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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, or registered institution in securities, bank manager, solicitor, certified public accountant or other professional adviser.

If you have sold or transferred all your shares in Theme International Holdings Limited you should at once hand this circular, and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Theme

THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 990)

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO GRANT OF CALL OPTION

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

Nuada Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 3 to 10 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 11 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 29 of this circular.

A notice convening the SGM to be held at Unit 3401–03, 34/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong on Friday, 28 July 2023 at 11:00 a.m. is set out in the Notice of SGM in this circular. A form of proxy for use by the Shareholders at the SGM is enclosed with this circular. Whether or not you are to attend the SGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 11:00 a.m. on Wednesday, 26 July 2023. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

30 June 2023

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

“Advance Venture”	Advance Venture Investments Limited, a company established in the British Virgin Islands and is an associate of Mr. You
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Call Option”	the option granted by Green EsteeL to the Company in relation to the Option Shares
“Call Option Agreement”	the agreement dated 5 May 2023 between the Company and Green EsteeL relating to the grant of Call Option
“Call Option Notice”	a notice in writing to be given by the Company pursuant to the Call Option Agreement upon exercise of the Call Option
“Company”	Theme International Holdings Limited (Stock Code: 990), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“connected transaction”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Encumbrances”	any interest or equity of any person (including any right to acquire, option or right of pre-emption) or any mortgage, charge, option, pledge, lien, assignment, hypothecation, security, interest, title, retention or any other security agreement or arrangement
“Exercise Period”	the period commencing from 5 May 2023 to 31 March 2024
“Green EsteeL”	Green EsteeL Pte. Ltd., a company established in Singapore, and is controlled by Mr. You
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, which comprises all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in relation to the terms of the Call Option Agreement

DEFINITIONS

“Independent Financial Adviser”	Nuada Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Call Option Agreement
“Independent Shareholders”	Shareholder(s) other than Mr. You and his associates
“Latest Practicable Date”	26 June 2023, being the latest practicable date for ascertaining certain information included herein before the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. You”	Mr. You Zhenhua (游振華), being the controlling shareholder of the Company and a connected person
“Option Price”	US\$1.00 per Option Share
“Option Shares”	up to 120,000,000 ordinary shares of Green Esteeel
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Call Option Agreement
“Shareholder(s)”	holder(s) of the issued ordinary shares of the Company
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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



THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 990)

Executive Directors:

Mr. Jiang Jiang
(Chief Executive Officer)
Mr. Wu Lei

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Mr. Ding Lin
Mr. Wang Zhenhui
Mr. Kang Jian

*Head Office & Principal Place of
Business in Hong Kong:*

Unit 3401-03, 34/F
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

Independent non-executive Directors:

Mr. Liu Song
Ms. Kent Shun Ming
Ms. Chan Lai Ping

30 June 2023

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO GRANT OF CALL OPTION**

INTRODUCTION

Reference is made to the announcement of the Company dated 5 May 2023 in relation to the grant of the Call Option. The purpose of this circular is to provide you with, among other things, (i) further details of the Call Option; (ii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders in respect of the grant of Call Option; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the grant of the Call Option; and (iv) the notice of the SGM.

LETTER FROM THE BOARD

THE CALL OPTION AGREEMENT

Date

5 May 2023

Parties

(i) The Company; and

(ii) Green Esteel

(collectively, the “Parties”)

Call Option Agreement

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

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

The Company will comply with the applicable Listing Rules (including the shareholders’ approval requirement, where applicable) on any exercise of the Call Option. All Option Shares to be allotted and issued by Green Esteel under the exercise of the Call Option shall rank *pari passu* with all existing shares of Green Esteel and be free of all Encumbrances.

Subject Matter

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

Exercise Period

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

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

LETTER FROM THE BOARD

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

Exercise Price

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

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

Consideration

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

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

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

REASONS FOR AND BENEFIT OF THE CALL OPTION

Green Esteel is committed to the development of the whole green steel industry chain. Currently, Green Esteel's assets include Singapore's largest rebar cut and bend, processing and distribution centre and mesh processing centre. It also owns the world's first hot briquetted iron plant located in Malaysia that uses Midrex technology. The plant uses natural gas as a reducing agent instead of coke and coal, which is low carbon, efficient and environmentally friendly. It will transform to green hydrogen smelting with near zero carbon emissions. The steel industry is the world's largest carbon emitter, accounting for about 7–8 percent of total emissions.

LETTER FROM THE BOARD

Esteel Enterprise Sabah Sdn Bhd, a wholly-owned subsidiary of Green Esteel entered into an agreement on November 2022 with Sabah Oil & Gas Development Corporation Sdn Bhd which is wholly-owned by the Sabah State Government (the “**Agreement**”). Under the Agreement, Green Esteel will build an integrated green steel plant at an industrial park (“**Green Plant Project**”). Investment in the Green Plant Project is expected to be around US\$4.4 million and it is expected to generate high economic spin-offs. During the Green Plant Project, Green Esteel will produce green hydrogen from renewable energy sources, while green hydrogen and natural gas will be utilised to generate direct reduced iron and hot briquetted iron, which will be further used in electric furnace for steelmaking and then for steel rolling to produce steel plates, steel pipes and profiles. Final green steel products including automotive steel plates, shipbuilding plates, high-strength structural steel, container boards and bearing steel then will be produced. Carbon emissions are continuously reduced in the industrial chain from production to logistics, to ultimately achieve near-zero carbon emissions.

Having already previously acquired a shareholding stake in Green Esteel and given the launch of Green Plant Project, the Group intends to invest in Green Esteel for its promising prospects and outstanding performance. Green Plant Project is one of the projects that the Group considers in investing and acquiring controlling stakes as it is a green, low-carbon and efficient project.

The terms of the Call Option Agreement were negotiated on an arm’s length basis among Green Esteel and the Company. Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Call Option Agreement are fair and reasonable, on normal commercial terms, and in the interests of the Company and its shareholders as a whole. Other than the Call Option Agreement, there is no other understanding, arrangement, undertaking or agreement (initial or concrete) concerning the Company acquiring any further interest in Green Esteel.

As none of the Directors have a material interest in the Call Option Agreement, no Director was required to abstain from voting on the relevant Board resolution approving the Call Option Agreement and the transactions contemplated thereunder.

INFORMATION ON THE COMPANY

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

INFORMATION ON GREEN ESTEEL

Green Esteel is an investment holding company. Its major investments include a controlling interest in BRC Asia Limited (“**BRC**”), a listed company in Singapore (SGX: BEC), a 100% interest in Antara Steel Mills Sdn Bhd (“**Antara**”) and a 100% interest in Eden Flame Sdn. Bhd. (“**Eden**”) BRC is mainly engaged in the prefabrication, trading and

LETTER FROM THE BOARD

manufacturing and sales of steel products. Antara is mainly engaged in production of hot briquetted iron. Eden is mainly engaged in manufacture and sales of steel and related products. As at the date of this circular, Green Esteel is owned as to 44.8% by Advance Venture, 50.0% by Mr. You and 5.2% by the Company.

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

Shareholders	As at the date of this circular		Immediately upon completion of 120,000,000 Option Shares exercised in full	
	Number of Shares	Approximate %	Number of shares	Approximate %
Mr. You	290,365,282	50.0	290,365,282	41.5
Advance Venture	259,634,718	44.8	259,634,718	37.1
The Company	<u>30,000,000</u>	<u>5.2</u>	<u>150,000,000</u>	<u>21.4</u>
Total:	<u>580,000,000</u>	<u>100.00</u>	<u>700,000,000</u>	<u>100.00</u>

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

Green Esteel will be classified as an associate in the Company's financial statement as at the date of this circular and upon exercise of the Call Option.

Set out below are the audited financial information of Green Esteel for the two years ended 30 September 2020 and 2021 and the unaudited financial information of Green Esteel for the year ended 30 September 2022:

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

LETTER FROM THE BOARD

The delay in publication of the audited account for Green Esteel for the year ended 30 September 2022 was due to the change of auditor of Green Esteel. For the two years ended 30 September 2020 and 2021, Green Esteel engaged Infinity Assurance LLP as its auditor. As the financial and operational scale of Green Esteel has expanded after it acquired Antara in 2022, it required a big four audit firm to assist in auditing and Ernst & Young had been appointed to conduct the audit of Green Esteel for the year ended 30 September 2022.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no audit issue was identified by Ernst & Young as at the date of this circular.

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

The net asset value per share of Green Esteel for each of the three years ended 30 September 2020, 2021 and 2022 was S\$16.62 per share (equivalent to US\$12.54), S\$21.49 per share (equivalent to US\$16.21) and S\$1.85 per share (equivalent to US\$1.4), respectively.

The increase in profit in for the year ended 30 September 2021 was mainly due to the higher sales volume together with the recovery of construction activities in Singapore as well as higher selling prices driven by the increase in international steel prices generated by BRC. The net profits for BRC for the years ended 30 September 2020 and 2021 were approximately S\$20 million and S\$47 million, respectively. Furthermore, for the year ended 30 September 2022, Green Esteel acquired 100% equity interest in Antara, which generated profit of approximately S\$66 million. BRC continued to achieve outstanding performance with profit of approximately S\$90 million for the year ended September 2022 as a result of the relaxation of border restrictions and the removal of Covid-19 measures.

LISTING RULES IMPLICATIONS

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

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

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

LETTER FROM THE BOARD

The Company will comply with the applicable Listing Rules (including the shareholders' approval requirement, where applicable) on any exercise of the Call Option.

SGM

The SGM will be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve, among other things, the Call Option Agreement. The notice convening the SGM to be held at Unit 3401-03, 34/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong on Friday, 28 July 2023 at 11:00 a.m. is set out on pages 50 to 52 of this circular.

A form of proxy for use at the SGM is also enclosed. Whether or not you intend to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 11:00 a.m. on Wednesday, 26 July 2023, Hong Kong time or less than 48 hours before the time appointed for holding any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

In compliance with the Listing Rules, all the resolution(s) to be proposed at the SGM will be voted on by way of poll at the SGM.

As at the Latest Practicable Date, Mr. You is the controlling shareholder of the Company, and hence will abstain from voting on the resolution(s) approving the Call Option Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no other Shareholder has a material interest in the Call Option Agreement and hence, no other Shareholder will be required to abstain from voting on the resolution(s) approving the Call Option Agreement and the transactions contemplated thereunder at the SGM.

