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Theme

THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 990)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Theme International Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 (“**Interim Period**”) together with the comparative figures for the corresponding period in 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		<i>HK\$’000</i>	<i>HK\$’000</i>
		(unaudited)	(unaudited)
Revenue	3	26,582,474	23,396,789
Cost of sales		(25,957,389)	(22,783,806)
Gross profit		625,085	612,983
Other income, gain and loss		(146,662)	431,037
Selling and distribution expenses		(22,884)	(4,300)
Administrative expenses		(163,629)	(119,284)
Profit from operations		291,910	920,436
Finance costs	4(a)	(14,637)	(15,217)
Share of profits of associates		64,811	23,984
Profit before taxation	4	342,084	929,203
Income tax	5	(32,900)	(56,714)
Profit for the period		309,184	872,489

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Notes</i>	(unaudited)	(unaudited)
Attributable to:		
— Owners of the Company	294,374	830,044
— Non-controlling interests	14,810	42,445
	<u>309,184</u>	<u>872,489</u>
Other comprehensive loss:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes of financial assets at fair value through other comprehensive income	(474)	(926)
<i>Items that may be reclassified to profit or loss:</i>		
Share of associates' exchange differences on translating foreign operations	(4,531)	(13,255)
Exchange differences on translating foreign operations	(56,177)	(106,198)
	<u>(60,708)</u>	<u>(119,453)</u>
Other comprehensive loss for the period, net of tax	(61,182)	(120,379)
Total comprehensive income for the period	<u>248,002</u>	<u>752,110</u>
Attributable to:		
— Owners of the Company	235,819	731,635
— Non-controlling interests	12,183	20,475
	<u>248,002</u>	<u>752,110</u>
Earnings per share		
Basic and diluted	6	
	<u>HK2.19 cents</u>	<u>HK6.16 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	8	161,802	170,809
Right-of-use assets		33,732	40,726
Goodwill		37,945	37,945
Interest in associates	9	1,998,303	617,887
Financial assets at fair value through other comprehensive income		19,761	20,235
Financial assets at fair value through profit or loss	13	72,637	–
Deferred tax assets		–	143
		2,324,180	887,745
Current assets			
Inventories	10	1,900,316	2,253,665
Trade and bills receivables and interest receivables	11	2,634,712	1,853,872
Accounts receivables	12	2,697,806	3,297,782
Financial assets at fair value through profit or loss	13	–	496,387
Derivative instruments	14	871,208	1,454,319
Prepayments, deposits and other receivables	15	1,318,457	777,078
Cash and bank balances	16	6,028,847	5,310,281
		15,451,346	15,443,384

		30 June 2024	31 December 2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(unaudited)	(audited)
Current liabilities			
Trade and bills payables	17	3,382,191	2,423,790
Trust receipt loans		340,511	–
Bank borrowings		1,230	1,259
Accounts payables	18	4,972,656	4,876,625
Contract liabilities		813,578	176,846
Accruals and other payables		101,570	208,981
Derivative instruments	14	776,906	1,221,457
Lease liabilities		7,833	13,593
Current tax payable		98,602	113,260
		<u>10,495,077</u>	<u>9,035,811</u>
Net current assets		<u>4,956,269</u>	<u>6,407,573</u>
Total assets less current liabilities		<u>7,280,449</u>	<u>7,295,318</u>
Non-current liabilities			
Bank borrowings		2,371	3,078
Lease liabilities		9,358	10,050
Deferred tax liabilities		13,478	12,362
		<u>25,207</u>	<u>25,490</u>
NET ASSETS		<u><u>7,255,242</u></u>	<u><u>7,269,828</u></u>
Capital and reserves			
Share capital	19	33,679	33,679
Reserves		6,131,212	6,164,820
Equity attributable to owners of the Company		6,164,891	6,198,499
Non-controlling interests		1,090,351	1,071,329
TOTAL EQUITY		<u><u>7,255,242</u></u>	<u><u>7,269,828</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company								
	Share capital <i>HKS'000</i>	Share premium account <i>HKS'000</i>	Capital reserve <i>HKS'000</i>	Investment revaluation reserve <i>HKS'000</i>	Foreign currency translation reserve <i>HKS'000</i>	Accumulated profits <i>HKS'000</i>	Total <i>HKS'000</i>	Non-controlling interests <i>HKS'000</i>	Total equity <i>HKS'000</i>
At 1 January 2023 (audited)	33,679	1,877,644	3,179	(1,771)	(99,280)	2,771,037	4,584,488	1,324,465	5,908,953
Profit for the period (unaudited)	-	-	-	-	-	830,044	830,044	42,445	872,489
Other comprehensive loss for the period (unaudited)									
— Exchange difference on translating foreign operations (unaudited)	-	-	-	-	(97,483)	-	(97,483)	(21,970)	(119,453)
— Fair value changes of financial assets at fair value through other comprehensive income (unaudited)	-	-	-	(926)	-	-	(926)	-	(926)
Total comprehensive income for the period (unaudited)	-	-	-	(926)	(97,483)	830,044	731,635	20,475	752,110
Capital injection by non-controlling interests of subsidiaries (unaudited)	-	-	-	-	-	-	-	78,914	78,914
Acquisition of non-controlling interests of a non-wholly owned subsidiary (unaudited)	-	-	-	-	-	-	-	(30,493)	(30,493)
Dividend distributions to non-controlling interests of non-wholly owned subsidiaries (unaudited)	-	-	-	-	-	-	-	(49,276)	(49,276)
At 30 June 2023 (unaudited)	33,679	1,877,644	3,179	(2,697)	(196,763)	3,601,081	5,316,123	1,344,085	6,660,208
At 1 January 2024 (audited)	33,679	1,877,644	488,098	(2,332)	(170,582)	3,971,992	6,198,499	1,071,329	7,269,828
Profit for the period (unaudited)	-	-	-	-	-	294,374	294,374	14,810	309,184
Other comprehensive loss for the period (unaudited)									
— Exchange difference on translating foreign operations (unaudited)	-	-	-	-	(58,081)	-	(58,081)	(2,627)	(60,708)
— Fair value changes of financial assets at fair value through other comprehensive income (unaudited)	-	-	-	(474)	-	-	(474)	-	(474)
Total comprehensive income for the period (unaudited)	-	-	-	(474)	(58,081)	294,374	235,819	12,183	248,002
Capital injection by non-controlling interests of subsidiaries (unaudited)	-	-	-	-	-	-	-	6,839	6,839
Dividend distributions to owners of the Company (unaudited)	-	-	-	-	-	(269,427)	(269,427)	-	(269,427)
At 30 June 2024 (unaudited)	33,679	1,877,644	488,098	(2,806)	(228,663)	3,996,939	6,164,891	1,090,351	7,255,242

