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Theme

THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 990)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the “**Board**”) of directors (the “**Directors**”) of Theme International Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2017 together with the comparative figures for the corresponding period in 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	<i>Notes</i>	2017 <i>HK\$’000</i>	2016 <i>HK\$’000</i>
Revenue	3	5,389,307	1,581,947
Cost of sales		<u>(5,321,420)</u>	<u>(1,569,092)</u>
Gross profit		67,887	12,855
Other income, gain and loss	4	(6,281)	(662)
Selling and distribution expenses		(592)	(600)
Administrative expenses		<u>(25,691)</u>	<u>(35,506)</u>
Profit/(loss) from operations		35,323	(23,913)
Finance costs	5	<u>(8,319)</u>	<u>(1,643)</u>
Profit/(loss) before taxation		27,004	(25,556)
Income tax	6	<u>(5,655)</u>	<u>(381)</u>
Profit/(loss) for the year attributable to owners of the Company	7	<u>21,349</u>	<u>(25,937)</u>

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Other comprehensive (loss)/income:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(163)</u>	<u>197</u>
		<u>(163)</u>	<u>197</u>
Total comprehensive income/(loss) for the year attributable to owners of the Company		<u><u>21,186</u></u>	<u><u>(25,740)</u></u>
Earnings/(loss) per share			
			(restated)
– Basic (HK cents per share)	9	<u><u>0.31</u></u>	<u><u>(0.44)</u></u>
– Diluted (HK cents per share)	9	<u><u>0.31</u></u>	<u><u>(0.44)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		<u>3,659</u>	<u>575</u>
Current assets			
Inventories		1,325	–
Loan to a customer	10	–	5,390
Trade and bills receivables and interest receivables	11	858,809	558,203
Accounts receivables	12	1,961	–
Prepayments, deposits and other receivables	13	2,493	72,862
Current tax recoverable		328	–
Cash and bank balances		<u>92,904</u>	<u>27,432</u>
		<u>957,820</u>	<u>663,887</u>
Current liabilities			
Trade payables	14	290,207	460,428
Trust receipt loans	15	37,796	–
Accounts payables	16	780	–
Accruals and other payables		9,568	1,414
Current tax payable		<u>5,696</u>	<u>388</u>
		<u>344,047</u>	<u>462,230</u>
Net current assets		<u>613,773</u>	<u>201,657</u>
NET ASSETS		<u>617,432</u>	<u>202,232</u>
Capital and reserves			
Share capital		19,736	13,157
Reserves		<u>597,696</u>	<u>189,075</u>
TOTAL EQUITY		<u>617,432</u>	<u>202,232</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL INFORMATION

Theme International Holdings Limited is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Unit 3401-03, 34/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries are (i) trading of bulk commodities and related products in Hong Kong, Singapore and the PRC; and (ii) provision of loan financing services, securities and derivatives financial services and provision of margin financing in Hong Kong and Singapore. In the first quarter of 2016, the Group was also engaged in retailing garments through the operation of retail outlets and department store counters in Taiwan. The garment retail business ceased by the end of March 2016.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Sales from trading of goods	5,388,915	1,576,354
Interest income from loans to customers	377	4,850
Commission income and financial services fee income	15	–
Retailing of garments	–	743
	<u>5,389,307</u>	<u>1,581,947</u>

(b) Segment information

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

During the year ended 31 December 2017, the Group's reportable and operating segments are as follows:

- (i) Distribution and trading business – trading of bulk commodities and related products in Hong Kong, Singapore and the Peoples Republic of China (the “**PRC**”); and
- (ii) Financial services business – provision of loan financing services, securities and derivatives financial services and provision of margin financing in Hong Kong and Singapore.

During the year ended 31 December 2016, the Group's reportable and operating segment also include the garment retailing segment in Taiwan which was terminated during the year ended 31 December 2016.

Segment information and results:

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

Year ended 31 December 2017

	Distribution and trading <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>5,388,915</u>	<u>392</u>	<u>5,389,307</u>
Segment profit/(loss)	<u>58,560</u>	<u>(17,447)</u>	41,113
Finance costs	<u>(8,319)</u>	<u>–</u>	(8,319)
Unallocated other income, gain and loss			(80)
Corporate expenses			<u>(5,710)</u>
Profit before taxation			<u>27,004</u>

Year ended 31 December 2016

	Distribution and trading <i>HK\$'000</i>	Loan financing services <i>HK\$'000</i>	Retailing of garments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>1,576,354</u>	<u>4,850</u>	<u>743</u>	<u>1,581,947</u>
Segment profit/(loss)	<u>6,048</u>	<u>1,904</u>	<u>(729)</u>	7,223
Finance costs	<u>(1,643)</u>	<u>–</u>	<u>–</u>	(1,643)
Unallocated other income, gain and loss				(685)
Share-based compensation expenses				(24,047)
Corporate expenses				<u>(6,404)</u>
Loss before taxation				<u>(25,556)</u>

