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THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 990)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO GRANT OF CALL OPTION

The Board is pleased to announce that on 5 May 2023 (after trading hours), the Company entered into the Call Option Agreement with Green Esteel pursuant to which Green Esteel has granted the Call Option to the Company. The Call Option is exercisable in whole or in parts at any time during the Exercise Period at the Option Price.

LISTING RULES IMPLICATIONS

The grant of the Call Option to the Company is treated as a notifiable transaction by reference to the percentage ratio pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules.

As more than one applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Call Option were more than 5% but less than 25%, the granting of the Call Option constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Mr. You is the controlling shareholder of the Company, and hence a connected person of the Company. Green Esteel is a company controlled by Mr. You. Accordingly, the entering into of the Call Option Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

An independent board committee of the Company will be appointed to advise the independent shareholders of the Company, and an independent financial adviser will also be appointed to advise the independent board committee and the independent shareholders of the Company in relation to the entering into of the Call Option Agreement and the grant of the Call Option thereunder. A circular containing, among other things, further details of the Call Option, a letter from the independent board committee of the Company, a letter from the independent financial adviser to the independent board committee and the independent shareholders of the Company together with a notice convening the EGM to approve the Call Option will be despatched to the Shareholders on or before 31 May 2023.

Pursuant to a subscription agreement dated 8 September 2022 entered into between the Company and Green Esteel as announced by the Company on 8 September 2022, there was a term in the agreement which provided for a grant of a call option by Green Esteel to the Company to subscribe for shares in Green Esteel at US\$1.00 each. That call option had lapsed on 31 March 2023. In order to continue with the commercial arrangement which was initially contemplated in the subscription agreement, the Company and Green Esteel have agreed to enter into the Call Option Agreement.

MAJOR TERMS OF THE CALL OPTION AGREEMENT

Date

5 May 2023

Parties

(i) The Company; and

(ii) Green Esteel

(collectively, the “**Parties**”)

Call Option Agreement

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

The Call Option may be exercised in whole or in parts by the Company at any time during the Exercise Period and shall be exercisable by serving a Call Option Notice to Green Esteel subject to the prior approval of independent shareholders of the Company having been obtained in general meeting in relation to the Call Option.

The Company will comply with the applicable Listing Rules on any exercise of the Call Option. All Option Shares to be allotted and issued by Green Esteel under the exercise of the Call Option shall rank pari passu with all existing shares of Green Esteel and be free of all Encumbrances.

Subject Matter

The Option Shares comprise 120,000,000 ordinary shares of Green Esteel. If the Call Option (or any part thereof) is exercised, the Company shall subscribe for and Green Esteel shall allot and issue the Option Shares (in full or in parts) to the Company.

Exercise Period

The period commencing from 5 May 2023 to 31 March 2024.

If the Company exercises the Call Option (or any part thereof) during the Exercise Period, Green Esteel shall allot and issue the Option Shares (or the relevant part thereof) to the Company within 10 business days following the date of the relevant Call Option Notice.

If the Call Option is not exercised by the Company during the Exercise Period, the Call Option shall lapse on the expiry of the Exercise Period and all the rights and interests of the Company under the Call Option Agreement shall also cease and determine and no party to the Call Option Agreement shall have any rights or liabilities to each other save for any antecedent breach.

Exercise Price

The exercise price for the Option Shares is US\$1.00 per Option Share, payable by the Company in cash upon completion of the subscription of the Option Shares under the terms of the Call Option Agreement.

In the event the Call Option is exercised in full (the exercise of which is at the discretion of the Company), the aggregate consideration payable by the Company upon exercise of the Call Option will be US\$120,000,000.

Consideration

The consideration for entering into the Call Option Agreement with Green Esteel is US\$1.00.

The exercise price for the Option Shares is US\$1.00 per Option Share. In the event the Call Option is exercised in full (the exercise of which is at the discretion of the Company), the aggregate consideration payable by the Company upon exercise of the Call Option will be US\$120,000,000.

The total amount for the aggregate consideration was determined after arm's length negotiations among the Parties, having regard to different factors including the business prospects and business expansion of Green Esteel. The unaudited equity attributable to owners of Green Esteel as at 31 December 2022 was approximately US\$609,277,000, which represents approximately US\$1.22 per share. The valuation conducted under the market-based approach by an independent valuer on Green Esteel as at 31 December 2022 is approximately US\$519,000,000.

