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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 2020

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 2020 together with the comparative figures for the corresponding period in 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	3	15,997,421	11,330,882
Cost of sales		(15,369,869)	(10,856,093)
Gross profit		627,552	474,789
Other income, gain and loss	4	46,050	(131,151)
Selling and distribution expenses		(13,446)	(7,173)
Administrative expenses		(108,381)	(90,977)
Profit from operations		551,775	245,488
Finance costs	5	(19,503)	(22,294)
Profit before taxation		532,272	223,194
Income tax	6	(31,931)	(40,284)
Profit for the year	7	500,341	182,910

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Attributable to:			
Owners of the Company		445,977	145,745
Non-controlling interests		54,364	37,165
		<u>500,341</u>	<u>182,910</u>
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>1,025</u>	<u>2,493</u>
Other comprehensive income for the year, net of tax		<u>1,025</u>	<u>2,493</u>
Total comprehensive income for the year		<u>501,366</u>	<u>185,403</u>
Attributable to:			
Owners of the Company		447,002	148,238
Non-controlling interests		54,364	37,165
		<u>501,366</u>	<u>185,403</u>
Earnings per share			
— Basic (<i>HK cents per share</i>)	<i>9</i>	<u>3.77</u>	<u>1.43</u>
— Diluted (<i>HK cents per share</i>)	<i>9</i>	<u>3.77</u>	<u>1.43</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		10,503	12,858
Right-of-use assets		16,537	25,205
Loans to customers	<i>11</i>	1,000	—
		28,040	38,063
Current assets			
Inventories	<i>10</i>	766,573	2,078,632
Loans to customers	<i>11</i>	16,782	18,900
Trade and bills receivables and interest receivables	<i>12</i>	1,032,014	490,449
Accounts receivables	<i>13</i>	1,142,749	1,034,979
Financial assets at fair value through profit or loss		2,571	—
Derivative instruments		192,578	64,580
Prepayments, deposits and other receivables	<i>14</i>	107,482	190,589
Current tax recoverable		2,478	4,105
Cash and bank balances		720,155	813,741
		3,983,382	4,695,975
Current liabilities			
Trade and bills payables	<i>15</i>	498,142	1,293,958
Trust receipt loans	<i>16</i>	—	625,266
Accounts payables	<i>17</i>	1,015,171	1,004,574
Contract liabilities		161,205	258,966
Accruals and other payables		34,303	49,836
Derivative instruments		392,110	115,244
Lease liabilities		9,435	9,024
Current tax payable		51,684	45,762
		2,162,050	3,402,630
Net current assets		1,821,332	1,293,345
Total assets less current liabilities		1,849,372	1,331,408
Non-current liabilities			
Lease liabilities		7,943	17,241
NET ASSETS		1,841,429	1,314,167
Capital and reserves			
Share capital		29,604	29,604
Reserves		1,640,190	1,192,909
Equity attributable to owners of the Company		1,669,794	1,222,513
Non-controlling interests		171,635	91,654
TOTAL EQUITY		1,841,429	1,314,167

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the Company							
	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Accumulated profits/(losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2019	19,736	690,231	2,665	(6,735)	(25,474)	680,423	44,739	725,162
Total comprehensive income for the year	—	—	—	2,493	145,745	148,238	37,165	185,403
Issue of new shares	9,868	383,984	—	—	—	393,852	—	393,852
Capital contribution received from non-controlling interests	—	—	—	—	—	—	9,750	9,750
At 31 December 2019 and 1 January 2020	29,604	1,074,215	2,665	(4,242)	120,271	1,222,513	91,654	1,314,167
Total comprehensive income for the year	—	—	—	1,025	445,977	447,002	54,364	501,366
Capital contribution received from non-controlling interests (<i>note 18</i>)	—	—	—	—	—	—	25,896	25,896
Disposal of interests in subsidiaries without loss of control (<i>note 18</i>)	—	—	279	—	—	279	(279)	—
At 31 December 2020	29,604	1,074,215	2,944	(3,217)	566,248	1,669,794	171,635	1,841,429

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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 principal activities of its principal subsidiaries are (i) Distribution and trading business — trading 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 loan financing services, securities and derivatives financial services, market making, 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 2020. 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

	2020 <i>HK\$’000</i>	2019 <i>HK\$’000</i>
Sales from trading of goods	15,570,497	11,087,229
Commission income and brokerage fees from the provision of financial services	65,151	38,381
Less: Sales taxes and levies	<u>(4,148)</u>	<u>(3,415)</u>
Revenue from contracts with customers	<u>15,631,500</u>	<u>11,122,195</u>
Gain from derivative trading	241,263	152,603
Hedging gains on distribution and trading business	121,317	50,266
Interest income from loans to customers	1,450	3,046
Interest income from customers’ segregated accounts	<u>1,891</u>	<u>2,772</u>
	<u>365,921</u>	<u>208,687</u>
Total revenue	<u><u>15,997,421</u></u>	<u><u>11,330,882</u></u>