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

Segment assets and liabilities:

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

As at 31 December 2017

	Distribution and trading HK\$'000	Financial services HK\$'000	Total HK\$'000
Segment assets	<u>909,891</u>	<u>40,880</u>	950,771
Unallocated property, plant and equipment			3
Unallocated prepayments, deposits and other receivables			2,230
Current tax recoverable			328
Unallocated cash and bank balances			<u>8,147</u>
Consolidated assets			<u>961,479</u>
Segment liabilities	<u>293,362</u>	<u>1,673</u>	295,035
Trust receipt loans	<u>37,796</u>	<u>–</u>	37,796
Unallocated trade payables			3,768
Unallocated accruals and other payables			1,752
Current tax payable			<u>5,696</u>
Consolidated liabilities			<u>344,047</u>

As at 31 December 2016

	Distribution and trading <i>HK\$'000</i>	Loan financing services <i>HK\$'000</i>	Retailing of garments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>643,307</u>	<u>7,676</u>	<u>147</u>	651,130
Unallocated property, plant and equipment				16
Unallocated prepayments, deposits and other receivables				2,380
Unallocated cash and bank balances				<u>10,936</u>
Consolidated assets				<u>664,462</u>
Segment liabilities	<u>457,318</u>	<u>31</u>	<u>3,585</u>	460,934
Unallocated accruals and other payables				908
Current tax payable				<u>388</u>
Consolidated liabilities				<u>462,230</u>

Other segment information:

	Distribution and trading <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Year ended 31 December 2017</i>			
<i>Amounts included in the measure of segment results or segment assets:</i>			
Additions of property, plant and equipment	4	3,982	3,986
Depreciation of property, plant and equipment	<u>1</u>	<u>899</u>	<u>900</u>

	Loan financing services <i>HK\$'000</i>	Retailing of garments <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Year ended 31 December 2016</i>			
<i>Amounts included in the measure of segment results or segment assets:</i>			
Depreciation of property, plant and equipment	<u>160</u>	<u>5</u>	<u>165</u>

Geographical information:

	Revenue		Non-current assets	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	377	1,181,287	3,249	575
Singapore	5,388,930	399,917	406	–
The PRC	–	–	4	–
Taiwan	–	743	–	–
	<u>5,389,307</u>	<u>1,581,947</u>	<u>3,659</u>	<u>575</u>

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

Information about major customers:

Revenue from four (2016: three) customers from the Group's distribution and trading business segment contributing over 10% of the total revenue of the Group represents approximately HK\$3,967,800,000 (2016: approximately HK\$1,454,285,000) of the Group's total revenue.

4. OTHER INCOME, GAIN AND LOSS

	2017	2016
	HK\$'000	HK\$'000
Interest income on bank deposits	15	4
(Loss)/gain on disposal of property, plant and equipment	(2)	22
Exchange loss, net	(102)	(771)
Impairment loss on loan to a customer and interest receivables	(6,199)	–
Others	7	83
	<u>(6,281)</u>	<u>(662)</u>

5. FINANCE COSTS

	2017	2016
	HK\$'000	HK\$'000
Bills discounting interest expenses and interest expenses on trust receipt loans	<u>8,319</u>	<u>1,643</u>

6. INCOME TAX

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax – provision for the year	–	309
– over-provision for prior year	–	(6)
– Singapore Corporate Income Tax – provision for the year	5,696	78
– over-provision for prior year	(41)	–
	<u>5,655</u>	<u>381</u>

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits in respect of the Group's operating entities in Hong Kong for the year. No Hong Kong Profits Tax was provided for the year ended 31 December 2017 as the Company and its subsidiaries have no assessable profit arising from Hong Kong during the reporting period.

Singapore Corporate Income Tax is provided using the Singapore standard rate of income tax of 17% or the concession rate of 10% for the year ended 31 December 2017. 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, certain qualified income generated during the year ended 31 December 2017 from the distribution and trading business of the Group has been charged at a tax concessionary rate of 10%. Any other income not qualified for the GTP incentive has been charged at the standard rate of 17% during the year ended 31 December 2017. Singapore Corporate Income Tax was provided using the standard rate of 17% for the year ended 31 December 2016.

The profit tax rate prevailing in Taiwan is 17% for both years and no provision for Taiwan profit tax was made in both years as the Company and its subsidiaries have no assessable profit arising in Taiwan.

