kent has over 30 years of experience in the accounting and financial industries. She previously worked at various accounting firms, commercial firms and a listed company, where she worked in different positions including chief financial officer.

**Mr. Wu Shiming (“Mr. Wu”)**, aged 46, was appointed as independent non-executive director of the Company on 22 May 2015 and is currently a member of the audit committee, remuneration committee and nomination committee of the Company. He is currently independent non-executive directors of Miko International Holdings Limited (stock code: 1247) and Jiujiuwang Food International Limited (stock code: 1927). He was an independent non-executive director of China Gem Holdings Limited (previously known as Yueshou Environmental Holdings Limited) (stock code: 1191) from July 2014 to May 2018. Also, he was an executive director of Leyou Technologies Holdings Limited (stock code: 1089) from December 2010 to September 2017 and was an independent non-executive director of Pak Tak International Limited (stock code: 2668) from September 2014 to August 2016. Besides, he was an independent non-executive director of China Putian Food Holding Limited (stock code: 1699) from February 2012 to July 2019. All of these shares are listed on the Main Board of the Stock Exchange.

Mr. Wu Shiming has over 20 years of experiences in accounting and financial management. He is a qualified intermediate accountant and he obtained such qualification after he has passed the national examination jointly organised by the Ministry of Finance and the Ministry of Personnel of the PRC. Mr. Wu Shiming graduated from a course in foreign economic enterprise financial accounting at Jimei University in the PRC in 1995.

## Biographical Details of Directors and Senior Management

**Mr. Liu Song (“Mr. Liu”)**, aged 49, was appointed as independent non-executive director of the Company on 8 August 2018 and is currently a member of the remuneration committee and nomination committee of the Company. Mr. Liu obtained his bachelor degree in transport and communications management engineering from the Shanghai Maritime University. Mr. Liu has over 25 years of experience in marine transportation management. Prior to joining the Group, Mr. Liu held different senior management positions in various companies in PRC engaged in the marine transportation.

### Senior Management

**Mr. Ho Yui Pang (“Mr. Ho”)**, aged 36, was appointed as company secretary of the Company with effect from 7 September 2018. Mr. Ho has over 10 years of auditing, accounting and company secretarial experiences in international reputable accounting firms and listed companies. Mr. Ho worked in several international accounting firms for approximately 5 years. Since then, he worked in several listed companies where he served in various positions including accounting manager, finance director and company secretary.



# Corporate Governance Report

The Board is responsible for the leadership and control of the Company and overseeing the Group's businesses, strategic decisions and performance. The day-to-day management, administration and operation of the Company are delegated to the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approvals must be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Board is responsible for performing the corporate governance functions set out in Code Provision D.3.1 of the Corporate Governance Code contained in Appendix 14 effective on or before 31 December 2021 (the "**CG Code**") of the Listing Rules. The Board has reviewed: (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, (d) the Company's code of conduct and (e) the Company's compliance with the CG Code disclosures requirements; and the Board was satisfied that the above-mentioned corporate governance functions were adhered to.

The Board has delegated various responsibilities to the Board committees including the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") (collectively, the "**Board Committees**"). Further details of these committees are set out below.

## (A) Corporate Governance Practices

### 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.



# Corporate Governance Report

## (B) Directors' Securities Transactions

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 and each of them confirmed that they have complied with the Model Code throughout the year ended 31 December 2021.

## (C) Board Composition and Board Practices

The composition of the Board is shown on page 2 of this Annual Report. The Board currently comprises nine directors, including three executive directors, three non-executive directors and three independent non-executive directors. One of the three independent non-executive directors has appropriate professional qualifications, or accounting or related financial management expertise. The primary responsibilities of the Board are to establish long term strategies, administrate and oversee the operations and financial policies and supervising management of the Group. The Board delegates day-to-day operations of the Company to the management of the Group and also instructs the management to implement the Board's decisions and resolutions. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Remuneration Committee and the Nomination Committee. The Company has received, from each of the independent non-executive directors, confirmation of his independence pursuant to Rules 3.13 of the Listing Rules. The Company considers all the independent non-executive directors are independent.

All Directors (including non-executive directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-laws and the CG Code. In accordance with the Company's Bye-laws, newly appointed director(s) is/are required to retire and can offer themselves for re-election at the first general meeting following their appointment.

Details of backgrounds and qualifications of the Directors are set out in the section of “Biographical Details of Directors and Senior Management”.

In 2021, the Board held 11 meetings to discuss the Group's overall strategy, operation and financial performance. In any event, all Directors were available for consultation by management from time to time during the year. The attendance of individual director to the Board meeting is set out on page 39 of this Annual Report. Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Company provides at least 14 days' notices of every regular Board meeting to all directors to give them an opportunity to attend. Board papers are circulated not less than 3 days before the Board meetings to enable the directors to make informed decisions on matters to be raised at the Board meetings.

## Corporate Governance Report

During the Year, the company secretary of the Company (“**Company Secretary**”) attended all the regular Board meetings to advise on corporate governance and statutory compliance when necessary. Directors had full access to information on the Group and were able to seek independent professional advice whenever deemed necessary by the Directors. The Company Secretary prepared minutes and kept records of matters discussed and decisions resolved at all Board meetings. All Directors have access to the advice and services of the Company Secretary with a view to ensure that Board procedures, and all applicable rules and regulations, are followed.

The Board, Audit Committee, Remuneration Committee and Nomination Committee had held 11, 2, 4 and 4 meetings, respectively in 2021.

The attendance at the Board and respective Board Committees Meetings and Annual General Meeting held in 2021 are as follows:

Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
<i>Executive Directors:</i>					
Mr. Jiang Jiang (Chief Executive Officer)	11/11	N/A	N/A	N/A	1/1
Mr. Wu Lei (Chief Financial Officer)	11/11	N/A	N/A	N/A	1/1
Ms. Chen Jing	11/11	N/A	N/A	N/A	1/1
<i>Non-Executive Directors:</i>					
Mr. Ding Lin (appointed on 21 May 2021)	8/8	N/A	N/A	N/A	1/1
Mr. Wang Zhenhui (appointed on 21 July 2021)	6/6	N/A	N/A	N/A	N/A
Mr. Kang Jian	11/11	N/A	N/A	N/A	1/1
<i>Independent Non-Executive Directors:</i>					
Ms. Kent Shun Ming (appointed on 28 August 2021)	3/3	N/A	N/A	N/A	N/A
Mr. Wu Shiming	11/11	2/2	4/4	4/4	1/1
Mr. Liu Song	11/11	2/2	4/4	4/4	1/1
Mr. Chan Chi Ming, Tony (resigned on 28 August 2021)	6/8	2/2	4/4	4/4	1/1

# Corporate Governance Report

## (D) Continuous Professional Development

In order to ensure the Directors' contribution to the Board remains informed and relevant and to develop and refresh their knowledge and skills, the Company has regularly provided training information, encouraged and funded suitable trainings/seminars for the Directors to participate in continuous professional development. The Company also updates the Directors on the latest developments regarding the Listing Rules and applicable regulatory requirements from time to time to enhance their awareness of good corporate governance practices and to ensure compliance.

During the Year, all Directors who were in office as at 31 December 2021 have participated in continuous professional development by attending training courses and/or referring materials on the topics related to the Group's business, corporate governance and regulations:

Name of Director	Reading regulatory update	Attending expert briefings/seminars/conferences relevant to the business or directors' duties
<i>Executive Directors:</i>		
Mr. Jiang Jiang ( <i>Chief Executive Officer</i> )	✓	✓
Mr. Wu Lei ( <i>Chief Financial Officer</i> )	✓	✓
Ms. Chen Jing	✓	✓
<i>Non-Executive Directors:</i>		
Mr. Ding Lin	✓	✓
Mr. Wang Zhenhui	✓	✓
Mr. Kang Jian	✓	✓
<i>Independent Non-executive Directors:</i>		
Ms. Kent Shun Ming	✓	✓
Mr. Wu Shiming	✓	✓
Mr. Liu Song	✓	✓



# Corporate Governance Report

## (E) Company Secretary

The Company Secretary is responsible for facilitating the exchange of information flows and communicating among Directors as well as between Shareholders and management of the Company. All Directors have access to the advice and assistance of the Company Secretary. The Company Secretary is also responsible for ensuring that Board procedures are followed. The Company Secretary's biography is set out in the "Biographical Details of Directors and Senior Management" section of this Annual Report. The Company Secretary is an employee of the Company and is appointed by the Board. During the Year, the Company Secretary has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge.

## (F) Chairman and Chief Executive Officer

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, an executive director of the Company, temporarily acted as the role of chairman throughout the Year. Mr. Jiang Jiang has been the CEO of the Company throughout the Year.

## (G) Non-executive Directors

Under Code Provision A.4.1 of the CG Code, non-executive director should be appointed for a specific term, subject to re-election. The Company has entered into appointment letters with Mr. Ding Lin, Mr. Wang Zhenhui, Mr. Kang Jian, Ms. Kent Shun Ming, Mr. Liu Song and Mr. Wu Shiming, for a term of one year on the date of their appointments. All of their appointment letters shall be valid unless terminated by at least one month's written notice served by either party at any time during the then existing terms. Their directorships are all subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

# Corporate Governance Report

## (H) Remuneration Committee

The Company established a Remuneration Committee in 2005 with written terms of reference in accordance with the relevant requirements of the CG Code. The composition of the Remuneration Committee is shown on page 2 of this Annual Report. The Remuneration Committee currently comprises three independent non-executive directors, namely, Ms. Kent Shun Ming (Chairlady of the Remuneration Committee), Mr. Wu Shiming and Mr. Liu Song. The members' attendance to the Remuneration Committee meeting is listed out on page 39. The role and function of the Remuneration Committee include the determination of the specific remuneration packages of all executive and non-executive directors, including benefits in kind, pension rights and compensation payments (such as compensation payable for loss or termination of their office or appointment), and to make recommendations to the Board on the remuneration package of the Directors and senior management. The emolument policy regarding the employees of the Group is set up by the Remuneration Committee and is based on their merit, qualifications and competence. The Remuneration Committee should consider factors such as the salaries index, time commitment and responsibilities of the directors in determining emoluments payable to the directors.

The summary of work done by the remuneration committee during the Year includes reviewing the remuneration policy of the Company, assessing the performance of the executive Directors and senior management and recommending specific remuneration packages of the Directors and senior management to the Board with reference to the level of responsibilities of the individual Director, the scope of operation of the Group as well as the prevailing market conditions.

Details of the Directors' and senior management's emoluments for the Year are set out in note 12 to the consolidated financial statements.

The remunerations of the Directors and senior management of the Group for the year ended 31 December 2021 fall within the following band:

Remuneration band	Number of directors and senior management
Nil to HK\$1,000,000	7
HK\$1,000,001 to HK\$1,500,000	—
HK\$1,500,001 to HK\$2,000,000	—
HK\$2,000,001 to HK\$2,500,000	2
HK\$2,500,001 to HK\$3,000,000	1
HK\$3,000,001 to HK\$3,500,000	1
HK\$3,500,001 to HK\$4,000,000	1
HK\$4,000,001 to HK\$4,500,000	1
HK\$4,500,001 to HK\$5,000,000	1
HK\$5,000,001 to HK\$5,500,000	1
HK\$5,500,001 to HK\$6,000,000	1

# Corporate Governance Report

## (I) Nomination Committee

The Company established a Nomination Committee in 2013 with written terms of reference in compliance with the CG Code. The Nomination Committee currently comprises of three independent non-executive directors, namely Ms. Kent Shun Ming (Chairlady of the Nomination Committee), Mr. Wu Shiming and Mr. Liu Song.

The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board, make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identify individuals suitably qualified to become Board members, and assess the independence of independent non-executive directors and make recommendations to the Board on the selection of individuals nominated for directorships and succession planning for directors, in particular the chairman and the chief executive.

The summary of work done by the Nomination Committee during the Year includes reviewing the structure, size and composition of the Board, identifying suitable candidates for directorships, determining the policy for the nomination of directors, the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship.

The Nomination Committee has adopted a board diversity policy setting out the approach to achieve diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to race, gender, age, cultural and educational background, professional experience, skills and knowledge. Such measurable objectives have been achieved during the Year. The Nomination Committee will review the board diversity policy, as appropriate, to ensure its continued effectiveness.

The Nomination Committee also has a nomination policy to standardise and enhance transparency for the nomination procedures and the process and criteria adopted by the Nomination Committee in selecting and recommending candidates as Directors, in order to ensure that the Board shall have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The Nomination Committee shall be responsible for reviewing the policy and disclosing the same in the corporate governance report to ensure full compliance with the CG Code, the Listing Rules, the Bye-laws of the Company and other relevant provisions.



## Corporate Governance Report

The non-exhaustive selection criteria to assess the suitability of a proposed candidate as a Director by the Nomination Committee are listed below:

- (a) integrity and reputation;
- (b) skill, accomplishment and experience relevant to the Company's business;
- (c) available time commitment;
- (d) existing and potential conflicts of interest;
- (e) diversity of the Board;

Any Directors may nominate a candidate for appointment, election or re-election as a Director by the Board or at a general meeting. Upon obtaining the required information from the candidate as listed above, the Nomination Committee shall evaluate whether such candidate is qualified to be appointed, elected or re-elected into the Board based on the criteria as set out above and the relevant Listing Rules and the policies of the Company.