Sales from trading of goods

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

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

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

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

Commission income and brokerage fees from the provision of financial services

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

Disaggregation of revenue from contracts with customers:

Segments	Distribution and trading <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	2020 Total <i>HK\$'000</i>
Geographical markets			
Hong Kong	111,314	47,576	158,890
Singapore	9,173,518	17,575	9,191,093
The PRC	6,281,517	—	6,281,517
Total	<u>15,566,349</u>	<u>65,151</u>	<u>15,631,500</u>
Major products/services			
Trading of bulk commodities	15,566,349	—	15,566,349
Commission income and brokerage fees	—	65,151	65,151
Total	<u>15,566,349</u>	<u>65,151</u>	<u>15,631,500</u>
Time of revenue recognition			
At a point in time	<u>15,566,349</u>	<u>65,151</u>	<u>15,631,500</u>

Segments	Distribution and trading <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	2019 Total <i>HK\$'000</i>
Geographical markets			
Hong Kong	—	27,694	27,694
Singapore	5,089,289	10,687	5,099,976
The PRC	5,994,525	—	5,994,525
Total	<u>11,083,814</u>	<u>38,381</u>	<u>11,122,195</u>
Major products/services			
Trading of bulk commodities	11,083,814	—	11,083,814
Commission income and brokerage fees	—	38,381	38,381
Total	<u>11,083,814</u>	<u>38,381</u>	<u>11,122,195</u>
Time of revenue recognition			
At a point in time	<u>11,083,814</u>	<u>38,381</u>	<u>11,122,195</u>

(b) Segment information

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

During the year ended 31 December 2020, the Group's reportable and operating segments are as follows:

- (i) Distribution and trading business — trading of bulk commodities and related products in Hong Kong, Singapore and PRC; and
- (ii) Financial services business — provision of loan financing services, securities and derivatives financial services, market making, 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 2020

	Distribution and trading <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>15,687,666</u>	<u>309,755</u>	<u>15,997,421</u>
Segment profit	<u>442,945</u>	<u>99,585</u>	542,530
Finance costs	<u>(18,707)</u>	<u>(397)</u>	(19,104)
Unallocated other income, gain and loss			20,077
Corporate expenses and other finance costs			<u>(11,231)</u>
Profit before taxation			<u>532,272</u>

Year ended 31 December 2019

	Distribution and trading <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>11,134,080</u>	<u>196,802</u>	<u>11,330,882</u>
Segment profit	<u>171,168</u>	<u>74,638</u>	245,806
Finance costs	<u>(22,083)</u>	<u>(85)</u>	(22,168)
Unallocated other income, gain and loss			7,585
Corporate expenses and other finance costs			<u>(8,029)</u>
Profit before taxation			<u>223,194</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, 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 2020

	Distribution and trading <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>2,177,096</u>	<u>1,821,828</u>	3,998,924
Current tax recoverable	<u>2,478</u>	<u>—</u>	2,478
Unallocated property, plant and equipment and right-of-use assets			8,099
Unallocated prepayments, deposits and other receivables			1,531
Unallocated cash and bank balances			<u>390</u>
Consolidated assets			<u>4,011,422</u>
Segment liabilities	<u>691,508</u>	<u>1,417,866</u>	2,109,374
Current tax payable	<u>27,496</u>	<u>24,188</u>	51,684
Unallocated accruals and other payables			696
Unallocated lease liabilities			<u>8,239</u>
Consolidated liabilities			<u>2,169,993</u>

As at 31 December 2019

	Distribution and trading <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>3,262,848</u>	<u>1,432,152</u>	4,695,000
Current tax recoverable	<u>4,105</u>	<u>—</u>	4,105
Unallocated property, plant and equipment and right-of-use assets			12,149
Unallocated prepayments, deposits and other receivables			18,609
Unallocated cash and bank balances			<u>4,175</u>
Consolidated assets			<u>4,734,038</u>
Segment liabilities	<u>1,624,122</u>	<u>1,112,437</u>	2,736,559
Trust receipt loans	<u>625,266</u>	<u>—</u>	625,266
Current tax payable	<u>31,641</u>	<u>14,121</u>	45,762
Unallocated accruals and other payables			182
Unallocated lease liabilities			<u>12,102</u>
Consolidated liabilities			<u>3,419,871</u>

Other segment information:

	Distribution and trading HK\$'000	Financial services HK\$'000	Total HK\$'000
<i>Year ended 31 December 2020</i>			
<i>Amounts included in the measure of segment results or segment assets:</i>			
Additions of property, plant and equipment	2,323	390	2,713
Depreciation of property, plant and equipment	<u>4,333</u>	<u>736</u>	<u>5,069</u>
	<i>Distribution and trading HK\$'000</i>	<i>Financial services HK\$'000</i>	<i>Total HK\$'000</i>
<i>Year ended 31 December 2019</i>			
<i>Amounts included in the measure of segment results or segment assets:</i>			
Additions of property, plant and equipment	10,896	963	11,859
Depreciation of property, plant and equipment	<u>395</u>	<u>1,499</u>	<u>1,894</u>

Geographical information:

	Revenue		Non-current assets	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Hong Kong	160,550	31,058	9,583	12,998
Singapore	9,555,354	5,305,299	18,407	24,927
The PRC	<u>6,281,517</u>	<u>5,994,525</u>	<u>50</u>	<u>138</u>
	<u>15,997,421</u>	<u>11,330,882</u>	<u>28,040</u>	<u>38,063</u>

In presenting the geographical information, revenue is based on the location where the business activities were carried out.

Information about major customers:

Revenue from one (2019: Nil) customer from the Group's distribution and trading business segment contributing over 10% of the total revenue of the Group represents approximately of HK\$2,499,705,000 (2019: Nil).

4. OTHER INCOME, GAIN AND LOSS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest income on bank deposits	15,703	7,402
Net foreign exchange loss	28,176	(55,914)
Impairment loss		
— Inventories	—	(85,922)
— Loans to customers	(3,700)	—
Reversal of impairment loss on trade receivables	—	1,404
Loss on disposal of financial assets at fair value through profit or loss	—	(85)
Government subventions	3,337	1,268
Claims and compensation received	—	570
Others	2,534	126
	<u>46,050</u>	<u>(131,151)</u>

5. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bills discounting interest expenses and interest expenses on trust receipt loans	18,629	21,982
Lease interest expenses	874	312
	<u>19,503</u>	<u>22,294</u>

6. INCOME TAX

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax		
— Hong Kong Profits Tax		
— Provision for the year	1,792	107
— Singapore Corporate Income Tax		
— Provision for the year	32,526	40,269
— Over-provision for prior year	(2,387)	(92)
	<u>31,931</u>	<u>40,284</u>

Hong Kong Profits Tax is calculated at 16.5% (2019: 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% (2019: Nil).

Singapore Corporate Income Tax is provided using the Singapore standard rate of income tax of 17% or the concession rate of 5% (2019: 10%) for the year ended 31 December 2020. With the Global Trader Programme ("GTP") incentive awarded to Bright Point Trading Pte. Ltd., a wholly-owned subsidiary of the Company by the Inland Revenue Authority of Singapore with effect from 1 January 2017 and further revised in late 2019, certain qualified income generated during the year ended 31 December 2020 from the distribution and trading business of the Group has been charged at a tax concessionary rate of 5% (2019: 10%). Any other income not qualified for the GTP incentive has been charged at the standard rate of 17% during the year ended 31 December 2020.

The income tax provision in respect of operations in the PRC is calculated at 25% on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof. No provision for PRC income tax was made for the year ended 31 December 2020 as the subsidiaries in the PRC has sufficient tax losses brought forward to set off against current year's assessable profit.

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

	2020	2019
	HK\$'000	HK\$'000
Profit before taxation	<u>532,272</u>	<u>223,194</u>
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdiction concerned	97,436	27,227
Tax effect on income that is not taxable	(265)	(248)
Tax effect of expenses that are not deductible	450	226
Over-provision in respect of prior year	(2,387)	(92)
Utilisation of tax losses previously not recognised	(29,091)	(1,084)
Effect of GTP incentive award	(36,286)	(20,220)
Tax losses not recognised	2,617	34,510
Others	<u>(543)</u>	<u>(35)</u>
	<u>31,931</u>	<u>40,284</u>

At the end of the reporting period, subject to agreement with tax authorities, the Group has unused tax losses of approximately HK\$424,372,000 (2019: approximately HK\$524,660,000) available for offsetting against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unused tax losses are losses of approximately HK\$14,001,000 (2019: HK\$130,326,000) arisen in the PRC operations of the Group, are eligible for carried forward for a period of 5 years from their respective year of origination under the PRC Corporate Income Tax Law. The other tax losses are carried forward indefinitely.

7. PROFIT FOR THE YEAR

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories recognised as expenses	15,253,714	10,775,123
Depreciation		
— Property, plant and equipment	5,069	1,894
— Right-of-use assets	8,668	4,967
Auditors' remuneration		
— audit services	830	830
— non-audit services	183	183
	1,013	1,013
Short term lease expense	17	34
Directors' remuneration	9,153	15,380
Other staff costs		
— salaries, discretionary bonuses and allowances	57,193	44,000
— retirement benefits scheme contributions	2,283	2,276
	59,476	46,276

8. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2020 (2019: Nil).

