

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 990)

RENEWAL OF CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 29 December 2020 regarding the Renewed Service Agreement with PSU. As the Renewed Service Agreement will expire on 31 December 2023, the Board is pleased to announce that on 22 December 2023, the Company entered into the 2024-2026 Service Agreement with Mr. You pursuant to which the Company shall, through its subsidiaries, provide the Services to Mr. You Group in accordance with the terms thereunder.

Mr. You is the controlling shareholder, and hence a connected person of the Company. As such, the transaction contemplated by the 2024-2026 Service Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As all of the relevant percentage ratios are expected to be less than 5% and the total consideration of the transaction will be over HK\$3,000,000 on an annual basis, the transaction contemplated under the 2024-2026 Service Agreement will be subject to the reporting, annual review, announcement requirements but exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE 2024-2026 SERVICE AGREEMENT

Principal terms

The principal terms of the 2024-2026 Service Agreement are set out as follows:

Term

The period from 1 January 2024 to 31 December 2026 (both dates inclusive), which can be terminated by either party with 7 days' prior written notice.

Services

The Company shall, through its subsidiaries, provide the Services to Mr. You Group (where applicable, including its close associates (as defined in the Listing Rules)) during the abovementioned term, including the execution and clearing services for derivative products and the inter-dealer brokerage services.

Fees and commissions

The clearing fee and commission to be charged for the Services shall be at rates no more favourable than offered to other clients of the Group who are Independent Third Parties for the provision of similar services and in accordance with the pricing policy of the Group from time to time.

The indicative range of the general clearing fee rate offered to Mr. You Group is as follows:

Exchange	Product	Indicative Range
London Metal Exchange (LME)	Base Metals	1/32% – 1/64% of contract value
Singapore Exchange Limited (SGX)/ European Energy Exchange (EEX)	Forward Freight Agreement (FFA)	US\$6 – 10/lot
SGX	Iron Ore Swap	US\$10 – 15/lot
SGX	Iron Ore Futures	US\$2 – 3/lot
SGX	US\$/CNH Futures	US\$2 – 3/lot
SGX	Coking Coal Swap	US\$6 – 10/lot
SGX	Coking Coal Futures	US\$1 – 2/lot
The New York Board of Trade (NYBOT)	US Dollar Index	US\$3 – 6/lot
All other global exchanges	All other futures	US\$3 – 50/lot

The indicative range of the over-the-counter (OTC) broking commission rate offered to Mr. You Group is between US\$0.02 – 0.03/ton.

Historical transaction amounts and existing annual revenue caps

The following table sets out the historical transaction amounts and the existing annual revenue caps in relation to the brokerage and commission income earned from Mr. You Group in the consolidated statement of profit or loss of the Group for the two years ended 31 December 2022 and the eleven months ending 30 November 2023.

	Aggregate amount for year ended 31 December 2021 <i>(audited)</i> <i>HK\$'000</i>	Aggregate amount for year ended 31 December 2022 <i>(audited)</i> <i>HK\$'000</i>	Aggregate amount for eleven months ending 30 November 2023 <i>(unaudited)</i> <i>HK\$'000</i>
Existing annual revenue caps	35,000	37,500	40,000
Brokerage and commission fee income	10,441	30,976	1,562

Annual caps for the revenue generated from the Services to be provided to Mr. You Group

The Group estimates and proposes that the annual caps for the revenue generated from the provision of the Services to Mr. You Group for each of the three financial years ending 31 December 2026 are to be HK\$40,000,000, HK\$42,500,000 and HK\$45,000,000, respectively (the “Revenue Annual Caps”).

Basis for determining the Revenue Annual Caps

In determining the Revenue Annual Caps, the Directors have taken the following into consideration:

- (i) the historical revenue generated from the provision of the Services to Mr. You Group in the past;
- (ii) the expected business expansions of Mr. You Group and increase in service provision by our Company to Mr. You Group due to the following reasons:
 - The strong domestic demand in China and the recovery of international steel production will lead to the continuous increase in demand for iron ore, which will lead to the increase of our services provisions;
 - At the same time, the increased volatility of the iron ore price will also lead to the strong demand for services, mainly for hedging purposes, especially during the market turmoil of large fluctuations of iron ore price. The market fluctuations will greatly increase the subscription of our services;
 - The new products offered by Singapore Exchange Limited will increase the range of products available to our clients including Mr. You Group, and thus our commission income and brokerage fees;

- The continuous improvement of our quality services provided to our clients, as demonstrated by the prestigious award received by our Company; and
- an expected normal growth rate of 5% – 10% on the proposed annual caps for the three financial years ending 31 December 2024, 2025 and 2026.