The Nominate Committee shall convene a meeting to discuss and consider the recommendation of the candidate to the Board for appointment, election or re-election as a Director.

### (J) Audit Committee

The Company has an Audit Committee which was established in accordance with the requirements of the CG Code for the purposes of reviewing and supervising the Group's financial reporting process, risk management and internal controls. The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The primary roles and functions of the Audit Committee are to review and monitor integrity of the financial reporting process, risk management and internal controls systems of the Group. The Audit Committee is also responsible for considering the appointment of the external auditors and reviewing any non-audit functions performed by the external auditors, including whether such non-audit functions would lead to any potential material adverse effect on the Company. The Audit Committee currently comprises two independent non-executive directors, namely Ms. Kent Shun Ming (Chairlady of the Audit Committee) and Mr. Wu Shiming and one non-executive director, namely Mr. Ding Lin. The members' attendance to the Audit Committee meeting is listed out on page 39. During the Year, the Audit Committee held two meetings to review the annual and interim results, to evaluate the Group's financial reporting process and to make recommendations to improve the Company's risk management and internal control systems, the effectiveness of the issuer's internal audit function, and its other duties under the CG Code. Draft minutes were circulated to members of the Audit Committee within a reasonable time after each meeting. No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the two years after he ceases to be a partner of the auditing firm.

# Corporate Governance Report

## (K) Auditors' Remuneration

The remuneration in respect of audit and non-audit services for the year ended 31 December 2021 provided by the Company's auditor, ZHONGHUI ANDA CPA Limited, are approximately HK\$1,100,000 (2020: approximately HK\$830,000) and approximately HK\$234,000 (2020: approximately HK\$183,000) respectively. For the year ended 31 December 2021, non-audit services provided by ZHONGHUI ANDA CPA Limited included the preparation and filing of tax return and professional services in relation to the review of 2021 interim report totalling HK\$234,000 (2020: approximately HK\$183,000).

## (L) Risk Management and Internal Control

During the Year, the Group has complied with Principle C.2 of the CG Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below:

### Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted in 2021, no significant risk was identified.

# Corporate Governance Report

## Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”) 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

- **Control Environment:** A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- **Risk Assessment:** A dynamic and iterative process for identifying and analyzing risks to achieve the Group’s objectives, forming a basis for determining how risks should be managed.
- **Control Activities:** Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
- **Information and Communication:** Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- **Monitoring:** Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

In order to enhance the Group’s system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access to information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Group enters into significant negotiations.
- The Executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.
- refer to inside information policy and procedures for more procedures.

Based on the internal control reviews conducted in 2021, no significant control deficiency was identified.



# Corporate Governance Report

## Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and ensuring that the review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board's review, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment; (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company on the Company's risk management and internal control systems in respect of the year ended 31 December 2021 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same. It also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

The Group did not have an internal audit function during the year ended 31 December 2021. The Audit Committee and the Board, have considered the internal control review report prepared by the independent consultancy company and communicated with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems.

The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the Directors will continue to review and determine at least annually the need for an internal audit function.

# Corporate Governance Report

## (M) Communication with Shareholders

At the 2021 AGM, a separate resolution was proposed by the Chairman of that meeting in respect of each separate issue, including the re-election of directors. The acting Chairman of the Board, and chairmen of the Audit, Remuneration and Nomination Committees, or in absence of the chairman of such committees, any member from the respective committees, attended the 2021 AGM to address shareholders' queries. The Company establishes different communication channels with shareholders and investors: (i) shareholders can receive printed copies of corporate information, (ii) the general meeting provides a forum for shareholders to raise comments and exchange views with the Board, (iii) the Company's website offers communication channel between the Company and its shareholders and investors; and (iv) the Company's Sub-Registrar and Transfer Agent in Hong Kong serve the shareholders respecting all share registration matters.

The Company continues to enhance communications and relationships with its investors. Enquiries from investors are dealt with in an informative and timely manner. Investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries.

To promote effective communication, the Company maintains a website at <http://www.990.com.hk>, where extensive information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

## (N) Shareholders' Rights

Pursuant to the clause 58 of the Bye-laws of the Company, members holding at the date of deposit of the requisition of not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all time have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Bermuda Companies Act 1981 (as amended).

The shareholders who intend to make enquiries of or obtain information shall give prior written notice to the Company, and the Company shall provide such information as soon as possible. Enquiries with the Board or the Company may be posted to the Company's principal place of business in Hong Kong, the address of which is Unit 3401-03, 34/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong, with telephone number: (852) 3755 8255, being available at normal business hours.

# Corporate Governance Report

(1) Any number of shareholder(s) representing not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the meeting to which requisition relates; or (2) not less than 100 shareholders may, at their expense, provide a written request to the attention of the Company Secretary signed and deposited in accordance with the Bermuda Companies Act 1981 (as amended).

## **(O) Constitutional Documents**

A printed copy of the memorandum and articles of association of the Company has been published on the websites of the Company and the Stock Exchange. There has been no changes in the Company's constitutional documents during the Year.

## **(P) Directors' Responsibility for the Financial Statements**

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also ensure that the financial statements of the Group are published in a timely manner. The reporting responsibilities of the Company's external auditors on the financial statements of the Group are set out in the section headed "Independent Auditor's Report" on pages 68 to 71 of this Annual Report.



# Environmental, Social and Governance Report

## 1. About ESG Report

The Environmental, Social and Governance Report (“**ESG Report**”) published by the Company summarizes the efforts and achievements made in corporate social responsibility and sustainable development by the Group. The ESG Report communicates the Group’s sustainability strategies, management approaches and performances to our stakeholders, and introduce the Group’s ongoing activities that forge the sustainability of the societies and the environment as a whole. For information of our corporate governance, please refer to the “Corporate Governance Report” on pages 37 to 49 of this Annual Report.

### 1.1. Scope of Report

The ESG Report focuses on the Group’s sustainability approach and its environmental and social performance of all businesses of the Group for the period between 1 January 2021 and 31 December 2021 (the “**Year**”). This Year, the environmental Key Performance Indicators (“**KPI**”) as disclosed in the ESG Report additionally includes the two factory plants in Shandong, on top of the Group’s offices in Hong Kong, Shanghai and Singapore, covering the major operation locations of the Group and the majority of its workforce.

### 1.2. Reporting Guideline

The ESG Report was prepared in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix 27 of the Listing Rules.

### 1.3. Reporting Principles

The content of the ESG Report is determined through stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing the management and stakeholders’ opinions, assessing the relevance and materiality of the issues and preparing and validating the information reported. The ESG Report covers all key issues that are concerned by different stakeholders.

Quantitative environmental and social KPIs are disclosed in the ESG Report so that stakeholders are able to have a comprehensive understanding of the Group’s ESG performance. Information of the standards, methodologies, references and source of key emission and conversion factors used on these KPIs are stated wherever appropriate. In order to enhance and maintain comparability of ESG performances between years, the Group has strived to adopt consistent reporting and calculation methodologies as far as reasonably practicable. For any changes in methodologies and specific standards, the Group has presented and explained in detail in corresponding sections. The Group will continue to adopt consistent methodologies as far as reasonably practicable in the future, in case of any changes that could affect a meaningful comparison of the KPIs between years.

# Environmental, Social and Governance Report

## 1.4. Board ESG Statement

The Group believes that well-established ESG governance principles and practices will increase investment values, and provide long-term returns to stakeholders. In order to ensure the establishment of appropriate and effective ESG risk management measures, the Board of Directors is responsible for supervising the Group's ESG strategies and reporting, as well as assessing and determining ESG-related risks. To improve the Group's ESG governance, the Board of Directors regularly arranges assessments on the adequacy and effectiveness of different measures regarding sustainability and ESG-related issues.

The Group understands the importance of stakeholder engagement, and that different stakeholders play important roles in the decision-making of the Group. Therefore, the Group regularly conducts assessments to understand the concerns and expectations, as well as the material ESG issues, of different stakeholders of the Group, in order to gain insight into the Group's ESG governance and development. The Group also conducts ESG materiality assessments with stakeholders to keep track of the ESG issues that are material to them, so that the issues can be addressed in a swift and appropriate manner.

To make sure the management of ESG issues is on the right track, the Board of Directors oversees the coordination between departments within the Group with respect to their respective targets, and will look for opportunities to set more explicit ESG goals and targets for the group in the future.

## 1.5. Information and Feedbacks

If you have any comments and suggestions about the ESG Report, please feel free to contact us via [general@990.com.hk](mailto:general@990.com.hk).

# Environmental, Social and Governance Report

## 2. Stakeholder Engagement

Understanding and taking actions towards stakeholders' concerns and expectations are essential to our sustainability development. The engagement of stakeholders helps us recognize our sustainability performance therefore we have established appropriate communication channels so that comments and feedbacks from major stakeholders are effectively and timely addressed.

The following table summarises the main expectations and concerns of the key stakeholders as identified by the Group, and the corresponding management responses.

Stakeholders	Expectations	Management Responses/ Communication Channels
<b>Government and Regulators</b>	<ul style="list-style-type: none"> <li>Compliance with national policies, laws and regulation</li> <li>Support local economic growth</li> <li>Drive local employment</li> <li>Pay taxes in full and on time</li> </ul>	<ul style="list-style-type: none"> <li>Regular information reporting</li> <li>Meet with regulators regularly</li> <li>Dedicated reports</li> <li>Examination and inspection</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Returns</li> <li>Compliant operations</li> <li>Raise company value</li> <li>Transparency in information and effective communication</li> </ul>	<ul style="list-style-type: none"> <li>Announcements</li> <li>Email, telephone conversation and company website</li> </ul>
<b>Business Partners</b>	<ul style="list-style-type: none"> <li>Operation with integrity</li> <li>Equal rivalry</li> <li>Performance of contracts</li> <li>Mutual benefits and win-win results</li> </ul>	<ul style="list-style-type: none"> <li>Review and appraisal meetings</li> <li>Business communications</li> <li>Exchanges and discussions</li> <li>Engagement and cooperation</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Outstanding products and services</li> <li>Health and safety</li> <li>Performance of contracts</li> </ul>	<ul style="list-style-type: none"> <li>Customer service center and hotlines</li> <li>Customer feedback surveys</li> <li>Customer communication meetings</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>Energy saving and emission reduction</li> </ul>	<ul style="list-style-type: none"> <li>ESG Reporting</li> <li>Communicate with locals</li> </ul>
<b>Industry</b>	<ul style="list-style-type: none"> <li>Drive industry development</li> </ul>	<ul style="list-style-type: none"> <li>Participate in industry forums</li> <li>Visits and inspections</li> </ul>



# Environmental, Social and Governance Report

Stakeholders	Expectations	Management Responses/ Communication Channels
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Protection of rights</li> <li>• Occupational health and safety</li> <li>• Remunerations and benefits</li> <li>• Career development</li> <li>• Humanity cares</li> </ul>	<ul style="list-style-type: none"> <li>• Employee communication meetings</li> <li>• Training and workshops</li> <li>• Employee activities</li> </ul>
<b>Community and the public</b>	<ul style="list-style-type: none"> <li>• Improve community environment</li> <li>• Participation in charity</li> <li>• Information transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Announcements</li> </ul>

With the opinions and information collected from stakeholders through various channels, the Group has a better understanding on the ESG-related issues concerned by the stakeholders. The Group has also gathered the management's views on ESG-related issues through questionnaires. The information gathered, after being analysed along with materiality maps provided by well-known external institutions and professional opinions from third-party professionals, helped the Group identify and prioritize ESG issues which are concerned by stakeholders and are highly related to the Group's business.<sup>1</sup>

Aspects	Material Issues
Environment	Environmental Compliance
Labour Practices	Employment Compliance Occupational Health and Safety
Operating Practices	Operational Compliance Anti-corruption

Notes:

<sup>1</sup> The materiality maps referenced in the materiality assessment include the ESG Industry Materiality Map and the SASB Materiality Map produced respectively by MSCI and the Sustainability Accounting Standards Board (SASB).

# Environmental, Social and Governance Report

## 3. Green Operation

### 3.1. Emission

As a responsible corporation, the Group is dedicated to controlling and minimizing our emission in a bid to tackle environmental problems such as global warming. We strictly conform with the laws and regulations applicable to the Group's business such as the Air Pollution Control Ordinance of Hong Kong, the Environmental Protection Law of the People's Republic of China and the Environmental Protection and Management Act of Singapore, aiming to reduce the Group's emissions gradually.

As a service-based business, although production processes are not involved, operation of back office still generates minimal amounts of emissions. The use of our business car for daily operation has generated a small amount of air pollutants including nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM). In order to maximize the efficiency of our car hence reduce the emission of pollutants, we always keep it properly tuned and maintain an adequate tyre pressure by regular checks, and ensure that the vehicle is not idling when the engine is running. For water pollution, no pollutants are generated from our business and office operation.

Apart from pollutants, our office operation also generates greenhouse gas from sources including the use of business car, electricity consumption, water and sewage treatment, disposal of paper to landfill and business trips by staff. Most of our offices are located in leased office premises, therefore both water supply and discharge for most offices are solely controlled by the property owner/management office of the buildings, hence greenhouse gas emission due to water and sewage treatment is not able to be obtained.

