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Theme

THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 990)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Theme International Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023 together with the comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	55,376,948	39,090,928
Cost of sales		<u>(53,596,299)</u>	<u>(37,011,048)</u>
Gross profit		1,780,649	2,079,880
Other income, gain and loss		197,622	56,710
Selling and distribution expenses		(91,250)	(76,038)
Administrative expenses		<u>(373,042)</u>	<u>(374,193)</u>
Profit from operations		1,513,979	1,686,359
Finance costs		(28,321)	(41,118)
Share of profits of associates		<u>36,507</u>	<u>93,843</u>
Profit before taxation		1,522,165	1,739,084
Income tax	4	<u>(140,084)</u>	<u>(169,910)</u>
Profit for the year	5	<u>1,382,081</u>	<u>1,569,174</u>

	Note	2023 HK\$'000	2022 HK\$'000
Profit for the year attributable to:			
Owners of the Company		1,200,955	1,206,822
Non-controlling interests		<u>181,126</u>	<u>362,352</u>
		<u>1,382,081</u>	<u>1,569,174</u>
Other comprehensive expenses:			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of financial assets at fair value through other comprehensive income		<u>(561)</u>	<u>(1,771)</u>
<i>Items that may be reclassified to profit or loss:</i>			
Share of associate's exchange differences on translating foreign operations		(1,118)	(18,039)
Exchange differences on translating foreign operations		<u>(71,358)</u>	<u>(123,757)</u>
		<u>(72,476)</u>	<u>(141,796)</u>
Other comprehensive expenses for the year, net of tax		<u>(73,037)</u>	<u>(143,567)</u>
Total comprehensive income for the year		<u>1,309,044</u>	<u>1,425,607</u>
Total comprehensive income for the the year attributable to:			
Owners of the Company		1,129,092	1,099,023
Non-controlling interests		<u>179,952</u>	<u>326,584</u>
		<u>1,309,044</u>	<u>1,425,607</u>
Earnings per share			
— Basic (<i>HK cents per share</i>)	7	<u>8.91</u>	<u>8.96</u>
— Diluted (<i>HK cents per share</i>)	7	<u>8.91</u>	<u>8.96</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		170,809	179,641
Right-of-use assets		40,726	45,062
Goodwill		37,945	37,945
Interest in associates		617,887	281,352
Financial assets at fair value through other comprehensive income		20,235	20,796
Financial assets at fair value through profit or loss		—	242,892
Deferred tax assets		143	2,423
		<hr/> 887,745	<hr/> 810,111
Current assets			
Inventories		2,253,665	2,340,096
Loans to customers	<i>8</i>	—	15,699
Trade and bills receivables and interest receivables	<i>9</i>	1,853,872	1,707,617
Accounts receivables	<i>10</i>	3,297,782	3,362,173
Financial assets at fair value through profit or loss		496,387	70,361
Derivative instruments		1,454,319	1,075,911
Prepayments, deposits and other receivables		777,078	204,064
Cash and bank balances		5,310,281	4,030,651
		<hr/> 15,443,384	<hr/> 12,806,572
Current liabilities			
Trade and bills payables	<i>11</i>	2,423,790	1,731,795
Trust receipt loans		—	160,096
Bank borrowings		1,259	1,113
Accounts payables	<i>12</i>	4,876,625	3,862,296
Contract liabilities		176,846	53,471
Accruals and other payables		208,981	511,101
Derivative instruments		1,221,457	1,268,813
Lease liabilities		13,593	9,589
Current tax payable		113,260	72,751
		<hr/> 9,035,811	<hr/> 7,671,025
Net current assets		<hr/> 6,407,573	<hr/> 5,135,547
Total assets less current liabilities		<hr/> 7,295,318	<hr/> 5,945,658