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
<i>Note</i>	(unaudited)	(unaudited)
Operating activities		
Cash from operations	4,381,579	3,284,754
Bank Interest received	55,960	38,038
Tax paid	(80,464)	(82,013)
	<u>4,357,075</u>	<u>3,240,779</u>
Investing activities		
Purchase of property, plant and equipment	(1,452)	(7,057)
Decrease/(increase) in restricted deposits	208,836	(228,790)
Acquisition of financial assets at fair value through profit or loss	(78,000)	–
Proceeds from disposal of financial assets at fair value through profit or loss	16,004	–
Acquisition of interests in an associate	(936,000)	–
Repayment of an amount due from an associate	97,913	–
	<u>(692,699)</u>	<u>(235,847)</u>
Financing activities		
Proceeds from capital injection by non-controlling interest of subsidiaries	6,839	78,914
Payment of lease liabilities	(7,013)	(6,525)
Repayment of trust receipt loans and bank borrowings	(1,772,067)	(1,804,655)
Interest paid	(14,637)	(15,217)
Dividends paid to non-controlling interests of non-wholly owned subsidiaries	–	(104,082)
Acquisition of non-controlling interests of a non-wholly owned subsidiary	–	(30,493)
Dividends paid to owners of the Company	(269,427)	–
	<u>(2,056,305)</u>	<u>(1,882,058)</u>
Net increase in cash and cash equivalents		
	1,608,071	1,122,874
Cash and cash equivalents at beginning of the period	2,689,687	2,734,468
Effect of changes in foreign exchange rates	(21,150)	(99,891)
	<u>4,276,608</u>	<u>3,757,451</u>
Cash and cash equivalents at end of the period		
	<u>4,276,608</u>	<u>3,757,451</u>
Analysis of cash and cash equivalents		
Cash and bank balances — General accounts	16	4,276,608
		<u>3,757,451</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. Basis of Preparation

This unaudited condensed consolidated financial statements of Theme International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

These condensed consolidated financial statements should be read in conjunction with the 2023 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2023.

The preparation of a condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The condensed consolidated interim financial statements are unaudited, but have been reviewed by the audit committee of the Company.

The condensed consolidated financial statements have been prepared on a going concern basis.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which have been measured at fair values, as appropriate.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”) and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

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

3. Revenue and Segment Information

(a) Revenue

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers		
Sales from trading of goods	26,163,372	23,094,646
<i>Less: sales taxes and levies</i>	(6,339)	(4,953)
Commission income and brokerage fees from the provision of financial services	144,944	95,824
	<u>26,301,977</u>	<u>23,185,517</u>
Other Revenue		
Gain from derivative trading	172,104	144,895
Interest income from loans to customers	–	533
Interest income from trust and segregated accounts	108,393	65,844
	<u>280,497</u>	<u>211,272</u>
Total revenue	<u><u>26,582,474</u></u>	<u><u>23,396,789</u></u>

(b) Segment information

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

During the period ended 30 June 2024, the Group's reportable and operating segments are as follows:

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

Segment information and results:

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

For the six months ended 30 June 2024 (unaudited)

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>26,157,033</u>	<u>425,441</u>	<u>26,582,474</u>
Segment profit	<u>244,030</u>	<u>63,387</u>	307,417
Finance costs	<u>(11,846)</u>	<u>(2,664)</u>	(14,510)
Unallocated other income, gain and loss			(8,981)
Share of profits of associates			64,811
Corporate expenses and other finance costs			<u>(6,653)</u>
Profit before taxation			<u>342,084</u>

For the six months ended 30 June 2023 (unaudited)

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>23,089,693</u>	<u>307,096</u>	<u>23,396,789</u>
Segment profit	<u>454,034</u>	<u>84,250</u>	538,284
Finance costs	<u>(14,826)</u>	<u>(220)</u>	(15,046)
Unallocated other income, gain and loss			388,328
Share of profits of associate			23,984
Corporate expenses and other finance costs			<u>(6,347)</u>
Profit before taxation			<u>929,203</u>

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of, certain other income, certain other gains and losses, share of profit of associate, finance costs and taxation. This is the measure reporting to the executive directors for the purposes of resource allocation and making strategic decision.

Segment assets and liabilities:

The following is an analysis of the Group's assets and liabilities by reportable segments:

As at 30 June 2024 (unaudited)

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>8,132,368</u>	<u>7,518,486</u>	<u>15,650,854</u>
Segment liabilities	<u>4,462,773</u>	<u>5,612,290</u>	<u>10,075,063</u>

As at 31 December 2023 (audited)

	Distribution, trading and processing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>7,281,499</u>	<u>7,932,972</u>	<u>15,214,471</u>
Segment liabilities	<u>2,817,949</u>	<u>6,116,777</u>	<u>8,934,726</u>

Geographical information:

Disaggregation of revenue from contracts with customers:

Segments	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Distribution, trading and processing <i>HK\$'000</i> (unaudited)	Financial services <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)	Distribution, trading and processing <i>HK\$'000</i> (unaudited)	Financial services <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Geographical market						
Hong Kong	64,257	53,276	117,533	10,154	59,531	69,685
Singapore	18,534,518	91,668	18,626,186	15,840,415	36,293	15,876,708
The PRC	7,558,258	–	7,558,258	7,239,124	–	7,239,124
Revenue from contracts with customers	<u>26,157,033</u>	<u>144,944</u>	<u>26,301,977</u>	<u>23,089,693</u>	<u>95,824</u>	<u>23,185,517</u>
Major products/service						
Trading and processing of bulk commodities	26,157,033	–	26,157,033	23,089,693	–	23,089,693
Commission income and brokerage fees	–	144,944	144,944	–	95,824	95,824
Total	<u>26,157,033</u>	<u>144,944</u>	<u>26,301,977</u>	<u>23,089,693</u>	<u>95,824</u>	<u>23,185,517</u>
Timing of revenue recognition						
At a point in time	<u>26,157,033</u>	<u>144,944</u>	<u>26,301,977</u>	<u>23,089,693</u>	<u>95,824</u>	<u>23,185,517</u>

4. Profit before Taxation

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Profit before taxation has been arrived at after charging/ (crediting):		
(a) Finance costs		
Bills discounting interest expenses and interest expenses on trust receipt loans	13,945	14,997
Lease liabilities	<u>692</u>	<u>220</u>
	<u>14,637</u>	<u>15,217</u>
(b) Other items		
Interest income on bank deposits	(55,960)	(38,038)
Loss/(gain) on fair value changes of financial assets through profit or loss	5,363	(392,195)
Depreciation		
— property, plant and equipment	8,176	9,324
— right-of-use assets	7,309	5,239
Provision for losses due to the suspected misappropriation of funds (<i>Note 23</i>)	167,660	–
Exchange loss, net	36,007	9,534
Directors' remuneration (<i>note a</i>)	3,440	4,048
Other staff costs (<i>note b</i>)	<u>105,468</u>	<u>85,728</u>

Notes:

- (a) Directors' remuneration include fees, remunerations, bonuses and retirement benefits scheme contributions paid or payable to directors of the Company.
- (b) Other staff costs (excluding directors' remuneration) include salaries, bonuses, allowances and retirement benefits scheme contributions paid or payable to other employees of the Group.

5. Income Tax

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Current tax — Hong Kong Profits Tax		
Provision for the period	75	540
Current tax — PRC Corporate Income Tax		
Provision for the period	9,319	34,408
Current tax — Singapore Corporate Income Tax		
Provision for the period	23,506	19,160
Deferred tax	—	2,606
	32,900	56,714

Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits in respect of the Group's operating entities in Hong Kong for the period, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.

Singapore Corporate Income Tax is provided using the Singapore standard rate of income tax of 17% or the concession rate of 5% for the periods ended 30 June 2024 and 2023. With the Global Trader Programme (“GTP”) incentive awarded to Bright Point Trading Pte. Ltd., a wholly-owned subsidiary of the Company by the Inland Revenue Authority of Singapore with effect from 1 January 2017 and further revised in late 2019, certain qualified income generated during the periods ended 30 June 2024 and 2023 from the distribution and trading business of the Group has been charged at a tax concessionary rate of 5% since then. Any other income not qualified for the GTP incentive has been charged at the standard rate of 17% during the periods ended 30 June 2024 and 2023.

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

Save as those PRC incorporation categories as Small Low-Profit Business which enjoy tax cuts until end of 2024, the income tax provision in respect of operations in the PRC is calculated at 25% on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof.

6. Earnings per Share

(a) Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company was based on the profit for the period attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the Interim Period and the Corresponding Period.

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit:		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	<u>294,374</u>	<u>830,044</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>13,471,345</u>	<u>13,471,345</u>

(b) Diluted earnings per share

There is no instrument with potential dilutive shares issued by the Company during the periods ended 30 June 2024 and 2023. Therefore, the basic and diluted earnings per share for the respective periods are equal.

7. Dividends

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends recognized as distribution during the period:		
2023 interim dividends for the year ended 31 December 2023 of HK2 cents per ordinary share	<u>269,427</u>	<u>–</u>

The directors do not recommend the payment of an interim dividend in respect of the period ended 30 June 2024 (2023: Nil).

8. Movements in Property, Plant and Equipment

During the six months ended 30 June 2024, there was an addition of approximately HK\$1,452,000 to the Group's property, plant and equipment (six months ended 30 June 2023: HK\$7,991,000). No property, plant and equipment were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

9. Investment in Associates

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Unlisted Investments:		
In PRC	147,352	237,295
In Singapore	1,850,951	380,592
	1,998,303	617,887

The following table shows information of associates that are material to the Group. These associates are accounted for in the condensed consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associates.

Name	Principal place of business and place of incorporation	Principal activities	% of ownership interests/voting rights held by the Group	
			30 June 2024	31 December 2023
連雲港恆鑫通礦業有限公司 ("連雲港恆鑫通")	The PRC	Ore commodity trading and processing	30%	30%
Green Estee Pte. Ltd. ("Green Estee")	Singapore	Investment holding and trading of iron ore and hot briquetted iron	20.5%	4.91%

10. Inventories

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Finished goods	1,900,316	2,253,665

11. Trade and Bills Receivables and Interest Receivables

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Trade and bills receivables and interest receivables	<u>2,634,712</u>	<u>1,853,872</u>

Trade and bills receivables as at the end of reporting period mainly represent receivables from trading customers and relevant bills issuing banks in relation to the sale of commodities. The majority of the Group's sales have required the payments in advances prior to the issuance of goods sold and the remaining are on letter of credit or document against payment. The remaining sales are with average credit period of 30 to 90 days (31 December 2023: 30 to 90 days).

The aging analysis of trade and bills receivables and interest receivables, based on the invoice or bills due date or interest due date, and net of impairment allowance, is as follows:

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
0 to 90 days	2,449,146	1,846,275
91 to 180 days	83,481	381
Over 180 days	<u>102,085</u>	<u>7,216</u>
	<u>2,634,712</u>	<u>1,853,872</u>

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

In determining the recoverability of the trade and bills receivables and interest receivables, the Group considers any changes in the credit quality of the trade and bills receivables and interest receivables from the date credit was initially granted up to the end of the reporting period. No allowance for bad and doubtful debts are provided for trade receivables and bills receivables during the Interim Period and at the end of the reporting period.