RECOMMENDATIONS

The Independent Board Committee, which comprises all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Call Option Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the SGM on the relevant resolution(s). Nuada Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Your attention is drawn to the letter from the Independent Board Committee set out on page 11 of this circular which contains its recommendation to the Independent Shareholders in relation to the grant of Call Option, and the letter from the Independent Financial Adviser set out on pages 12 to 29 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

LETTER FROM THE BOARD

The Directors consider that the terms of the Call Option Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Further, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Call Option Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Shareholders and the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and are recommended to consult their professional advisers if they are in doubt about their position and as to actions that they should take.

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



THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 990)

30 June 2023

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN RELATION TO GRANT OF CALL OPTION**

We refer to the circular of the Company dated 30 June 2023 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms and conditions of the Call Option Agreement are on normal commercial terms, in the interests of the Company and the Shareholders as a whole, and the terms of which are fair and reasonable insofar as the Independent Shareholders are concerned.

The Independent Financial Adviser has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect. Having taken into account the terms and conditions of the Call Option Agreement and the advice from the Independent Financial Adviser, we are of the opinion that the terms and conditions of the Call Option Agreement are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the SGM to approve the Call Option.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Liu Song

Ms. Kent Shun Ming

Ms. Chan Lai Ping

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Nuada Limited dated 30 June 2023 prepared for the purpose of inclusion in this circular.

Nuada Limited

Unit1606, 16/F
OfficePlus@Sheung Wan
93-103 Wing Lok Street
Sheung Wan, Hong Kong
香港上環永樂街93-103號
協成行上環中心16樓1606室

30 June 2023

*To the Independent Board Committee
and the Independent Shareholders of
Theme International Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO GRANT OF CALL OPTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms and conditions of the Call Option Agreement, details of which are set out in the section headed “Letter from the Board” (the “**Board Letter**”) in the Company’s circular dated 30 June 2023 to the Shareholders, of which this letter forms part. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. Terms used in this letter shall have the same meanings as defined in this circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 5 May 2023 in relation to the grant of the Call Option. Pursuant to a subscription agreement dated 8 September 2022 entered into between the Company and Green Esteel as announced by the Company on 8 September 2022, there was a term in the agreement which provided for a grant of a call option by Green Esteel to the Company to subscribe for shares in Green Esteel at US\$1.00 each. That call option had lapsed on 31 March 2023. In order to continue with the commercial arrangement which was initially contemplated in the subscription agreement, the Company and Green Esteel have agreed to enter into the Call Option Agreement.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

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

The Independent Board Committee has been formed to advise the Independent Shareholders as to the fairness and the reasonableness in relation to the terms and conditions of the Call Option Agreement and as to how to vote at the SGM. We, Nuada Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, we have acted as an independent financial adviser to the Company for a proposed discloseable and connected transaction in September 2021 that such appointment was then terminated in December 2021. Save for the above and this appointment as the Independent Financial Adviser in relation to the Call Option Agreement, there were no other engagements between the Group and Nuada Limited during the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser. Apart from normal professional fees for our services to the Company in connection with the aforesaid engagement and this appointment as the Independent Financial Adviser, no other arrangement exists whereby we have received/will receive any fees and/or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, pursuant to Rule 13.84 of the Listing Rules, we are independent from, and are not associated with the Company or their respective substantial shareholder(s) or connected person(s) as defined under the Listing Rules, and accordingly are considered eligible to give independent advice on the terms and conditions of the Call Option Agreement.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in this circular and the information and representations provided to us by the Company, the Directors and the management of the Company (“**Management**”). We have no reason to believe that any information or representation relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us is untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in this circular, which have been provided by the Company, the Directors and the Management

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date and should there be any material changes after the despatch of this circular, the Shareholders would be notified as soon as possible.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in this circular and have confirmed in this circular, having made all reasonable inquiries, that to the best of their knowledge, opinion expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

Our review and analysis were based upon, among other things, (i) the Call Option Agreement; (ii) the valuation report (the “**Valuation Report**”) on 100% equity interest of Green Esteeel prepared by Roma Appraisals Limited (the “**Valuer**”) dated 31 December 2022; (iii) the financial information of the Group for the year ended 31 December 2022 (“**FY2022**”) as shown in the annual report of the Company for FY2022 (the “**Annual Report 2022**”); (iv) the financial information of the Group for the two years ended 31 December 2021 (“**FY2021**”) and 31 December 2020 (“**FY2020**”) respectively as shown in the annual report of the Company for FY2021 (the “**Annual Report 2021**”); (v) the financial information of Green Esteeel provided by the Management; and (vi) this circular.

We consider that we have reviewed sufficient information, including relevant information and documents provided by the Company and the Directors and the information published by the Company, to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in this circular to provide a reasonable basis for our opinions and recommendations. We have not, however, carried out any independent verification of the information provided by the Company and the Directors, nor have we conducted an independent in-depth investigation into the business and affairs, financial condition and future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation in respect of the Call Option Agreement, we have taken into account the following principal factors and reasons:

1. Background information of the Group

I. Information of the Group

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

II. Financial information of the Group

The tables below summarises the financial results of the Group for FY2022 extracted from the Annual Report 2022 and financial results of the Group for FY2021 and FY2020 respectively as extracted from the Annual Report 2021.

Table 1: Consolidated income statement of the Group

	For FY2022	For FY2021	For FY2020
	(audited)	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	39,090,928	34,644,900	15,876,104
— Distribution, trading and processing	38,050,665	34,022,269	15,566,349
— Financial services	1,040,263	622,631	309,755
Gross profit	2,079,880	1,469,019	627,552
— Other income, gain and loss	56,710	39,274	46,050
— Administrative expenses	(374,193)	(222,187)	(108,381)
Profit from operations	1,686,359	1,281,028	551,775
Profit for the year	1,569,174	1,202,620	500,341
— Attributable to owners of the Company	1,206,822	997,967	445,977
— Attributable to Non-controlling interests	362,352	204,653	54,364

For FY2020 and FY2021

The Group recorded a revenue of approximately HK\$34.64 billion for FY2021, representing an significant increase of approximately 118.14% as compared with that of approximately HK\$15.88 billion for FY2020. As disclosed in the Annual Report 2021, the revenue generated from distribution, trading and processing business of the Group increased from approximately HK\$15.57 billion for FY2020 to approximately HK\$34.02 billion for FY2021, which represented approximately 98.20% of total revenue of the Group for FY2021. According to the Annual Report 2021, such increase was mainly due to increase in sales of trading business of silver ingots and gold for FY2021 (from approximately HK\$1.68 billion for FY2020 to approximately HK\$14.26 billion for FY2021). The revenue generated from the provision of financial services also increased from approximately HK\$309.76 million for FY2020 to approximately HK\$622.63 million for FY2021, mainly attributable to the stable development of the financial services segment, which led to the increase in demand for commodity-related derivatives financial services.

The gross profit of the Group increased from approximately HK\$627.55 million for FY2020 to HK\$1,469.02 million for FY2021, which represents an increase of approximately 134.09%. According to the Management, such increase

was mainly attributable to (i) the stable performance of the distribution, trading and processing business, mainly due to China's success in combating the COVID-19 and recovery of the economy; and (ii) the steady development of the Group's financial services business segment.

The decrease of other gain during the year from approximately HK\$46.05 million for FY2020 to approximately HK\$39.27 million for FY2021 was mainly due to the decrease in interest income on bank deposits. The administrative expenses have increased from approximately HK\$108.38 million for FY2020 to approximately HK\$222.19 million for FY2021 which was mainly attributable to the increase in staff cost as a result of the good operating performance and increase in headcounts due to business expansion.

Based on the above, the profits generated from operations of the Group increased from approximately HK\$551.78 million for FY2020 to approximately HK\$1.28 billion for FY2021. The profit for the year attributable to owners of the Company increased from approximately HK\$445.98 million for FY2020 to approximately HK\$997.97 million for FY2021, which represents a growth of approximately 123.77%.

For FY2021 and FY2022

The Group recorded a revenue of approximately HK\$39.09 billion for FY2022, representing an increase of approximately 12.85% as compared with that of approximately HK\$34.64 billion for FY2021. As disclosed in the Annual Report 2022, the revenue generated from distribution, trading and processing business of the Group increased from approximately HK\$34.02 billion for FY2021 to approximately HK\$38.05 billion for FY2022, which represented approximately 97.34% of total revenue of the Group for FY2022. According to the Annual Report 2022, the increase in the revenue generated from distribution, trading and processing business of the Group was mainly due to the Group expanding its trading horizon to include chemical products for FY2022. The revenue generated from the provision of financial services also increased from approximately HK\$622.63 million for FY2021 to approximately HK\$1.04 billion for FY2022, mainly attributable to the stable development of the financial services segment, which led to the continuous increase in demand for commodity-related derivatives financial services same as FY2021.

The gross profit of the Group increased from approximately HK\$1.47 billion for FY2021 to approximately HK\$2.08 billion for FY2022, which represents an increase of approximately 41.50%. According to the Management, such increase was mainly attributable to the increase of revenue of the Group offset the increase of cost of sales of the Group for FY2022.

The increase of other gain during the year from approximately HK\$39.27 million for FY2021 to approximately HK\$56.71 million for FY2022 was incurred mainly due to (i) increase of interest income of bank deposits due to the increase in interest rates from approximately HK\$4.08 million for FY2021 to

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approximately HK\$28.31 million for FY2022; and (ii) gains on financial assets at fair value via profits and loss of approximately HK\$48.44 million for FY2022 (i.e. FY2021: nil). However, such gains were partly offset by the exchange loss of HK\$8.13 million for FY2022, as compared to exchange gain of approximately HK\$23.22 million for FY2021. The exchange loss arose mostly from the fluctuation of US\$/RMB exchange rate.

Based on the above, the profits generated from operations of the Group increased from approximately HK\$1.28 billion for FY2021 to approximately HK\$1.69 billion for FY2022. The profit for the year attributable to owners of the Company increased from approximately HK\$997.97 million for FY2021 to approximately HK\$1.21 billion for FY2022, which represents an increase of approximately 20.93%.