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current liabilities		
Bank borrowings	3,078	4,355
Lease liabilities	10,050	16,527
Deferred tax liabilities	12,362	15,823
	<u>25,490</u>	<u>36,705</u>
NET ASSETS	<u>7,269,828</u>	<u>5,908,953</u>
Capital and reserves		
Share capital	33,679	33,679
Reserves	6,164,820	4,550,809
	<u>6,198,499</u>	4,584,488
Equity attributable to owners of the Company	6,198,499	4,584,488
Non-controlling interests	1,071,329	1,324,465
	<u>7,269,828</u>	<u>5,908,953</u>
TOTAL EQUITY	<u>7,269,828</u>	<u>5,908,953</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

Theme International Holdings Limited (the “**Company**”) is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Unit 3401-03, 34/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Sales from trading and processing of goods	54,537,384	38,061,282
Commission income and brokerage fees from the provision of financial services	242,688	188,241
Less: Sales taxes and levies	<u>(11,022)</u>	<u>(10,617)</u>
Revenue from contracts with customers	<u>54,769,050</u>	<u>38,238,906</u>
Gain from derivative trading	459,797	822,207
Interest income from loans to customers	624	1,346
Interest income from trust and segregated accounts	<u>147,477</u>	<u>28,469</u>
	<u>607,898</u>	<u>852,022</u>
Total revenue	<u><u>55,376,948</u></u>	<u><u>39,090,928</u></u>

Sales from trading and processing of goods

The Group trades and processes the bulk commodities and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Revenue from these sales is recognised based on the prices specified in the contracts, net of sales taxes and levies as well as commodities price index change between the dates of contracts and goods delivery.

Sales to customers are normally made with credit terms of 0 to 90 days. For those customers in the PRC, deposits are regularly required and these deposits received are recognised as the contract liabilities.

The trade and bills receivables are recognised when the products are delivered to the customers as these are the point in time that the considerations are unconditional because only the passage of time is required before the payment is due.

Commission income and brokerage fees from the provision of financial services

The Group provides a wide range of financial services to its customers. Amongst them, the commission income and brokerage fees from the provision of futures and derivatives products for global exchange services is recognised when the services are rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the services.

Disaggregation of revenue from contracts with customers:

Segments	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	2023 Total <i>HK\$'000</i>
Geographical markets			
Hong Kong	173,750	122,988	296,738
Singapore	39,483,245	119,700	39,602,945
The PRC	14,869,367	—	14,869,367
Total	<u>54,526,362</u>	<u>242,688</u>	<u>54,769,050</u>
Major products/services			
Trading and processing of bulk commodities	54,526,362	—	54,526,362
Commission income and brokerage fees	—	242,688	242,688
Total	<u>54,526,362</u>	<u>242,688</u>	<u>54,769,050</u>
Time of revenue recognition			
At a point in time	<u>54,526,362</u>	<u>242,688</u>	<u>54,769,050</u>

Disaggregation of revenue from contracts with customers:

Segments	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	2022 Total <i>HK\$'000</i>
Geographical markets			
Hong Kong	—	128,549	128,549
Singapore	25,372,269	59,692	25,431,961
The PRC	12,678,396	—	12,678,396
Total	<u>38,050,665</u>	<u>188,241</u>	<u>38,238,906</u>
Major products/services			
Trading and processing of bulk commodities	38,050,665	—	38,050,665
Commission income and brokerage fees	—	188,241	188,241
Total	<u>38,050,665</u>	<u>188,241</u>	<u>38,238,906</u>
Time of revenue recognition			
At a point in time	<u>38,050,665</u>	<u>188,241</u>	<u>38,238,906</u>

(b) Segment information

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors of the Company, the Group's chief operating decision makers, for the purposes of resource allocation and making strategic decision.

During the year ended 31 December 2023 and 2022, the Group's reportable and operating segments are as follows:

- (i) Distribution, trading and processing business — distribution, trading and processing of bulk commodities and related products in Hong Kong, Singapore and the People's Republic of China (the "PRC"); and
- (ii) Financial services business — provision of securities and derivatives financial services, margin financing and fund management in Hong Kong and Singapore.

