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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 2022

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 2022 together with the comparative figures for the corresponding period in 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3	39,090,928	34,644,900
Cost of sales		<u>(37,011,048)</u>	<u>(33,175,881)</u>
Gross profit		2,079,880	1,469,019
Other income, gain and loss		56,710	39,274
Selling and distribution expenses		(76,038)	(5,078)
Administrative expenses		<u>(374,193)</u>	<u>(222,187)</u>
Profit from operations		1,686,359	1,281,028
Finance costs		(41,118)	(5,373)
Share of profits of an associate		<u>93,843</u>	<u>19,045</u>
Profit before taxation		1,739,084	1,294,700
Income tax	4	<u>(169,910)</u>	<u>(92,080)</u>
Profit for the year	5	<u>1,569,174</u>	<u>1,202,620</u>

	Note	2022 HK\$'000	2021 HK\$'000
Attributable to:			
Owners of the Company		1,206,822	997,967
Non-controlling interests		<u>362,352</u>	<u>204,653</u>
		<u>1,569,174</u>	<u>1,202,620</u>
Other comprehensive (expenses)/income:			
<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>(1,771)</u>	<u>—</u>
<i>Items that may be reclassified to profit or loss:</i>			
Share of associate's exchange differences on translating foreign operations		(18,039)	3,746
Exchange differences on translating foreign operations		<u>(123,757)</u>	<u>8,184</u>
		<u>(141,796)</u>	<u>11,930</u>
Other comprehensive (expenses)/income for the year, net of tax		<u>(143,567)</u>	<u>11,930</u>
Total comprehensive income for the year		<u>1,425,607</u>	<u>1,214,550</u>
Attributable to:			
Owners of the Company		1,099,023	1,007,932
Non-controlling interests		<u>326,584</u>	<u>206,618</u>
		<u>1,425,607</u>	<u>1,214,550</u>
Earnings per share			
— Basic (HK cents per share)	7	<u>8.96</u>	<u>7.71</u>
— Diluted (HK cents per share)	7	<u>8.96</u>	<u>7.71</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		179,641	193,691
Right-of-use assets		45,062	29,359
Goodwill		37,945	917
Interest in an associate		281,352	234,995
Financial assets at fair value through other comprehensive income		20,796	22,567
Financial assets at fair value through profit or loss		242,892	—
Deferred tax assets		2,423	304
Loans to customers	8	—	9,600
		810,111	491,433
Current assets			
Inventories		2,340,096	1,241,564
Loans to customers	8	15,699	13,157
Trade and bills receivables and interest receivables	9	1,707,617	1,849,477
Accounts receivables	10	3,362,173	2,316,438
Financial assets at fair value through profit or loss		70,361	15,643
Derivative instruments		1,075,911	710,178
Prepayments, deposits and other receivables		204,064	575,665
Current tax recoverable		—	16,982
Cash and bank balances		4,030,651	1,864,744
		12,806,572	8,603,848
Current liabilities			
Trade and bills payables	11	1,731,795	732,554
Trust receipt loans		160,096	38,656
Bank borrowings		1,113	—
Accounts payables	12	3,862,296	2,817,402
Contract liabilities		53,471	381,364
Accruals and other payables		511,101	114,407
Derivative instruments		1,268,813	597,799
Lease liabilities		9,589	8,929
Current tax payable		72,751	63,720
		7,671,025	4,754,831
Net current assets		5,135,547	3,849,017
Total assets less current liabilities		5,945,658	4,340,450

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities		
Bank borrowings	4,355	—
Lease liabilities	16,527	511
Deferred tax liabilities	15,823	10,623
	<u>36,705</u>	<u>11,134</u>
NET ASSETS	<u>5,908,953</u>	<u>4,329,316</u>
Capital and reserves		
Share capital	33,679	33,679
Reserves	4,550,809	3,451,786
	<u>4,584,488</u>	<u>3,485,465</u>
Equity attributable to owners of the Company	4,584,488	3,485,465
Non-controlling interests	1,324,465	843,851
TOTAL EQUITY	<u>5,908,953</u>	<u>4,329,316</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 2022. 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Sales from trading and processing of goods	38,061,282	34,028,873
Commission income and brokerage fees from the provision of financial services	188,241	87,650
Less: Sales taxes and levies	<u>(10,617)</u>	<u>(6,604)</u>
Revenue from contracts with customers	<u>38,238,906</u>	<u>34,109,919</u>
Gain from derivative trading	822,207	529,412
Interest income from loans to customers	1,346	1,417
Interest income from trust and segregated accounts	<u>28,469</u>	<u>4,152</u>
	<u>852,022</u>	<u>534,981</u>
Total revenue	<u><u>39,090,928</u></u>	<u><u>34,644,900</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>	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>