12. Accounts Receivables

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Arising from the business of dealing in futures contracts:		
— Brokers and dealers		
— representing customer balances	2,478,095	3,127,193
— representing house balances	<u>205,233</u>	<u>163,553</u>
	<u>2,683,328</u>	<u>3,290,746</u>
Arising from financial services provided:		
— Customers	<u>14,478</u>	<u>7,036</u>
	<u>2,697,806</u>	<u>3,297,782</u>

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

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

13. Financial Assets at Fair Value through Profit or Loss

Included in financial assets at fair value through profit or loss amounted to HK\$480,383,000 as at 31 December 2023 represented the call option (the "Call Option") granted to the Company from Green Esteel the right to require Green Esteel to allot and issue 120,000,000 ordinary shares of Green Esteel at US\$1.00 per ordinary share.

The exercise of the Call Option was duly passed by the shareholders of the Company by way of poll at the special general meeting held on 25 March 2024. The Call Option was derecognised and transferred to interest in an associate as part of the consideration on further investment in 120,000,000 ordinary share of Green Esteel upon the exercise of the Call Option during the period ended 30 June 2024.

As at 30 June 2024, the financial assets at fair value through profit or loss represented the investment in an unlisted fund. For the fair value measurement of the financial assets at fair value through profit or loss please refer to note 21.

14. Derivative Instruments

	Contract/ Notional amount			Contract/ Notional amount		
	Assets	Liabilities		Assets	Liabilities	
	30 June	30 June	31 December	31 December	31 December	
	2024	2024	2023	2023	2023	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)	
Future contracts						
— Sales	16,148,857	409,052	(408,902)	20,740,808	265,111	(1,000,041)
— Purchases	16,668,646	462,156	(368,004)	20,236,721	1,189,208	(221,416)
Total derivative instruments		<u>871,208</u>	<u>(776,906)</u>		<u>1,454,319</u>	<u>(1,221,457)</u>

15. Prepayments, Deposits and Other Receivables

	30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Trade deposits	1,138,968	614,444
Prepayment	20,534	14,817
VAT receivables	71,327	91,789
Deposits and other receivables	87,628	56,028
	<u>1,318,457</u>	<u>777,078</u>

16. Cash and Bank Balances

	30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Cash at bank		
— General accounts	4,276,608	2,689,687
— Restricted deposits	68,412	277,248
— Trust and segregated accounts	1,683,827	2,343,346
	<u>6,028,847</u>	<u>5,310,281</u>

The Group's restricted bank deposits mainly represented deposits for securing bill payables and banking facilities granted to the Group to the condensed consolidated financial statements.

The Group maintains segregated trust accounts with licensed financial institutions and approved bank incorporated outside Hong Kong to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as bank trust account balances under the current assets section of the condensed consolidated statement of financial position and recognised the corresponding accounts payables to respective clients on the ground that it is liable for any loss or misappropriation of the client's monies. The Group is not permitted to use the clients' monies to settle its own obligations.

17. Trade and Bills Payables

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Trade and bills payables	<u>3,382,191</u>	<u>2,423,790</u>

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Within 90 days	2,725,599	2,299,978
91–180 days	355,814	22,494
181–365 days	300,778	77,988
Over 1 year	–	23,330
	<u>3,382,191</u>	<u>2,423,790</u>

18. Accounts Payables

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Arising from the business of dealing in futures contracts	<u>4,972,656</u>	<u>4,876,625</u>

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

19. Share Capital

	Number of ordinary shares of HK\$0.0025 each '000	<i>HK\$'000</i>
Authorised:		
At 1 January 2023 (audited), 31 December 2023 (audited) and 30 June 2024 (unaudited)	<u>200,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 1 January 2023 (audited), 31 December 2023 (audited) and 30 June 2024 (unaudited)	<u>13,471,345</u>	<u>33,679</u>

20. Related Party Transactions

Except for the related party transactions disclosed elsewhere in the condensed consolidated financial statements, the Group has the following material transactions with its related parties as defined in HKAS 24 and/or connected person as defined in the Listing Rules during the period:

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Key management compensation		
Salaries, allowances and other benefits in kind	3,360	3,960
Retirement benefits scheme contributions	<u>80</u>	<u>88</u>
	<u>3,440</u>	<u>4,048</u>

Balances with related parties

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Accounts payable to the ultimate controlling shareholder of the Company	53	53
Accounts receivable from a related party owned by the ultimate controlling shareholder of the Company	–	54
Accounts payable to a related party controlled by a close family member of the ultimate controlling shareholder of the Company	55,039	36,432
Accounts payable to a related party owned by the ultimate controlling shareholder of the Company	38,898	37,257
Accounts payable to certain non-controlling interest parties	66,424	141,841
Accounts payable to a related party controlled by the ultimate controlling shareholder of the Company	4,292	5,466
Payables to a related party owned by the ultimate controlling shareholder of the Company	67,197	–
Deposits paid to related parties controlled by a close family member of the ultimate controlling shareholder of the Company	7,316	18,486
Payables to related parties controlled by a close family member of the ultimate controlling shareholder of the Company	<u>38,149</u>	<u>95,830</u>

As at 30 June 2024, the Group had accounts receivable from related parties and accounts payable to related parties which were arising from the Group's ordinary course of commodities and futures broking and derivatives dealing. Accounts receivable/payable from/to related parties are set at the same terms as those normally offered to third party clients.