Segment information and results:

The following is an analysis of the Group's revenue and results by reportable segments:

Year ended 31 December 2023

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>54,526,362</u>	<u>850,586</u>	<u>55,376,948</u>
Segment profit	<u>1,087,072</u>	<u>320,538</u>	1,407,610
Finance costs	<u>(27,477)</u>	<u>(514)</u>	(27,991)
Unallocated other income, gain and loss			124,303
Share of profits of associate			36,507
Corporate expenses and other finance costs			<u>(18,264)</u>
Profit before taxation			<u>1,522,165</u>

Year ended 31 December 2022

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>38,050,665</u>	<u>1,040,263</u>	<u>39,090,928</u>
Segment profit	<u>1,175,902</u>	<u>479,728</u>	1,655,630
Finance costs	<u>(40,760)</u>	<u>(279)</u>	(41,039)
Unallocated other income, gain and loss			48,967
Share of profits of associate			93,843
Corporate expenses and other finance costs			<u>(18,317)</u>
Profit before taxation			<u>1,739,084</u>

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of certain other income, certain other gains and losses, share of profits of associate, certain 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 2023

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>7,281,499</u>	<u>7,932,972</u>	15,214,471
Unallocated prepayments, deposits and other receivables			1,478
Unallocated property, plant and equipment and right-of-use assets			7,161
Financial assets at fair value through profit or loss			480,383
Interest in associates			617,887
Unallocated cash and bank balances			<u>9,749</u>
Consolidated assets			<u>16,331,129</u>
Segment liabilities	<u>2,817,949</u>	<u>6,116,777</u>	8,934,726
Trust receipt loans and bank borrowings	<u>4,337</u>	<u>—</u>	4,337
Current tax payable	<u>100,380</u>	<u>12,880</u>	113,260
Unallocated accruals and other payables			1,790
Unallocated lease liabilities			<u>7,188</u>
Consolidated liabilities			<u>9,061,301</u>

As at 31 December 2022

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>6,207,188</u>	<u>6,842,423</u>	13,049,611
Unallocated prepayments, deposits and other receivables			1,355
Financial assets at fair value through profit or loss			282,444
Interest in an associate			281,352
Unallocated cash and bank balances			<u>1,921</u>
Consolidated assets			<u>13,616,683</u>
Segment liabilities	<u>2,271,174</u>	<u>5,196,302</u>	7,467,476
Trust receipt loans and bank borrowings	<u>165,564</u>	<u>—</u>	165,564
Current tax payable	<u>67,941</u>	<u>4,810</u>	72,751
Unallocated accruals and other payables			1,913
Unallocated lease liabilities			<u>26</u>
Consolidated liabilities			<u>7,707,730</u>

Other segment information:

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2023			
<i>Amounts included in the measure of segment results or segment assets:</i>			
Additions of property, plant and equipment	13,269	1,015	14,284
Depreciation of property, plant and equipment	16,848	1,022	17,870

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2022			
<i>Amounts included in the measure of segment results or segment assets:</i>			
Additions of property, plant and equipment	28,337	1,126	29,463
Depreciation of property, plant and equipment	21,071	923	21,994

Geographical information:

	Revenue		Non-current assets	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	368,425	148,573	7,189	60
Singapore	40,139,156	26,263,959	435,879	65,125
The PRC	14,869,367	12,678,396	424,299	478,815
	55,376,948	39,090,928	867,367	544,000

In presenting the geographical information, revenue is based on the location where the business activities were carried out. Non-current assets exclude financial instruments and deferred tax assets.

Information about major customers:

None of the customers from the Group's distribution, trading and processing business segment contributes over 10% of the total revenue of the Group for the years ended 31 December 2023 and 2022.

4. INCOME TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
— Hong Kong Profits Tax		
— Provision for the year	1,373	2,276
— PRC Corporate Income Tax		
— Provision for the year	82,261	133,371
— Singapore Corporate Income Tax		
— Provision for the year	57,631	31,182
Deferred tax	(1,181)	3,081
	<u>140,084</u>	<u>169,910</u>

Hong Kong Profits Tax is calculated at 16.5% (2022: 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 2022.