Table 2: Consolidated statement of financial position of the Group

	As at 31 December 2022 (audited) <i>HK\$'000</i>	As at 31 December 2021 (audited) <i>HK\$'000</i>
Current assets	12,806,572	8,603,848
— Inventories	2,340,096	1,241,564
— Accounts receivables	3,362,173	2,316,438
— Cash and bank balances	4,030,651	1,864,744
Non-current assets	810,111	491,433
— Financial assets at fair value through profit or loss	242,892	—
Total assets	13,616,683	9,095,281
Current liabilities	7,671,025	4,754,831
— Trade and bills payables	1,731,795	732,554
— Accounts payables	3,862,296	2,817,402
— Derivative instruments	1,268,813	597,799
Non-current liabilities	36,705	11,134
Total liabilities	7,707,730	4,765,965
Net current assets	5,135,547	3,849,017
Total equity attributable to owners of the Company	4,584,488	3,485,465

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As stated in the Annual Report 2022, as at 31 December 2022, current assets of the Group amounted to approximately HK\$12.81 billion as compared with approximately HK\$8.60 billion as at 31 December 2021, such increase was mainly due to (i) the inventories increased from approximately HK\$1.24 billion as at 31 December 2021 to approximately HK\$2.34 billion as at 31 December 2022; (ii) the accounts receivables increased from approximately HK\$2.32 billion as at 31 December 2021 to approximately HK\$3.36 billion as at 31 December 2022; and (iii) the cash and bank balances increased from approximately HK\$1.86 billion as at 31 December 2021 to approximately HK\$4.03 billion as at 31 December 2022. According to the consolidated statement of cash flows in the Annual Report 2022, the net cash generated from operating activities of the Group increased from approximately HK\$4.86 billion for FY2021 to approximately HK\$6.65 billion for FY2022. The non-current assets of the Group increased from approximately HK\$491.43 million as at 31 December 2021 to approximately HK\$810.11 million as at 31 December 2022, mainly due to the occurrence of financial assets at fair value through profit or loss amounted to approximately HK\$242.89 million as at 31 December 2022 (i.e. nil as at 31 December 2021).

The current liabilities of the Group increased from approximately HK\$4.75 billion as at 31 December 2021 to approximately HK\$7.67 billion as at 31 December 2022, which was mainly due to (i) the trade and bills payable of the Group increased from approximately HK\$732.55 million as at 31 December 2021 to approximately HK\$1.73 billion as at 31 December 2022; (ii) the accounts payable increased from approximately HK\$2.82 billion as at 31 December 2021 to approximately HK\$3.86 billion as at 31 December 2022; and (iii) the derivative instruments increased from approximately HK\$597.80 million as at 31 December 2021 to approximately HK\$1.27 billion as at 31 December 2022. As the increase of total assets exceeded the increase of total liabilities, the total equity attributable to owners of the Company increased from approximately HK\$3.49 billion as at 31 December 2021 to approximately HK\$4.58 billion as at 31 December 2022.

Despite the impact of COVID-19, the Group still recorded an increased amount of revenue and profits for the year attributable to owners of the Company for FY2022 and an increased level of net current assets and total equity attributable to owners of the Company as at 31 December 2022. Accordingly, we are of the view and concur with the Management's view that the entering into of the Call Option Agreement is in line with the Company's business development and the Company would have sufficient internal resources to support the exercise of Call Option when necessary.

2. Information of Green Estee

According to the Board Letter and the Management, Green Estee is an investment holding company. Its major investments include a controlling interest in BRC Asia Limited ("**BRC Asia**"), a listed company in Singapore (SGX:BEC), a 100% interest in Antara Steel Mills Sdn Bhd and a 100% interest in Eden Flame Sdn. Bhd. BRC Asia is mainly engaged in the prefabrication, trading and manufacturing and

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sales of steel products in Singapore and Malaysia. Antara Steel Mills Sdn Bhd is mainly engaged in production of hot briquetted iron in Malaysia. Eden Flame Sdn. Bhd. is mainly engaged in manufacture and sales of steel and related products in Malaysia. As at the Latest Practicable Date, Green Esteel is owned as to 44.8% by Advance Venture, 50.0% by Mr. You and 5.2% by the Company. Please refer to the paragraph headed “Information on Green Esteel” under the Board Letter for the details of shareholding structure of Green Esteel.

With reference to the Board Letter, the audit report of Green Esteel for the year ended 30 September 2021 and the unaudited management accounts of Green Esteel for the year ended 30 September 2022 provided by the Management, set out below are the audited financial information of Green Esteel for the two years ended 30 September 2020 and 2021 and the unaudited financial information of Green Esteel for the year ended 30 September 2022:

Table 3: Financial information of Green Esteel

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

The profit for the year attributable to owners of Green Esteel (i) increased from audited profits of approximately US\$7.99 million for the year ended 30 September 2020 to audited profits of approximately US\$21.04 million for the year ended 30 September 2021; and (ii) further increased to unaudited profit of approximately US\$95.31 million for the year ended 30 September 2022, which represents a significant growth of approximately 4.53 times in last financial year, which indicated that the financial performance of Green Esteel has not been affected by COVID and instead recorded significant growth in the last few financial years. The audited net asset value of Green Esteel as at 30 September 2021 was approximately S\$214,863,000 (approximately US\$162,051,000). The unaudited net asset value of Green Esteel as at 30 September 2022 was approximately S\$848,400,000 (approximately US\$639,867,000).

3. Reasons for and benefit of the acceptance and exercise of Call Option

The Company and its subsidiaries are principally engaged in (i) trading and processing of bulk commodities and related products in Hong Kong, Singapore and the PRC; and (ii) provision of securities and derivatives financial services, margin financing and fund management in Hong Kong and Singapore.

As stated in the Directors' statement of the Annual Report 2022, the Group has been continuously exploring new business opportunities that can deliver synergistic advantages to its physical commodities trading operations. According to the Management, having already previously acquired a shareholding stake (i.e. 5.2%) in Green Estee, the Group will also consider investing and acquiring controlling stakes in certain green, low carbon and efficient projects.

With reference to the Board Letter and according to the Management, Green Estee aims to build a green steel industrial park. Green Estee will produce green hydrogen from renewable energy sources, while green hydrogen and natural gas will be utilised to generate direct reduced iron and hot briquetted iron, which will be further used in electric furnace for steelmaking and then for steel rolling to produce steel plates, steel pipes and profiles. Final green steel products including automotive steel plates, shipbuilding plates, high-strength structural steel, container boards and bearing steel then will be produced. Carbon emissions are continuously reduced in the industrial chain from production to logistics, to ultimately achieve near-zero carbon emissions.

With reference to the National Climate Change Secretariat of Singapore, which was established under the Prime Minister's Office in 2010 in order to develop and implement Singapore's domestic and international policies and strategies to tackle climate change, released a press release in February 2022 (<https://www.nccs.gov.sg/media/press-release/singapore-will-raise-climate-ambition/>). Singapore government will raise the carbon tax progressively in 2024 and Singapore government will continue to financially support businesses' decarbonisation efforts through existing schemes and also reviewing support measures for businesses to implement need-moving decarbonisation solutions to make them more competitive in the medium term. According to the 12th Malaysia Plan for 2021 to 2025 announced by the Malaysia government (<https://rmke12.epu.gov.my/en>) ("12th Malaysia Plan") and the website of Climate Promise of United Nation Development Programme (<https://climatepromise.undp.org/what-we-do/where-we-work/malaysia>), Malaysia has increased an unconditional target to cut carbon intensity against GDP by 45% by 2030 as compared to 2005 levels. Malaysia government's efforts will also be focused on promoting green and resilient cities and townships, enhancing green mobility and augmenting the consumption of low carbon energy as well as expanding the green market. More private sector companies will be encouraged to declare their aspiration to achieve net zero carbon emissions by 2050. Based on the above, to further invest in Green Estee would be in line with the Singapore and Malaysia governments' intention to develop long term low-carbon economy and the low carbon and efficient long term goal of the Group.

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As stated in the Board Letter, the major investments of Green Esteeel include a controlling interest in BRC Asia, which is a listed company in Singapore. According to the annual report of BRC Asia Limited for the year ended 30 September 2022 (<https://www.brc.com.sg/wp-content/uploads/2023/01/BRC-AR2022-Combined-230110.pdf>) ("**BRC Asia Annual Report 2022**"), approximately 88.19% and 84.26% of the total revenue of BRC Asia were generated from Singapore for the year ended 30 September 2021 and 2022 respectively. As stated in the BRC Asia Annual Report 2022, BRC Asia is expected to be a key beneficiary of the robust construction pipeline in Singapore given the BRC Asia's market leading position in the steel reinforcement industry in the Singapore. We also made reference to the media release which included official forecasts announced by Building and Construction Authority of Singapore in January 2023 (<https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2023/01/12/singapore's-construction-demand-to-remain-strong-in-2023#:~:text=Forecast%20for%202024%20to%202027,from%202024%20to%2020271.>), it is expected that the total value of construction contracts to be awarded in Singapore is expected to be ranging between S\$25 billion and S\$32 billion per annum from 2023 to 2027. In 2023, the public sector is expected to contribute about 60% of the total construction demand, between S\$16 billion and S\$19 billion, which is supported by a continued strong pipeline of public housing projects amid Housing Development Board's ramping up of Build-to-Order flats supply. As stated by Building and Construction Authority of Singapore, industrial and institutional building construction is expected to contribute strongly to public sector demand, with more projects for the construction of water treatment plants, educational buildings and community clubs. Civil engineering construction demand is anticipated to stay firm with continued support from MRT line construction and other infrastructure works.

According to the Management, the principal business of Green Esteeel also included manufacture and sale of steel products in Malaysia, we also made reference to the official statistics and forecasts of construction industry in Malaysia in order to understand the demand of steel in Malaysia. According to the 12th Malaysia Plan, the total development expenditure allocation is estimated to be at RM400 billion during 2021 to 2025. According to the statistics of construction industry released by Ministry of Economy Department of Statistics Malaysia in February 2023 (<https://www.dosm.gov.my/portal-main/release-content/c4c44586-8b7d-11ed-96a6-1866daa77ef9>), the value of work done in construction sector increased from approximately RM112.0 billion in 2021 to approximately RM121.9 billion in 2022, which represents a growth of 8.8% post COVID. The quarterly value of work done in construction sector in Malaysia also recorded steady growth since third quarter in 2021 as set out in the table below:

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Table 4: The value of work done in construction sector in Malaysia

Period	Third quarter of 2021	Fourth quarter of 2021	First quarter of 2022	Second quarter of 2022	Third quarter of 2022	Fourth quarter of 2022
Total value of work done (RM billion)	<u>24.8</u>	<u>27.6</u>	<u>29.5</u>	<u>29.9</u>	<u>30.5</u>	<u>32.0</u>

Based on the above, we are of the view and concur with the Management's view that the market outlook of the construction industry and the demand of steel in Singapore and Malaysia and the business prospect of Green Esteeel will be positive, and that the grant of the Call Option provides an opportunity for the Group to further participate in, through Green Esteeel, the potential growth of trading and manufacturing steel products in Singapore and Malaysia.