Disaggregation of revenue from contracts with customers:

Segments	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	2021 Total <i>HK\$'000</i>
Geographical markets			
Hong Kong	131,881	58,383	190,264
Singapore	27,212,458	29,267	27,241,725
The PRC	6,677,930	—	6,677,930
Total	<u>34,022,269</u>	<u>87,650</u>	<u>34,109,919</u>
Major products/services			
Trading and processing of bulk commodities	34,022,269	—	34,022,269
Commission income and brokerage fees	—	87,650	87,650
Total	<u>34,022,269</u>	<u>87,650</u>	<u>34,109,919</u>
Time of revenue recognition			
At a point in time	<u>34,022,269</u>	<u>87,650</u>	<u>34,109,919</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 2022 and 2021, 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 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>1,224,346</u>	<u>479,728</u>	1,704,074
Finance costs	<u>(40,760)</u>	<u>(279)</u>	(41,039)
Unallocated other income, gain and loss			523
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>

Year ended 31 December 2021

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>34,022,269</u>	<u>622,631</u>	<u>34,644,900</u>
Segment profit	<u>963,212</u>	<u>314,661</u>	1,277,873
Finance costs	<u>(4,939)</u>	<u>(192)</u>	(5,131)
Unallocated other income, gain and loss			14,286
Share of profits of associate			19,045
Corporate expenses and other finance costs			<u>(11,373)</u>
Profit before taxation			<u>1,294,700</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 2022

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>6,489,632</u>	<u>6,842,423</u>	13,332,055
Unallocated prepayments, deposits and other receivables			1,355
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>

As at 31 December 2021

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>4,502,207</u>	<u>4,334,667</u>	8,836,874
Current tax recoverable	<u>16,982</u>	<u>—</u>	16,982
Unallocated property, plant and equipment and right-of-use assets			4,049
Unallocated prepayments, deposits and other receivables			1,740
Interest in an associate			234,995
Unallocated cash and bank balances			<u>641</u>
Consolidated assets			<u>9,095,281</u>
Segment liabilities	<u>1,199,406</u>	<u>3,458,692</u>	4,658,098
Trust receipt loans	<u>38,656</u>	<u>—</u>	38,656
Current tax payable	<u>38,517</u>	<u>25,203</u>	63,720
Unallocated accruals and other payables			1,277
Unallocated lease liabilities			<u>4,214</u>
Consolidated liabilities			<u>4,765,965</u>

Other segment information:

	Distribution, trading and processing HK\$'000	Financial services HK\$'000	Total HK\$'000
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	<u>21,071</u>	<u>923</u>	<u>21,994</u>

	Distribution, trading and processing HK\$'000	Financial services HK\$'000	Total HK\$'000
Year ended 31 December 2021			
<i>Amounts included in the measure of segment results or segment assets:</i>			
Additions of property, plant and equipment	130,638	773	131,411
Depreciation of property, plant and equipment	<u>7,813</u>	<u>689</u>	<u>8,502</u>

Geographical information:

	Revenue		Non-current assets	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong	148,573	193,221	60	4,237
Singapore	26,263,959	27,773,749	65,125	10,698
The PRC	<u>12,678,396</u>	<u>6,677,930</u>	<u>478,815</u>	<u>444,027</u>
	<u>39,090,928</u>	<u>34,644,900</u>	<u>544,000</u>	<u>458,962</u>

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 (2021: one customer — HK\$5,478,656,000).

4. INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
— Hong Kong Profits Tax		
— Provision for the year	2,276	339
— PRC Corporate Income Tax		
— Provision for the year	133,371	19,233
— Singapore Corporate Income Tax		
— Provision for the year	31,182	66,570
Deferred tax	3,081	5,938
	<u>169,910</u>	<u>92,080</u>

Hong Kong Profits Tax is calculated at 16.5% (2021: 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 2021.

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 2022 and 2021. 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 2022 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 2022 and 2021.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of inventories recognised as expenses	36,555,161	32,927,238
Depreciation		
— Property, plant and equipment	21,994	8,502
— Right-of-use assets	12,698	9,694
Auditors' remuneration		
— audit services	1,230	1,100
— non-audit services	241	234
	1,471	1,334

6. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2022 and 2021.

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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	1,206,822	997,967
	2022 <i>'000</i>	2021 <i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	13,471,345	12,948,851

(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 2022 and 2021.

8. LOANS TO CUSTOMERS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loans to customers	29,299	26,847
Provision for impairment	<u>(13,600)</u>	<u>(4,090)</u>
	<u>15,699</u>	<u>22,757</u>
Current assets	15,699	13,157
Non-current assets	<u>—</u>	<u>9,600</u>
	<u>15,699</u>	<u>22,757</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than 1 year	15,699	4,867
Between 1 and 2 years	<u>—</u>	<u>17,890</u>
	<u>15,699</u>	<u>22,757</u>

9. TRADE AND BILLS RECEIVABLES AND INTEREST RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade and bills receivables	1,707,436	1,847,131
Interest receivables	<u>181</u>	<u>2,346</u>
	<u>1,707,617</u>	<u>1,849,477</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 (2021: 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 90 days	1,352,799	1,849,477
91 to 180 days	10,662	—
Over 181 days	344,156	—
	<u>1,707,617</u>	<u>1,849,477</u>

10. ACCOUNTS RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Arising from the business of dealing in futures contracts:		
— Brokers and dealers		
— Representing customer balances	2,704,016	2,070,527
— Representing house balances	642,684	236,581
	<u>3,346,700</u>	<u>2,307,108</u>
Arising from financial services provided:		
— Customers	15,473	9,330
	<u>3,362,173</u>	<u>2,316,438</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.

11. TRADE AND BILLS PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	1,724,471	724,448
Bills payables	<u>7,324</u>	<u>8,106</u>
	<u><u>1,731,795</u></u>	<u><u>732,554</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 90 days	1,703,174	712,496
90–180 days	4,339	19,613
181–365 days	23,734	66
Over 1 year	<u>548</u>	<u>379</u>
	<u><u>1,731,795</u></u>	<u><u>732,554</u></u>

12. ACCOUNTS PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Arising from the business of dealing in futures contracts	<u><u>3,862,296</u></u>	<u><u>2,817,402</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 2022 (the “**Year**”), the Group’s net profit was approximately Hong Kong dollars (“**HK\$**”) 1,569,174,000, as compared to the profit of approximately HK\$1,202,620,000 for the year ended 31 December 2021 (the “**Corresponding Year**”).

The Group’s increase in profit was mainly due to the stable 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\$1,224,346,000 in the Year, representing an increase of approximately 27% compared to approximately HK\$963,212,000 in the Corresponding Year. The financial service business has recorded a segment profit before interest and tax of approximately HK\$479,728,000 in the Year representing an increase of approximately 52% compared to approximately HK\$314,661,000 in the Corresponding Year.

Gross profit of the Group also increased to approximately HK\$2,079,880,000 in the Year from approximately HK\$1,469,019,000 in the Corresponding Year. The increase in gross profit was attributable to: (i) the stable performance of the distribution, trading and processing business; and (ii) the steady development of the Group’s financial services business segment.