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 2023 and 2022. 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 years ended 31 December 2022 and 2023 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 2023 and 2022.

Besides, those VCC funds incorporated in Singapore are awarded by the Monetary Authority of Singapore as a Tax Exemption Scheme for Resident Funds with effect from 7 September 2020.

Save as those PRC incorporation categories as Small Low-Profit Business which enjoy tax cuts until end of 2024, 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.

5. PROFIT FOR THE YEAR

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

	2023	2022
	HK\$'000	HK\$'000
Cost of inventories recognised as cost of sales	53,073,582	36,555,161
Depreciation		
— Property, plant and equipment	17,870	21,994
— Right-of-use assets	14,854	12,698
Auditors' remuneration		
— audit services	1,390	1,230
— non-audit services	250	241
	1,640	1,471

6. DIVIDEND

	2023	2022
	HK\$'000	HK\$'000
Declared interim dividend of HK2 cents (2022: NIL) per ordinary share	269,427	—

At a board meeting held on 28 March 2024, the board of directors declared an interim dividend of HK2 cents per ordinary share (2022: NIL).

7. 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.

	2023	2022
	HK\$'000	HK\$'000
Profit:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	1,200,955	1,206,822
	2023	2022
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	13,471,345	13,471,345

(b) Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2023 and 2022.

8. LOANS TO CUSTOMERS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loans to customers	13,600	29,299
Provision for impairment	(13,600)	(13,600)
	<u>—</u>	<u>15,699</u>
Current assets	<u>—</u>	<u>15,699</u>

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Less than 1 year	<u>—</u>	<u>15,699</u>

9. TRADE AND BILLS RECEIVABLES AND INTEREST RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade and bills receivables	1,853,872	1,707,436
Interest receivables	<u>—</u>	<u>181</u>
	<u>1,853,872</u>	<u>1,707,617</u>

Trade and bills receivables as at the end of reporting period mainly represent receivables from trading customers and relevant bills issued by banks in relation to the sale of commodities. The majority of the Group's sales have required the payments in advance prior to the issuance of goods sold and the remaining are on letter of credit or document against payment and their average credit period of 30 to 90 days (2022: 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:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	1,846,275	1,352,799
91 to 180 days	381	10,662
Over 181 days	7,216	344,156
	<u>1,853,872</u>	<u>1,707,617</u>

10. ACCOUNTS RECEIVABLES

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Arising from the business of dealing in futures contracts:		
— Brokers and dealers		
— Representing customer balances	3,127,193	2,704,016
— Representing house balances	163,553	642,684
	<u>3,290,746</u>	<u>3,346,700</u>
Arising from financial services provided:		
— Customers	7,036	15,473
	<u>3,297,782</u>	<u>3,362,173</u>

Accounts receivables from brokers and dealers are all current and repayable on demand. No aging analysis is disclosed as in the opinion of Directors, the aging analysis does not give additional value in view of the nature of broking business.

The Group has a policy for determining the allowance for impairment based on the evaluation of collectability and management's judgement, including the creditworthiness, collateral and past collection history of the counter-parties.

11. TRADE AND BILLS PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	2,147,299	1,724,471
Bills payables	<u>276,491</u>	<u>7,324</u>
	<u><u>2,423,790</u></u>	<u><u>1,731,795</u></u>

The bills payables operated in the PRC are secured by the restricted deposits of the Group.

The aging analysis of trade and bills payables, based on the date of receipt of goods, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 90 days	2,299,978	1,703,174
90–180 days	22,494	4,339
181–365 days	77,988	23,734
Over 1 year	<u>23,330</u>	<u>548</u>
	<u><u>2,423,790</u></u>	<u><u>1,731,795</u></u>

12. ACCOUNTS PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Arising from the business of dealing in futures contracts	<u><u>4,876,625</u></u>	<u><u>3,862,296</u></u>

Accounts payables arising from business of dealing in futures contracts are margin deposits received from clients for their trading of these contracts. The required margin deposits are repayable upon the closure of the corresponding futures contracts position. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand.