Having considered (i) Green Esteeel's aim on reducing carbon emissions is in line with Singapore and Malaysia governments' intention to develop long term low-carbon economy and the Group's intention to invest and acquire controlling stakes in certain green, low-carbon and efficient projects; (ii) the profitability of Green Esteeel that shown from the significant growth of profits in recent financial years as shown under the paragraph headed "2. Information of Green Esteeel" above in this letter; (iii) the Call Option provides an opportunity for the Group to further participate in, through Green Esteeel, the potential growth of trading and manufacturing steel products in Singapore and Malaysia; (iv) the supportive government intentions and steady growth of construction work announced by Singapore and Malaysia governments on the development projects in both countries that would support the demand of steel products; and (v) the consideration of the exercise of the Call Option is fair and reasonable as stated under the paragraph headed "4. Major terms of the Call Option Agreement" below in this letter, we are of the view and concur with the Management's view that entering into the Call Option Agreement is in the interests of the Group and the Shareholders as a whole.

4. Major terms of the Call Option Agreement

Date

5 May 2023

Parties

- (i) The company; and
 - (ii) Green Esteeel
- (collectively, the "**Parties**")

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Consideration

With reference to the Board Letter, the consideration payable by the Company for entering into of the Call Option Agreement with Green Steel is US\$1.00.

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

For details of the terms of the Call Option Agreement, please refer to the paragraph headed “The Call Option Agreement” under Board Letter.

Given that the total amount for the aggregate consideration in the event that the Call Option is exercised in full was determined with reference to, among other factors, the valuation conducted under the market-based approach by an independent valuer on the market value of Green Steel as at 31 December 2022, we have reviewed the Valuation Report prepared by the Valuer as set out in Appendix I to this circular and discussed with them regarding the methodology of and the principal bases and assumptions adopted for the valuation of Green Steel.

According to the Valuer, the Valuation Report has been prepared in compliance with the International Valuation Standards established by the International Valuation Standards Council in 2022. For our due diligence purpose, we have (i) discussed with the relevant staff of the Valuer who are the team member in preparing the Valuation Report regarding the methodology used and principal bases and assumptions adopted in the Valuation Report; (ii) reviewed the terms of engagement between the Valuer and the Company; (iii) enquired the qualification and experience of the staff of the Valuer who are responsible for the preparation of the Valuation Report; and (iv) enquired the underlying calculations of the valuation of Green Steel. Please refer to the Valuation Report for detailed description of the valuation assumptions and the methodology adopted by the Valuer.

We asked the Company to provide the engagement letter with the Valuer to review its engagement. Based on the aforesaid engagement letter and our discussion with the Valuer in relation to their terms of engagement, in particular, their scope of work including to prepare the Valuation Report and the methodology they considered and based upon in arriving at the Valuer’s opinion of value and related works. After discussion with the Valuer, we noted that the scope of work of this engagement is not abnormal and there is no limitation on the scope of work which might adversely impact on the degree of assurance given by them in their report. Based on the above, we consider that their scope of work is appropriate to the opinion required to be given.

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According to the information provided by the Valuer, we noted that Mr. Ken Yue (“**Mr. Yue**”) and Mr. Kenny Li (“**Mr. Li**”) will be responsible for signing the Valuation Report. Mr. Yue is a fellow member of Certified Public Accountant, Chartered Global Management Accountant, American Institute of Certified Public Accountants, Colorado Society of Certified Public Accountants and a holder of Hong Kong Securities Institute Practicing Certificate in Corporate Finance with over 20 years of experience in accounting, auditing, compliance, valuation and corporate finance. Mr. Li is a charterholder of the Chartered Financial Analyst designation administered by the Chartered Financial Analyst Institute, a fellow member of Certified Public Accountant and a holder of International Certified Valuation Specialist of International Association of Certified Valuation Specialists with over 10 years of experience in business, intangible assets, financial instruments and other valuations and consultations. According to the Valuer, Mr. Yue and Mr. Li have been responsible for issuing valuation reports on various enterprises in Hong Kong and Singapore, in relation to eight transactions conducted by listed companies in Hong Kong in the recent three years.

In carrying out the Valuation, the Valuer has considered three approaches, including (i) income-based approach, which is based on the principle that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity; (ii) market-based approach, which compares prices at which other business entities in a similar nature changed hands in arm’s length transactions; and (iii) asset-based approach, which is based on the principle that the earning power of a business entity is derived primarily from its existing assets.

We have discussed with the Valuer regarding how they selected the valuation approach. We are advised that the income-based approach was not adopted because there is no financial forecast for more than one year with concrete business plan of Green Esteel could be obtained for valuation purpose. The asset-based approach was also not adopted because it could not capture the future earning potential of the major operating business of Green Esteel and therefore it could not reflect the market value of the major operating business of Green Esteel. Therefore the Valuer considered market-based approach would be the most appropriate valuation approach in arriving at the market value of Green Esteel.

According to the Valuer, by adopting the market-based approach, the Valuer have to determine the appropriate valuation multiples of comparable companies, in which they have considered price-to-sales, price-to-earnings and price-to-book multiples. As the price-to-book multiples could not capture reflect the future earnings and the value of intangible economic assets such as technological change and economic growth, hence the price-to-book multiples were not adopted. The price-to-sales multiples were not adopted because it could not fully capture the cost structure of Green Esteel and the comparable companies. Therefore, the Valuer have adopted the price-to-earnings (“**P/E**”) multiple as the Valuer

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considered it as the most appropriate multiple in calculating the market value of Green Estee. Based on the above, we are of the view that the selection of valuation method considered by the Valuer is reasonable.

In searching for publicly listed companies with similar business nature and operation similar to those of Green Estee, we are advised by the Valuer that they have considered to only select (i) comparable companies who engage in similar principal business as Green Estee in Asia; (ii) the revenue of the comparable companies that are similar to Green Estee (i.e. approximately US\$1,500 million per year), however, they could not find any comparable company that would fulfil the above selection criteria, then they adjusted the selection criteria to the comparable companies worldwide and include (i) the companies that are principally engaged in processing and distribution on steel products; (ii) the companies have sufficient listing and operating history that are listed for at least five years prior to 31 December 2022; and (iii) the financial information of the companies are available to the public. Based on the above selection criteria, the Valuer identified an exhaustive list of seven comparable companies (the “**Comparable Companies**”).

According to the research data provided by the Valuer, which makes reference to the information available from the latest annual reports of the Comparable Companies or the description of the official websites of the Comparable Companies (details of which are set out in the table below), the Comparable Companies are mainly engaged in manufacturing, processing and distributing of steel products. We noticed that the Comparable Companies (i) did not record similar level of revenue as Green Estee; and (ii) might not principally operate and/or listed at similar location as Green Estee. Nevertheless, taking into consideration (a) the lack of any comparable company if the criteria are tightened to only include companies with similar level of revenue and the same principal business or listing location; (b) the Comparable Companies having similar principal business as Green Estee; (c) the sufficient operating and listing history of the Comparable Companies of at least five years prior to 31 December 2022, being the date of valuation (the “**Date of Valuation**”) and whose financial information and market capitalisation would be more representative as over 50% of revenue of Green Estee are derived from a listed company in Singapore; and (d) a sample size of seven Comparable Companies under the current criteria, we consider that the sample size and selection of Comparable Companies adopted by the Valuer are representative, and that the comparable selection is fair and reasonable.

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Below please find the details of the comparable companies adopted by the Valuer:

No.	Company name	Stock Code	Listing location	Business description	Reference of principal business activities	P/E Multiple	Market capitalisation (US\$ million)	Revenue (US\$ million)	Net profits for the year (US\$ million)	Total equity (US\$ million)
1.	BRC Asia	BRC.SP	Singapore	BRC Asia designs, manufactures, and markets steel mesh under the BRC brand name. The company's products include non-standard and customized mesh, a wide range of prefabricated products including beam and column cages, complete prefabricated beam and column reinforcement, staggered mesh, twin wire mesh, and pile cap cages.	https://www.brc.com.sg/wp-content/uploads/2023/01/BRC-AR2022-Combined-230110.pdf	5.57	370.85	1,239.32	65.80	277.80
2.	Steel & Tube Holdings Limited	STU.NZ	New Zealand	Steel & Tube Holdings Limited produces and distributes steel throughout New Zealand and its products include steel fasteners, nuts, bolts and screws. The company's other activities include steel reinforcing.	https://steelandtube.co.nz/investor/report/2022-annual-report	7.60	134.64	402.02	17.61	132.96
3.	ADF Group Inc	DRX.CN	Canada	ADF Group Inc. manufactures and erects structural steel for complex structures and miscellaneous metal work. The company offers standard structural steel, complex steel structures, and steel assemblies. The company serves clients throughout North America and Canada.	https://adfgroup.com/en/fabrication/	5.93	51.87	191.45	10.47	90.79
4.	Siam Steel Service Center Public Company Limited	SSSC.TB	Thailand	Siam Steel Service Center Public Company Limited manufactures steel parts for industrial applications. The company processes imported steel sheets into finished products such as construction parts, automobile parts as well as electric appliance parts. The company also provides steel fabrication services.	https://www.sssc.th.com/shearholder/7/2022/763_1E.pdf	7.68	56.24	159.54	7.46	80.86
5.	Seiwa Chuo Holdings Corporation	7531.JP	Japan	Seiwa Chuo Holdings Corporation is a wholesaler of steel products. The company specializes steel bars for construction. The company also operates construction work.	https://www.seiwa-chuo-holdings.co.jp/pdf2023/houkokusho_69.pdf	6.12	43.21	440.67	4.67	122.58

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No.	Company name	Stock Code	Listing location	Business description	Reference of principal business activities	P/E Multiple	Market capitalisation (US\$ million)	Revenue (US\$ million)	Net profits for the year (US\$ million)	Total equity (US\$ million)
6.	Canox Corporation	8076.JP	Japan	Canox Corporation manufactures, processes, and wholesales steel plates, steel pipes and stainless products.	https://www.canox.co.jp/assets/images/ir/library/securities_report/94_y.pdf	8.04	123.06	1,077.68	13.47	196.83
7.	Bowim Spolka Akcyjna	BOW.PW	Poland	Bowim Spolka Akcyjna distributes steel products. The company offers steel sheets, round bars, hot and cold seamless tubes, and reinforcing prefabricated products. The company serves customers in Poland.	https://www.bowim.pl/en/steel-products-2-2/#serwisstali	1.65	44.54	654.21	26.94	72.25
				Median		6.12				

According to the Valuer, the discount for lack of marketability were applied in the valuation of Green Esteeel. The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted into cash if the owner chooses to sell. Compared to similar interest in public companies, ownership interest is not readily marketable for closely held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company. With reference to the result of the restricted stock study published in “Stout Restricted Stock Study 2022” by Stout Risius Ross, LLC according to the Valuer, a discount for lack of marketability of 15.70% was adopted in arriving at the market value of Green Esteeel as at the Date of Valuation.