9. 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.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>445,977</u>	<u>145,745</u>
	2020 <i>'000</i>	2019 <i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>note</i>)	<u>11,841,345</u>	<u>10,168,233</u>

Note: On 13 June 2019, the Company announced the completion of a rights issue of 3,947,114,877 rights shares at HK\$0.10 per rights share. As the Company's share market price immediately before the exercise of rights was higher than the rights subscription price, this gave rise to a bonus element in the rights issue to existing shareholders. Therefore earnings per share is calculated as if the bonus element (but not the total rights issue) arose proportionately at the start of the earliest period for which earnings per share is presented in accordance with the requirements under HKAS 33.

(b) Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2020.

10. INVENTORIES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Finished goods	<u>766,573</u>	<u>2,078,632</u>

11. LOANS TO CUSTOMERS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loans to customers	26,872	24,290
Provision for impairment	<u>(9,090)</u>	<u>(5,390)</u>
	<u>17,782</u>	<u>18,900</u>
Analysed as:		
Current assets	16,782	18,900
Non-current assets	<u>1,000</u>	<u>—</u>
	<u>17,782</u>	<u>18,900</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At 1 January	5,390	5,390
Provision for impairment recognised during the year	<u>3,700</u>	<u>—</u>
At 31 December	<u>9,090</u>	<u>5,390</u>

The fixed-rate loans to customers of HK\$26,872,000 (2019: HK\$24,290,000) as at the end of reporting period under the Group's loan financing services operation compose of loan advances to three parties, represented 1 employee of the Group and 2 independent third parties (2019: 1 employee of the Group and 2 independent third parties) and the treasury making through National Debt Reverse Repurchase in the securities brokers. Save as the loan due from the employee of the Group is unsecured, the remaining loans are secured by personal guarantee or the National Debt. The interest rates for the loans to customers were ranging from 4% to 12% (2019: 8% to 12%) per annum.

The loans made available to customers depends on management's assessment of credit risk on the customers by evaluation on background check and repayment abilities. The Group determines the allowance of impaired debts based on the evaluation of collectability and aging analysis of accounts and on the management's judgment, including assessment of change of credit quality and the past collection history of each customer. At the end of reporting period, two of the loans had been past due and their collectabilities were uncertain despite the series of chasing actions conducted by the Group. Accordingly, an allowance had been made for estimated irrecoverable loan of HK\$9,090,000 (2019: HK\$5,390,000).

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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Less than 1 year	<u>17,782</u>	<u>18,900</u>

12. TRADE AND BILLS RECEIVABLES AND INTEREST RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade and bills receivables	1,031,815	490,247
Interest receivables	<u>199</u>	<u>202</u>
	<u>1,032,014</u>	<u>490,449</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 are on letter of credit or document against payment. The remaining sales are with average credit period of 30 to 90 days (2019: 5 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Not yet due or within 90 days	1,032,014	487,805
91–180 days	—	1,240
Over 1 year	<u>—</u>	<u>1,404</u>
	<u>1,032,014</u>	<u>490,449</u>

The Group has policy of providing allowance for bad and doubtful debts which is based on the evaluation of collectability and aging analysis of accounts and on management's judgment including credit worthiness and past collection history of each debtor.

In determining the recoverability of the trade and bills receivables and interest receivables, the Group considers any changes in the credit quality of the trade and bills receivables and interest receivables from the date credit was initially granted up to the end of the reporting period. Save as the interest receivables due from the loans to customers as mentioned on note 11 to the consolidated financial statements, the Directors consider that no allowance for bad and doubtful debts is required. No allowance for bad and doubtful debts are provided for trade receivables and bills receivables during the year and at the end of the reporting period.

Reconciliation of loss allowance for trade and bills receivables and interest receivables:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At 1 January	—	3,319
Increase in loss allowance for the year	—	—
Amounts recoverable	—	(1,404)
Amounts written off	—	(1,915)
	<hr/>	<hr/>
At 31 December	<hr/> <hr/>	<hr/> <hr/>

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade and bills receivables and interest receivables. To measure the expected credit losses, trade and bills receivables and interest receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	Over 90 days past due	Over 360 days past due	Total
At 31 December 2020				
Weighted average expected loss rate	0%	0%	0%	0%
Receivable amount (<i>HK\$'000</i>)	1,032,014	—	—	1,032,014
Loss allowance (<i>HK\$'000</i>)	—	—	—	—
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2019				
Weighted average expected loss rate	0%	0%	0%	0%
Receivable amount (<i>HK\$'000</i>)	487,805	1,240	1,404	490,449
Loss allowance (<i>HK\$'000</i>)	—	—	—	—
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13. ACCOUNTS RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Arising from the business of dealing in futures contracts:		
— Brokers and dealers		
— representing customer balances	748,736	973,549
— representing house balances	390,851	59,964
	<hr/>	<hr/>
	1,139,587	1,033,513
	<hr/>	<hr/>
Arising from financial services provided:		
— Customers	3,162	1,466
	<hr/>	<hr/>
	1,142,749	1,034,979
	<hr/> <hr/>	<hr/> <hr/>