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 2023 (the “**Year**”), the Group’s net profit attributable to owners of the Company was approximately Hong Kong dollars (“**HKS**”) 1,200,955,000, as compared to the net profit attributable to owners of the Company of approximately HK\$1,206,822,000 for the year ended 31 December 2022 (the “**Corresponding Year**”).

The Group’s decrease in net profit for the year was mainly due to the drop in performance of the distribution, trading and processing business 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\$1,087,072,000 in the Year, representing a decrease of approximately 8% compared to approximately HK\$1,175,902,000 in the Corresponding Year. The financial service business has recorded a segment profit before interest and tax of approximately HK\$320,538,000 in the Year, representing a decrease of approximately 33% compared to approximately HK\$479,728,000 in the Corresponding Year.

Gross profit of the Group also decreased to approximately HK\$1,780,649,000 in the Year from approximately HK\$2,079,880,000 in the Corresponding Year. The decrease in gross profit was attributable to the decrease in gross profits from both commodity trading and fund trading activities.

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 fund management.

In 2023, the financial services segment of the Group delivered results. 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 trading, and processing business and financial services business are people-oriented business, the Group continued to invest heavily in human capital. The Group’s headcount has increased from 360 at 31 December 2022 to 384 at 31 December 2023 with employees located across Hong Kong, Singapore, the PRC and the United Kingdom. The Group believes best people can bring value to the Group and will continue to invest in human capital in future.

At last, I would like to take this opportunity to express my deepest gratitude to all the shareholders, my fellow directors, management team and staff to the Group for their support and contributions to the Group throughout the Year.

Wu Lei

Executive Director

Hong Kong, 28 March 2024

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 2023 and 2022 are summarised as follows:

	Revenue		Profit for the year attributable to owners of the Company		Basic earnings per share	
	2023	2022	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
From operations	<u>55,376,948</u>	<u>39,090,928</u>	<u>1,200,955</u>	<u>1,206,822</u>	<u>HK8.91 cents</u>	<u>HK8.96 cents</u>

The Group recorded a total revenue of approximately HK\$55,376,948,000 (2022: approximately HK\$39,090,928,000) for the year ended 31 December 2023 (the “**Year**”) representing an increase of approximately 42% over the year ended 31 December 2022 (the “**Corresponding Year**”). Further analysis of the Group’s revenue in the Year and Corresponding Year is as follows:

	2023 Revenue <i>HK\$'000</i>	2022 Revenue <i>HK\$'000</i>
<i>Products</i>		
Iron Ore	18,508,971	17,950,441
Silver and gold ingots	25,337,910	12,349,475
Other commodities and processing income (Note)	<u>10,679,481</u>	<u>7,750,749</u>
Distribution, trading and processing	54,526,362	38,050,665
Financial Services	<u>850,586</u>	<u>1,040,263</u>
	<u>55,376,948</u>	<u>39,090,928</u>

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

The distribution, trading and processing business contributed to the majority of the Group's revenue in the Year. Iron ore and silver and gold ingots trading represented the main commodity product of the distribution, trading and processing business. During the Year, we also have other commodities trading such as chrome ore, nickel ore, steel products and chemical products. Revenue from the distribution, trading and processing business increased from approximately HK\$38,050,665,000 in the Corresponding Year to approximately HK\$54,526,362,000 in the Year. The increase was mainly due to an increase in trading volumes of both silver and gold ingots.

During the Year, the Group recorded revenues from the provision of financial services approximately HK\$850,586,000 (2022: approximately HK\$1,040,263,000). The decrease in revenue during the Year was due to the decrease in funds performances.

Gross profit of the Group also decreased to approximately HK\$1,780,649,000 in the Year from approximately HK\$2,079,880,000 in the Corresponding Year. The decrease in gross profit was attributable to the decrease in gross profits from both commodity trading and fund trading activities.