Based on (i) the median of P/E multiples of the Comparable Companies adopted by the Valuer, (ii) the annualised estimated net profit (i.e. approximately US\$93.65 million) of Green Esteeel for the 12-month ended 31 December 2022, being the Date of Valuation; and (iii) the discount for lack of marketability of approximately 15.70%, the market value of Green Esteeel amounted to US\$519,000,000 as at 31 December 2022, which represents approximately US\$1.04 per share of Green Esteeel as at the Date of Valuation and slightly higher than the exercise price of Option Share (i.e. US\$1.00).

Having considered that (i) the profitability of Green Esteeel that shown from the significant growth of profits in recent financial years as mentioned under the paragraph headed “2. Information of Green Esteeel” above in this letter; (ii) Green Esteeel’s aim on reducing carbon emissions is in line with Singapore and Malaysia governments’ intention to develop long term low-carbon economy and the Group’s intention to invest and acquire controlling stakes in certain green, low-carbon and efficient projects as stated under the paragraph headed “3. Reasons for and benefit of the acceptance and exercise of Call Option” above in this letter; (iii) the Call Option provides an opportunity for the Group to further participate, through Green Esteeel, the potential growth of trading and manufacturing steel products in Singapore and Malaysia as stated under the paragraph headed “3.

Reasons for and benefit of the acceptance and exercise of Call Option” above in this letter; (iv) the supportive government intentions and steady growth of construction work announced by Singapore and Malaysia governments on the development projects in both countries that would support the demand of steel products as stated under the paragraph headed “3. Reasons for and benefit of the acceptance and exercise of Call Option” above in this letter; (v) with reference to the unaudited equity attributable to owners of Green Esteel as at 31 December 2022 amounted to approximately US\$609,277,000, which represents approximately US\$1.22 per share of Green Esteel (“**Green Esteel NAV per Share**”) and the exercise price of Option Share (i.e. US\$1.00) represents a discount of approximately 18.03% to the Green Esteel NAV per Share; and (vi) our analysis on the valuation of Green Esteel as mentioned above, we are of the view and concur with the the Management’s view that the consideration of exercise of (when necessary) the Call Option is fair and reasonable.

5. Possible financial effect of the potential exercise of the Call Option

As stated in the Annual Report 2022, the consolidated total equity attributable to the owners of the Company as at 31 December 2022 was approximately HK\$4.58 billion and the Group had cash and bank balances of approximately HK\$4.03 billion as at 31 December 2022. For FY2022, the Group recorded profit for the year attributable to owners of the Company of approximately HK\$1.21 billion.

In the event that the Call Option is exercised in full (the exercise of which is at the discretion of the Company), the aggregate consideration payable by the Company upon exercise of the Call Option (when necessary) will be US\$120,000,000 (equivalent to approximately HK\$936,000,000). According to the Management, Green Esteel will be classified as an associate in the Company’s financial statement as at the Latest Practicable Date and upon exercise of the Call Option. Having considered that the total consideration payable pursuant to the exercise of the Call Option (when necessary) would be financed by the Group’s internal resources according to the Management, based on the financial position of the Group as mentioned above, it is expected that the exercise of Call Option (when necessary) will not have any material adverse impact on the Group’s earnings, liquidity or net assets and the Company will review the financial results of Green Esteel regularly.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Notwithstanding the Call Option Agreement is not in the ordinary and usual course of business of the Company, having considered the aforementioned principal factors and reasons, we are of the view that (i) the Call Option Agreement is in the interests of the Company and the Shareholders as a whole; (ii) the Call Option Agreement is on normal commercial terms; and (iii) the Call Option Agreement is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution to be proposed at the SGM to approve the Call Option Agreement.

Yours faithfully,
For and on behalf of
Nuada Limited
Kevin Wong
Vice President

Mr. Kevin Wong is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 16 years of experience in the corporate finance industry.

The following is the text of a letter, and valuation report, prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its valuation as at 31 December 2022 of 100% equity interests in Green Esteel Pte. Ltd.

30 June 2023



Theme International Holdings Limited

Unit 3401-03, 34/F.,
China Merchants Tower, Shun Tak Centre,
Nos. 168-200 Connaught Road Central,
Hong Kong

Dear Sir/Madam,

Re: Business Valuation of 100% equity interests in Green Esteel Pte. Ltd.

In accordance with the instructions from Theme International Holdings Limited (hereinafter referred to as the “**Company**”), we have conducted a business valuation of 100% equity interests in Green Esteel Pte. Ltd. (formerly known as Esteel Enterprise Pte. Ltd., hereinafter referred to as the “**Business Enterprise**”) in minority basis. We are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing our valuation as at 31 December 2022 (hereinafter referred to as the “**Date of Valuation**”).

This report states the purpose of valuation, scope of work, overview of the Business Enterprise, basis of valuation, investigation, valuation methodology, major assumptions, information reviewed, limiting conditions and remarks, and presents our opinion of value.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. In addition, Roma Appraisals Limited (hereinafter referred to as “**Roma Appraisals**”) acknowledges that this report may be made available to the Company for public documentation reference purpose only.

Roma Appraisals assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and the information provided by the management of the Company, the management of the Business Enterprise and/or their representative(s) (together referred to as the “Management”).

In preparing this report, we have had discussions with the Management in relation to the development, operations and other relevant information of the Business Enterprise. In arriving at our opinion of value, we have relied on the completeness, accuracy and representation of operational, financial and other pertinent data and information of the Business Enterprise as provided by the Management to a considerable extent.

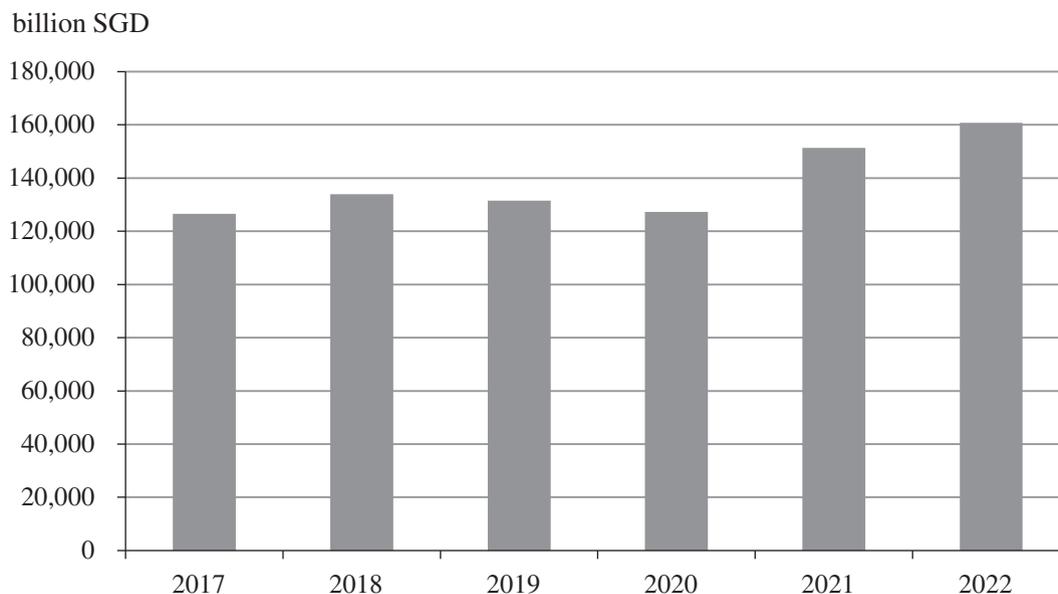
We have no reasons to believe that any material facts have been withheld from us. However, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose. In case of any change in the assumptions, our opinion of value may vary materially.

3. ECONOMIC OVERVIEW

3.1 Overview of the Economy in Singapore

According to the Singapore Ministry of Trade and Industry, the nominal gross domestic product (“GDP”) of Singapore in 2022 was SGP161 billion, showed an increase of 6.2% compared to 2021. Singapore maintained a gradual annual nominal GDP growth of approximately 6.2% between 2017 and 2022. Figure 1 shows the nominal GDP of Singapore from 2017 to December 2022.