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.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade deposits	43,196	7,611
Prepayments	17,459	63,618
VAT receivables	2,065	93,570
Deposit and other receivables	44,762	25,790
	<u>107,482</u>	<u>190,589</u>

15. TRADE AND BILLS PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	412,548	1,287,603
Bills payables	85,594	6,355
	<u>498,142</u>	<u>1,293,958</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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 90 days	486,491	1,229,148
90–180 days	9,182	64,568
181–365 days	1,992	242
Over 1 year	477	—
	<u>498,142</u>	<u>1,293,958</u>

16. TRUST RECEIPT LOANS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trust receipt loans — secured	—	625,266
	<u>—</u>	<u>625,266</u>

The maturity of trust receipt loans is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Repayable on demand or within 1 year	<u>—</u>	<u>625,266</u>

Trust receipt loans at 31 December 2020 and 2019 are secured by:

- (i) guarantee by the beneficial owner of the Group; and
- (ii) deed of charge and assignment.

The average effective interest rate per annum at 31 December 2020 and 2019 is as follows:

	2020	2019
Trust receipt loans	<u>N/A</u>	<u>2.21%</u>

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

17. ACCOUNTS PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Arising from the business of dealing in futures contracts	<u>1,015,171</u>	<u>1,004,574</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.

18. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

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

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

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 2020 (the “**Year**”), the Group’s net profit was approximately Hong Kong dollars (“**HK\$**”) 500,341,000, as compared to the profit of approximately HK\$182,910,000 for the year ended 31 December 2019 (the “**Corresponding Year**”).

The Group’s increase in profit was mainly due to the impressive performance of the distribution and trading business, in particular the trading of iron ore, and the financial services business during the Year. The distribution and trading business has recorded a segment profit before interest and tax of approximately HK\$442,945,000 in the Year, representing an increase of approximately 159% compared to approximately HK\$171,168,000 in the Corresponding Year. The financial service business has recorded a segment profit before interest and tax of approximately HK\$99,585,000 in the Year when compared to approximately HK\$74,638,000 in the Corresponding Year.

Gross profit of the Group also increased to approximately HK\$627,552,000 in the Year from approximately HK\$474,789,000 in the Corresponding Year. The increase in gross profit were attributable to: (i) good business relationship that our Group has developed with our suppliers. Due to the excellent track record in the past few years, we were able to secure long-term cooperations with several suppliers at favourable prices; (ii) the sharp increase in iron ore prices during the Year. Despite the outbreak of Covid-19, iron ore price remained strong, due to the strong demand in China and some disruptions in the global supply; and (iii) the impressive performance of the financial services segment, due to the continuous development and increased market volatility during the Year.

The PRC is the largest iron ore importer in the world, importing a record high of 1,170 million tonnes in 2020, surpassing 1,000 million tonnes for the fifth consecutive year. With the domestic iron ore reserves being low in grade and high in impurity, to fulfil PRC’s huge demand for medium to high grade iron ore, it has to rely heavily on imports from overseas. The Group targets to continue to grow its iron ore trading business in line with the large volume of iron ore imports into the PRC and at the same time, exploring other opportunities to expand its financial services platform by bringing in new financial products to our customers.

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, market making of iron ore derivative market and fund management. In 2020, the financial services segment of the Group has recorded a segment profit before interest and tax of approximately HK\$99,585,000 in the Year. The Group has set up its iron ore derivative market making trading arm in the first half of 2018, and since then the market making trading has been generating profits for the Group. 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 Group's other financial services, including clearing and inter-dealer broking services, also continued to expand and contributed profits to the Group.

As both distribution and trading and financial services are people-oriented business, the Group continued to invest heavily in human capital. The Group's headcount has increased from 69 at 31 December 2019 to 78 at 31 December 2020 with employees located across Hong Kong, Singapore and the PRC. 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, 31 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Theme International Holdings Limited and its subsidiaries are principally engaged in (i) trading of bulk commodities and related products in Hong Kong, Singapore and the PRC; and (ii) provision of loan financing services, securities and derivatives financial services, market making, 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 year ended 31 December 2020 and 2019 are summarized as follows:

	Revenue		Profit for the year		Basic earnings per share	
	2020	2019	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
From operations	<u>15,997,421</u>	<u>11,330,882</u>	<u>500,341</u>	<u>182,910</u>	<u>HK3.77 cents</u>	<u>HK1.43 cents</u>