REASONS FOR AND BENEFIT OF THE CALL OPTION

Green Esteel is committed to the development of the whole green steel industry chain. Currently, Green 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.

Green Esteel aims to build a green steel industrial park. Green 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.

Having already previously acquired a shareholding stake in Green Esteel, the Group will also consider investing and acquiring controlling stakes in certain key green, low-carbon and efficient projects.

The terms of the Call Option Agreement were negotiated on an arm's length basis among Green Esteel and the Company. Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Call Option 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 Call Option Agreement, no Director was required to abstain from voting on the relevant Board resolution approving the Call Option 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 GREEN ESTEEL

Green Esteel is an investment holding company. Its major investments include a controlling 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, Green Esteel is owned as to 50.7% by Advance Venture, 43.3% by Mr. You and 6% by the Company.

The following table illustrates the shareholding structure of Green Esteel (i) as at the date of this announcement and (ii) immediately upon completion the exercise of the entire Call Option.

Shareholders	As at the date of this announcement		Immediately upon completion of 120,000,000 Option Shares exercised in full	
	Number of shares	Approximate %	Number of shares	Approximate %
Mr. You	216,565,282	43.3	216,565,282	34.9
Advance Venture	253,434,718	50.7	253,434,718	40.9
The Company	30,000,000	6.0	150,000,000	24.2
Total:	<u>500,000,000</u>	<u>100.00</u>	<u>620,000,000</u>	<u>100.00</u>

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

Set out below are the audited financial information of Green Esteel for the two years ended 30 September 2021 and the unaudited financial information of Green Esteel for the year ended 30 September 2022:

	For the year ended 30 September 2020 (audited) <i>(approximately)</i> (‘000)	For the year ended 30 September 2021 (audited) <i>(approximately)</i> (‘000)	For the year ended 30 September 2022 (unaudited) <i>(approximately)</i> (‘000)
Profit before tax	S\$22,978 (US\$17,330)	S\$53,840 (US\$40,606)	S\$192,505 (US\$145,188)
Profit after tax for the year	S\$16,310 (US\$12,301)	S\$42,493 (US\$32,048)	S\$160,199 (US\$120,823)
Profit for the year attributable to owners of the company	S\$10,593 (US\$7,989)	S\$27,896 (US\$21,039)	S\$126,374 (US\$95,312)

The audited net asset value of Green Esteel as at 30 September 2021 was approximately S\$214,863,000 (approximately US\$162,051,000). The unaudited net asset value of Green Esteel as at 30 September 2022 was approximately S\$848,400,000 (approximately US\$639,867,000).

LISTING RULES IMPLICATIONS

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As more than one applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Call Option were more than 5% but less than 25%, the granting of the Call Option (the exercise of which is at the discretion of the Company) constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Mr. You is the controlling shareholder of the Company, and hence a connected person of the Company. Green Estee is a company controlled by Mr. You and is therefore a connected person of the Company. Accordingly, the entering into of the Call Option Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

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

An independent board committee of the Company will be appointed to advise the independent shareholders of the Company, and an independent financial adviser will also be appointed to advise the independent board committee and the independent shareholders of the Company in relation to the entering into the Call Option Agreement and the grant of the Call Option. A circular containing, among other things, further details of the Call Option, a letter from the independent board committee of the Company, a letter from the independent financial adviser to the independent board committee and the independent shareholders of the Company together with a notice convening the EGM to approve the Call Option will be despatched to the Shareholders on or before 31 May 2023.

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
“Board”	the board of Directors
“Call Option”	the option granted by Green Estee to the Company in relation to the Option Shares

“Call Option Agreement”	the agreement dated 5 May 2023 between the Company and Green Esteel relating to the grant of Call Option
“Call Option Notice”	a notice in writing to be given by the Company pursuant to the Call Option Agreement upon exercise of the Call Option
“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
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Call Option
“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
“Exercise Period”	the period commencing from 5 May 2023 to 31 March 2024
“Green Esteel”	Green Esteel Pte. Ltd., a company established in Singapore, and is controlled by Mr. You
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 Price”	US\$1.00 per the Option Share
“Option Shares”	up to 120,000,000 ordinary shares of Green Esteel
“PRC”	The People’s Republic of China
“Singapore”	The Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“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, 5 May 2023

As at the date of this announcement, the executive Directors are Mr. Jiang Jiang and Mr. Wu Lei; 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.

The translations of S\$ into US\$ throughout this announcement, for reference purpose only, are based on the exchange rate of approximately US\$1.00= S\$1.3259.