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 2022, the financial services segment of the Group continued to have good performance. 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 315 at 31 December 2021 to 360 at 31 December 2022 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, 31 March 2023

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 2022 and 2021 are summarised as follows:

	Revenue		Profit for the year		Basic earnings per share	
	2022	2021	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
From operations	<u>39,090,928</u>	<u>34,644,900</u>	<u>1,569,174</u>	<u>1,202,620</u>	<u>HK8.96 cents</u>	<u>HK7.71 cents</u>

The Group recorded a total revenue of approximately HK\$39,090,928,000 (2021: approximately HK\$34,644,900,000) for the year ended 31 December 2022 (the “**Year**”) representing an increase of approximately 13% over the year ended 31 December 2021 (the “**Corresponding Year**”). Further analysis of the Group’s revenue in the Year and Corresponding Year is as follows:

	2022	2021
	Revenue	Revenue
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Products</i>		
Iron Ore	17,950,441	14,977,860
Silver ingots and gold	12,349,475	14,264,765
Other commodities and processing income (<i>Note</i>)	<u>7,750,749</u>	<u>4,779,644</u>
Distribution, trading and processing	38,050,665	34,022,269
Financial Services	<u>1,040,263</u>	<u>622,631</u>
	<u>39,090,928</u>	<u>34,644,900</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 trading represented the main commodity product of the distribution, trading and processing business. During the Year, we also have other commodities trading such as silver and gold ingots, chrome ore, nickel ore, steel products and chemical products. Revenue from the distribution, trading and processing business increased from approximately HK\$34,022,269,000 in the Corresponding Year to approximately HK\$38,050,665,000 in the Year. The increase was mainly due to the Group expanding its trading horizon to include chemical products in the Year.

During the Year, the Group recorded revenues from the provision of financial services approximately HK\$1,040,263,000 (2021: approximately HK\$622,631,000). The increase in revenue during the Year was due to the stable development of the financial services segment, which led to the increase in demand for commodity-related derivatives financial services.

Gross profit of the Group also increased to approximately HK\$2,079,880,000 in the Year from approximately HK\$1,469,019,000 in the Corresponding Year. The increase in gross profit was attributable to the stable development of the Group's existing businesses.

Other gains of approximately HK\$56,710,000 (2021: other gains of approximately HK\$39,274,000) were incurred during the Year. Interest income on bank deposits amounted to HK\$28,310,000 (2021: approximately HK\$4,082,000) 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\$48,444,000 were recorded during the Year (2021: Nil). Such gains were partly offset by the exchange loss of HK\$8,125,000 (2021: exchange gain of approximately HK\$23,221,000). 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\$76,038,000 (2021: approximately HK\$5,078,000) were incurred during the Year, mainly attributable to the charges paid when importing cargoes into China.

Administrative expenses have increased from approximately HK\$222,187,000 in the Corresponding Year to approximately HK\$374,193,000 in the Year. It was mainly attributable to the increase in staff cost as a result of the good operating performance.

Finance costs of approximately HK\$41,118,000 (2021: approximately HK\$5,373,000) 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 increase was mainly due to the increase of interest rate during the Year.

Share of profits of an associate totaling HK\$93,843,000 (2021: HK\$19,045,000) was recorded during the Year. It arose from the share of profits of an associate named 連雲港恆鑫通礦業有限公司 (Lianyungang Hengxintong Mining Co., Ltd.*). The acquisition of an associate was completed in the middle of the Corresponding Year.

Income tax expense increased from approximately HK\$92,080,000 in the Corresponding Year to approximately HK\$169,910,000 in the Year, which is in line with the increase in profits.

The profit for the Year attributable to owners of the Company increased from approximately HK\$997,967,000 in the Corresponding Year to approximately HK\$1,206,822,000 in the Year. The increase in profit was mainly attributable to increases in the gross profits, other gains and share of profits of an associate aforementioned, where were partially set off by increases in administrative expenses and income tax expenses.

The Group recorded a basic earnings per share of approximately HK8.96 cents in the Year as compared to a basic earnings per share of approximately HK7.71 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 2023.

(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 offer inter-dealer broking services and Global Clearing Services as well as Contract for Differences (CFDs) offerings in Singapore. In addition, the Group has attained the license for “derivative” under specific activities and product types 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 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. Since 2017, the Group has obtained already obtained the Type 1 and 2 licenses from Securities and Futures Commission (SFC) and the Capital Market Services (CMS) License from the Monetary Authority of Singapore (MAS) in Hong Kong and Singapore respectively. These licenses allow the Group to offer inter-dealer broking services and Global Clearing Services as well as Contract for Differences (CFDs) to its clients. In addition, The Group is pleased to announce that one of its subsidiaries has attained the license for “derivative” under specific activities and product types from the UK Financial Conduct Authority (FCA) in July 2022.

