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THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 990)

CONNECTED TRANSACTION SUBSCRIPTION OF SHARES IN ESTEEL

SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 8 September 2022 (after trading hours), the Company entered into the Subscription Agreement in relation to the subscription of 30,000,000 Subscription Shares at US\$1.00 per Subscription Share at a total consideration of US\$30 million. The Subscription Shares represent 6.6% of the entire issued share capital of Esteel on a fully diluted basis.

As at the date of this announcement, Esteel has 428,234,718 shares in issue. Upon the completion of the Subscription, Esteel will be held as to approximately 55.3% by Advance Venture, 38.1% by Mr. You and 6.6% by the Company.

LISTING RULES IMPLICATIONS

Mr. You is the controlling shareholder of the Company, and hence a connected person of the Company. Esteel is a company wholly owned by Mr. You and is therefore a connected person of the Company. Accordingly, the entering into of the Subscription Agreement 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 Subscription exceed 0.1% but all are less than 5%, the Subscription is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

CALL OPTION

Esteel has granted to the Company the Call Option to acquire a further 70,000,000 shares in Esteel at a total consideration of US\$70,000,000. The grant of the Call Option to the Company is treated as a notifiable transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. According to Rule 14.75(1) of the Listing Rules, on the grant of the Call Option to the Company (the exercise of which is at the discretion of the Company), only the premium will be taken into consideration for calculating the percentage ratios. As nil premium is payable on the grant of the Call Option, such grant will not constitute a notifiable transaction of the Company.

The Company will comply with the applicable Listing Rules on any exercise of the Call Option.

INTRODUCTION

The Board is pleased to announce that on 8 September 2022 (after trading hours), the Company entered into the Subscription Agreement in relation to the subscription of 30,000,000 Subscription Shares at US\$1.00 per Subscription Share at a total consideration of US\$30 million. The Subscription Shares represent 6.6% of the entire issued share capital of Esteel on a fully diluted basis.

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MAJOR TERMS OF THE SUBSCRIPTION AGREEMENT

Date

8 September 2022

Parties

(i) The Company; and

(ii) Esteel

(collectively, the “**Parties**”)

Subject matter

Pursuant to the Subscription Agreement, the Company has agreed to subscribe for 30,000,000 ordinary shares in Esteel at a consideration of US\$30,000,000. The Subscription Shares represent 6.6% of the entire issued share capital of Esteel on a fully diluted basis. The amount will be used by Esteel for enhancing its working capital.

Consideration

The total amount for the Subscription was determined after arm's length negotiations among the Parties, having regard to the business prospects and business expansion of Esteel, the unaudited net asset value of Esteel as at 30 June 2022 of approximately US\$1.2 per share and a valuation conducted by an independent valuer on Esteel.

Completion

Completion shall take place on the Completion Date.

Call Option

Pursuant to the Subscription Agreement, Esteel has irrevocably granted to the Company the right to require Esteel to allot and issue to it the Call Option Shares at the Option Price during the Option Period.

The Call Option may be exercised in whole or in part by the Company at any time during the Option Period and shall be exercisable by written notice from the Company to Esteel.

The Company will comply with the applicable Listing Rules on any exercise of the Call Option.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION

Esteel is committed to the development of the whole green steel industry chain. Currently, Esteel's assets include Singapore's largest rebar cut and bend, processing and distribution centre and mesh processing centre. It also owns the world's first hot briquetted iron plant located in Malaysia that uses Midrex technology. The plant uses natural gas as a reducing agent instead of coke and coal, which is low carbon, efficient and environmentally friendly. It will transform to green hydrogen smelting with near zero carbon emissions. The steel industry is the world's largest carbon emitter, accounting for about 7–8 percent of total emissions.

Esteel is now choosing a location with superior natural endowments to build a green steel industrial park, mainly within Southeast Asia region and South America Region. Esteel will produce green hydrogen from renewable energy sources, while green hydrogen and natural gas will be utilised to generate direct reduced iron and hot briquetted iron, which will be further used in electric furnace for steelmaking and then for steel rolling to produce steel plates, steel pipes and profiles. Final green steel products including automotive steel plate, shipbuilding plates, high-strength structural steel, container boards and bearing steel then will be produced. Carbon emissions are continuously reduced in the industrial chain from production to logistics, to ultimately achieve near-zero carbon emissions.

In addition to buying a direct stake in Esteel, in the future along the green steel industry chain, the listing group will also invest and acquire controlling stakes in some key green, low-carbon and efficient projects.

The terms of the Subscription Agreement were negotiated on an arm's length basis among the Parties. Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Subscription Agreement are fair and reasonable, on normal commercial terms, and in the interests of the Company and its shareholders as a whole.

