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## **THEME INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 990)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO EXERCISE OF CALL OPTION**

The Board is pleased to announce that on 17 December 2023, the Company exercised the Call Option pursuant to the Call Option Agreement entered into between the Company and Green Esteel on 5 May 2023. The exercise of the Call Option entitles the Company to subscribe for 120,000,000 ordinary shares of Green Esteel at the exercise price of US\$1.00 per Option Share for an aggregate consideration of US\$120,000,000. The consideration will be funded from internal resources of the Group.

#### **LISTING RULES IMPLICATIONS**

The exercise 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.

Pursuant to Rule 14A.79(3) of the Listing Rules, at the time of exercise of the Call Option, the Company will be required to compute the percentage ratios in respect of the exercise of the Call Option, and the Company will be required to seek Independent Shareholders' approval for the exercise of the Call Option if one or more of the applicable percentage ratios at the time of exercise of the Call Option exceeds the threshold for de minimis exemptions under Chapter 14A of 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. Accordingly, the exercise of the Call Option constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As more than one applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the exercise of the Call Option were more than 5% but less than 25%, the exercise of the Call Option 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.

An Independent Board Committee of the Company will be appointed to advise the Independent Shareholders of the Company, and an Independent Financial Adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders of the Company in relation to the exercise of the Call Option thereunder. A circular containing, among other things, further details of the exercise of the Call Option, a letter from the Independent Board Committee of the Company, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of the Company together with a notice convening the SGM to approve the exercise of the Call Option will be despatched to the Shareholders on or before 31 January 2024.

## **BACKGROUND**

Reference is made to the announcements of the Company dated 5 May 2023, 28 July 2023 and 18 December 2023 (“**Announcements**”) and the circular of the Company dated 30 June 2023 (“**Circular**”), in which the Company entered into the Call Option Agreement with Green Esteel pursuant to which Green Esteel has granted the Call Option to the Company. The Call Option is exercisable in whole or in parts at any time during the Exercise Period at the Option Price. Unless otherwise specified in this announcement, capitalized terms used herein shall have the same meanings as those defined in the Announcements and the Circular.

## **EXERCISE OF THE CALL OPTION**

### **Call Option Agreement**

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 entered into the Call Option Agreement on 5 May 2023.

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 Independent Shareholders of the Company having been obtained in general meeting in relation to the Call Option.

The Company will comply with the applicable Listing Rules 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.

The principle terms of the Call Option Agreement are set out below.

***Date***

5 May 2023

***Parties***

(i) The Company; and

(ii) Green Esteel

(collectively, the “**Parties**”)

***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***

As disclosed in the Announcements, the Call Option is exercisable from 5 May 2023 to 31 March 2024.

The exercise of the Call Option had been duly passed by Independent Shareholders of the Company at the special general meeting on 28 July 2023. The Company gave notice to Green Esteel on 17 December 2023 and exercised the Call Option in full. Since the Company exercised 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.

***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.

## ***Consideration***

The consideration for entering into the Call Option Agreement with Green Esteeel is US\$1.00.

The aggregate consideration payable by the Company upon exercise of the Call Option in full is US\$120,000,000. It is the intention of the Company to satisfy the consideration by the internal resources of the Group.

The total amount for the aggregate consideration was determined after arm's length negotiations among the Parties, having regard to different factors including the business prospects and business expansion of Green Esteeel. The unaudited equity attributable to owners of Green Esteeel 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 Esteeel as at 31 December 2022 is approximately US\$519,000,000, which represents approximately US\$1.04 per share.

## **REASONS FOR AND BENEFIT OF THE CALL OPTION**

Green Esteeel is committed to the development of the whole green steel industry chain. Currently, Green Esteeel'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.

Green Esteeel aims to build a green steel industrial park. Green Esteeel 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 plate, 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 Esteeel and given the launch of Green Plant Project, the Group intends to invest in Green Esteeel 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 exercise the Call Option is fair and reasonable, on normal commercial terms, and in the interests of the Company and its shareholders as a whole.

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

#### **INFORMATION OF 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 OF 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 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 47.5% by Mr. You, 44.2% by Advance Venture, 4.9% by the Company and 3.4% by other independent shareholders.

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

<b>Shareholders</b>	<b>As at the date of this announcement</b>		<b>Immediately upon completion of 120,000,000 Option Shares exercised in full</b>	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. You	290,365,282	47.5	290,365,282	39.7
Advance Venture	270,484,718	44.2	270,484,718	37.0
The Company	30,000,000	4.9	150,000,000	20.5
Other independent shareholders	<u>20,750,000</u>	<u>3.4</u>	<u>20,750,000</u>	<u>2.8</u>
<b>Total:</b>	<b><u>611,600,000</u></b>	<b><u>100.00</u></b>	<b><u>731,600,000</u></b>	<b><u>100.00</u></b>

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

Green Esteel will be classified as an associate upon exercise of the Call Option.

Set out below are the audited financial information of Green Esteel for the year ended 30 September 2022 and the unaudited financial information of Green Esteel for the year ended 30 September 2023:

	<b>For the year ended 30 September 2022 (audited) (approximately) ('US\$000)</b>	<b>For the year ended 30 September 2023 (unaudited) (approximately) ('US\$000)</b>
Profit before tax	142,970	97,663
Profit after tax for the year	118,969	80,476
Profit for the year attributable to owners of the company	94,149	58,010

## **LISTING RULES IMPLICATIONS**

The exercise 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.

Pursuant to Rule 14A.79(3) of the Listing Rules, at the time of exercise of the Call Option, the Company will be required to compute the percentage ratios in respect of the exercise of the Call Option, and the Company will be required to seek Independent Shareholders' approval for the exercise of the Call Option if one or more of the applicable percentage ratios at the time of exercise of the Call Option exceeds the threshold for de minimis exemptions under Chapter 14A 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 exercise of the Call Option 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 exercise of the Call Option constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

The Company will comply with the applicable Listing Rules on any exercise of the Call Option.

An Independent Board Committee of the Company will be appointed to advise the Independent Shareholders of the Company, and an Independent Financial Adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders of the Company in relation to the exercise of the Call Option.

## **THE SGM AND CIRCULAR**

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 exercise of the Call Option.

Mr. You is the controlling shareholder of the Company, and hence he and its associates will abstain from voting at the SGM in respect of the proposed resolutions to approve the exercise of the Call Option. Save as disclosed above, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the exercise of the Call Option, therefore no Shareholder will be required to abstain from voting on the resolution(s) approving the exercise of the Call Option and the transactions contemplated thereunder at the SGM.

A circular containing, among other things, further details of the exercise of the Call Option, a letter from the Independent Board Committee of the Company, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of the Company together with a notice convening the SGM to approve the exercise of the Call Option will be despatched to the Shareholders on or before 31 January 2024.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Advance Venture”	Advance Venture Investments Limited, a company established in 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 of the Company
“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
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“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 Estee”	Green Estee Pte. Ltd., a company established in Singapore, and is controlled by Mr. You
“Green Plant Project”	The project that Green Estee will build an integrated green steel plant at an industrial park
“Group”	the Company and its subsidiaries
“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
“Independent Financial Adviser”	an independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the exercise of the Call Option
“Independent Shareholders”	Shareholder(s) other than Mr. You and his associates
“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 Estee
“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 exercise of the Call Option
“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
“Subscription Price”	US\$1.00 per Subscription Share of the issued share capital in Esteel in respect of the Subscription
“Subscription Shares”	30,000,000 ordinary shares in the issued share capital of Esteel
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 22 December 2023

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