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 for both derivatives and physical commodities, (3) facilitation of physical precious metals trading and (4) access to CFDs for emerging markets.

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 compelling business opportunities to the Group and will diversify its business scope with a view to delivering better returns to the Company and its shareholders.

(ii) Distribution, Trading and Processing Business

In 2022, China has relaxed its COVID 19 policies. The economy is expected to recover quickly. The Group continues to focus on its development and expansion in Hong Kong, Singapore and China.

Recently, during the Year, the Group has acquired chemical trading companies in Singapore, 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 2022 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 2022.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any events that have taken place subsequent to 31 December 2022 and up to the date of this annual result announcement.

CHARGES ON ASSETS

Save for the restricted deposits of approximately HK\$6,733,000 (2021: approximately HK\$29,390,000), 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 2022.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group had no material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2022, the Group formed a non-wholly owned subsidiary of which the Group has 60% equity interest, named SKS Chemical Trading Pte. Ltd. to acquire 100% equity interests in SK Chemical Trading (HK) Limited (“**SK Chemical Trading (HK)**”) and Fox-Chem Pte. Ltd. (“**Fox-Chem**”) at the aggregated final cash consideration of approximately US\$8,827,000 (equivalent to approximately HK\$68,851,000). SK Chemical Trading (HK) is mainly engaged in the wholesale and trading of petrochemicals, while Fox-Chem is mainly engaged in the wholesale of chemicals and chemical products. For details, please refer to the announcement of the Company dated 1 April 2022.

Saved as disclosed above, during the year ended 31 December 2022, 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 (“**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 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 2022, the Group's net current assets were approximately HK\$5,135,547,000 (2021: approximately HK\$3,849,017,000), and its net assets were approximately HK\$5,908,953,000 (2021: approximately HK\$4,329,316,000). As at 31 December 2022, the Group had outstanding loans and other borrowings of approximately HK\$165,564,000 (2021: approximately HK\$38,656,000).

As at 31 December 2022, the current ratio (defined as current assets divided by current liabilities) was approximately 1.67 (2021: approximately 1.81) and the gearing ratio (defined as loans and other borrowings divided by net assets) was 0.03 (2021: 0.009).

As at 31 December 2022, the Group had an undrawn banking letter of credit limit totalling approximately US\$323,917,000, equivalent to approximately HK\$2,526,553,000 (2021: US\$212,185,000, equivalent to approximately HK\$1,655,043,000).

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

The capital expenditure of the Group for the Year was approximately HK\$29,463,000 (2021: approximately HK\$131,411,000) for addition of property, plant and equipment, and approximately HK\$8,509,000 (2021: HK\$57,119,000) for increase in property, plant and equipment arising from the acquisition of new subsidiaries.

As at 31 December 2022, the Group had no material capital expenditure commitments (2021: Nil).

As at 31 December 2022, the Group had capital commitments of approximately HK\$108,662,000 in relation to the formation of a non-wholly owned subsidiary in the PRC (2021: HK\$430,767,000).

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except as disclosed in this result announcement, as at 31 December 2022, the Group does not have any other plans for material investments or capital assets.

HUMAN RESOURCES

As at 31 December 2022, the Group had 360 employees in total (2021: 315), consisting of 10 employees in Hong Kong, 111 employees in Singapore, 235 employees in the PRC and 4 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 2022, the Group had equity attributable to owners of the Company of approximately HK\$4,584,488,000 (2021: approximately HK\$3,485,465,000). During the year ended 31 December 2022 and up to the date of this annual result announcement, the Company did not carry out other equity fund raising activities.

DIVIDENDS

The Board did not recommend the payment of dividends for the year ended 31 December 2022 (2021: 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 2022.

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 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 2022.

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 2022.

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 independent non-executive director, Mr. Wu Shiming, had not attended the annual general meeting held on 30 June 2022, due to his other official commitments.

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 2022.

AUDIT COMMITTEE

As at 31 December 2022, 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 2022.

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 2022 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 2022. 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 2022 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 2023

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

* *For identification purposes only*