As none of the Directors have a material interest in the Subscription Agreement, no Director was required to abstain from voting on the relevant Board resolutions approving the Subscription Agreement and the transactions contemplated thereunder.

INFORMATION ON THE COMPANY

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in (i) 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.

INFORMATION ON ESTEEL

Esteel is an investment holding company. Its major investments include approximately a 61% interest in BRC Asia Limited, a listed company in Singapore (SGX:BEC), a 100% interest in Antara Steel Mills Sdn Bhd and a 100% interest in Eden Flame Sdn. Bhd. BRC Asia Limited is mainly engaged in the prefabrication, trading and manufacturing and sales of steel products. Antara Steel Mills Sdn Bhd is mainly engaged in production of hot briquetted iron. Eden Flame Sdn. Bhd. is mainly engaged in manufacture and sales of steel and related products. As at the date of this announcement, Esteel is owned as to 59.2% by Advance Venture and 40.8% by Mr. You.

The following table illustrates the shareholding structure of Esteel (i) as at the date of this announcement and (ii) immediately following Completion.

Shareholders	As at the date of this announcement		Immediately following the date of Completion	
	Number of shares	Approximate %	Number of shares	Approximate %
Mr. You	174,800,000	40.8	174,800,000	38.1
Advance Venture	253,434,718	59.2	253,434,718	55.3
The Company	—	—	30,000,000	6.6
Total:	<u>428,234,718</u>	<u>100.00</u>	<u>458,234,718</u>	<u>100.00</u>

Advance Venture is an investment holding company, and is owned as to 100% by Mr. You .

Set out below is the audited financial information of Esteel for the two years ended 30 September 2021:

	For the year ended 30 September 2020 <i>S\$'000</i>	For the year ended 30 September 2021 <i>S\$'000</i>
Profit before tax	22,978	53,840
Profit after tax for the year	16,310	42,493
Profit for the year attributable to owners of the company	10,593	27,896

The unaudited net asset value of Esteel as at 30 June 2022 was approximately US\$596,286,000.

LISTING RULES IMPLICATIONS

Mr. You is the controlling shareholder of the Company, and hence a connected person of the Company. Esteel is a company wholly owned by Mr. You and is therefore a connected person of the Company. Accordingly, the entering into of the Subscription Agreement 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 Subscription exceed 0.1% but all are less than 5%, the Subscription is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Esteel has granted to the Company the Call Option to acquire a further 70,000,000 shares in Esteel at a total consideration of US\$70,000,000. The grant of the Call Option to the Company is treated as a notifiable transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. According to Rule 14.75(1) of the Listing Rules, on the grant of the Call Option to the Company (the exercise of which is at the discretion of the Company), only the premium will be taken into consideration for calculating the percentage ratios. As nil premium is payable on the grant of the Call Option, such grant will not constitute a notifiable transaction of the Company.

The Company will comply with the applicable Listing Rules on any exercise of the Call Option.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Advance Venture”	Advance Venture Investments Limited, a company established in British Virgin Islands and is an associate of Mr. You
“associates”	has the meaning ascribed to it in the Listing Rules
“Business Day”	any day (other than Saturdays and Sundays and public holidays) on which banks are open for business in Hong Kong
“Call Option”	the option granted by Esteel to the Company in relation to the Call Option Shares
“Company”	Theme International Holdings Limited (Stock Code: 990), a company incorporated in the Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	16 September 2022, the date of Completion as provided under the Subscription Agreement, or such other date as agreed by the parties to the Subscription Agreement

“Directors”	the directors of the Company
“Encumbrances”	any interest or equity of any person (including any right to acquire, option or right of pre-emption) or any mortgage, charge, option, pledge, lien, assignment, hypothecation, security, interest, title, retention or any other security agreement or arrangement
“EsteeL”	EsteeL Enterprise Pte. Ltd., a company established in Singapore, and is wholly owned by Mr. You
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any individual or company not being the connected persons (as defined under the Listing Rules) of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. You”	Mr. You Zhenhua (游振華), being the controlling shareholder of the Company and a connected person
“Option Period”	from the Completion Date to 31 March 2023
“Option Price”	US\$1.00 per the Call Option Share
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 8 September 2022 entered into between the Company and EsteeL in respect of the Subscription and the grant of the Call Option to the Company by EsteeL
“Subscription Price”	US\$1.00 per Subscription Share of the issued share capital in EsteeL in respect of the Subscription
“Subscription Shares”	30,000,000 ordinary shares in the issued share capital of EsteeL
“S\$”	Singapore dollars, the lawful currency of Singapore

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

By Order of the Board
Theme International Holdings Limited
Wu Lei
Executive Director

Hong Kong, 8 September 2022

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