Other transactions with related parties

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Brokerage and commission fee income from related party controlled by a close family member of the ultimate controlling shareholder of the Company	2,565	–
Brokerage and commission fee income from a related party owned by the ultimate controlling shareholder of the Company	2,336	906
Brokerage and commission fee income from certain non-controlling interest parties	8,893	11,937
Loan interest income from a non-controlling interest party who is also a director of certain subsidiaries of the Group	–	16
Lease payment made to a related party owned by the ultimate controlling shareholder of the Company	5,235	4,747
Sales of trading commodities to a related party controlled by the ultimate controlling shareholder of the Company	9,931	–
Purchase of trading commodities from a related party controlled by the ultimate controlling shareholder of the Company	67,197	–
Sales of trading commodities to and processing income from related parties controlled by a close family member of the ultimate controlling shareholder of the Company	39,838	31,872
Purchase of trading commodities from related parties controlled by a close family member of the ultimate controlling shareholder of the Company	21,096	2,582
Logistics fees paid to related parties controlled by a close family member of the ultimate controlling shareholder of the Company	135,260	125,141
Processing fee paid to an associate of the Company	–	6,103
Payment for acquisitions of interests of an associate controlled by the ultimate controlling shareholder of the Company	936,000	–

Brokerage income and commission fee was received from related companies in the ordinary course of the Group's business of commodities and futures broking and derivatives dealing. It is inclusive of the brokerage and commission fees paid to the Group's service suppliers, which are the direct members of Singapore Exchange, Nasdaq Futures, ICE Futures US, New York Mercantile Exchange and London Metal Exchange. Commission rates are set at the same level as those normally offered to third party clients.

21. Fair Value Measurements

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Disclosures of level in fair value hierarchy:

At 30 June 2024

Description	Fair value measurements using:			Total
	Level 1 <i>HK\$'000</i> (unaudited)	Level 2 <i>HK\$'000</i> (unaudited)	Level 3 <i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
Recurring fair value measurements:				
Financial assets at fair value through other comprehensive income				
Private equity investment in the PRC	–	–	19,761	19,761
Financial assets at fair value through profit or loss				
Unlisted funds	–	–	72,637	72,637
Derivative instruments				
— Assets	871,208	–	–	871,208
— Liabilities	(776,906)	–	–	(776,906)
	<u>94,302</u>	–	–	<u>94,302</u>
Total recurring fair value measurements	<u><u>94,302</u></u>	<u><u>–</u></u>	<u><u>92,398</u></u>	<u><u>186,700</u></u>

At 31 December 2023

Description	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Recurring fair value measurements:				
Financial assets at fair value through other comprehensive income				
Private equity investment in the PRC	—	—	20,235	20,235
Financial assets at fair value through profit or loss				
Unlisted debt investment in overseas	16,004	—	—	16,004
Option	—	—	480,383	480,383
	<u>16,004</u>	<u>—</u>	<u>480,383</u>	<u>496,387</u>
Derivative instruments				
— Assets	1,454,319	—	—	1,454,319
— Liabilities	(1,221,457)	—	—	(1,221,457)
	<u>232,862</u>	<u>—</u>	<u>—</u>	<u>232,862</u>
Total recurring fair value measurements	<u>248,866</u>	<u>—</u>	<u>500,618</u>	<u>749,484</u>

During the six months ended 30 June 2024 and year ended 31 December 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Movements in Level 3 fair value measurements

Description	Financial assets	Financial assets	Financial assets	Total
	at fair value through profit or loss	at fair value through profit or loss	at fair value through other comprehensive income	
	Unlisted funds	Option	Equity investment	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024 (audited)	–	480,383	20,235	500,618
Purchase	78,000	–	–	78,000
Total gains or losses recognised				
— in profit or loss ^(#) (unaudited)	(5,363)	–	–	(5,363)
— in other comprehensive income (unaudited)	–	–	(474)	(474)
Transfer upon further acquisition of an associate (unaudited)	–	(480,383)	–	(480,383)
At 30 June 2024 (unaudited)	72,637	–	19,761	92,398
^(#) Include gains or losses for assets held at end of reporting period	(5,363)	–	–	(5,363)

Description	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
	Equity investment	Equity investment	
	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023 (audited)	242,892	39,552	303,240
Total gains or losses recognised			
— in profit or loss ^(#) (unaudited)	3,210	384,774	387,984
— in other comprehensive income (unaudited)	–	–	(926)
Transfer (unaudited)	(246,102)	–	(246,102)
At 30 June 2023 (unaudited)	–	424,326	444,196
^(#) Include gains or losses for assets held at end of reporting period	3,210	384,774	387,984

The total gains or losses recognised in profit or loss including those for assets held at end of the reporting period are presented in other income, gain and loss in the condensed consolidated statement of profit or loss and other comprehensive income.

The total gains or losses recognised in other comprehensive income are presented as fair value changes of financial assets at fair value through other comprehensive income in the condensed consolidated statement of changes in equity.

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations. The valuation methods currently adopt for these level 3 financial assets at fair value are:

At 30 June 2024

Description	Valuation Technique	Unobservable inputs	Fair value <i>HK\$'000</i> (unaudited)	Effect on fair value for increase of inputs
Unlisted equity securities classified as equity investment at fair value through other comprehensive income	Market approach — Guideline Transaction Method	Reference to the most recent shares transactions of the target company with independent third party	19,761	Increase
		Marketability discount and P/E multiple		Decrease
Unlisted Funds	Asset approach	Net asset value	72,637	Increase

At 31 December 2023

Description	Valuation Technique	Unobservable inputs	Fair value HK\$'000 (audited)	Effect on fair value for increase of inputs
Unlisted equity securities classified as equity investment at fair value through other comprehensive income	Market approach — Guideline Transaction Method	Reference to the most recent shares transactions of the target company with independent third party	20,235	Increase
		Marketability discount and P/E multiple		Decrease
Option classified as equity investment at fair value through profit or loss	Binominal Black Scholes Model	Expected volatility	480,383	Increase

22. Capital Commitments

As at 30 June 2024, the Group had no material capital commitments (31 December 2023: Nil).