The Group recorded a total revenue of approximately HK\$15,997,421,000 (2019: approximately HK\$11,330,882,000) for the year ended 31 December 2020 (the “Year”), representing an increase of approximately 41% over the year ended 31 December 2019 (the “Corresponding Year”). Further analysis of the Group’s revenue in the Year and Corresponding Year is as follows:

	2020		2019	
	Revenue	Sales Volume	Revenue	Sales Volume
	<i>HK\$'000</i>	<i>Tonnes ('000)</i>	<i>HK\$'000</i>	<i>Tonnes ('000)</i>
<i>Products</i>				
Iron Ore	<u>12,859,655</u>	<u>16,933</u>	<u>10,177,989</u>	<u>14,718</u>
Other commodities	<u>2,828,011</u>		<u>956,091</u>	
Distribution and trading	<u>15,687,666</u>		<u>11,134,080</u>	
Financial Services	<u>309,755</u>		<u>196,802</u>	
	<u>15,997,421</u>		<u>11,330,882</u>	

Note: Other commodities mainly represent silver ingots, steel product, nickel ore and chrome ore.

The distribution and trading business contributed to the majority of the Group's revenue in the Year. Iron ore trading represented the majority of the distribution and trading business. During the Year, we also have other commodities trading such as silver ingots, steel product, nickel ore and chrome ore. The volume of iron ore traded in the Year increased from approximately 14,718,000 tonnes in the Corresponding Year to approximately 16,933,000 tonnes in the Year. Revenue from the distribution and trading business increased from approximately HK\$11,134,080,000 in the Corresponding Year to approximately HK\$15,687,666,000 in the Year.

During the Year, the Group recorded revenues from the provision of financial services approximately HK\$309,755,000 (2019: approximately HK\$196,802,000), mainly attributable to the market making of iron ore derivative market and provision of other financial services such as clearing and inter-dealer broking services. The increase in revenue during the Year was due to the continuous development of the financial services segment and the volatility of the commodity prices in the Year, which led to the increase in demand for commodity derivatives related financial services.

Gross profit of the Group also increased to approximately HK\$627,552,000 in the Year from approximately HK\$474,789,000 in the Corresponding Year. The increase in gross profit was attributable to: (i) good business relationship that our Group has developed with our suppliers. Due to the excellent track record in the past few years, we were able to secure long-term cooperations with several suppliers at favourable prices; (ii) the sharp increase in iron ore prices during Year. Despite the outbreak of Covid-19, iron ore price remained strong, due to the strong demand in China and some disruptions in the global supply; and (iii) the impressive performance of the financial services segment, due to the continuous development and increased market volatility during the Year.

Other gains of approximately HK\$46,050,000 (2019: other losses of approximately HK\$131,151,000) was incurred during the Year, mainly due to net foreign exchange gain of approximately HK\$28,176,000 during the Year, arising from the appreciation of Renminbi (“RMB”) (2019: net exchange loss of approximately of HK\$55,914,000). Cargoes sold by Shanghai trading desk were denominated in RMB. Also, there was no impairment loss on inventory during the Year (2019: approximately HK\$85,922,000).

Selling and distribution expenses of approximately HK\$13,446,000 (2019: approximately HK\$7,173,000) were incurred during the Year, mainly attributable to the freight charges, port charges and agent fees paid for the goods delivery to the customers in China. The increase was mainly attributable to the increase in revenue from the distribution and trading business during the Year.

Administrative expenses have increased from approximately HK\$90,977,000 in the Corresponding Year to approximately HK\$108,381,000 in the Year. It was mainly attributable to the increase on depreciations of property, plant and equipment and right-of-use assets and the increase in staff costs.

Finance costs of approximately HK\$19,503,000 (2019: approximately HK\$22,294,000) were incurred during the Year for the factoring of the Group's trade receivables and for the settlement of interests arising from outstanding trust receipt loans. The decrease was mainly due to the decrease in interest rate charged by the banks. We considered that the slight adjustment the Group's leverage enabled the Group to further expand its distribution and trading business and maximize return on shareholders' capital.

Income tax expense decreased from approximately HK\$40,284,000 in the Corresponding Year to approximately HK\$31,931,000 in the Year. The decrease in income tax expense was mainly attributable to the change in the income tax concession rate granted for our distribution and trading business in Singapore during the Year.

The profit for the Year attributable to owners of the Company increased from approximately HK\$145,745,000 in the Corresponding Year to approximately HK\$445,977,000 in the Year. The increase in profit was mainly attributable to the increases in the gross profits and other gains aforementioned, where were partially set off by increases in selling and distribution expenses and administrative expenses.