Figure 1 — Singapore’s Nominal GDP from 2017 to 2022

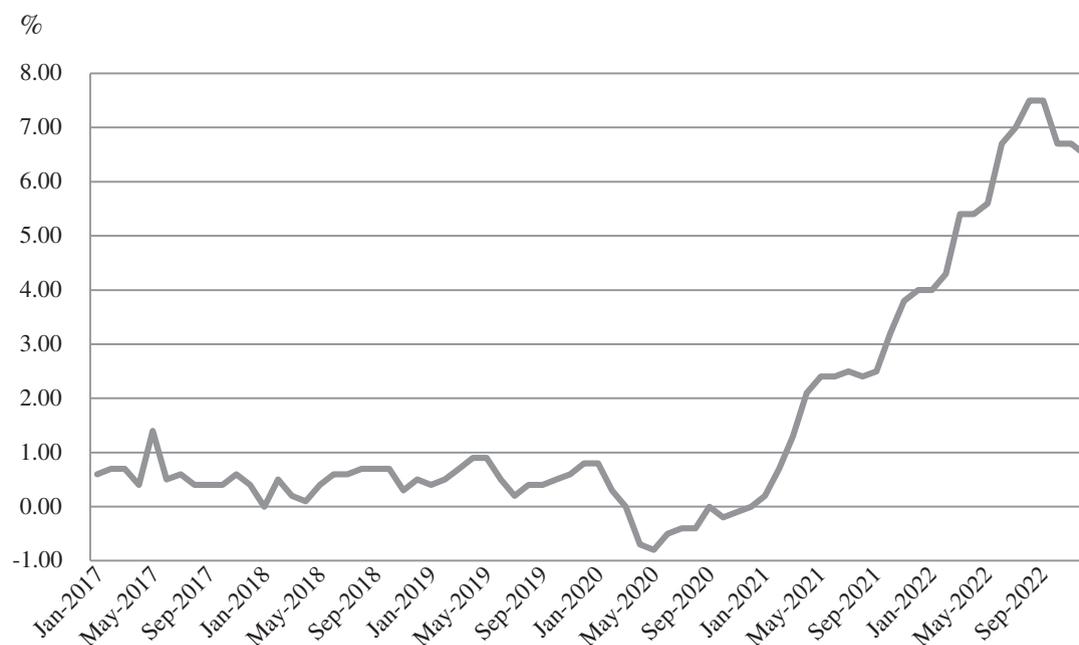


Source: Singapore Ministry of Trade and Industry

3.2 Inflation in Singapore

According to the Singapore Department of Statistics, the year-over-year change in consumer price index (“CPI”) fell to a lowest point at -0.8% in May of 2020 but rose to a high point of 7.5% and peaked in August and September of 2022. In 2019, the year-over-year change in CPI increased from 0.4% in January to 0.8% in December. In 2020, the year-over-year change in CPI started out low at 0.3% in February, yet it significantly decreased down to -0.8% in May of 2020. In 2021, the year-over-year change in CPI increased to 0.2% in January and sharply rose to 4% in December. In 2022, the year-over-year change in CPI maintained 4% in January and gradually climbed to 7.5% in August and slightly dropped to 6.5 in December. Figure 2 shows the year-over-year change in CPI of Singapore from January 2017 to December 2022.

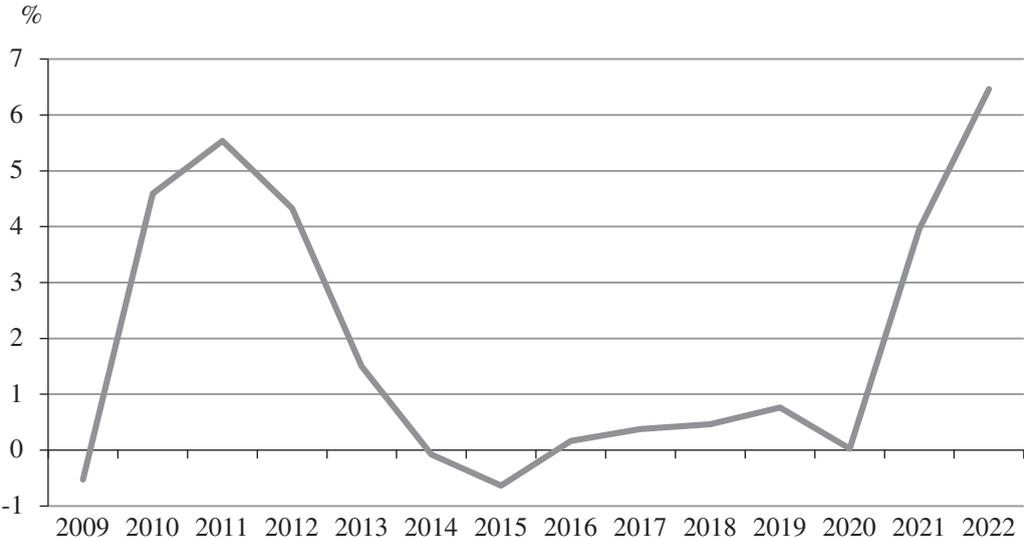
Figure 2 — Year-over-year Change in Singapore’s CPI from January 2017 to December 2022



Source: Singapore Department of Statistics

Singapore’s inflation rate was volatile during the past decade. According to the IMF, the inflation rate was 4.3% in 2012 and rapidly decreased to -0.64% in 2015. The inflation rate gradually increased to 0.8% in 2019 while decreased to 0.02% in 2020 due to outbreak of Covid-19. There was an upward trend in the yearly inflation rate in Singapore from 2020 to 2022. The yearly inflation rate in Singapore’s is 6.5% in 2022. According to IMF’s forecast, the long-term inflation rate of Singapore is expected to be around 2.0%. Figure 3 shows the historical trend of Singapore’s inflation rate from 2009 to 2022.

Figure 3 — Singapore’s Inflation Rate from 2009 to 2022



Source: International Monetary Fund

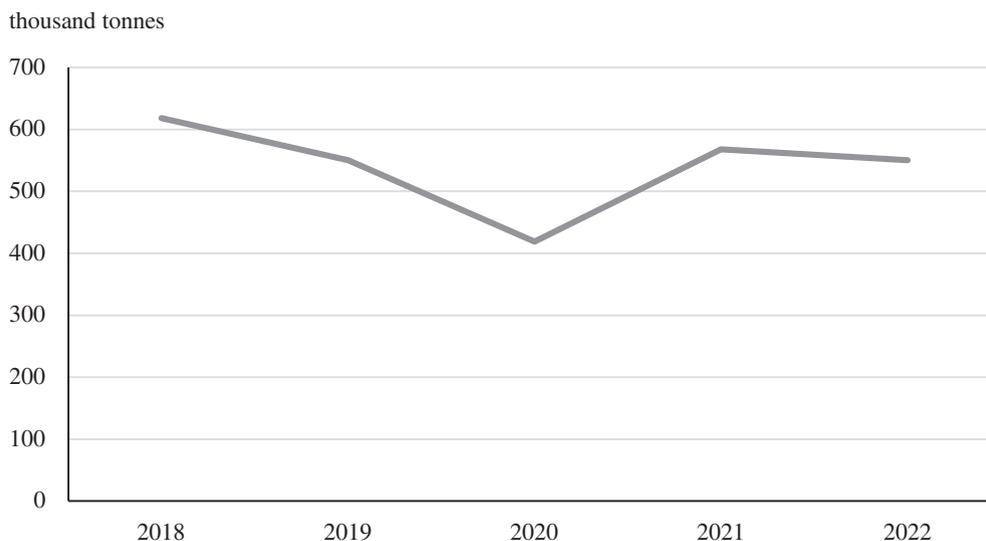
4. INDUSTRY OVERVIEW

Overview of Steel Industry in Singapore

The steel industry in Singapore is an important sector of the economy, contributing significantly to the country’s GDP and providing employment opportunities to many locals. The industry includes both upstream activities such as steel production, as well as downstream activities such as steel processing, fabrication, and distribution.

Singapore’s steel industry is relatively small compared to other countries in the region, but it has a strategic location and well-developed infrastructure that make it an attractive hub for steel processing and distribution in the region. The country’s advanced technology and skilled workforce also support the industry’s growth and development.

The production volume of crude steel is relatively small compare to other Southeast Asia Countries, there was a drop in production volume in 2020 due to the outbreak of COVID-19. The production volume was rise back to the level before the pandemic in 2021 and 2022. Figure 4 shows the total production of crude steel from 2018–2022.

Figure 4 — Total Production of Crude Steel in Singapore, 2018 — 2022

Source: World Steel Association

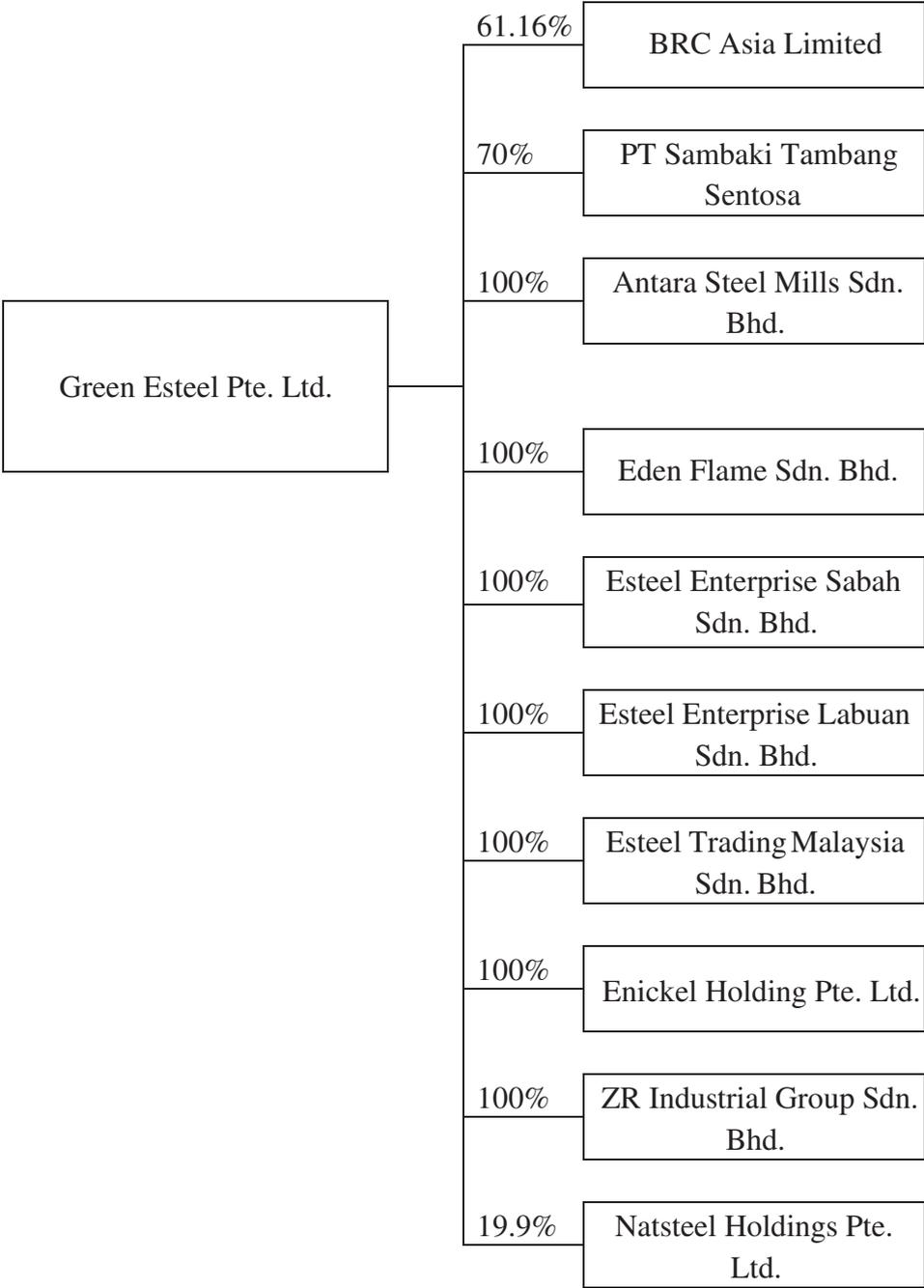
In recent years, the steel industry in Singapore has faced challenges due to increasing competition and rising costs. Many steel manufacturers have been forced to adapt their business models to remain competitive, with some focusing on high-value products and others expanding overseas.