23. Events after the Reporting Period

- (i) On 22 July 2024, the Company, entered into the joint venture agreement with Shandong Energy Group Company Limited (“**Shandong Energy**”) for the establishment of a joint venture. Pursuant to the joint venture agreement, the Joint Venture shall be, after its formation, owned as to 51% by Shandong Energy and 49% by the Company. The registered capital of the joint venture is expected to be HK\$800 million. Shandong Energy will contribute a total amount of HK\$408 million, and the Company will contribute a total amount of HK\$392 million. For details, please refer to the announcement of the Company dated 22 July 2024.
- (ii) The management of the Company has recently discovered and reported to the board of directors of the Company that a director of the non-wholly owned subsidiary of the Company in Singapore (the “**SG Subsidiary**”), is suspected to have misappropriated certain funds of the SG Subsidiary, which is mainly engaged in trade facilitation services of physical gold and silver. As a result, based on the information currently available to the Company, provision for losses due to suspected misappropriation of funds of approximately HK\$167,660,000 had been recognised during the six months ended 30 June 2024. For details, please refer to the announcement of the Company dated 9 August 2024.

Save as above, the Directors are not aware of any other significant events requiring disclosure that have taken place subsequent to 30 June 2024 and up to the date of this interim announcement.

24. Approval of Condensed Consolidated Financial Statements

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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

FINANCIAL AND BUSINESS REVIEW

Revenue, profit for the period and basic earnings per share of the Group for the six months period ended 30 June 2024 and 2023 are summarised as follows:

	Revenue		Profit for the period		Basic earnings per share	
	2024	2023	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
From operations	<u>26,582,474</u>	<u>23,396,789</u>	<u>309,184</u>	<u>872,489</u>	<u>HK2.19 cents</u>	<u>HK6.16 cents</u>

The Group recorded a total revenue of approximately HK\$26,582,474,000 (2023: approximately HK\$23,396,789,000) for the six months period ended 30 June 2024 (the “**Interim Period**”) representing an increase of approximately 14% over the six months period ended 30 June 2023 (the “**Corresponding Period**”). Further analysis of the Group’s revenue in the Interim Period and Corresponding Period is as follows:

	Six months ended 30 June	
	2024	2023
	Revenue <i>HK\$'000</i>	Revenue <i>HK\$'000</i>
<i>Products</i>		
Iron Ore	7,905,583	9,339,432
Silver and gold ingots	11,819,066	9,394,608
Other commodities and processing income (Note)	<u>6,432,384</u>	<u>4,355,653</u>
Distribution, trading and processing	26,157,033	23,089,693
Financial Services	<u>425,441</u>	<u>307,096</u>
	<u>26,582,474</u>	<u>23,396,789</u>

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

The distribution, trading and processing business contributed to the majority of the Group's revenue in the Interim Period. Iron ore and silver and gold ingots trading represented the main commodity products of the distribution, trading and processing business. During the Interim Period, we also have other commodities trading such as chrome ore, nickel ore, steel products and chemical products. Revenue from the distribution, trading and processing business increased from approximately HK\$23,089,693,000 in the Corresponding Period to approximately HK\$26,157,033,000 in the Interim Period. The increase is mainly due to an increase in trading volume of silver and gold ingots. Also, the decrease in trading volume of iron ore is offset by the increase in trading volume of other commodities.

During the Interim Period, the Group recorded revenues from the provision of financial services of approximately HK\$425,441,000 (2023: approximately HK\$307,096,000). The increase in revenue during the Interim Period was due to the expansion of the financial services sector.

Gross profit of the Group remained stable at approximately HK\$625,085,000 in the Interim Period, as compared to approximately HK\$612,983,000 in the Corresponding Period.

Other losses of approximately HK\$146,662,000 (2023: other gains of approximately HK\$431,037,000) were incurred during the Interim Period. In the Interim Period, loss on fair value changes of financial assets at fair value through profit or loss of approximately HK\$5,363,000 was recorded (2023: gain of approximately HK\$392,195,000). In the Corresponding Period, there was a gain on fair value for the options granted to the Company to acquire up to 120,000,000 ordinary shares of Green Estee Pte. Ltd.. Also, interest income on bank deposits totalling HK\$55,960,000 (2023: approximately HK\$38,038,000) was recorded during the Interim Period. Interest income increased during the Interim Period due to the increase in interest rate. Besides, during the Interim Period, the provision for the losses due to the suspected misappropriation of funds in the SG subsidiary was approximately HK\$167,660,000 (2023: nil) and exchange losses amounted to approximately HK\$36,007,000 (2023: HK\$9,534,000).

Selling and distribution expenses of approximately HK\$22,884,000 (2023: approximately HK\$4,300,000) were incurred during the Interim Period, mainly attributable to the charges paid when importing cargoes into China.

Administrative expenses increased from approximately HK\$119,284,000 in the Corresponding Period to approximately HK\$163,629,000 in the Interim Period, which were mainly attributable to the increase in staff cost due to the increase in number of employees during the Interim Period.

Finance costs of approximately HK\$14,637,000 (2023: approximately HK\$15,217,000) were incurred during the Interim Period for the factoring of the Group's trade receivables and for the settlement of interests arising from outstanding trust receipt loans.

Share of profits of associates totalling HK\$64,811,000 (2023: HK\$23,984,000) was recorded during the Interim Period. They mainly arose from the share of profits of associates named 連雲港恆鑫通礦業有限公司 (Lianyungang Hengxintong Mining Co., Ltd.*) and Green Esteel Pte. Ltd..

Income tax expense decreased from approximately HK\$56,714,000 in the Corresponding Period to approximately HK\$32,900,000 in the Interim Period, which is in line with the decrease in operating profits.

The net profit for the Interim Period decreased from approximately HK\$872,489,000 in the Corresponding Period to approximately HK\$309,184,000 in the Interim Period. The decrease in net profits is mainly attributable to (i) the reduction of the profits margin in the distribution and trading segment, because of the sluggish market; (ii) the absence of the gain on fair value changes of financial assets at fair value through profit or loss in the Interim Period; and (iii) the provision for the losses due to the suspected misappropriation of funds in a SG subsidiary.