The Group recorded a basic earnings per share of approximately HK3.77 cents in the Year as compared to a basic earnings per share of approximately HK1.43 cents in the Corresponding Year.

Future Prospects

The Group will focus on the continuing development of the financial services business and the distribution and trading business in 2021.

(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 market), provision of futures and derivatives products, provision of market making services for global exchanges, provision of margin financing, money lending business and fund management 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 one year in general but could be extended to mutual agreement. The loans are usually secured by collaterals or backed by guarantee.

— *Securities, Futures Contracts and Derivatives Dealing*

As announced in the Company's announcement on 24 July 2017, the Securities and Futures Commission of Hong Kong has granted to the Group licences to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

— *Assets Management and Fund Management*

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

The derivatives arm of the Group has commenced its operations to establish a financial services platform in derivatives facilitating international trade in commodities with combined access to both physical and derivatives market. Besides the Type 2 licence, the Group has exemption from Monetary Authority of Singapore licensing in Singapore to offer inter-dealer broking services in Singapore and global markets.

Over the last decade, the financial services space has changed structurally creating opportunities for both existing participants and new entrants. Capitalising on the opportunities and filling the void created as a result of receding participation from traditional financial market participants, the Group aims to deliver a range of products and services to better serve commodity market participants.

Combining the strengths stemming from powerful suite of products and services and experienced and proven management team, the Group is positioned to deliver strong financial results and return to its stakeholders.

The Group's product and service portfolio is deliberately designed to be broad and diversified. This benefits the Group in two key ways — (i) to offer an end to end coverage to its global clientele and (ii) to weather proof the business and manage varying seasonal cycles which strengthens its revenue streams and therefore the firm's financials over the long run.

Its business lines comprise of (1) global clearing services, (2) inter-dealer broking in over-the-counter markets, (3) assets management and fund management, (4) structured trade finance and (5) china access products. The Group's aspiration is to extend its four pillars of business across all key asset classes comprising of commodities, foreign exchange and interest rates as part of its product roadmap.

The Board considers that entering into the new businesses will provide good business opportunities to the Group and will diversify its business scope with a view to achieve better returns to the Company and its shareholders.

(ii) *Distribution and Trading*

In the past few years, the PRC government has placed more emphasis on the structural reform of the supply side of the steel industry, to increase the quality and efficiency of the supply system. This led to higher profitability of the steel mills in China. In order to maximize their production output, they demand for more higher quality iron ore imports from overseas. In addition, the property sector in the PRC is growing and the demand for construction materials has increased continuously in the PRC.

China's iron ore imports hit a record high of 1,170 million tonnes in 2020, jumping by approximately 9.5% from a year earlier as the country beefed up spending on infrastructure to spur an economic recovery amid the coronavirus pandemic. The import has surpassed 1,000 million tonnes for the fifth consecutive year. The Group believes that there will still be strong demand for iron ores in 2021 and there is a huge potential in iron ore trading in China. It is a good opportunity for the Group to further expand in this aspect.

So far, the outbreak of Covid-19 has limited impact on Group's distribution and trading business. China has contained the outbreak quickly and effectively, hence the demand for iron ore remains strong in China, especially since the second quarter of 2020 when China lifted the lock down internally. Although there was shrinkage in global demand (excluding China) for iron ore, it did not have significant impacts on our business as the Group sold most of the iron ore to China. The outbreak also caused some disruptions in the global supply, which sustained the strong iron ore prices.

FUND RAISING ACTIVITIES

Save for the issue of new shares under the general mandate, as disclosed in announcements of the Company dated 20 January 2021, 22 January 2021, 25 January 2021 and 25 February 2021, the Company has not conducted any other equity fund raising activities in the year and the period immediately prior to the date of this annual result announcement.

SIGNIFICANT EVENTS

The Directors are not aware of any significant events requiring disclosures that have taken place during the year ended 31 December 2020.

EVENTS AFTER THE REPORTING PERIOD

On 20 January 2021, the Company entered into certain subscriptions agreements with no fewer than six independent third parties to allot and issue an aggregate of 815,000,000 new shares under the general mandate, at the subscription price of HK\$0.241 per subscription share. The subscriptions were completed on 25 February 2021 and the gross proceeds from the subscriptions were approximately HK\$196.4 million. For details, please refer to the announcements of the Company dated 20 January 2021, 22 January 2021, 25 January 2021 and 25 February 2021.

Saved as disclosed above, the Directors are not aware of any events that have taken place subsequent to 31 December 2020 and up to the date of this annual result announcement.

CHARGES ON ASSETS

Save for the restricted deposits of approximately HK\$85,598,000 (2019: approximately HK\$6,477,000) which were restricted for securing banking facilities granted to the Group in connection to the bills payables, none of the Group's assets was charged or subject to encumbrance as at 31 December 2020.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group had no material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS

There is no material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2020.