Other gains of approximately HK\$197,622,000 were incurred during the Year. Interest income on bank deposits amounted to HK\$103,780,000 (2022: approximately HK\$28,310,000) during the Year. Interest income increased due to the increase in interest rates. Also, gains on financial assets at fair value via profits and loss of approximately HK\$117,060,000 were recorded during the Year (2022: HK\$48,444,000). The gains were recorded mainly because of the fair value gains on the existing shares of Green Estee Pte. Ltd., when it became associate of the Company during the Year. They were partly offset by the exchange loss of HK\$56,680,000 (2022: exchange loss of approximately HK\$8,125,000). The exchange loss arose mostly from the fluctuation of USD/RMB exchange rate. Cargoes sold by Shanghai trading desk were denominated in RMB.

Selling and distribution expenses of approximately HK\$91,250,000 (2022: approximately HK\$76,038,000) were incurred during the Year, mainly attributable to the charges paid when importing cargoes into China.

Administrative expenses of approximately HK\$373,042,000 (2022: approximately HK\$374,193,000) were incurred during the Year, which were mostly in line with the operating performance of the Group.

Finance costs of approximately HK\$28,321,000 (2022: approximately HK\$41,118,000) 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.

Share of profits of associates totaling HK\$36,507,000 (2022: HK\$93,843,000) was recorded during the Year. It arose from the share of profits of associates of 連雲港恆鑫通礦業有限公司 (Lianyungang Hengxintong Mining Co., Ltd.*) and Green Esteel Pte. Ltd.. The decrease was mainly due to the decline in financial performance of 連雲港恆鑫通礦業有限公司 during the year.

Income tax expense decreased from approximately HK\$169,910,000 in the Corresponding Year to approximately HK\$140,084,000 in the Year, which is was line with the decrease in profits.

The profit for the Year attributable to owners of the Company was approximately HK\$1,200,955,000 in the Year, as compared to approximately HK\$1,206,822,000 in the Corresponding Year.

The Group recorded a basic earnings per share of approximately HK8.91 cents in the Year as compared to a basic earnings per share of approximately HK8.96 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 2024.

(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 and Singapore.

– 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). The Group has also secured the Capital Market Services License from the Monetary Authority of Singapore in Singapore in October 2021 to provide clearing services, inter-dealer broking services and offer contract for differences (CFDs) product in Singapore. In addition, the Group has attained the license to provide voice inter-dealer brokerage services from the UK Financial Conduct Authority (FCA) in July 2022.

– *Assets Management and Fund Management*

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

The derivatives arm of the Group — BPI Financial Group Ltd (“BPI”) commenced its operations in late 2017. BPI offers market access, clearing services, inter dealer brokerage in OTC derivatives, brokerage of physical commodities and trade facilitation services in precious metals. BPI’s subsidiaries hold various regulatory licences in key financial hubs.

Its Hong Kong subsidiary holds a Type 2 licence issued by the Securities and Futures Commission (SFC). Its Singapore subsidiary holds a capital markets services (“CMS”) licence from the Monetary Authority of Singapore. Another Singapore subsidiary holds a licence from the ministry of law to operate its precious metals trade facilitation business. BPI’s subsidiary in UK holds a licence from the FCA to provide brokerage service in derivatives.

BPI’s business comprises of four primary business lines — (a) Global Markets and Clearing Services (GCS), (b) Interdealer Broking (IDB), (c) China Access Products (CAP), and (d) Trade Facilitation Services (TFS).

BPI has grown from strength to strength each year since inception in 2017. BPI has achieved significant market share in clearing of international Iron Ore derivatives, Asian thermal coal, and Coking coal.

The Group’s integrated offering covering OTC derivatives brokering, listed derivatives market access, clearing, physical commodity brokerage, and hedging solutions is a compelling model.

This benefits customers by saving the hassle of multiple brokerage relationships, increases transaction finality by enabling the trade to clear faster, and optimizes transaction costs.

(ii) Distribution, Trading and Processing Business

In 2023, the market in China remained stable. The Group continues to focus on its development and expansion in Hong Kong, Singapore and China.