The profit for the Interim Period attributable to owners of the Company decreased from approximately HK\$830,044,000 in the Corresponding Period to approximately HK\$294,374,000 in the Interim Period.

The Group recorded a basic earnings per share of approximately HK2.19 cents in the Interim Period as compared to a basic earnings per share of approximately HK6.16 cents in the Corresponding Period.

Future Prospects

The Group will focus on the continuing development of the financial services business and the distribution, trading and processing business in 2024.

(i) Financial Services Business

The Company is extending the scope of its principal activities to include the provision of a wide range of financial services, including securities and derivatives financial services (including access to global markets), provision of futures and derivatives products, provision of services for global exchanges, provision of margin financing and money lending business in Hong Kong and Singapore.

– Money Lending

The Group carried out money lending business in Hong Kong through Asia Develop Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company, which has a money lender's licence in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

* For identification purposes only

Target customers include corporate customers in Hong Kong, with target loans denominated in Hong Kong dollars and for a period of one year in general but could be extended to mutual agreement. The loans are usually secured by collaterals or backed by guarantee.

– ***Securities, Futures Contracts and Derivatives Dealing***

As announced in the Company’s announcement on 24 July 2017, the Securities and Futures Commission of Hong Kong has granted to the Group licences to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The Group has also secured the Capital Market Services License from the Monetary Authority of Singapore in Singapore in October 2021 to provide clearing services, inter-dealer broking services and offer contract for differences (CFDs) product in Singapore. In addition, the Group has attained the license to provide voice inter-dealer brokerage services from the UK Financial Conduct Authority (FCA) in July 2022.

– ***Assets Management and Fund Management***

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

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

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

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

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

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

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

(ii) Distribution, Trading and Processing Business

In 2024, the market in China remained stable. The Group continues to focus on its development and expansion in Hong Kong, Singapore and China.

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

SUSPECTED MISAPPROPRIATION OF FUNDS

As disclosed in the announcement of the Company dated 9 August 2024, the management of the Company has recently discovered and reported to the board of directors (the “**Board**”) of the Company that a director of the non-wholly owned subsidiary of the Company in Singapore (the “**SG Subsidiary**”), is suspected to have misappropriated certain funds of the SG Subsidiary, which is mainly engaged in trade facilitation services of physical gold and silver. Based on the information currently available to the Company, the potential losses to the Group are approximately US\$21.5 million (approximately HK\$167.7 million), of which approximately US\$12.8 million (approximately HK\$99.8 million) was attributable to the owners of the Company (the “**Suspected Misappropriation**”).

The Company has already reported the Suspected Misappropriation to the Singapore Police on 19 July 2024. The suspected director of the SG Subsidiary has been suspended from duty. The Board have engaged legal professionals to conduct an investigation on the incident and to assist the Company to recover the Suspected Misappropriation. In addition, the SG Subsidiary has been instructed to cease all operations pending conclusion of the investigation. The Board will also conduct a review on how to enhance the internal control systems and procedures of the Group.

To the best knowledge, information and belief of the Board, its current assessment is that the Suspected Misappropriation does not impact the day-to-day operations of the Group and would not have a material adverse effect on its cash flow, financial position and business operations. The Board will continue to reassess the impact of the Suspected Misappropriation on the financial position and business operations of the Group from time to time.

The Board will make further announcements to update the shareholders and potential investors of the Company on this matter as and when appropriate.

FUND RAISING ACTIVITIES

The Company has not conducted any equity fund raising activities in the Interim Period and the period immediately prior to the date of this interim announcement.

INTERIM DIVIDENDS

The Directors do not recommend the payment of an interim dividend in respect of the period ended 30 June 2024 (2023: Nil).

SHARE REPURCHASE

As mentioned in the annual result announcement of the Company dated 28 March 2024, the Board has approved a share repurchase program authorizing the Company to purchase up to an aggregate of approximately HK\$270 million of the Company's stock in compliance with the Listing Rules. Shareholders and potential investors of the Company should note that the exercise of the share repurchase program by the Company will be subject to market conditions and will be at the Board's absolute discretion. There is no assurance of the timing, quantity or price of any share repurchase or whether the Company will make any repurchases at all. The Company will make further disclosures as and when appropriate and as required by the Listing Rules. As at the date of this interim announcement, the Company has not yet repurchased any of its shares.

EVENTS AFTER THE REPORTING PERIOD

On 22 July 2024, the Company, entered into the joint venture agreement with Shandong Energy Group Company Limited ("**Shandong Energy**") for the establishment of a joint venture. Pursuant to the joint venture agreement, the Joint Venture shall be, after its formation, owned as to 51% by Shandong Energy and 49% by the Company. The registered capital of the joint venture is expected to be HK\$800 million. Shandong Energy will contribute a total amount of HK\$408 million, and the Company will contribute a total amount of HK\$392 million. For details, please refer to the announcement of the Company dated 22 July 2024.

The management of the Company has recently discovered and reported to the board of directors of the Company that a director of the non-wholly owned subsidiary of the Company in Singapore (the "**SG Subsidiary**"), is suspected to have misappropriated certain funds of the SG Subsidiary, which is mainly engaged in trade facilitation services of physical gold and silver. As a result, based on the information currently available to the Company, provision for losses due to suspected misappropriation of funds of approximately HK\$167,660,000 had been recognised during the six months ended 30 June 2024. For details, please refer to the announcement of the Company dated 9 August 2024.

Apart from that, the Directors are not aware of any other significant events requiring disclosure that have taken place subsequent to 30 June 2024 and up to the date of this interim announcement.