PRINCIPAL RISKS AND UNCERTAINTIES

Commodities price risk

The Group's revenue and profit for the year were affected by fluctuations in the commodities price as our goods are sold at the market prices and such fluctuation is beyond our control. The considerable fluctuation of commodities price would lead to the Group's instability in operating results, especially in the event of a significant drop in commodities price which would have an adverse impact to the Group's operating results.

Exposure to fluctuation in exchange rates

The Group conducts its distribution and trading business in United States Dollars ("US\$") and Renminbi ("RMB"). Foreign currency exposure to US\$ is minimal, as the Hong Kong Dollars ("HK\$") is pegged to the US\$. The Group is exposed to fluctuation of transactions denominated in RMB. The Group monitors its exposure to foreign currency exchange risk on an ongoing basis.

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 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 2020, the Group's net current assets were approximately HK\$1,821,332,000 (2019: approximately HK\$1,293,345,000), and its net assets were approximately HK\$1,841,429,000 (2019: approximately HK\$1,314,167,000). As at 31 December 2020, the Group had no outstanding loans and other borrowings (2019: approximately HK\$625,266,000).

As at 31 December 2020, the current ratio (defined as current assets divided by current liabilities) was approximately 1.84 (2019: approximately 1.38) and the gearing ratio (defined as loans and other borrowings divided by net assets) was Nil (2019: 0.48).

As at 31 December 2020, the Group had an undrawn banking letter of credit limit totalling approximately US\$226,394,000, equivalent to approximately HK\$1,765,873,000 (2019: US\$165,492,000, equivalent to approximately HK\$1,290,838,000).

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

The total capital expenditure of the Group for the Year was approximately HK\$2,140,000 (2019: approximately HK\$9,677,000) for addition of leasehold improvements and approximately HK\$573,000 (2019: approximately HK\$2,182,000) for addition of furniture, fixtures and other equipment.

As at 31 December 2020, the Group had no material capital expenditure commitments (2019: Nil).

As at 31 December 2020, the Group had no capital commitments (2019: approximately HK\$50,336,000).

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except as disclosed in this annual result announcement, as at 31 December 2020, the Group does not have any other plans for material investments or capital assets.

HUMAN RESOURCES

As at 31 December 2020, the Group had 78 employees in total, consisting of 8 employees in Hong Kong, 63 employees in Singapore and 7 employees in the PRC. 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 2020, the Group had equity attributable to owners of the Company of approximately HK\$1,669,794,000 (2019: approximately HK\$1,222,513,000). Saved as the issue of new shares under the general mandate in January 2021, during the year ended 31 December 2020 and up to the date of this annual result announcement, the Company did not carry out any equity fund raising activities.

DIVIDENDS

The Board did not recommend the payment of dividends for the year ended 31 December 2020 (2019: Nil).

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 2020.

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 A.2.1 and E.1.2 (details of which are set out below), the Company has complied with all the Code Provisions and to a certain extent of the recommended best practices set out in the CG Code throughout the year ended 31 December 2020.

Under Code Provision A.2.1 of the CG Code, the role of chairman and chief executive officer (“CEO”) should be separated and should not be performed by the same individual. Since the resignation of the chairman of the Company on 1 April 2016, the role of chairman has been vacant until identification of a suitable candidate. Mr. Kang Jian and Mr. Wu Lei, executive directors of the Company, temporarily acted as the role of chairman with effect from 1 January 2020 to 2 March 2020 and from 3 March 2020 up to now, respectively. Mr. Jiang Jiang has been the CEO of the Company throughout the Year.

Under Code Provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting. Since the resignation of the chairman of the Company on 1 April 2016, the role of chairman has been vacant until identification of a suitable candidate. From 3 March 2020, the position of chairman has been temporarily acted by Mr. Wu Lei, the executive director of the Company to fill the casual vacancy. Mr. Wu Lei has attended the annual general meeting held on 26 June 2020.

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 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company has made specific enquiries with all directors of the Company and each of them confirmed that they have complied with the Model Code throughout the year ended 31 December 2020.

AUDIT COMMITTEE

As at 31 December 2020, the audit committee of the Company comprises three independent non-executive directors of the Company, namely Mr. Chan Chi Ming, Tony (Chairman of the audit committee), Mr. Wu Shiming and Mr. Liu Song. 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 2020.

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 2020 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 2020. 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 2020 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, 31 March 2021

As at the date of this announcement, there are (i) three Executive Directors, namely Mr. Jiang Jiang, Mr. Wu Lei and Ms. Chen Jing; (ii) one Non-executive Director, namely Mr. Kang Jian; and (iii) three Independent Non-executive Directors, namely Mr. Liu Song, Mr. Chan Chi Ming, Tony and Mr. Wu Shiming.