In view of the emission of greenhouse gas, the Group has exerted itself in introducing a number of measures aiming at reducing carbon footprint and greenhouse gas emission. We always prefer holding telephone/video conferences instead of unnecessary overseas business travel in order to minimize carbon emission generated from the flights. In case of necessary trips, direct flights are always preferred to minimise the Group's carbon footprint. We have also adopted energy-saving measures, through which electricity consumption and the greenhouse gas emission associated with electricity generation can also be greatly reduced. (For details, please refer to the section of "Resource Conservation")



# Environmental, Social and Governance Report

## 3.2. Waste Management

Office operation is the only source of waste generation of the Group, however we still look to minimize waste production during our daily operations. In the Year, the non-hazardous waste we generated was all daily office garbage produced by our staff. Hazardous waste generated included used ink cartridges and batteries. All wastes were collected and handled in a proper and legal manner, according to relevant laws such as the Waste Disposal Ordinance of Hong Kong, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste and the Environmental Public Health Act of Singapore, so as to avoid detrimental impacts to the environment. Since the Group is not involved in product manufacturing or packaging, packaging materials were not consumed in the Year.

As an effort to reduce waste generation, the Group has adopted the "3Rs" principle as our waste management strategy. We implement the policy of double-sided printing and copying and disseminate information by electronic means whenever possible to reduce the consumption of paper. Besides, we promote the reduction of the use of disposable and non-recyclable products. Our staff is encouraged to reduce the use of one-off stationeries and equipment and use refillable stationeries as a substitution, while the stock of stationery and equipment are regularly evaluated to avoid overstock. For hazardous wastes, used toner cartridges are collected by the suppliers for recycling.

## 3.3. Resource Conservation

The sources of energy consumption of the Group include direct consumption, which is the combustion of fuels for our business car and the indirect consumption, which is the use of electricity. As an environmentally-friendly corporate, we bear the responsibility to protect the nature and aims to minimize our energy consumption by putting in place different energy conservation measures. We have carried out many initiatives to reduce energy consumption, including encouraging our employees to switch off unnecessary lighting and electronic equipment while not in use, maximizing the use of natural lighting, dividing the office area into different light zones using separate lighting switches, setting computers to automatic standby mode when idling, and allowing our employees to dress light in office, especially in summer.

We have also put several measures in place as an effort to increase the energy efficiency of equipment, such as installing energy-saving light bulbs and high-performance electrical equipment, keeping light fixtures and lamps clean, and cleaning the air filters of air-conditioners regularly. Moreover, we collect electricity consumption data on a monthly basis to monitor power consumption and make appropriate improvement accordingly.

In regard to water consumption, we also aim to minimize the consumption of water resources, and has carried out a couple of water-saving measures. For instance, we use water-efficient equipment such as dual-flush toilets and faucets with infrared sensors to reduce the unnecessary use of water. Water taps and other equipment with water efficiency labels are always prioritized. We also check for hidden water leakage periodically and will fix dripping taps immediately once problems are found.



# Environmental, Social and Governance Report

## 3.4. Responding to Climate Change

Climate change has been a rapidly rising topic and is discussed across all facets of society in recent years. The Group has raised its awareness towards the risks and potential impacts of climate change towards the Group. Understanding the potential impacts that the Group may face led by climate change, the Group has identified various climate-related risks, such as the risk of increasing severity of the extreme weather events. The risk of increased extreme weather events may increase operating costs via maintenance and repairment costs of damaged facilities, while potentially causing negative impacts to employees' health and safety. Furthermore, increasingly stringent ESG reporting obligations from regulatory bodies such as HKEX may lead to increases in expenditure to ensure that the Group's operations comply with relevant laws and regulations.

Having acknowledged the increasing concerns of climate change, the Group has proactively implemented different measures to address climate-related risks and the potential impacts that may arise. The Group has regularly identified, assessed and monitored climate-related risks, and has determined the Group's appropriate levels of climate-related risk tolerance. In order to mitigate the potential risks from climate change, the Group communicates with stakeholders regarding climate-related impacts on a regular basis, and has prepared and maintained sufficient resources for the mitigation of climate-related risks and remediation of climate-related crises.

Looking forward, we shall continue to monitor and assess the evolving risks that climate change may bring to the group and shall swiftly take preventive and mitigative steps once climate-related risks of any form arise.

## 4. Employees

### 4.1. Employment Standard

The Group strictly complies with all relevant labour laws and regulations such as the Employment Ordinance, the Minimum Wage Ordinance, the Employment of Young Persons (Industry) Regulations of Hong Kong; the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China; the Employment Act and the Employment (Children and Young Persons) Regulations of Singapore.

During the recruitment process, the Group verifies the age of the applicants by checking documents such as identity card, academic certificates etc., in an attempt to avoid employment of child labor. In case of discovering child labor, the Group will strictly follow the steps stated in relevant laws and regulations to eliminate such practice. The recruitment and promotion processes are executed on a fair and open basis that the Group does not tolerate any form of discrimination on the grounds of gender, race, skin color, age, religion and national origin. Before the official commencement of work, the Group will provide every employee with the job descriptions of the position, clearly stating their duties and responsibilities so as to prevent any form of forced labor. In case of resignation, an interview will be arranged in a bid to understand the reasons of resignation and to make possible improvement on the Group's operation.

# Environmental, Social and Governance Report

## 4.2. Benefits and Development

Employees are our most valuable asset and the Group highly values their rights and welfare. The salary structure is reviewed annually to ensure that the Group offers competitive remuneration package to our employees. Apart from basic salary, the Group also offers discretionary bonus based on the individual performance of the employees and our financial performance. Statutory holidays are provided in accordance with relevant national and regional regulations. Our employees can enjoy different types of leave, including annual leave, compensation leave, sick leave, maternity leave and childcare leave. Retirement benefits are also provided according to relevant laws.

The Group believes that the development of employees will greatly benefit the Group's overall development. Therefore, the Group offers different training opportunities to its employees, such as onboarding general training, general internal training, ad-hoc training, inter-departmental training and overseas training. Training sponsorships and bonds are offered to employees as an encouragement to attend external talks and seminars to enrich their knowledge in discharging their duties.

## 4.3. Health and Safety

Work safety is the cornerstone of the sustainable development of the Group thereby we strictly comply with laws and regulations regarding occupational health and safety, such as the Occupational Safety and Health Ordinance of Hong Kong, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and the Workplace Safety and Health (WSH) Act of Singapore.

The Group places great emphasis on the well-being of our employees therefore the Group adopts five-day work week and daily working hours are clearly defined in employment contracts to assure every employee of sufficient rest time. Terms regarding leaves such as annual leaves are also included in the contract to prevent the employees' right to take leave from being exploited. The Group has established emergency policies such as fire or explosion emergency plan as a means to properly handle accidents. Rescue, fire and evacuation drills are also conducted regularly to increase our employees' awareness and involvement in accident prevention. The Group also creates a pleasant and comfortable workplace for our employees by carrying out plenty of measures which include the provision of adjustable seats, provision of sufficient storage space to avoid overcrowded desk area, regular maintenance or replacement of office equipment, and keep objects and tools at easily accessible locations.



# Environmental, Social and Governance Report

## COVID-19 Pandemic Response

The Group considers the health and safety of its employees as one of its prime concerns. Therefore, in face of the COVID-19 pandemic, the Group has specifically implemented policy and measures regarding COVID-19 prevention and control. A safety management officer is elected to reinforce different disease control measure in the offices in Singapore, as well as monitoring the effectiveness of such measures. Subsequently, multiple health and safety measures are implemented as a bid to prevent any outbreaks of COVID-19 within office premises, such as allowing work-from-home arrangements to be made wherever possible to maintain appropriate social distancing between staff, helping employees procure personal hygiene equipment to safeguard employees' health and safety, and requiring employees to install and use the TraceTogether application to closely monitor whether employees have come to close contact with people infected with COVID-19.

## 5. Operation Practices

### 5.1. Supply Chain Management

The Group relies on a range of suppliers to provide commodities for its distribution and trading business thus a proper management of the supply chain is of paramount importance. We have adopted the supplier credibility scoring system in an effort to evaluate and select suitable suppliers as our business partners. Scores are given to every supplier by taking account of different aspects including their nature of business, financial status, sales performance, loyalty and environmental and social risks associated with the supplier. Subsequently, higher priority can be given to suppliers with a better performance. The Group will consider putting suppliers who score low into the blacklist.

To be environmentally-friendly, the Group upholds the green procurement principle that products and services which cause minimal adverse environmental impacts are always preferred during procurement. We also prefer suppliers who support sustainable development. Besides, we clearly inform potential suppliers of our expectations, policies and requirements during our procurement process to minimize the social risks caused by the supply chain. The Group monitors the performance of suppliers continuously and will suspend its cooperation with any supplier whose practice is found to be inconsistent with the Group's policy until the situation has been improved.

In the year, the Group has selected quality suppliers who are able to meet our supplier credibility scoring system requirement while fulfilling our green procurement principles. While the majority of suppliers come from Singapore, Hong Kong and China with 4, 3 and 3 suppliers respectively, the Group has also selected 7 suppliers from around the world, ranging from Australia to as far as the Republic of South Africa.





# Environmental, Social and Governance Report

## 5.2. Protecting Our Clients

The Group is dedicated to building a relationship of mutual trust with our customers. We collect and evaluate our customers' feedback and act swiftly to address the potential quality and safety issues in order to satisfy the needs of the customers. On the other hand, the Group is devoted to safeguarding our customers' personal information. In strict compliance with the laws and regulations regarding privacy matter such as the Personal Data (Privacy) Ordinance of Hong Kong and the Personal Data Protection Act of Singapore, personal information of our customers is collected and used in a responsible and non-discriminatory manner by restricting the use of information in accordance with purposes as defined in the contract. We also take steps to upgrade the security features of computer systems as a means to safeguard the customers' personal information. Meanwhile, employees are required to agree with the Group's confidentiality policy as stated in the employment agreement while ongoing risk identification and monitoring measures are implemented, in order to uphold the principle of confidentiality and protect the privacy of clients.

During the Year, the Group has not received any product and service-related complaints from customers, and no products were subject to recalls due to health and safety reasons.

## 5.3. Anti-corruption

The Group strictly complies with the law and regulation regarding bribery, extortion, fraud and money laundering such as the Prevention of Bribery Ordinance of Hong Kong, the Regulations of the People's Republic of China for Suppression of Corruption and the Prevention of Corruption Act of Singapore. The Group has established the Anti-Bribery and Corruption Policy which is executed to prohibit bribery and corruption in all business dealings with private organizations, individuals, domestic or foreign governments or their representatives. A code of conduct is also set up that includes provisions for conflicts of interest, privacy, bribery and anti-corruption. To effectively prohibit commercial bribes, kickbacks or similar payoffs or benefits paid by any suppliers or clients, our employees are prohibited from receiving anything with significant value from parties in any form of relationships with the Group. The Group has also adopted a whistleblowing policy to encourage the reporting of inappropriate behaviour, while at the same time protecting the whistleblowers.

Furthermore, the Group has organised an anti-corruption programme for directors and staff in Singapore, providing them with different training material such as leaflets to refresh and reinforce the staffs' knowledge and awareness towards anti-corruption practices.

During the Year, we were not aware of any breach of laws and regulations in relation to bribery, extortion, fraud and money laundering.

# Environmental, Social and Governance Report

## 6. Community Investment

In the Year, the Group has focused on charitable activities to show our grateful hearts to the community. We strongly encourage our staff to join various volunteer work. The Group has made donations of a total of HK\$294,000 to the Singapore Management University and other charity organizations to support community development. In the future, the Group will continue to look for opportunities to support the community through different methods.



# Environmental, Social and Governance Report

## Appendix: Key Performance Indicators (KPIs)

Environment	2021	2020
<b>Air Pollutants (g)</b>		
NOx	1,984	34
SOx	52	2
PM	146	2
<b>Greenhouse Gas (kg CO<sub>2e</sub>)<sup>1</sup></b>		
Total emission	4,963,840	53,453
Direct emission (Scope 1) <sup>1</sup>	8,245	373
Indirect emission (Scope 2) <sup>2</sup>	4,953,340	47,800
Indirect emission (Scope 3) <sup>3</sup>	2,075	5,280
Emission/number of employees	15,808.41	685.29
<b>Waste</b>		
Total hazardous waste produced (kg)	22	18
Hazardous waste produced/number of employees	0.07	0.23
Total non-hazardous waste produced (tonnes)	20,010	3
Non-hazardous waste produced/number of employees	63.72	0.04
<b>Energy Consumption (MWh)</b>		
Total energy consumption	8,751	87
Fuel consumed for vehicles <sup>5</sup>	34	1
Electricity	8,717	86
Energy consumption/number of employees	74.16	3.63

### Notes:

- Greenhouse gas emission is presented in kg of carbon dioxide equivalent, and includes carbon dioxide, methane and nitrous oxide as its inventory.
- Data includes greenhouse gas emissions derived from the fuel combustion of the Group's vehicle, calculated with reference to "Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX.
- Data includes greenhouse gas emissions derived from the use of purchased electricity, calculated with reference to "Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX and "Electricity Grid Emission Factor and Upstream Fugitive Methane Emission Factor 2020" issued by the Energy Market Authority of Singapore.
- Data includes greenhouse gas emissions derived from the freshwater and sewage processing, business trips of employees and disposal of paper to landfills, calculated with reference to "Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX and the International Civil Aviation Organisation Carbon Emissions Calculator.
- Data calculated with reference to the "Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Road Transport Corporation (Trial)" (《陸上交通運輸企業 — 溫室氣體排放核算方法與報告指南 (試行)》) issued by the National Development and Reform Commission of the PRC.