CHARGES IN ASSETS

Save for the restricted deposits of approximately HK\$68,412,000 (31 December 2023: approximately HK\$277,248,000), which were mainly restricted for securing bills payables and banking facilities granted to the Group, none of the Group's assets was charged or subject to encumbrance as at 30 June 2024.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2023, the Company entered into the call option agreement (“**Call Option Agreement**”) with Green Esteel Pte. Ltd. (“**Green Esteel**”), pursuant to which Green Esteel has granted the call option to the Company to subscribe up to 120,000,000 ordinary shares of Green Esteel (“**Call Option**”). The Call Option is exercisable in whole or in parts at any time during the exercise period at the option price of US\$1.00 per the option share. In December 2023, the Company notified Green Esteel by giving a notice in writing pursuant to the Call Option Agreement to exercise the Call Option. The transaction in relation to the approval of the exercise of Call Option and the transactions contemplated has been passed by independent shareholders at the special general meeting dated 25 March 2024. The subscription of 120,000,000 ordinary shares of Green Esteel at the consideration of US\$120,000,000 (approximately HK\$936,000,000) was completed during the period ended 30 June 2024.

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the period ended 30 June 2024 are set out in note 19 to the condensed consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group during the period are set out in the condensed consolidated statement of changes in equity on page 5 of this interim announcement.

PRINCIPAL RISKS AND UNCERTAINTIES

Commodities price risk

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

Exposure to fluctuation in exchange rates

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

Counterparty credit and performance risk

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

Interest rate risk

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

Legal, regulatory and compliance risk

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

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

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

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

Price risk

The Group's financial assets at fair value through profit or loss and derivative instruments are measured at fair value at the end of reporting period. Therefore, the Group is exposed to equity security and forward contract price risk. The Group manages this exposure by maintaining a portfolio of investments with different risk profiles.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group's net current assets were approximately HK\$4,956,269,000 (31 December 2023: approximately HK\$6,407,573,000), and net assets were approximately HK\$7,255,242,000 (31 December 2023: approximately HK\$7,269,828,000). As at 30 June 2024, there were total loans and other borrowings of approximately HK\$344,112,000 outstanding (31 December 2023: HK\$4,337,000).

As at 30 June 2024, the current ratio (as defined as current assets divided by current liabilities) was approximately 1.47 (31 December 2023: approximately 1.71) and the gearing ratio (as defined as loans and other borrowings divided by net assets) was approximately 0.047 (31 December 2023: 0.0006).

As at 30 June 2024, the Group had an undrawn banking letter of credit limit totalling US\$522,511,000 equivalent to approximately HK\$4,075,586,000 (31 December 2023: US\$428,403,000, equivalent to approximately HK\$3,341,543,000).

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

The total capital expenditure of the Group for the Interim Period totaled HK\$1,452,000 (30 June 2023: HK\$7,991,000), consisting of approximately HK\$1,452,000 for addition of property, plant and equipment (30 June 2023: HK\$7,991,000 for addition of property, plant and equipment).

As at 30 June 2024, the Group had no material capital expenditure commitments (31 December 2023: Nil).

As at 30 June 2024, the Group had no material capital commitments (31 December 2023: Nil).

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2024, the Group does not have any other plans for material investments or capital assets.

HUMAN RESOURCES

As at 30 June 2024, the Group had 404 employees in total, consisting of 13 employees in Hong Kong, 138 employees in Singapore, 250 employees in the PRC and 3 employees in the United Kingdom. The remuneration committee of the Company and the Directors reviewed remuneration policies regularly. The structure of the remuneration packages would take into account the level and composition of pay and the general market conditions in the respective countries and businesses. Other than the competitive remuneration package offered to the employees, share options may also be granted to selected employees based on the Group's performance.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Save and except for Code Provisions as detailed below, the Company has complied with all the Code Provisions and to a certain extent of the recommended best practices set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 of the Listing Rules throughout the period for the six months ended 30 June 2023.

Under Code Provision C.2.1 of the CG Code, the role of chairman and chief executive officer (“**CEO**”) should be separated and should not be performed by the same individual. Since the resignation of the chairman of the Company on 1 April 2016, the role of chairman has been vacant until identification of a suitable candidate. Mr. Wu Lei, executive director of the Company, temporarily acted as the role of chairman during the Interim Period. Mr. Jiang Jiang has been the CEO of the Company during the Interim Period.

Under Code Provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting. Since the resignation of the chairman of the Company on 1 April 2016, the role of chairman has been vacant until identification of a suitable candidate. From 3 March 2020, the position of chairman has been temporarily acted by Mr. Wu Lei, the executive director of the Company to fill the casual vacancy. Mr. Wu Lei has attended the annual general meeting held on 28 June 2024.

Under Code Provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors generally should also attend general meetings to gain and develop a balanced understanding of the views of shareholders. One independent non-executive director, Mr. Liu Song, had not attended the special general meeting held on 25 March 2024, due to his other business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of to the Listing Rules as its own code of conduct regarding directors’ securities transactions. The Company has made specific enquiries with all directors of the Company and each of them confirmed that they have complied with the Model Code during the six months period ended 30 June 2024.

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

During the six months period ended 30 June 2024, the Company has not redeemed any of its securities. Neither the Company nor any of its subsidiaries has purchased nor sold any of the Company’s securities during the six months period ended 30 June 2024.

AUDIT COMMITTEE

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Stock Exchange. The Audit Committee comprises two independent non-executive directors and one non-executive director, namely Ms. Kent Shun Ming, Ms. Chan Lai Ping and Mr. Ding Lin. The primary duties of the Audit Committee are to review the Company’s annual and interim results and to review and supervise the Company’s financial reporting and internal control procedures.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed the internal controls and financial reporting matters, including review of the unaudited interim financial results of the Group for the six months ended 30 June 2024.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The interim report for 2024 of the Company will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 30 August 2024

As at the date of this announcement, there are (i) two Executive Directors, namely Mr. Jiang Jiang and Mr. Wu Lei; (ii) three Non-executive Directors, namely Mr. Ding Lin, Mr. Wang Zhenhui and Mr. Kang Jian; and (iii) three Independent Non-Executive Directors, namely Mr. Liu Song, Ms. Kent Shun Ming and Ms. Chan Lai Ping.