To support the growth and development of the steel industry, the Singapore government has invested in research and development to improve the industry's efficiency and competitiveness. The government has also implemented policies to encourage companies to adopt new technologies and improve their environmental performance.

5. OVERVIEW OF THE BUSINESS ENTERPRISE

The Business Enterprise is an investment holding company, which was formerly known as Esteel Enterprise Pte. Ltd. and changed the company name to Green Esteel Pte. Ltd. with effect from 3 February 2023. Its major investments include a controlling interest in BRC Asia Limited, a listed company in Singapore (SGX:BEC), a 100% interest in Antara Steel Mills Sdn Bhd and a 100% interest in Eden Flame Sdn. Bhd. BRC Asia Limited is mainly engaged in the prefabrication, trading and manufacturing and sales of steel products. Antara Steel Mills Sdn Bhd is mainly engaged in production of hot briquetted iron. Eden Flame Sdn. Bhd. is mainly engaged in manufacture and sales of steel and related products. Figure 5 shows the group chart of the Business Enterprise.

Figure 5 — Group Chart of the Business Enterprise



6. BACKGROUND OF THE DEAL

On 5 May 2023, the Business Enterprise has irrevocably granted to the Company the right to require, the Business Enterprise allot and issue to the Company, 120,000,000 ordinary shares of the Business Enterprise at USD1.00 per the Option Share.

7. BASIS OF VALUATION

Our valuation is conducted on market value basis defined as follows. According to the International Valuation Standards established by the International Valuation Standards Council in 2022, **Market Value** is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

8. INVESTIGATION

Our investigation included discussions with members of the Management in relation to the development, operations and other relevant information of the Business Enterprise. In addition, we have made relevant inquiries and obtained further information as we considered necessary for the purpose of the valuation.

We have had discussions with the Management in relation to the development, operations and other relevant information of the Business Enterprise. We have also consulted other sources of financial and business information. In arriving at our opinion of value, we have relied on the completeness, accuracy and representation of operational, financial and other pertinent data and information of the Business Enterprise as provided by the Management to a considerable extent.

The valuation of the Business Enterprise requires consideration of all pertinent factors, which may or may not affect the operation of the business and its ability to generate future investment returns. The factors considered in our valuation include, but are not necessarily limited to, the following:

- The nature and prospect of the Business Enterprise;
- The financial condition of the Business Enterprise;
- Relevant licenses and agreements;
- The business risks of the Business Enterprise such as the ability in maintaining competent technical and professional personnel; and
- Investment returns of entities engaged in similar lines of business.

9. VALUATION METHODOLOGY

There are three generally accepted approaches to obtain the market value of the Business Enterprise, namely the Market-Based Approach, Income-Based Approach and Asset-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

9.1 Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

9.2 Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

9.3 Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital ("**equity and long term debt**"). Under the Asset-Based Approach, the market value of equity of a business entity/group refers to the market values of various assets and liabilities on the statement of financial position of the business entity/group as at the measurement date, in which the market value of each asset and liability was determined by reasonable valuation approaches based on its nature.

9.4 Business Valuation

In the process of valuing the Business Enterprise, we have taken into account the operations and the nature of the industry of the Business Enterprise.

The Income-Based Approach was not adopted because there is no financial forecast for more than one year with concrete business plan could be obtained from the Management of the Business Enterprise for valuation purpose. The Asset-Based Approach was also not adopted because it could not capture the future earning potential of the major operating business of the Business Enterprise and therefore it could not reflect the market value of the major operating business of the Business Enterprise. We have therefore considered the adoption of the Market-Based Approach in arriving at the market value of the Business Enterprise.

By adopting the Market-Based Approach, we have to determine the appropriate valuation multiples of comparable companies, in which we have considered price-to-sales, price-to-earnings and price-to-book multiples. The price-to-book multiples cannot reflect the future earnings and growth potentials of the Business Enterprise and hence they were not adopted. The price-to-sales multiples were not adopted because they could not fully capture the cost structure of the Business Enterprise. Therefore, we have adopted the price-to-earnings (“P/E”) multiple as we considered it as the most appropriate multiple in calculating the market value of the Business Enterprise.

We adopted several listed companies with similar business nature and operations similar to those of the Business Enterprise as comparable companies. The comparable companies were selected mainly with reference to the following selection criteria:

- The companies are principally engaged in processing and distribution of steel products;
- The companies are operating worldwide;
- The companies have sufficient listing and operating histories of at least five years prior to the Date of Valuation; and
- The financial information of the companies is available to the public.

Details of the comparable companies adopted were listed as follows:

Company Name	Stock Code	Listing Location	Business Description	Principal Business Location	Total Equity <i>(US\$ million)</i>	Market Capitalization <i>(US\$ million)</i>	Percentage of Revenue Attributable to the Relevant Business
BRC Asia Limited	BRC.SP	Singapore	BRC Asia Limited designs, manufactures, and markets steel mesh under the BRC brand name. The company's products include non-standard and customized mesh, a wide range of prefabricated products including beam and column cages, complete prefabricated beam and column reinforcement, staggered mesh, twin wire mesh, and pile cap cages.	Singapore	277.80	370.85	82.51
Steel & Tube Holdings Limited	STU.NZ	New Zealand	Steel & Tube Holdings Limited produces and distributes steel throughout New Zealand and its products include steel fasteners, nuts, bolts and screws. The company's other activities include steel reinforcing.	New Zealand	132.96	134.64	100.00
ADF Group Inc	DRX.CN	Canada	ADF Group Inc. manufactures and erects structural steel for complex structures and miscellaneous metal work. The company offers Standard Structural Steel, Complex Steel Structures, and Trial Assemblies. The company serves clients throughout North America and Canada.	United States	90.79	51.87	100.00

Company Name	Stock Code	Listing Location	Business Description	Principal Business Location	Total Equity <i>(US\$ million)</i>	Market Capitalization <i>(US\$ million)</i>	Percentage of Revenue Attributable to the Relevant Business
Siam Steel Service Center Public Company Limited	SSSC.TB	Thailand	Siam Steel Service Center Public Company Limited manufactures steel parts for industrial applications. The company processes imported steel sheets into finished products such as construction parts, automobile parts as well as electric appliance parts. The company also provides steel fabrication services.	Public Thailand	80.86	56.24	100.00
Seiwa Chuo Holdings Corporation	7531.JP	Japan	Seiwa Chuo Holdings Corporation is a Japan wholesaler of steel products. The company specializes steel bars for construction. The company also operates construction work.		122.58	43.21	100.00
Canox Corporation	8076.JP	Japan	Canox Corporation manufactures, Japan processes, and wholesales steel plates, steel pipes, and stainless products.		196.83	123.06	100.00
"Bowim" Spolka Akcyjna	BOW.PW	Poland	"Bowim" Spolka Akcyjna distributes Poland steel products. The company offers steel sheets, round bars, hot and cold seamless tubes, and reinforcing prefabricated products. The company serves customers in Poland.		72.25	44.54	89.73

Source: Bloomberg

The P/E multiples of the aforementioned comparable companies were listed as follows:

Company Name	Stock Code	P/E Multiple
BRC Asia Limited	BRC.SP	5.57
Steel & Tube Holdings Limited	STU.NZ	7.60
ADF Group Inc	DRX.CN	5.93
Siam Steel Service Center Public Company Limited	SSSC.TB	7.68
Seiwa Chuo Holdings Corporation	7531.JP	6.12
Canox Corporation	8076.JP	8.04
“Bowim” Spolka Akcyjna	BOW.PW	1.65
	Median	6.12

The P/E multiple adopted was the median of the P/E multiples of the above comparable companies as at the Date of Valuation as extracted from Bloomberg. Then we obtained the estimated market value of the Business Enterprise as at 31 December 2022 by applying the P/E multiple adopted to the annualized net profit contributable to controlling shareholders of the Business Enterprise of USD93,650,907 for the year ended 31 December 2022. The market value of the Business Enterprise in minority basis was then arrived by adjusting with the non- operating assets, the non-operating liabilities and the marketability discount.

9.5 Marketability Discount

Compared to similar interest in public companies, ownership interest is not readily marketable for closely held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company. With reference to the result of the restricted stock study published in “Stout Restricted Stock Study 2022” by Stout Risius Ross, LLC, a discount for lack of marketability of 15.70% was adopted in arriving at the market value of the Business Enterprise as at the Date of Valuation.