# Environmental, Social and Governance Report

<b>Social</b>	<b>2021</b>	<b>2020</b>
<b>Total workforce (persons)</b>	<b>315</b>	78
By gender		
Male	<b>231</b>	45
Female	<b>84</b>	33
By age group		
<30	<b>78</b>	19
30-50	<b>160</b>	53
>50	<b>77</b>	6
By employment type		
Full-time	<b>308</b>	71
Part-time	<b>7</b>	7
By geographical region		
Hong Kong	<b>10</b>	8
The PRC	<b>230</b>	7
Singapore	<b>73</b>	63
The United Kingdom	<b>2</b>	N/A
<b>Employee Turnover Rate (%)</b>	<b>13</b>	23
By gender		
Male	<b>13</b>	24
Female	<b>13</b>	21
By age group		
<30	<b>6</b>	47
30-50	<b>21</b>	17
>50	<b>1</b>	0
By geographical region		
Hong Kong	<b>10</b>	0
The PRC	<b>10</b>	86
Singapore	<b>22</b>	19
The United Kingdom	<b>0</b>	N/A



# Environmental, Social and Governance Report

<b>Health and Safety</b>	<b>2021</b>	2020	2019
Number of work-related fatalities	<b>0</b>	0	0
Lost days due to work injury (days)	<b>0</b>	0	0

  

<b>Training and Development</b>	<b>2021</b>	2020
<b>Percentage of Employees Trained (%)</b>	<b>100</b>	100
By gender		
Male	<b>100</b>	100
Female	<b>100</b>	100
By Level of Employees		
Senior	<b>100</b>	100
Middle	<b>100</b>	100
Junior	<b>100</b>	100
Others	<b>100</b>	100
<b>Average Training Hours Completed (hours)</b>	<b>3.19</b>	3.23
By gender		
Male	<b>3.18</b>	3.27
Female	<b>3.23</b>	3.18
By Level of Employees		
Senior	<b>3.17</b>	2.53
Middle	<b>3.24</b>	3.50
Junior	<b>3.17</b>	3.15
Others	<b>3.53</b>	4.40

# Environmental, Social and Governance Report

## Appendix: Content Index to ESG Reporting Guide

ESG Indicators	Overview	Sections	Page no./ Explanation/ Reasons for Omissions
<b>Environmental Aspect</b>			
<b>A1 Emissions</b>	General disclosure	Emission	54
<b>A1.1</b>	The types of emissions and respective emissions data.	Appendix: Key Performance Indicators (KPIs)	61
<b>A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	Appendix: Key Performance Indicators (KPIs)	61
<b>A1.3</b>	Total hazardous waste produced and, where appropriate, intensity.	Appendix: Key Performance Indicators (KPIs)	61
<b>A1.4</b>	Total non-hazardous waste produced and, where appropriate, intensity.	Appendix: Key Performance Indicators (KPIs)	61
<b>A1.5</b>	Description of emissions targets set and steps taken to achieve them.	Emission	54
<b>A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and steps taken to achieve them.	Waste Management	55
<b>A2 Use of Resources</b>	General disclosure	Resource Conservation	55
<b>A2.1</b>	Direct and/or indirect energy consumption by type in total and intensity.	Appendix: Key Performance Indicators (KPIs)	61
<b>A2.2</b>	Water consumption in total and intensity.	Appendix: Key Performance Indicators (KPIs)	61
<b>A2.3</b>	Description of energy use efficiency targets set and steps taken to achieve them.	Resource Conservation	55
<b>A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets set and steps taken to achieve them.	Resource Conservation	55



# Environmental, Social and Governance Report

ESG Indicators	Overview	Sections	Page no./ Explanation/ Reasons for Omissions
<b>A2.5</b>	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	N/A	Irrelevant to business scope
<b>A3 The Environment and Natural Resources</b>	General disclosure	Green Operation	54-56
<b>A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operation	54-56
<b>A4 Climate Change</b>	General disclosure	Responding to Climate Change	56
<b>A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Responding to Climate Change	56
<b>Social Aspect</b>			
<b>B1 Employment</b>	General disclosure	Employment Standard	56
<b>B1.1</b>	Total workforce by gender, employment type, age group and geographical region.	Appendix: Key Performance Indicators (KPIs)	62
<b>B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Appendix: Key Performance Indicators (KPIs)	62
<b>B2 Health and Safety</b>	General disclosure	Health and Safety	57-58
<b>B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix: Key Performance Indicators (KPIs)	62
<b>B2.2</b>	Lost days due to work injury.	Appendix: Key Performance Indicators (KPIs)	62
<b>B2.3</b>	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety	57-58

# Environmental, Social and Governance Report

ESG Indicators	Overview	Sections	Page no./ Explanation/ Reasons for Omissions
<b>B3 Development and Training</b>	General disclosure	Benefits and Development	57
<b>B3.1</b>	The percentage of employees trained by gender and employee category.	Appendix: Key Performance Indicators (KPIs)	62
<b>B3.2</b>	The average training hours completed per employee by gender and employee category.	Appendix: Key Performance Indicators (KPIs)	62
<b>B4 Labour Standards</b>	General disclosure	Employment Standards	56
<b>B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	Employment Standards	56
<b>B4.2</b>	Description of steps taken to eliminate such practices when discovered.	Employment Standards	56
<b>B5 Supply Chain Management</b>	General disclosure	Supply Chain Management	58
<b>B5.1</b>	Number of suppliers by geographical region.	Supply Chain Management	58
<b>B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management	58
<b>B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	N/A	Irrelevant to business scope.
<b>B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	58

# Environmental, Social and Governance Report

ESG Indicators	Overview	Sections	Page no./ Explanation/ Reasons for Omissions
<b>B6 Product Responsibility</b>	General disclosure	Operation Practices	58-59
<b>B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Protecting Our Clients	59
<b>B6.2</b>	Number of products and service-related complaints received and how they are dealt with.	Protecting Our Clients	59
<b>B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	N/A	Irrelevant to business scope.
<b>B6.4</b>	Description of quality assurance process and recall procedures.	N/A	Irrelevant to business scope.
<b>B6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Protecting Our Clients	59
<b>B7 Anti-corruption</b>	General disclosure.	Anti-Corruption	59
<b>B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption	59
<b>B7.2</b>	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-Corruption	59
<b>B7.3</b>	Description of anti-corruption training provided to directors and staff.	Anti-Corruption	59
<b>B8 Community Investment</b>	General disclosure	Community Investment	60
<b>B8.1</b>	Focus areas of contribution.	Community Investment	60
<b>B8.2</b>	Resources contributed to the focus area.	Community Investment	60



# Independent Auditor's Report



## TO THE SHAREHOLDERS OF THEME INTERNATIONAL HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

### Opinion

We have audited the consolidated financial statements of Theme International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 72 to 145, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# Independent Auditor's Report

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Inventories

Refer to note 22 to the consolidated financial statements

The Group tested the amount of inventories for impairment. This impairment test is significant to our audit because the balance of inventory of approximately HK\$1,241,564,000 as at 31 December 2021 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on ordering and holding of inventories;
- Evaluating the Group's impairment assessment;
- Assessing the marketability of the inventories;
- Assessing the ageing of the inventories;
- Assessing the net realisable values of the inventories; and
- Checking subsequent sales and usage of the inventories.

We consider that the Group's impairment test for inventories is supported by the available evidence.

## Trade and bills receivables and interest receivables and accounts receivables

Refer to notes 23 and 24 to the consolidated financial statements

The Group tested the recoverability of trade and bills receivables and interest receivables and accounts receivables. This recoverability test is significant to our audit because the balances of trade and bills receivables and interest receivables and accounts receivables of approximately HK\$1,849,477,000 and HK\$2,316,438,000 respectively as at 31 December 2021 are material to the consolidated financial statements. In addition, the Group's recoverability test involves application of judgement and is based on estimates.

## Independent Auditor's Report

Our audit procedures included, among others:

- assessing the Group's procedures on granting credit limits and credit periods to customers;
- assessing the Group's relationship and transaction history with the customers;
- evaluating the Group's impairment assessment;
- assessing aging of the debts;
- checking subsequent settlements from the customers;
- understanding the established policies and procedures on credit risk management of the Group and assessing and evaluating the process with respect to identification of accounts receivables from brokers, dealers and customers with indicators of impairment and the measurement of the impairment allowance;
- assessing the sufficiency of the impairment loss recognised with respect to the above shortfall, after taking into account other factors like credit worthiness, subsequent utilisation of accounts in the future dealings as well as past collection history; and
- assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's recoverability test for trade and bills receivables and interest receivables and accounts receivables is supported by the available evidence.

### Other Information

The directors of the Company are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



# Independent Auditor's Report

## Responsibilities of Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/>

This description forms part of our auditor's report.

### **ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

### **Pang Hon Chung**

*Audit Engagement Director*

Practising Certificate Number P05988

Hong Kong, 31 March 2022

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Revenue</b>	7	<b>34,644,900</b>	15,876,104
Cost of sales		<b>(33,175,881)</b>	(15,248,552)
<b>Gross profit</b>		<b>1,469,019</b>	627,552
Other income, gain and loss	8	<b>39,274</b>	46,050
Selling and distribution expenses		<b>(5,078)</b>	(13,446)
Administrative expenses		<b>(222,187)</b>	(108,381)
<b>Profit from operations</b>		<b>1,281,028</b>	551,775
Finance costs	9	<b>(5,373)</b>	(19,503)
Share of profits of an associate	18	<b>19,045</b>	—
<b>Profit before taxation</b>		<b>1,294,700</b>	532,272
Income tax	10	<b>(92,080)</b>	(31,931)
<b>Profit for the year</b>	11	<b>1,202,620</b>	500,341
<b>Attributable to:</b>			
Owners of the Company		<b>997,967</b>	445,977
Non-controlling interests		<b>204,653</b>	54,364
		<b>1,202,620</b>	500,341
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Share of associate's exchange differences on translating foreign operations		<b>3,746</b>	—
Exchange differences on translating foreign operations		<b>8,184</b>	1,025
<b>Other comprehensive income for the year, net of tax</b>		<b>11,930</b>	1,025
<b>Total comprehensive income for the year</b>		<b>1,214,550</b>	501,366
<b>Attributable to:</b>			
Owners of the Company		<b>1,007,932</b>	447,002
Non-controlling interests		<b>206,618</b>	54,364
		<b>1,214,550</b>	501,366
<b>Earnings per share</b>			
— Basic (HK cents per share)	14	<b>7.71</b>	3.77
— Diluted (HK cents per share)	14	<b>7.71</b>	3.77

# Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	15	193,691	10,503
Right-of-use assets	16	29,359	16,537
Goodwill	17	917	—
Interest in an associate	18	234,995	—
Financial assets at fair value through other comprehensive income	19	22,567	—
Deferred tax assets	20	304	—
Loans to customers	21	9,600	1,000
		<b>491,433</b>	28,040
<b>Current assets</b>			
Inventories	22	1,241,564	766,573
Loans to customers	21	13,157	16,782
Trade and bills receivables and interest receivables	23	1,849,477	1,032,014
Accounts receivables	24	2,316,438	1,142,749
Financial assets at fair value through profit or loss	25	15,643	2,571
Derivative instruments	26	710,178	192,578
Prepayments, deposits and other receivables	27	575,665	107,482
Current tax recoverable		16,982	2,478
Cash and bank balances	28	1,864,744	720,155
		<b>8,603,848</b>	3,983,382
<b>Current liabilities</b>			
Trade and bills payables	29	732,554	498,142
Trust receipt loans	30	38,656	—
Accounts payables	31	2,817,402	1,015,171
Contract liabilities	32	381,364	161,205
Accruals and other payables		114,407	34,303
Derivative instruments	26	597,799	392,110
Lease liabilities	33	8,929	9,435
Current tax payable		63,720	51,684
		<b>4,754,831</b>	2,162,050
<b>Net current assets</b>		<b>3,849,017</b>	1,821,332
<b>Total assets less current liabilities</b>		<b>4,340,450</b>	1,849,372



# Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Non-current liabilities</b>			
Lease liabilities	33	511	7,943
Deferred tax liabilities	20	10,623	—
		<b>11,134</b>	7,943
<b>NET ASSETS</b>			
		<b>4,329,316</b>	1,841,429
<b>Capital and reserves</b>			
Share capital	34	33,679	29,604
Reserves	35	3,451,786	1,640,190
Equity attributable to owners of the Company		<b>3,485,465</b>	1,669,794
Non-controlling interests		<b>843,851</b>	171,635
<b>TOTAL EQUITY</b>			
		<b>4,329,316</b>	1,841,429

The consolidated financial statements on pages 72 to 145 were approved and authorised for issue by the board of directors on 31 March 2022 and are signed on its behalf by:

Director  
**Jiang Jiang**

Director  
**Wu Lei**



# Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Attributable to owners of the Company							
	Share capital	Share premium account	Capital reserve	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	HK\$'000	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 (note 36(i))	—	—	—	—	—	—	25,896	25,896
Disposal of interests in subsidiaries without loss of control (note 36(i))	—	—	279	—	—	279	(279)	—
At 31 December 2020 and 1 January 2021	<b>29,604</b>	<b>1,074,215</b>	<b>2,944</b>	<b>(3,217)</b>	<b>566,248</b>	<b>1,669,794</b>	<b>171,635</b>	<b>1,841,429</b>
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 (note 34)	4,075	803,429	—	—	—	807,504	—	807,504
Capital contribution received from non-controlling interests (note 36(i)-(iii))	—	—	—	—	—	—	398,367	398,367
Acquisition of non-wholly owned subsidiaries (note 37(i)(a)&(b))	—	—	—	—	—	—	67,466	67,466
Deemed disposal and acquisition of interests in subsidiaries via shares placement in subsidiaries (note 36(ii))	—	—	235	—	—	235	(235)	—
At 31 December 2021	<b>33,679</b>	<b>1,877,644</b>	<b>3,179</b>	<b>6,748</b>	<b>1,564,215</b>	<b>3,485,465</b>	<b>843,851</b>	<b>4,329,316</b>

# Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
<b>Cash flows from operating activities</b>			
Profit before taxation:		1,294,700	532,272
Adjustments for:			
Interest income		(4,082)	(15,703)
Finance costs		5,373	19,503
Loss on written-off property, plant and equipment		238	—
Depreciation on:			
— property, plant and equipment		8,502	5,069
— right-of-use assets		9,694	8,668
Reversal of impairment loss of loans to customers		(5,000)	—
Share of profit of an associate		(19,045)	—
Gain on bargain purchase arising from acquisition of a subsidiary		(5,897)	—
Impairment losses on loans to customers		—	3,700
Operating cash flows before working capital changes		1,284,483	553,509
Change in inventories		(462,449)	1,317,659
Change in loans to customers		25	(2,582)
Change in trade and bills receivables and interest receivables		(801,642)	(541,565)
Change in accounts receivables		(1,173,689)	(107,770)
Change in financial assets at fair value through profit or loss		(13,072)	(2,571)
Change in derivative instruments		(311,911)	148,868
Change in prepayments, deposits and other receivables		(439,272)	86,121
Change in cash and bank balances—Trust and customer segregated accounts		(625,251)	(132,349)
Change in trade and bills payables	37(ii)	5,400,205	4,976,751
Change in accounts payables		1,802,231	10,597
Change in contract liabilities		220,159	(107,195)
Change in accruals and other payables		62,515	(20,213)
Cash generated from operations		4,942,332	6,179,260
Overseas and the PRC tax paid		(88,611)	(15,688)
Interest received		4,082	15,703
<b>Net cash generated from operating activities</b>		<b>4,857,803</b>	<b>6,179,275</b>



# Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(131,411)	(2,713)
Investment in an associate		(186,503)	—
Loan to an associate		(29,447)	—
Acquisition of investment at fair value through other comprehensive income		(22,567)	—
Acquisition of subsidiaries		(33,697)	—
Decrease/(increase) in restricted deposits		56,208	(79,121)
<b>Net cash used in investing activities</b>		<b>(347,417)</b>	<b>(81,834)</b>
<b>Cash flows from financing activities</b>			
Proceeds from capital injection by non-controlling interest parties in subsidiaries		398,367	25,896
Net proceeds from issue of new shares		807,504	—
Repayment of trust receipt loans	37(iii)	(5,133,916)	(6,401,770)
Payment of lease liabilities		(9,767)	(8,887)
Interest paid		(5,373)	(19,503)
<b>Net cash used in financing activities</b>		<b>(3,943,185)</b>	<b>(6,404,264)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Effect of changes in foreign exchange rates		8,345	1,767
Cash and cash equivalents at beginning of year		304,706	609,762
<b>Cash and cash equivalents at end of year</b>		<b>880,252</b>	<b>304,706</b>
<b>Analysis of cash and cash equivalents</b>			
Cash and bank balances	28	880,252	304,706

# 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 principal activities of its principal subsidiaries are set out in note 40 to the consolidated financial statements. The Company and its subsidiaries are collectively referred to as the “**Group**”.

## 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. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and derivative instruments. These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors of the Company (the “**Directors**”) to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these consolidated financial statements, are further disclosed in note 4 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 3. Significant Accounting Policies (Continued)

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

### Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of subsidiaries that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 3. Significant Accounting Policies (Continued)

### Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 3. Significant Accounting Policies (Continued)

### Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

#### (b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

#### (c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- (iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated profit or loss as part of the gain or loss on disposal.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 3. Significant Accounting Policies (Continued)

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings		4.75%–19%
Leasehold improvements	Shorter of lease term or useful lives	
Plant and equipment		10%–33 $\frac{1}{3}$ %
Furniture, fixtures and office equipment		10%–33 $\frac{1}{3}$ %
Motor vehicles		10%–33 $\frac{1}{3}$ %

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machines pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

### Leases

#### The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land use rights	Over the unexpired lease term	
Land and buildings		33 $\frac{1}{3}$ %



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 3. Significant Accounting Policies (Continued)

### Leases (Continued)

#### The Group as lessee (Continued)

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

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

### Inventories

Save as the precious metal commodities are measured at fair value less cost to sell and their changes in fair value less cost to sell are recognised in profit or loss in the period of the change, the remaining inventories of the Group are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 3. Significant Accounting Policies (Continued)

### Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified as:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income; and
- Financial assets at fair value through profit or loss.

#### (i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

#### (ii) Financial assets at fair through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity investments that are not held for trading as at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the investment revaluation reserve are not reclassified to profit or loss.

Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 3. Significant Accounting Policies (Continued)

### Financial assets (Continued)

#### (iii) Financial assets at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Financial assets at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

#### Loss allowance for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables, if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

#### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 3. Significant Accounting Policies (Continued)

### Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

### Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

### Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### Derivative instruments

Derivatives (including contingent considerations under business combinations) are initially recognised and subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss.

### Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 3. Significant Accounting Policies (Continued)

### Revenue from contracts with customers (Continued)

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

### Other revenue

Interest income is recognised using the effective interest method.

### Employee benefits

#### (a) Employee leave entitlements

Employee entitlements to annual leave and long service payment are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service payment as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 3. Significant Accounting Policies (Continued)

### Employee benefits (Continued)

#### (c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Repayment of a grant related to income is applied first against any unamortised deferred income set up in respect of the grant. To the extent that the repayment exceeds any such deferred income, or where no deferred income exists, the repayment is recognised immediately in profit or loss. Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income by the amount repayable. The cumulative additional depreciation that would have been recognised in profit or loss to date in the absence of the grant is recognised immediately in profit or loss.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 3. Significant Accounting Policies (Continued)

### Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 3. Significant Accounting Policies (Continued)

### Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 3. Significant Accounting Policies (Continued)

### Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to and assessing the performance of the Group's various lines of business in different geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

### Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill, deferred tax assets, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 3. Significant Accounting Policies (Continued)

### Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

### Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

## 4. Critical Judgements and Key Estimates

### 4a. Critical Judgments in Applying Accounting Policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### Consolidation of entity of less than 50% equity interest

Although the Group owns less than 50% of the equity interest in certain subsidiaries, namely, Theme International Trading SPC, a company incorporated in the Cayman Islands and Theme International VCC, a fund incorporated in Singapore, these 2 incorporations are treated as the subsidiaries because the Group is able to control the relevant activities of them as a result of the shareholders' agreement between the Group and other shareholders of these 2 incorporations.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 4. Critical Judgements and Key Estimates (Continued)

### 4b. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgment and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

#### Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions. The Group will reassess the estimates by the end of each reporting period.

#### Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 5. Financial Risk Management

The Group's activities expose it to a variety of financial risks, foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### (a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities, including Hong Kong dollars, United States dollars and Renminbi. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2021, if the Renminbi had weakened/strengthened 2.4% (2020: 6.6%) against the US dollar with all other variables held constant, consolidated profit after tax for the year would have been approximately of HK\$7,394,000 (2020: HK\$31,207,000) lower/higher, arising mainly as a result of the foreign exchange loss on trade and bills payables denominated in US dollar.

### (b) Price risk

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

#### Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. For sensitivity analysis purpose, the sensitivity rate is 10% (2020: 10%) in current year as a result of the volatile financial market.

At 31 December 2021, if share prices of the investment at fair value through other comprehensive income increase/decrease by 10%, the investment reserve would have been approximately of HK\$2,257,000 (2020: Nil) higher/lower, arising as a result of the fair value gain/loss of the financial assets at fair value through other comprehensive income.

At 31 December 2021, if the share prices of the investments and derivative instruments increase/decrease by 10%, consolidated profit after tax for the year would have been approximately of HK\$12,802,000 (2020: HK\$19,700,000) higher/lower, arising as a result of the fair value change of the financial assets at fair value through profit or loss and derivative instruments.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 5. Financial Risk Management (Continued)

### (c) Credit risk

The carrying amount of the cash and bank balances, trade, bills, interest and other receivables, investments and loans to customers receivable included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. The default risk of the industry and country in which debtors operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has a concentration of credit risk as 72% (2020: 80%) and 99% (2020: 94%) of trade and bills receivables which was due from the Group's largest debtor and the five largest debtors respectively.

The Group has policies in place to ensure that sales on credit terms and loans are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. Apart from receivables that are impaired at year end, the remaining debtors have no significant defaults in the past. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that no provision for the remaining uncollectible receivables is required.

In order to minimise the credit risk on the accounts receivables relating to the brokerage activities, the Group only select those brokers which are either the licensed financial institutions or Fortune 500 Conglomerate for carrying on the brokerage and clearing services business and acting as the custodians of the fund of the Group itself and its customers. In this regard, the directors of the Company consider that the Group's credit risk on the accounts receivable is significantly reduced.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 5. Financial Risk Management (Continued)

### (c) Credit risk (Continued)

- significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade receivables which reflect their credit risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 5. Financial Risk Management (Continued)

### (d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer terms.

The maturity analysis of the Group's financial liabilities which are based on contractual undiscounted cash flows as follows:

	Within 1 year or on demand	
	2021	2020
	HK\$'000	HK\$'000
Trade and bills payables	732,554	498,142
Trust receipt loans	38,657	—
Accounts payables	2,817,402	1,015,171
Accruals and other payables	114,407	34,303
Derivative instruments	597,799	392,110
	<b>4,300,819</b>	1,939,726

### (e) Interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in marked interest rate.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 5. Financial Risk Management (Continued)

### (f) Categories of financial instruments at 31 December

	2021 HK\$'000	2020 HK\$'000
<b>Financial assets</b>		
Financial assets at fair value through other comprehensive income	22,567	—
Financial assets at fair value through profit or loss —		
Mandatorily measured:		
Financial assets at fair value through profit or loss	15,643	2,571
Derivative instruments	710,178	192,578
	<b>725,821</b>	195,149
Financial assets at amortised cost (including cash and cash equivalents):		
Loans to customers	22,757	17,782
Trade and bills receivables and interest receivables	1,849,477	1,032,014
Accounts receivables	2,316,438	1,142,749
Deposits and other receivables	572,708	90,023
Cash and bank balances	1,864,744	720,155
	<b>6,626,124</b>	3,002,723
	<b>7,374,512</b>	3,197,872
<b>Financial liabilities</b>		
Financial liabilities at fair value through profit or loss:		
Derivative instruments	597,799	392,110
Financial liabilities at amortised cost:		
Trade and bills payables	732,554	498,142
Trust receipt loans	38,656	—
Accounts payables	2,817,402	1,015,171
Accruals and other payables	114,407	34,303
	<b>3,703,019</b>	1,547,616
	<b>4,300,818</b>	1,939,726

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 5. Financial Risk Management (Continued)

### (g) Fair value

Fair value estimates are made at a specific point in time and are based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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

## 6. Fair Value Measurements

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

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

Level 1 inputs:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 inputs:	inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs:	unobservable inputs for the asset or liability.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 6. Fair Value Measurements (Continued)

### Disclosures of level in fair value hierarchy:

At 31 December 2021

Description	Fair value measurements using:			Total 2021 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>Recurring fair value measurements:</b>				
Financial assets at fair value through other comprehensive income				
Private equity investment in the PRC	—	—	22,567	22,567
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong and overseas	15,643	—	—	15,643
Derivative instruments				
— Assets	710,178	—	—	710,178
— Liabilities	(597,799)	—	—	(597,799)
	112,379	—	—	112,379
Total recurring fair value measurements	128,022	—	22,567	150,589



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 6. Fair Value Measurements (Continued)

### Disclosures of level in fair value hierarchy: (Continued)

At 31 December 2020

Description	Fair value measurements using:			Total 2020 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>Recurring fair value measurements:</b>				
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong and overseas	2,571	—	—	2,571
Derivative instruments				
— Assets	192,578	—	—	192,578
— Liabilities	(392,110)	—	—	(392,110)
	(199,532)	—	—	(199,532)
Total recurring fair value measurements	(196,961)	—	—	(196,961)