The Group has acquired chemical trading companies in Singapore in 2022, to expand its business horizon and supplement its trading business. The Group will actively seek other acquisition opportunities in future.

FUND RAISING ACTIVITIES

The Company has not conducted any equity fund raising activities for the year ended 31 December 2023 and the period immediately prior to the date of this annual result announcement.

SIGNIFICANT EVENTS

Saved as 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 2023.

EVENTS AFTER THE REPORTING PERIOD

On 25 March 2024, the transaction in relation to the approval of the exercise of call option to subscribe up to 120,000,000 ordinary shares of Green Steel Pte. Ltd. has been passed by independent shareholders at the special general meeting dated 25 March 2024. For details, please refer to the announcement of the Company dated 25 March 2024.

Save that, the Directors are not aware of any events that have taken place subsequent to 31 December 2023 and up to the date of this annual result announcement.

CHARGES ON ASSETS

Save for the restricted deposits of approximately HK\$277,248,000 (2022: approximately HK\$6,733,000), which were restricted for securing banking facilities granted to the Group, none of the Group’s assets was charged or subject to encumbrance as at 31 December 2023.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2023, the Company entered into the call option agreement (“**Call Option Agreement**”) with Green Esteel Pte. Ltd. (“**Green Esteel**”), pursuant to which Green Esteel has granted the call option to the Company to subscribe up to 120,000,000 ordinary shares of Green Esteel (“**Call Option**”). The Call Option is exercisable in whole or in parts at any time during the exercise period at the option price of US\$1.00 per the option share. In December 2023, the Company notified Green Esteel by giving a notice in writing pursuant to the Call Option Agreement to exercise the Call Option. The transaction in relation to the approval of the exercise of Call Option and the transactions contemplated has been passed by independent shareholders at the special general meeting dated 25 March 2024.

For details, please refer to the announcements of the Company dated 5 May 2023, 28 July 2023, 18 December 2023, 22 December 2023 and 25 March 2024, and the Circulars of the Company dated 30 June 2023 and 7 March 2024.

Saved as disclosed above, during the year ended 31 December 2023, 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 (“**HKS**”) is pegged to the US\$. The Group is exposed to fluctuation of transactions denominated in RMB. The Group monitors its exposure to foreign currency exchange risk on an ongoing basis.

Counterparty credit and performance risk

The Group continuously monitors the credit quality of our counterparties and seeks to reduce the risk of customer non-performance by requiring credit support from creditworthy financial institutions including making extensive use of credit enhancement products, such as letter of credit.

Interest rate risk

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its assets and liabilities and cash flows. Floating rate debt which is predominantly used to fund fast turning working capital is primarily based on US\$ LIBOR plus an appropriate premium. Accordingly, prevailing market interest rates are continuously factored into transactional pricing and terms.

Legal, regulatory and compliance risk

Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss including fines, penalties, judgments, damages and/or settlements, or loss to reputation the Group may suffer as a result of our failure to comply with laws, regulations, rules, related self-regulatory organisation standards and codes of conduct applicable to our business activities. This risk also includes contractual and commercial risk such as the risk that a counterparty's performance obligations will be unenforceable. In today's environment of rapid and possibly transformational regulatory change, the Group also view regulatory change as a component of legal, regulatory and compliance risk.

The financial services industry is subject to extensive regulation, which is undergoing major changes that will impact our business.

The Group oversees potential compliance risks, such as insider dealing, money laundering, on a regular basis. With the support of external professional advisers where appropriate, the Group monitors whether and the extent to which additional regulatory requirements apply as a result of the growth or expansion of our operations in financial services business.

Like other major financial services firms, the Group is subject to extensive regulations, which significantly affect the way the Group do business and can restrict the scope of our existing businesses and limit our ability to expand our product offerings and pursue certain investments. The Group is and will continue to be subject to a more complex regulatory framework, and will incur costs to comply with new requirements as well as to monitor for compliance in the future.