9.6 Calculation Details

The detailed calculation in arriving at the market value of the Business Enterprise was illustrated as below:

Annualized Net Profits Contributable to Controlling Shareholders as at the Date of Valuation (USD)	93,650,907
<u>Multiplied by: Median of P/E Multiple</u>	<u>6.12</u>
Market Value of 100% Equity Interests in the Business Enterprise (in Minority Basis) (USD)	573,562,752
Add: Non-Operating Assets (USD)	1,354,139
Less: Non-Operating Liabilities (USD)	(1,885,593)
Add: Deferred Tax Assets (USD)	1,192,893
Less: Deferred Tax liabilities (USD)	(2,608,733)
Add: Investment in Joint Venture and Associates (USD)	43,754,486
Market Value of 100% Equity Interests in the Business Enterprise (in Minority Basis) Before Adjustments on Marketability Discount (USD)	615,369,943
<u>Multiplied by: Adjustment for Marketability Discount</u>	<u>(1-15.70%)</u>
Market Value of 100% Equity Interests in the Business Enterprise (in Minority Basis) (USD)	518,756,862
Market Value of 100% Equity Interests in the Business Enterprise (in Minority Basis) (USD) (Rounded)	519,000,000

10. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- The unaudited financial statements of the Business Enterprise for the year ended 30 September 2022 and the unaudited financial statements of the Business Enterprise for the three months ended 31 December 2022 can reasonably represent the Business Enterprise's financial positions as at the Date of Valuation since the audited financial statements of the Business Enterprise as at the Date of Valuation were not available;
- The estimated net profit used in arriving the market value of the Business Enterprise was calculated with reference to the unaudited financial statements of the Business Enterprise for the year ended 30 September 2022 and for the three months ended 31 December 2022 provided by the Management;
- The amount of non-operating assets, non-operating liabilities, deferred tax assets and deferred tax liabilities of the Business Enterprise were stated as USD1,354,139, USD1,885,593, USD1,192,893 and USD2,608,733 in controlling basis respectively;

- As advised by the Management, there is no significant difference between the book value USD43,754,486 and the fair value of the joint venture and associates;
- There were no significant assets and liabilities in the companies Enickel Holding Pte. Ltd., Estee Enterprise Labuan Sdn. Bhd. and Estee Trading Malaysia Sdn. Bhd.;
- As advised by the Management, Natsteel Holdings Pte. Ltd. was classified as investment securities and included in the non-operating assets;
- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Business Enterprise operates or intends to operate would be officially obtained and renewable upon expiry;
- There will be sufficient supply of technical staff in the industries in which the Business Enterprise operates, and the Business Enterprise will retain competent management, key personnel and technical staff to support its ongoing operations and developments;
- There will be no major change in the current taxation laws in the localities in which the Business Enterprise operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Business Enterprise; and
- Interest rates and exchange rates in the localities for the operation of the Business Enterprise will not differ materially from those presently prevailing.

11. INFORMATION REVIEWED

Our opinion requires consideration of relevant factors affecting the market value of the Business Enterprise. The factors considered included, but were not necessarily limited to the following:

- Business nature of the Business Enterprise;
- The call option agreement dated 5 May 2023;
- Unaudited financial statements of the Business Enterprise for the year ended 30 September 2022;
- Unaudited financial statements of the Business Enterprise for the three months ended 31 December 2022; and
- General descriptions in relation to the Business Enterprise.

We have discussed the details with the Management and we have assumed the accuracy of information provided and relied on such information to a considerable extent in arriving at our opinion of value.

12. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events or circumstances have not been considered and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as the company background and business nature of the Business Enterprise provided to us.

To the best of our knowledge, all data set forth in this report are assumed to be reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on the historical and/or prospective information provided by the Management and other third parties to a considerable extent in arriving at our opinion of value. The information has not been audited or compiled by us. We are not in the position to verify the accuracy of all information provided to us.

However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We assumed that the Management is competent and perform duties under the company regulation. Also, ownership of the Business Enterprise was in responsible hands, unless otherwise stated in this report. The quality of the Management may have direct impact on the viability of the business as well as the market value of the Business Enterprise.

We have not investigated the title to or any legal liabilities of the Business Enterprise and have assumed no responsibility for the title to the Business Enterprise appraised.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

No change to any item in any part of this report shall be made by anyone except Roma Appraisals. We have no responsibility for any such unauthorized change. Neither all nor any part of this report shall be disseminated to the public without the written consent and approval of Roma Appraisals through any means of communication or referenced in any publications, including but not limited to advertising, public relations, news or sales media.

This report may not be reproduced, in whole or in part, and utilized by any third parties for any purpose, without the written consent and approval of Roma Appraisals.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Company until all professional fee has been paid in full.

13. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in United States Dollars (USD).

We hereby confirm that we have neither present nor prospective interests in the Company, the Business Enterprise, their associate companies, subsidiaries or the values reported herein.

14. OPINION OF VALUE

Based on the investigation stated above and the valuation method employed, the market value of 100% equity interests in the Business Enterprise in minority basis as at the Date of Valuation, in our opinion, was reasonably stated as **USD519,000,000 (UNITED STATES DOLLARS FIVE HUNDRED AND NINETEEN MILLION ONLY)**.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be maintained pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules (the "Model Code"), are set out as follows:

Name	Capacity/Nature of interest	Number of Shares	Long/short position	Approximate percentage of shareholding in the Company ^(Note)
Mr. Ding Lin	Beneficial Owner	1,010,000	Long position	0.007%
Mr. Wang Zhenhui	Beneficial Owner	1,680,000	Long position	0.012%
Mr. Kang Jian	Beneficial Owner	2,000,000	Long position	0.015%

Note:

The percentage of interest in the Company is calculated by reference to the number of shares of the Company in issue as at the Latest Practicable Date, that is 13,471,344,631.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to

have under such provisions of the SFO), or which were recorded in the register required to be maintained pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial shareholders' interests in the Shares and underlying Shares

To the knowledge of the Directors of the Company, as at the Latest Practicable Date, the following persons (other than the Directors and chief executive of the Company) have the following interests and short positions in the shares and underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required pursuant to section 336 of the SFO to be entered in the register referred to therein.

Name	Capacity/Nature of interest	Number of Shares	Long/short position	Approximate percentage of shareholding in the Company <i>(Note 3)</i>
Mr. You Zhenhua <i>(Note 1)</i>	Beneficial Owner	3,840,000	Long position	0.03%
	Interest of a controlled corporation	8,494,907,176 ^{<i>(Note 1)</i>}	Long position	63.06%

Notes:

(1) These shares are held by Wide Bridge Limited ("Wide Bridge"). Mr. You indirectly holds 100% interest in Wide Bridge. According to the SFO, Mr. You is deemed to be interested in the shares held by Wide Bridge.

(2) Based on the number of 13,471,344,631 shares of the Company in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Directors, no other person (other than the Directors and chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register referred to in section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation other than statutory compensation.

4. DIRECTOR'S INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

6. LITIGATIONS

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

7. EXPERT AND CONSENT

The following is the name and qualification of the expert who has given opinions or advice which are contained in this circular (the “Expert”):

Name	Qualification
Nuada Limited	A corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO
Roma Appraisals Limited	Independent valuation firm

As at the Latest Practicable Date, (i) the above Expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and references to its name and/or its advice in the form and context in which they respectively appear; (ii) the above Expert was not beneficially interested in any share of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (iii) the above Expert did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

8. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.990.com.hk/>) for 14 days from the date of this circular:

- (a) the Call Option Agreement;
- (b) the letter from the Board, the text of which is set out on pages 3 to 10 of this circular;
- (c) the letter from the Independent Board Committee, the text of which is set out on page 11 of this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out on pages 12 to 29 of this circular;
- (e) the written consent from the Expert referred to in the paragraph headed “7. Expert and Consent” of this appendix.
- (f) the announcement of the Company dated 5 May 2023; and
- (g) this circular.

10. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

Theme

THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 990)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an special general meeting (the “**Meeting**”) of Theme International Holdings Limited (the “**Company**”) will be held at Unit 3401–03, 34/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong on Friday, 28 July 2023 at 11:00 a.m. to consider and, if thought fit, approve, with or without modifications, the following resolution:

ORDINARY RESOLUTION

1. “**THAT** the agreement dated 5 May 2023 (the “**Call Option Agreement**”) entered into between the Company and Green Estee Pte. Ltd. (a copy of which has been produced to the Meeting marked “**A**” and signed by the chairman of the Meeting for the purpose of identification) be and is hereby approved, confirmed and ratified; and any one of the directors of the Company (“**Directors**”) be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he/she considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Call Option Agreement, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided for in the Call Option Agreement) as are, in the opinion of such Director, in the interest of the Company and its shareholders as a whole.”

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

Hong Kong, 30 June 2023

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head Office & Principal Place of Business
in Hong Kong:*
Unit 3401–03, 34/F
China Merchants Tower, Shun Tak Centre
168–200 Connaught Road Central
Sheung Wan
Hong Kong

NOTICE OF SGM

Notes:

- (i) Any member of the Company (the “**Member**”) entitled to attend and vote at the Meeting or its adjourned meeting (as the case may be) is entitled to appoint one or more proxies (if such member is the holder of two or more shares in the Company) to attend and, on a poll, vote on his/her/its behalf subject to the provisions of the bye-laws of the Company. A proxy need not be a Member but must be present in person at the Meeting to represent the Member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (ii) Where there are joint holders of any share of the Company, any one of such joint holders may vote at the Meeting or its adjourned meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
- (iii) A form of proxy for use at the Meeting or its adjourned meeting is enclosed.
- (iv) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event in any event, not later than 11:00 a.m. on Wednesday, 26 July 2023 or not less than 48 hours before the time appointed for holding any adjourned meeting. Completion and return of the form of proxy will not preclude a Member from attending and voting in person at the Meeting or its adjourned meeting and in such event, the form of proxy shall be deemed to be revoked.
- (v) For determining the Members’ entitlement to attend and vote at the Meeting, the register of Members will be closed from Tuesday, 25 July 2023 to Friday, 28 July 2023 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for attending and voting at the forthcoming Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 24 July 2023.
- (vi) The voting at the Meeting or its adjourned Meeting will be taken by poll.
- (vii) If tropical cyclone warning signal No. 8 or above, or a “black” rainstorm warning or “extreme conditions after super typhoons” announced by the Government of Hong Kong is/are in effect any time after 7:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the website of the Company at <http://www.990.com.hk/> and on the website of the Stock Exchange at www.hkexnews.hk to notify the Members of the date, time and place of the re-scheduled Meeting.

If a tropical cyclone warning signal No. 8 or above or a “black” rainstorm warning signal is lowered or cancelled at or before 7:00 a.m. on the date of the Meeting and where conditions permit, the Meeting will be held as scheduled.

The Meeting will be held as scheduled when an “amber” or “red” rainstorm warning signal is in force.

NOTICE OF SGM

As at the date of this notice, the Directors are:

Executive Directors:

Mr. Jiang Jiang (*Chief Executive Officer*)

Mr. Wu Lei

Non-executive Directors:

Mr. Ding Lin

Mr. Wang Zhenhui

Mr. Kang Jian

Independent non-executive Directors:

Mr. Liu Song

Ms. Kent Shun Ming

Ms. Chan Lai Ping