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

### Movements in Level 3 fair value measurements

2021

Description	Financial assets at fair value through other comprehensive income Equity investment HK\$'000
At 1 January	—
Purchases	22,567
At 31 December	22,567

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 6. Fair Value Measurements (Continued)

### Movements in Level 3 fair value measurements (Continued)

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations. The valuation method currently adopts for such level 3 financial assets at fair value through other comprehensive income is:

Description	Valuation Technique	Unobservable inputs	Fair value 2021 HK\$'000
Unlisted equity securities	Market approach — Guideline Transaction Method	Reference to the most recent shares transactions of the target company with independent third party	22,567

## 7. Revenue and Segment Information

### (a) Revenue

	2021 HK\$'000	2020 HK\$'000
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	(6,604)	(4,148)
Revenue from contracts with customers	34,109,919	15,631,500
Gain from derivative trading	529,412	241,263
Interest income from loans to customers	1,417	1,450
Interest income from customers' segregated accounts	4,152	1,891
	534,981	244,604
Total revenue	34,644,900	15,876,104

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 7. Revenue and Segment Information (Continued)

### (a) Revenue (Continued)

#### 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.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 7. Revenue and Segment Information (Continued)

### (a) Revenue (Continued)

Disaggregation of revenue from contracts with customers:

Segments	Distribution, trading and processing HK\$'000	Financial services HK\$'000	Total 2021 HK\$'000
<b>Geographical markets</b>			
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
Total	<b>34,022,269</b>	<b>87,650</b>	<b>34,109,919</b>
<b>Major products/services</b>			
Trading and processing of bulk commodities	34,022,269	—	34,022,269
Commission income and brokerage fees	—	87,650	87,650
Total	<b>34,022,269</b>	<b>87,650</b>	<b>34,109,919</b>
<b>Time of revenue recognition</b>			
At a point in time	34,022,269	87,650	34,109,919

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 7. Revenue and Segment Information (Continued)

### (a) Revenue (Continued)

#### Disaggregation of revenue from contracts with customers:

Segments	Distribution and trading HK\$'000	Financial services HK\$'000	Total 2020 HK\$'000
<b>Geographical markets</b>			
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
Total	15,566,349	65,151	15,631,500
<b>Major products/services</b>			
Trading and processing of bulk commodities	15,566,349	—	15,566,349
Commission income and brokerage fees	—	65,151	65,151
Total	15,566,349	65,151	15,631,500
<b>Time of revenue recognition</b>			
At a point in time	15,566,349	65,151	15,631,500

### (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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 7. Revenue and Segment Information (Continued)

### (b) Segment information (Continued)

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

#### Year ended 31 December 2020

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 7. Revenue and Segment Information (Continued)

### (b) Segment information (Continued)

#### Segment information and results: (Continued)

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 HK\$'000	Financial services HK\$'000	Total HK\$'000
Segment assets	4,502,207	4,334,667	8,836,874
Current tax recoverable	16,982	—	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			641
Consolidated assets			9,095,281
Segment liabilities	1,199,406	3,458,692	4,658,098
Trust receipt loans	38,656	—	38,656
Current tax payable	38,517	25,203	63,720
Unallocated accruals and other payables			1,277
Unallocated lease liabilities			4,214
Consolidated liabilities			4,765,965

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 7. Revenue and Segment Information (Continued)

### (b) Segment information (Continued)

#### Segment assets and liabilities: (Continued)

As at 31 December 2020

	Distribution and trading HK\$'000	Financial services HK\$'000	Total HK\$'000
Segment assets	2,177,096	1,821,828	3,998,924
Current tax recoverable	2,478	—	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			390
Consolidated assets			4,011,422
Segment liabilities	691,508	1,417,866	2,109,374
Current tax payable	27,496	24,188	51,684
Unallocated accruals and other payables			696
Unallocated lease liabilities			8,239
Consolidated liabilities			2,169,993

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 7. Revenue and Segment Information (Continued)

### (b) Segment information (Continued)

#### Other segment information:

	Distribution, trading and processing HK\$'000	Financial services HK\$'000	Total HK\$'000
--	--	-----------------------------------	-------------------

#### Year ended 31 December 2021

Amounts included in the measure of  
segment results or segment assets:

Additions of property, plant and equipment	130,638	773	131,411
Depreciation of property, plant and equipment	7,813	689	8,502

	Distribution and trading HK\$'000	Financial services HK\$'000	Total HK\$'000
--	---	-----------------------------------	-------------------

#### Year ended 31 December 2020

Amounts included in the measure of  
segment results or segment assets:

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 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 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
	<b>34,644,900</b>	15,876,104	<b>491,433</b>	28,040



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 7. Revenue and Segment Information (Continued)

### (b) Segment information (Continued)

#### Geographical information: (Continued)

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 contribute over 10% of the total revenue of the Group represents approximately of HK\$5,478,656,000 (2020: HK\$2,499,705,000).

## 8. Other Income, Gain and Loss

	2021 HK\$'000	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
	<b>39,274</b>	<b>46,050</b>

## 9. Finance Costs

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 10. Income Tax

	2021 HK\$'000	2020 HK\$'000
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	–
	92,080	31,931

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 10. Income Tax (Continued)

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

	2021 HK\$'000	2020 HK\$'000
Profit before taxation	<b>1,294,700</b>	532,272
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdiction concerned	<b>229,293</b>	97,436
Tax effect on income that is not taxable	<b>(31,467)</b>	(265)
Tax effect of expenses that are not deductible	<b>621</b>	450
Under/(Over) provision in respect of prior years	<b>251</b>	(2,387)
Utilisation of tax losses previously not recognised	<b>(8,269)</b>	(29,091)
Effect of GTP incentive award	<b>(110,338)</b>	(36,286)
One-off tax reduction	<b>(401)</b>	—
Tax losses not recognised	<b>12,552</b>	2,617
Others	<b>4,586</b>	(543)
Reversal of previously recognised deductible temporary differences	<b>13</b>	—
Tax effect of share of profits of an associate	<b>(4,761)</b>	—
	<b>92,080</b>	31,931

At the end of the reporting period, subject to agreement with tax authorities, the Group has unused tax losses of approximately HK\$418,566,000 (2020: approximately HK\$421,567,000) 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\$20,558,000 (2020: 14,001,000) 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.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 11. Profit for the Year

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

	2021 HK\$'000	2020 HK\$'000
Cost of inventories recognised as expenses	<b>32,927,238</b>	15,132,397
Depreciation		
– Property, plant and equipment	<b>8,502</b>	5,069
– Right-of-use assets	<b>9,694</b>	8,668
Auditors' remuneration		
– audit services	<b>1,100</b>	830
– non-audit services	<b>234</b>	183
	<b>1,334</b>	1,013
Expenses related to short-term leases	<b>29</b>	17
Directors' remuneration (note 12(a))	<b>11,732</b>	9,153
Other staff costs		
– salaries, discretionary bonuses and allowances	<b>160,954</b>	57,193
– retirement benefits scheme contributions	<b>5,840</b>	2,283
	<b>166,794</b>	59,476

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 12. Directors' and Senior Management's Emoluments

### (a) Directors' emoluments

The remuneration of each Director for the year ended 31 December 2021 is set out below:

	Notes	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors:</i>						
Mr. Jiang Jiang		—	1,448	1,313	—	2,761
Mr. Wu Lei		—	1,328	1,574	100	3,002
Ms. Chen Jing		—	1,441	742	18	2,201
<i>Non-executive director:</i>						
Mr. Ding Lin	1	—	660	—	5	665
Mr. Wang Zhenhui	2	—	482	—	—	482
Mr. Kang Jian		—	1,447	683	131	2,261
<i>Independent non-executive directors:</i>						
Mr. Chan Chi Ming, Tony	3	79	—	—	—	79
Mr. Wu Shiming		120	—	—	—	120
Mr. Liu Song		120	—	—	—	120
Mr. Kent Shun Ming	4	41	—	—	—	41
		<b>360</b>	<b>6,806</b>	<b>4,312</b>	<b>254</b>	<b>11,732</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 12. Directors' and Senior Management's Emoluments (Continued)

### (a) Directors' emoluments (Continued)

The remuneration of each Director for the year ended 31 December 2020 is set out below:

	Notes	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors:</i>						
Mr. Jiang Jiang		—	1,446	936	—	2,382
Mr. Wu Lei		—	1,423	1,125	98	2,646
Ms. Chen Jing		—	1,446	415	14	1,875
<i>Non-executive director:</i>						
Mr. Kang Jian	5	—	1,445	355	90	1,890
<i>Independent non-executive directors:</i>						
Mr. Chan Chi Ming, Tony		120	—	—	—	120
Mr. Wu Shiming		120	—	—	—	120
Mr. Liu Song		120	—	—	—	120
		360	5,760	2,831	202	9,153

Notes:

1. Appointed on 21 May 2021
2. Appointed on 21 July 2021
3. Resigned on 28 August 2021
4. Appointed on 28 August 2021
5. Appointed on 8 August 2018 as executive director, and re-designated as non-executive director on 3 March 2020



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 12. Directors' and Senior Management's Emoluments (Continued)

### (b) Five highest paid individuals

Of the five individuals with the highest emoluments, one of them (2020: two) is Director whose emoluments are disclosed in note 12(a) above. The aggregate of the emoluments in respect of the five individuals with the highest emoluments (including the Directors) are as follows:

	2021 HK\$'000	2020 HK\$'000
Salaries and allowances	4,360	6,795
Discretionary bonuses	76,471	25,564
Retirement benefit scheme contributions	890	306
	<b>81,721</b>	<b>32,665</b>

The emoluments of the five individuals with the highest emoluments are within the following bands:

	2021	2020
HK\$2,000,001 to HK\$2,500,000	—	1
HK\$2,500,001 to HK\$3,000,000	—	2
HK\$3,000,001 to HK\$3,500,000	1	—
HK\$3,500,001 to HK\$4,000,000	1	—
HK\$4,000,001 to HK\$4,500,000	1	—
HK\$7,000,001 to HK\$7,500,000	—	1
HK\$17,000,001 to HK\$17,500,000	—	1
HK\$24,500,001 to HK\$25,000,000	1	—
HK\$46,000,001 to HK\$46,500,000	1	—

Save as disclosed above, for the two years ended 31 December 2021 and 2020, no other emoluments had been paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 13. Dividend

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

## 14. 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 HK\$'000	2020 HK\$'000
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>
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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 15. Property, Plant and Equipment

	Construction in-progress HK\$'000	Buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost:</b>							
At 1 January 2020	—	—	11,860	—	4,709	759	17,328
Additions	—	—	2,140	—	573	—	2,713
Disposals	—	—	—	—	17	—	17
At 31 December 2020 and 1 January 2021	—	—	14,000	—	5,299	759	20,058
Additions	4,185	99,335	—	21,210	6,043	638	131,411
Acquisition of subsidiaries	—	24,601	—	30,767	1,343	408	57,119
Written-off	—	—	—	—	—	(405)	(405)
Exchange adjustments	78	2,426	—	1,252	130	17	3,903
At 31 December 2021	4,263	126,362	14,000	53,229	12,815	1,417	212,086
<b>Accumulated depreciation:</b>							
At 1 January 2020	—	—	2,457	—	1,328	685	4,470
Charge for the year	—	—	3,825	—	1,170	74	5,069
Exchange adjustments	—	—	—	—	16	—	16
At 31 December 2020 and 1 January 2021	—	—	6,282	—	2,514	759	9,555
Charge for the year	—	726	3,939	1,744	2,085	8	8,502
Elimination on written-off	—	—	—	—	—	(167)	(167)
Exchange adjustments	—	103	—	353	48	1	505
At 31 December 2021	—	829	10,221	2,097	4,647	601	18,395
<b>Carrying amount:</b>							
At 31 December 2021	4,263	125,533	3,779	51,132	8,168	816	193,691
At 31 December 2020	—	—	7,718	—	2,785	—	10,503



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 16. Right-of-use Assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land use rights HK\$'000	Land and buildings HK\$'000	Total HK\$'000
At 1 January 2021	—	16,537	16,537
Additions	—	2,072	2,072
Modification	—	(243)	(243)
Acquisition of subsidiaries	20,497	—	20,497
Depreciation	(104)	(9,590)	(9,694)
Exchange differences	190	—	190
At 31 December 2021	20,583	8,776	29,359

The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:

	2021 HK\$'000	2020 HK\$'000
— Less than 1 year	9,097	9,942
— Between 1 and 2 years	515	8,076
	9,612	18,018
For the year ended 31 December:		
Depreciation charge of right-of-use assets	9,694	8,668
Lease interests	549	874
Expenses related to short-term leases	29	17
Total cash outflow for leases	10,316	9,761
Additions to right-of-use assets	2,072	—
Modification of right-of-use assets	(243)	—

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 16. Right-of-use Assets (Continued)

The Group leases various land use rights and land and buildings. Lease agreements for those land and buildings are typically made for fixed periods of 3 years while the land use rights are ranged from 39 to 41 years as of the end of reporting period. 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 and the leased assets may not be used as security for borrowing purposes.