INTERNAL CONTROL

The Company will adopt the following internal control procedures, to ensure that the continuing connected transactions of the Group will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

- The Company will monitor the utilization of the annual cap amounts on a regular basis;
- The Company will also regularly review the clearing fee and commission to be charged for the Services and ensure that they shall be charged at rates no more favourable than offered to other clients of the Group who are Independent Third Parties for the provision of similar services and in accordance with the pricing policy of the Group;
- The Company will also engage the Company's auditor to review and report to the Board on an annual basis whether the relevant continuing connected transactions are conducted in accordance with the terms of the 2024-2026 Service Agreement and whether the relevant fees and commissions charged for the Services are fair and reasonable and in accordance with the Group's pricing policies and guidelines; and
- The independent non-executive Directors will also review the transactions under the 2024-2026 Service Agreement on an annual basis.

Accordingly, the Directors consider that the internal control system of the Group is effective to ensure that the transactions contemplated under the 2024-2026 Service Agreement will be conducted on normal commercial terms and in the interests of the Company and its shareholders as a whole.

REASONS FOR ENTERING INTO THE 2024-2026 SERVICE AGREEMENT

The management team of the Company has maintained good commercial relationship with Mr. You for over 10 years and therefore is very familiar with the trading requirements and styles of Mr. You Group, in particular to PSU. As such, the Company is able to provide the necessary support as and when required by Mr. You Group. The Company has provided the Services to PSU since December 2017.

The inclusion of Mr. You Group in the Company's clientele enables the Company to enhance its credibility in its early stage of business expansion in the market of clearing and inter-dealer brokerage services. PSU, being part of Mr. You Group, is one of the largest iron ore traders in the world and is also very active in trading other commodities including coal and nickel ore. PSU has huge demand for trading of related derivative products in

the financial market to hedge its physical positions. The inclusion of such a large group in the Company's clientele gives confidence to other trading participants in the market place to engage similar business activities with the Company, which will help the Company to establish its foothold and market share in the very competitive market.

Based on the above reasons, the Directors consider that it is in the best interests of the Company to enter into the 2024-2026 Service Agreement to continue and increase the size of the transactions with Mr. You Group.

INFORMATION ON THE COMPANY

The Company is a limited liability company incorporated in Bermuda. 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 MR. YOU

Mr. You is the controlling shareholder and a connected person of the Company. He is the sole shareholder of PSU, a commodities trading company incorporated in Singapore. PSU is principally engaged in trading of commodities including iron ore, coal and nickel ore.

LISTING RULES IMPLICATIONS

Mr. You is the controlling shareholder, and hence a connected person of the Company. As such, the transaction contemplated by the 2024-2026 Service Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the relevant percentage ratios are expected to be less than 5% and the total consideration of the transaction will be over HK\$3,000,000 on an annual basis, the transaction contemplated under the 2024-2026 Service Agreement will be subject to the reporting, annual review, announcement requirements but exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

VIEWS OF THE DIRECTORS

Having considered that the Services to be provided to Mr. You Group are at rates comparable to those offered to other clients of the Group who are Independent Third Parties and in accordance with the policy of the Group from time to time, the Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions contemplated under the 2024-2026 Service Agreement have been and will be in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors had any material interest in the 2024-2026 Service Agreement, and accordingly no Director was required to abstain from voting on the resolutions in relation to the 2024-2026 Service Agreement.

DEFINITIONS

“associates”	shall have the same meaning as is provided in the Listing Rules
“Board”	the board of Directors
“Company”	Theme International Holdings Limited, a company incorporated with limited liability in Bermuda and whose Shares are listed on the Stock Exchange
“connected person”	shall have the same meaning as is provided in the Listing Rules
“controlling shareholder”	shall have the same meaning as is provided in the Listing Rules
“Directors”	the directors of the Company
“financial year”	the financial year of the Company, being the period of twelve months from 1 January to 31 December, or as otherwise determined by the Board
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Independent Third Party(ies)”	Person(s) or company(ies) which is/are independent of and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates within the meaning of the Listing Rules

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. You”	Mr. You Zhenhua, a controlling shareholder of the Company
“Mr. You Group”	Mr. You and his associates from time to time
“PSU”	Prosperity Steel United Singapore Pte Ltd, a company incorporated with limited liability in Singapore. It is part of Mr.You Group
“Renewed Service Agreement”	the agreement dated 29 December 2020 entered into between the Company and PSU in relation to, among others, the provision of Services to PSU
“Service(s)”	the execution and clearing services for derivative products and the inter-dealer brokerage services provided by the Group
“Shares”	ordinary shares in the issued share capital of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	the lawful currency for the time being of the United States of America
“%”	per cent.
“2024-2026 Service Agreement”	the agreement dated 22 December 2023 entered into between the Company and Mr. You in relation to, among others, the provision of Services to Mr. You Group

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

Hong Kong, 22 December 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.