Price risk

The Group's financial assets at fair value through 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group's net current assets were approximately HK\$6,407,573,000 (2022: approximately HK\$5,135,547,000), and its net assets were approximately HK\$7,269,828,000 (2022: approximately HK\$5,908,953,000). As at 31 December 2023, the Group had outstanding loans and other borrowings of approximately HK\$4,337,000 (2022: approximately HK\$165,564,000).

As at 31 December 2023, the current ratio (defined as current assets divided by current liabilities) was approximately 1.71 (2022: approximately 1.67) and the gearing ratio (defined as loans and other borrowings divided by net assets) was 0.0006 (2022: 0.03).

As at 31 December 2023, the Group had an undrawn banking letter of credit limit totalling approximately US\$428,403,000, equivalent to approximately HK\$3,341,543,000 (2022: US\$323,917,000, equivalent to approximately HK\$2,526,553,000).

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

The capital expenditure of the Group for the Year was approximately HK\$14,284,000 (2022: approximately HK\$29,463,000) for addition of property, plant and equipment.

As at 31 December 2023, the Group had no material capital expenditure commitments (2022: Nil).

As at 31 December 2023, the Group had no material capital commitments (2022: HK\$108,662,000).

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except as disclosed in this annual result announcement, as at 31 December 2023, the Group does not have any other plans for material investments or capital assets.

HUMAN RESOURCES

As at 31 December 2023, the Group had 384 employees in total (2022: 360), consisting of 11 employees in Hong Kong, 125 employees in Singapore, 245 employees in the PRC and 3 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 2023, the Group had equity attributable to owners of the Company of approximately HK\$6,198,499,000 (2022: approximately HK\$4,584,488,000). During the year ended 31 December 2023 and up to the date of this annual result announcement, the Company did not carry out other equity fund raising activities.

DIVIDENDS AND SHARE REPURCHASE

The Board of Directors declared an interim dividend of HK2 cents per ordinary share on 28 March 2024. The interim dividend will be paid in cash on 17 May 2024 to the shareholders on the Register of Members of the Company on 7 May 2024.

The Board of Directors has also approved a share repurchase program authorizing the Company to purchase up to an aggregate of approximately HK\$270 million of the Company's stock in compliance with the Listing Rules. Shareholders and potential investors of the Company should note that the exercise of the share repurchase program by the Company will be subject to market conditions and will be at the Board's absolute discretion. There is no assurance of the timing, quantity or price of any share repurchase or whether the Company will make any repurchases at all. The Company will make further disclosures as and when appropriate and as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

For the purpose of ascertaining shareholders entitlement to the interim dividend, the Register of Members of the Company will be closed from 3 May 2024 to 7 May 2024 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited (at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) not later than 4:30 p.m. on 2 May 2024.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

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 (“**CG Code**”) as set out in Appendix C1 of the Listing Rules as detailed 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 2023.

Under Code Provision C.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 F.2.2 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 2023.

Under Code Provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors generally should also attend general meetings to gain and develop a balanced understanding of the views of shareholders. One non-executive director, Mr. Wang Zhenhui, had not attended the annual general meeting held on 28 July 2023, due to his other business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company has made specific enquiries with all directors of the Company and each of them confirmed that they have complied with the Model Code throughout the year ended 31 December 2023.

AUDIT COMMITTEE

As at 31 December 2023, the audit committee of the Company comprises one non-executive director and two independent non-executive directors of the Company, namely Ms. Kent Shun Ming (Chairlady of the audit committee), Ms. Chan Lai Ping and Mr. Ding Lin. The Audit Committee has adopted terms of reference which are in line with the CG Code. The Audit Committee has reviewed the Group’s annual results for the year ended 31 December 2023.

SCOPE OF WORK OF EXTERNAL AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2023. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Company (www.990.com.hk) and the designated issuer website of the Stock Exchange (www.hkexnews.hk).

The 2023 annual report of the Company will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 28 March 2024

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.

* *For identification purposes only*