## 17. Goodwill

	2021 HK\$'000
Cost and carrying amount	
Additions on acquisition of subsidiaries and at 31 December 2021	<u>917</u>

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

Distribution, trading and processing — PRC	<u>917</u>
--	------------

The recoverable amounts of the CGUs are determined on the basis of their value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and revenue during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and revenue are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 3%. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from the Group's distribution, trading and processing activities is 17.5%.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 18. Interest in an Associate

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

Note:

The amount due from an associate is unsecured, bear 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 are material to the Group. This associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associate.

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%



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 18. Interest in an Associate (Continued)

	HK\$'000
At 31 December	
Non-current assets	410,733
Current assets	208,512
Non-current liabilities	—
Current liabilities	(137,858)
Net assets	<u>481,387</u>
Group's share of net assets	192,555
Goodwill	<u>12,993</u>
Group's share of carrying amount of interests	<u>205,548</u>
From acquisition date to 31 December	
Revenue	<u>474,024</u>
Profit from operations	47,610
Other comprehensive income	
— Exchange differences on translating foreign operation	<u>9,365</u>
Total comprehensive income	<u>56,975</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 19. Financial Assets at Fair Value through Other Comprehensive Income

	2021 HK\$'000	2020 HK\$'000
Equity securities, at fair value		
Unlisted investment in the PRC	<b>22,567</b>	—
Analysed as:		
Non-current assets	<b>22,567</b>	—

The unlisted investment represents 0.5% interest held by the Group on Wubo Technology Co., Ltd 物泊科技有限公司, a company incorporated in the PRC with registered capital of RMB1,028,560,000 at 31 December 2021.

This investment is not held for trading, instead, it is held for long-term strategic purposes. The directors of the Company have elected to designate this investment as financial assets at fair value through other comprehensive income as they believe that recognising short-term fluctuations in this investment's fair value in profit or loss would not be consistent with the Group's strategy of holding this investment for long-term purposes and realising its performance potential in the long run.

## 20. Deferred Tax

The following are the major deferred tax assets and liabilities recognised by the Group.

	Fair value adjustments for financial assets at fair value through profit or loss HK\$'000	Revaluation of assets upon acquisition of subsidiaries HK\$'000	Accelerated depreciation allowances HK\$'000	Total HK\$'000
As at 31 December 2019, 1 January 2020 and 2021	—	—	—	—
Recognition upon acquisition of subsidiaries	—	(4,381)	—	(4,381)
Credit/(charge) to profit or loss	304	147	(6,389)	(5,938)
At 31 December 2021	<b>304</b>	<b>(4,234)</b>	<b>(6,389)</b>	<b>(10,319)</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 20. Deferred Tax (Continued)

	2021 HK\$'000	2020 HK\$'000
Analysed as:		
Deferred tax assets	304	—
Deferred tax liabilities	(10,623)	—
	(10,319)	—

## 21. Loans to Customers

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 21. Loans to Customers (Continued)

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

## 22. Inventories

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

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 23. Trade and Bills Receivables and Interest Receivables

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

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 HK\$'000	2020 HK\$'000
Not yet due or within 90 days	<b>1,849,477</b>	1,032,014

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 21 to the consolidated financial statements, 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 23. Trade and Bills Receivables and Interest Receivables (Continued)

	Current	Over 90 days past due	Over 180 days past due	Over 360 days past due	Total
<b>At 31 December 2021</b>					
Weighted average expected loss rate	0%	0%	0%	0%	0%
Receivable amount (HK\$'000)	1,849,477	—	—	—	1,849,477
Loss allowance (HK\$'000)	—	—	—	—	—
<b>At 31 December 2020</b>					
Weighted average expected loss rate	0%	0%	0%	0%	0%
Receivable amount (HK\$'000)	1,032,014	—	—	—	1,032,014
Loss allowance (HK\$'000)	—	—	—	—	—

## 24. Accounts Receivables

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

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.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 25. Financial Assets at Fair Value through Profit or Loss

	2021 HK\$'000	2020 HK\$'000
Equity securities, at fair value		
Listed securities in Hong Kong and overseas	<b>15,643</b>	2,571
Analysed as:		
Current assets	<b>15,643</b>	2,571

## 26. Derivative Instruments

	Contract/ Notional amount 2021 HK\$'000	Assets 2021 HK\$'000	Liabilities 2021 HK\$'000	Contract/ Notional amount 2020 HK\$'000	Assets 2020 HK\$'000	Liabilities 2020 HK\$'000
Future contracts						
– Sale	3,562,105	156,485	(451,801)	4,675,077	93,681	(225,737)
– Purchases	2,344,670	553,693	(145,998)	4,557,356	98,897	(166,373)
Total derivative instruments		<b>710,178</b>	<b>(597,799)</b>		192,578	(392,110)

## 27. Prepayments, Deposits and Other Receivables

	2021 HK\$'000	2020 HK\$'000
Trade deposits	<b>486,524</b>	43,196
Prepayments	<b>2,957</b>	17,459
VAT receivables	<b>12,437</b>	2,065
Deposit and other receivables	<b>73,747</b>	44,762
	<b>575,665</b>	107,482

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 28. Cash and Bank Balances

	2021 HK\$'000	2020 HK\$'000
Cash at bank		
— General accounts	880,252	304,706
— Restricted deposits	29,390	85,598
— Trust and segregated accounts	955,102	329,851
	<b>1,864,744</b>	720,155

The Group's restricted bank deposits represented margin deposits for trading of financial assets at fair value through profit or loss and derivative instruments as well as deposits for securing banking facilities granted to the Group as set out in notes 25, 26 and 29 to the consolidated financial statements.

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

## 29. Trade and Bills Payables

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

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 HK\$'000	2020 HK\$'000
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
	<b>732,554</b>	498,142

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 30. Trust Receipt Loans

	2021 HK\$'000	2020 HK\$'000
Trust receipt loans — secured	<b>38,656</b>	—

The maturity of trust receipt loans is as follows:

	2021 HK\$'000	2020 HK\$'000
Repayable on demand or within 1 year	<b>38,656</b>	—

Trust receipt loans at 31 December 2021 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 2021 and 2020 is as follows:

	2021	2020
Trust receipt loans	<b>1.60%</b>	N/A

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

## 31. Accounts Payables

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

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.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 32. Contract Liabilities

	<b>As at 31 December 2021 HK\$'000</b>	As at 31 December 2020 HK\$'000	As at 1 January 2020 HK\$'000
Contract liabilities			
— sales of bulk commodities and related products	<b>381,364</b>	161,205	258,966
Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:			
— 2021	—	160,883	
— 2022	381,042	—	
	<b>381,042</b>	<b>160,883</b>	
<b>Year ended 31 December</b>	<b>2021 HK\$'000</b>	2020 HK\$'000	
Revenue recognised in the year that was included in contract liabilities at beginning of year	<b>160,883</b>	258,644	
Significant changes in contract liabilities during the year:			
	<b>2021 HK\$'000</b>	2020 HK\$'000	
Increase due to operations in the year	<b>7,021,792</b>	7,073,678	
Transfer of contract liabilities to revenue	<b>(6,801,633)</b>	(7,171,439)	

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 33. Lease Liabilities

	Lease payments		Present value of lease payments	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Within one year	<b>9,097</b>	9,943	<b>8,929</b>	9,435
In the second to fifth year, inclusive	<b>515</b>	8,076	<b>511</b>	7,943
	<b>9,612</b>	18,019	<b>9,440</b>	17,378
Less: Future finance charges	<b>(172)</b>	(641)		
Present value of lease liabilities	<b>9,440</b>	17,378		
Less: Amount due for settlement within 12 months (Shown under current liabilities)			<b>(8,929)</b>	(9,435)
Amount due for settlement after 12 months			<b>511</b>	7,943

At the end of reporting period, the average effective borrowing rate was ranged from 2.75%-5.00% (2020: 2.75%-5.00%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 34. Share Capital

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

### 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.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 34. Share Capital (Continued)

### Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No major changes were made in the objectives, policies or processes for managing capital during the two years ended 31 December 2021 and 2020.

The capital structure of the Group consists of debt and equity attributable to owners of the Company, comprising share capital and reserves.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities to total assets. The gearing ratios at 31 December 2021 and 2020 were as follows:

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Total liabilities	<b>4,765,965</b>	2,169,993
Total assets	<b>9,095,281</b>	4,011,422
Gearing ratio	<b>52%</b>	54%

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 35. Reserves

### (a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

### (b) Company

	Share premium account HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2020	1,074,215	(126,941)	947,274
Loss for the year	—	(1,641)	(1,641)
At 31 December 2020 and 1 January 2021	1,074,215	(128,582)	945,633
Loss for the year	—	(2,896)	(2,896)
Issue of new shares (notes 34(i)&(ii))			
First General Mandate on 25 February 2021	194,300	—	194,300
Second General Mandate on 29 June 2021	609,129	—	609,129
At 31 December 2021	1,877,644	(131,478)	1,746,166

### (c) Nature and purpose of reserves

#### (i) Share premium account

The application of the share premium account is governed by Section 40 of the Bermuda Companies Act 1981 (as amended).

#### (ii) Capital reserve

The capital reserve represents capitalisation of the gain on deemed disposal with equity of certain subsidiaries without loss of control. Such gain was credited to the capital reserve of the Group on consolidation.

#### (iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 36. Transactions with Non-controlling Interests

For the year ended 31 December 2020:

- (i) In March 2020, the Company issued 171 new shares of Theme International Trading SPC, the non-wholly-owned subsidiary of the Group, to a non-controlling interesting party at the consideration of US\$420,000 (or equivalent to approximately HK\$3,276,000). After the issue of new shares, the Company's interest in Theme International Trading SPC has decreased from 37.1% to 36.0%, and such transaction was deemed as a disposal of 1.1% interest in Theme International Trading SPC.

Also, in April 2020, the Company issued new shares of BPI Trading (SG) Pte Ltd, the non-wholly-owned subsidiary of the Group, to several parties, including the ultimate controlling shareholder of the Company, certain non-controlling interesting parties and other independent parties.

Under the new share placement, BPI Trading (SG) Pte Ltd. issued 5,000,000 new shares to subscribers to increase its issued share capital from 1,000,000 shares to 6,000,000 shares, where the Company subscribed for 2,100,000 new shares and other parties subscribed for 2,900,000 new shares at the consideration of approximately US\$2,900,000 (or equivalent to approximately HK\$22,620,000). As a result of the issue of new shares, the Company's interest in BPI Trading (SG) Pte Ltd has decreased from 75% to 38.8%, and such transaction was deemed as a disposal of 36.2% interest in BPI Trading (SG) Pte Ltd.

	HK\$'000
Consideration received from non-controlling interests	25,896
Less: Carrying amount of non-controlling interests increase	(25,617)
	<hr/>
Gain on deemed disposal with equity	279



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 36. Transactions with Non-controlling Interests (Continued)

For the year ended 31 December 2021:

- (ii) In April 2021, the Company issued 170 new shares of Theme International Trading SPC, a non-wholly owned subsidiary of the Group, to a non-controlling interesting party at the consideration of approximately US\$744,000 (or equivalent to approximately HK\$5,799,000). After the issue of new shares, the Company's interest in Theme International Trading SPC has decreased from 36.0% to 34.8%, and such transaction was deemed as a disposal of 1.2% interest in Theme International Trading SPC.

Also, in January 2021, the Company issued new shares of BPI Financial Group Limited, a non-wholly owned subsidiary of the Group, to several parties, including the Company itself and certain non-controlling interesting parties on a pro-rata basis, at the aggregate consideration of HK\$39,000,000.

Further, in September 2021, the Company issued new shares of BPI Financial Group Limited, to several parties, including the Company itself and certain non-controlling interesting parties. Under the new share placement, BPI Financial Group Limited issued 75,000,000 new shares to subscribers to increase its issued share capital from 178,000,000 shares to 253,000,000 shares, where the Company subscribed for 66,000,000 new shares at the consideration of approximately HK\$68,640,000 and other non-controlling interest parties subscribed for 9,000,000 new shares at the consideration of approximately HK\$9,360,000.

As a result of the issue of new shares, the Company's interest in BPI Financial Group Limited has increased from 75% to 78.9%, and such transaction was deemed as an acquisition of 3.9% interests in BPI Financial Group Limited.

	HK\$'000
Consideration received from non-controlling interests	24,909
Less: Carrying amount of non-controlling interests increase	(24,674)
	<hr/>
Gain on deemed disposal and acquisition with equity	235
	<hr/>

- (iii) During the year ended 31 December 2021, the Company has set up 2 non-wholly owned subsidiaries in the PRC with independent third parties with registered capital of RMB50,000,000 and RMB1,000,000,000 respectively. The Group shared 70% and 51% interests on these 2 non-wholly owned subsidiaries. The non-controlling interest parties of these 2 non-wholly owned subsidiaries have paid up their capital contribution of approximately HK\$17,180,000 and HK\$356,278,000 accordingly.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 37. Note to the Consolidated Statement of Cash Flows

### (i) Acquisition of subsidiaries and business combination

#### (a) Acquisition of 山東鑫盛達礦業有限公司 (Shandong Xinshengda Mining Co.,Ltd.\*) (“Shandong Xinshengda”)

During the year ended 31 December 2021, the Group acquired 67% equity interest in Shandong Xinshengda at an aggregated cash consideration of RMB26,800,000 (equivalent to approximately HK\$32,227,000). Shandong Xinshengda is a company established in the PRC with limited liability and is principally engaged in separation processing, primary processing and sales of mineral products and commodities such as iron ore.

The fair value of identifiable assets and liabilities at the date of acquisition is as follows:

	HK\$'000
Property, plant and equipment	34,941
Right-of-use assets	10,414
Inventories	552
Deposits, prepayments and other receivables	3,910
Cash and cash equivalents	529
Trade and other payables	(1,987)
Deferred tax liabilities	(1,628)
	<u>46,731</u>
<b>Goodwill arising on acquisition</b>	
Consideration	32,227
Add: Non-controlling interests	15,421
Less: Net assets acquired	(46,731)
	<u>917</u>

HK\$'000

#### Net cash outflow on acquisition of Shandong Xinshengda

Consideration satisfied by:	
Cash paid	(32,227)
Less: Cash and cash equivalents acquired	529
	<u>(31,698)</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 37. Note to the Consolidated Statement of Cash Flows (Continued)

### (i) Acquisition of subsidiaries and business combination (Continued)

#### (b) Acquisition of (Dapeng Mining Co., Ltd.\*) ("Dapeng")

During the year ended 31 December 2021, the Group acquired 60% equity interest in Dapeng at an aggregated cash consideration of RMB60,000,000 (equivalent to approximately HK\$72,171,000). Dapeng is a company established in the PRC with limited liability and is principally engaged in separation processing, primary processing and sales of mineral products and commodities such as iron ore.

The fair value of identifiable assets and liabilities at the date of acquisition is as follows:

	HK\$'000
Property, plant and equipment	22,178
Right-of-use assets	10,083
Inventories	11,990
Trade and other receivables	40,822
Cash and cash equivalents	70,172
Trade and other payables	(22,379)
Deferred tax liabilities	(2,753)
	<u>130,113</u>
<b>Gain on bargain purchase arising on acquisition</b>	
Consideration	72,171
Add: Non-controlling interests	52,045
Less: Net assets acquired	(130,113)
	<u>(5,897)</u>
	HK\$'000
<b>Net cash outflow on acquisition of Shandong Xinshengda</b>	
Consideration satisfied by:	
Cash paid	(72,171)
Less: Cash and cash equivalents acquired	70,172
	<u>(1,999)</u>



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 37. Note to the Consolidated Statement of Cash Flows (Continued)

### (ii) Major non-cash transaction

The Company made use of trust receipt loans facilities approximately of HK\$5,172,572,000 (2020: HK\$5,776,504,000) for purchasing the trading commodities in its daily operating activity.

### (iii) Changes in liabilities arising from financing activities

The following shows the Group's changes in liabilities arising from financing activities, including both cash and non-cash changes, during the year:

	Lease liabilities		Trust receipt loans	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
At beginning of year	17,378	26,265	—	625,266
Changes in cash flows				
— Lease paid	(9,767)	(8,887)	—	—
— Repayment of trust receipt loans	—	—	(5,133,916)	(6,401,770)
— Interest paid	(549)	(874)	(4,864)	(18,629)
Non-cash changes				
— Additions	2,072	—	—	—
— Modification	(243)	—	—	—
— Finance costs	549	874	4,864	18,629
— Proceed from trust receipt loans facilities for purchasing the trading commodities	—	—	5,172,572	5,776,504
At end of year	9,440	17,378	38,656	—

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 38. Statement of Financial Position of The Company

	2021 HK\$'000	2020 HK\$'000
<b>Non-current assets</b>		
Right-of-use assets	4,049	8,099
Investments in subsidiaries	841,998	744,108
	<b>846,047</b>	752,207
<b>Current assets</b>		
Amounts due from subsidiaries	935,374	228,560
Prepayments, deposits and other receivables	3,202	2,992
Cash and bank balances	641	375
	<b>939,217</b>	231,927
<b>Current liabilities</b>		
Accruals and other payables	1,204	658
Lease liabilities	4,215	4,025
	<b>5,419</b>	4,683
<b>Net current assets</b>	<b>933,798</b>	227,244
<b>Total assets less current liabilities</b>	<b>1,779,845</b>	979,451
<b>Non-current liabilities</b>		
Lease liabilities	—	4,214
	<b>—</b>	4,214
<b>NET ASSETS</b>	<b>1,779,845</b>	975,237
<b>Capital and reserves</b>		
Share capital	33,679	29,604
Reserves	1,746,166	945,633
<b>TOTAL EQUITY</b>	<b>1,779,845</b>	975,237

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 39. Related Party Transactions

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

	2021 HK\$'000	2020 HK\$'000
Accounts receivable from related party owned by the ultimate controlling shareholder of the Company	186	15
Accounts payable to related party owned by a close family member of the ultimate controlling shareholder of the Company	398	398
Accounts payable to related party owned by the ultimate controlling shareholder of the Company	370,416	156,950
Accounts payable to certain non-controlling interest parties	208,897	62,577
Loan and interest receivable from a non-controlling interest party who is also a director of certain subsidiaries of the Group	4,051	4,051
Deposits paid to related parties controlled by a close family member of the ultimate controlling shareholder of the Company	14,477	—
Payables to related parties controlled by a close family member of the ultimate controlling shareholder of the Company	85	—
Deposits received from related parties controlled by a close family member of the ultimate controlling shareholder of the Company	23,011	—
Brokerage and commission fee income from related party owned by the ultimate controlling shareholder of the Company	10,441	13,368
Brokerage and commission fee income from certain non-controlling interest parties	14,363	14,968
Loan interest income from a non-controlling interest party who is also a director of certain subsidiaries of the Group	328	328
Lease payment made to a related party owned by the ultimate controlling shareholder of the Company	6,268	5,830
Acquisition of financial assets at fair value through other comprehensive income controlled by a close family member of the ultimate controlling shareholder of the Company	22,567	—
Sales of trading commodities to and processing income from related parties controlled by a close family member of the ultimate controlling shareholder of the Company	174,896	—
Purchase of trading commodities from related parties controlled by a close family member of the ultimate controlling shareholder of the Company	80,703	—
Logistics fees paid to related parties controlled by a close family member of the ultimate controlling shareholder of the Company	16,884	—



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 39. Related Party Transactions (Continued)

As at 31 December 2021, the Group had accounts receivable from related parties and accounts payable due to related parties which was arising from the Group's ordinary course of commodities and futures broking and derivatives dealing. Accounts receivable/payable from/to related parties are set at the same terms as those normally offered to third party clients.

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

## 40. Particulars of Principal Subsidiaries of the Company

The table below lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the financial position of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of the principal subsidiaries as at 31 December 2021 and 2020 are as follows:

Name of the subsidiary	Place of incorporation/ registration/operation	Issued and paid-up share capital/ registered capital	Percentage of equity interest attributable to the Group		Principal activities
			2021	2020	
Swift Win Holdings Limited	BVI	US\$1	100%	100%	Investment holding
BPI Financial Group Limited	Hong Kong	HK\$256,000,000 (2020:HK\$139,000,000)	78.9%	75%	Investment holding
BPI Futures (HK) Holdings Limited	Hong Kong	HK\$100,700,000 (2020:HK\$65,600,000)	78.9%	75%	Investment holding
Asia Develop Limited	Hong Kong	HK\$1	100%	100%	Loan financing services
King Topwell International Limited	Hong Kong	HK\$1	100%	100%	Distribution and trading
Bright Point International Holdings Group Limited	Hong Kong	HK\$1	100%	100%	Business not yet commenced
Bright Point International Securities Limited	Hong Kong	HK\$16,000,000	100%	100%	Provision of securities brokerage services
Bright Point International Futures Limited	Hong Kong	HK\$100,700,000 (2020:HK\$65,600,000)	78.9%	75%	Provision of futures contract brokerage services
Bright Point International Asset Management Limited	Hong Kong	HK\$1	100%	100%	Business not yet commenced

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 40. Particulars of Principal Subsidiaries of the Company (Continued)

Name of the subsidiary	Place of incorporation/ registration/operation	Issued and paid-up share capital/ registered capital	Percentage of equity interest attributable to the Group		Principal activities
			2021	2020	
Bright Point Trading Pte. Ltd.	Singapore	US\$80,000,000	100%	100%	Distribution and trading
Bright Point International Futures (SG) Pte. Ltd.	Singapore	US\$1,650,000	78.9%	75%	Provision of futures contract brokerage services
BPI Trading (SG) Pte. Ltd.	Singapore	US\$6,538,000	40.7%	38.8%	Distribution and trading
BPI Futures (SG) Holdings Pte. Ltd.	Singapore	US\$1,650,000	78.9%	75%	Investment holding
BPI Trading (SG) Holdings Pte. Ltd.	Singapore	US\$3,638,000	78.9%	75%	Investment holding
BPI Financial (SG) Holdings Pte. Ltd.	Singapore	US\$11,289,229 (2020:US\$1,789,229)	78.9%	75%	Investment holding
Bright Point International Financial (SG) Pte. Ltd.	Singapore	US\$11,289,229 (2020:US\$1,789,229)	78.9%	75%	Provision of future contracts brokering services and commodity contracts for difference
競點（上海）國際貿易有限公司	PRC (有限責任公司 (外國法人獨資))	RMB10,000,000	100%	100%	Distribution and trading
BPI (HK) Trading Limited (Formerly: BPI (China) Holdings Limited)	Hong Kong	HK\$1,560,001	78.9%	75%	Investment holding
光點（上海）國際貿易有限公司	PRC (有限責任公司 (港澳台法人獨資))	RMB1,400,000	78.9%	75%	Provision of financial derivatives consulting services, interdealer broking, commodity trading
Theme International Trading SPC (Note a)	Cayman Islands	US\$6,410,834 (2020:US\$5,667,327)	34.8%	36%	Derivative trading
Bright Point Capital Pte. Ltd.	Singapore	SG\$1,000,000	100%	100%	Provision of fund management services
競點（福建）國際貿易有限公司	PRC (有限責任公司 (外國法人獨資))	US\$50,000,000	100%	N/A	Distribution and trading
競點紅一國際貿易有限公司	PRC (有限責任公司 (自然人投資或控股))	RMB50,000,000	70%	N/A	Distribution and trading
山東鑫盛達礦業有限公司	PRC (其他有限責任公司)	RMB29,000,000	67%	N/A	Distribution, trading and processing

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## 40. Particulars of Principal Subsidiaries of the Company (Continued)

Name of the subsidiary	Place of incorporation/ registration/operation	Issued and paid-up share capital/ registered capital	Percentage of equity interest attributable to the Group		Principal activities
			2021	2020	
大鵬礦業有限公司	PRC (有限責任公司 (自然人投資或控股))	RMB100,000,000	60%	N/A	Distribution, trading and processing
福建瑞資聯礦業有限公司	PRC (有限責任公司 (外商 投資企業法人獨資))	RMB150,000	100%	N/A	Distribution and trading
福建競點合金有限公司	PRC (有限責任公司 (港澳 台投資、非獨資))	RMB449,312,500	51%	N/A	Distribution and trading
競點 (寧夏) 國際貿易有限公司	PRC (有限責任公司 (自然人投資或控股的 法人獨資))	RMB20,000,000	100%	N/A	Distribution and trading
亮點 (沂水) 國際貿易有限公司	PRC (有限責任公司 (港澳台法人獨資))	US\$5,000,000	100%	N/A	Distribution and trading
競點 (荃南) 國際貿易有限公司	PRC (有限責任公司 (港澳台法人獨資))	US\$15,000,000	100%	N/A	Distribution and trading
THEME INTERNATIONAL VCC (Note a)	Singapore	US\$35,242,171	34.8%	N/A	Derivative trading
Bright Point International Financial (UK) Ltd	United Kingdom	GBP1	78.9%	N/A	Provision of interdealer broking and facilitate trading in various asset classes

(Note a) Although the Group owns less than 50% of the equity interest in Theme International Trading SPC, and Theme International VCC, these 2 incorporations are treated as the subsidiaries because the Group is able to control the relevant activities of them as a result of the shareholders' agreement between the Group and other shareholders of these 2 incorporations.

## 41. CAPITAL COMMITMENT

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

## 42. COMPARATIVE FIGURES

Conforming to the current year's presentation, certain expenses previously included in revenue have been reclassified under the cost of sales. The revised presentation reflects more appropriately the nature of these transactions and such reclassifications have no effect on the reported financial position, results or cash flows of the Group.

## 43. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 March 2022.



## Five-Year Financial Summary

### Results

	For the years ended 31 December				
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	<b>34,644,900</b>	15,876,104	11,330,882	4,330,171	5,389,307
Profit before taxation	<b>1,294,700</b>	532,272	223,194	84,134	27,004
Income tax	<b>(92,080)</b>	(31,931)	(40,284)	(16,997)	(5,655)
Profit for the year	<b>1,202,620</b>	500,341	182,910	67,137	21,349

### Assets and Liabilities

	As at 31 December				
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Total assets	<b>9,095,281</b>	4,011,422	4,734,038	1,817,070	961,479
Total liabilities	<b>(4,765,965)</b>	(2,169,993)	(3,419,871)	(1,091,908)	(344,047)
Net assets	<b>4,329,316</b>	1,841,429	1,314,167	725,162	617,432