The reconciliation between the income tax and profit/(loss) before tax is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit/(loss) before taxation	<u>27,004</u>	<u>(25,556)</u>
Notional tax on profit/(loss) before taxation, calculated at the rates applicable in the jurisdiction concerned	4,690	(4,217)
Tax effect on income that is not taxable	(51)	(89)
Tax effect of expenses that are not deductible	752	4,139
Over provision in respect of prior years	(41)	(6)
Utilisation of tax losses previously not recognised	–	(680)
Effect of GTP incentive award	(3,544)	–
One-off tax reduction	(78)	(98)
Tax losses not recognised	<u>3,927</u>	<u>1,332</u>
	<u>5,655</u>	<u>381</u>

At the end of the reporting period, subject to agreement with tax authorities, the Group has unused tax losses of approximately HK\$408,136,000 (2016: approximately HK\$374,706,000) available for offsetting against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unused tax losses are losses of approximately HK\$39,628,000 (2016: approximately HK\$36,042,000) that will expire on or before 2025 (2016: expire on or before 2025), other tax losses may be carried forward indefinitely.

7. PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is stated after charging the following:

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Cost of inventories recognised as expenses	<i>(a)</i>	5,321,380	1,569,092
Depreciation of property, plant and equipment		900	168
Auditors' remuneration			
– audit services		665	543
– non-audit services	<i>(c)</i>	110	55
		775	598
Operating lease rentals in respect of rented premises		3,266	1,199
Directors' remuneration	<i>(b)</i>	6,212	8,014
Consultancy fees	<i>(b)</i>	463	19,118
Other staff costs	<i>(b)</i>		
– salaries, bonuses and allowances		6,960	2,195
– retirement benefits scheme contributions		356	59
		7,316	2,254

Notes:

- (a) Excess obsolete inventory provisions of approximately HK\$903,000 were reversed in the year ended 31 December 2016 when the relevant inventories were sold. No provision was reversed in the year ended 31 December 2017.
- (b) For the year ended 31 December 2016, equity-settled share-based payment comprised share-based payment to Directors, employees and other qualified persons of which approximately HK\$4,836,000, HK\$93,000 and HK\$19,118,000 were included in Directors' remuneration, other staff costs and consultancy fees respectively. No equity-settled share-based payment was recorded in the year ended 31 December 2017.
- (c) The remuneration in respect of non-audit service provided by the Company's auditors in the year ended 31 December 2017 was HK\$190,000 (2016: HK\$55,000), in which HK\$110,000 (2016: HK\$55,000) was charged to profit or loss in the year and HK\$80,000 (2016: HK\$ Nil) relating to the professional services in connection with the rights issue was charged to equity in the year.

8. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2017 (2016: Nil).

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share attributable to owners of the Company was based on the profit/(loss) for the year attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the rights issue during the year.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit/(loss):		
Profit/(loss) for the year attributable to owners of the Company		
for the purpose of basic earnings/(loss) per share	<u>21,349</u>	<u>(25,937)</u>

2017 '000	2016 '000 (restated)
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Number of shares:

Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share (<i>note</i>)	<u>6,981,797</u>	<u>5,876,245</u>
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Note: On 21 June 2017, the Company announced the completion of a rights issue of 2,631,409,918 rights shares at HK\$0.15 per rights share. As the Company's share market price immediately before the exercise of rights was higher than the rights subscription price, this gave rise to a bonus element in the rights issue to existing shareholders. Therefore earnings/(loss) per share is calculated as if the bonus element (but not the total rights issue) arose proportionately at the start of the earliest period for which earnings/(loss) per share is presented in accordance with the requirements under HKAS 33.

(b) Diluted earnings/(loss) per share

As the Company's outstanding share options had an anti-dilutive effect to the basic loss per share calculation for the year ended 31 December 2016, the conversion of the above potential dilutive shares will result in a decrease of loss per share for that year. During the current year, there is no instrument with potential dilutive shares issued by the Company. Therefore the basic and diluted earnings/(loss) per share for the respective years are equal.

10. LOAN TO A CUSTOMER

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loan to a customer	5,390	5,390
Provision for impairment	<u>(5,390)</u>	<u>–</u>
	<u>–</u>	<u>5,390</u>

Movements in the provision for impairment of loan to a customer is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
At 1 January	–	–
Provision for impairment recognised during the year	<u>5,390</u>	<u>–</u>
At 31 December	<u>5,390</u>	<u>–</u>

The fixed-rate loan to a customer of HK\$5,390,000 (2016: HK\$5,390,000) as at the end of reporting period under the Group's loan financing services operation represent loan advances to an independent third party which was secured by personal guarantee. The interest rate for the loan to a customer was 12% per annum.

The loan made available to customers depends on management's assessment of credit risk on the customers by evaluation on background check and repayment abilities. The Group determines the allowance of impaired debts based on the evaluation of collectability and aging analysis of accounts and on the management's judgment, including assessment of change of credit quality and the past collection history of each customer. At 31 December 2017, the loan was past due (2016: Nil) and no refund was probable despite the series of chasing actions conducted by the Group. Accordingly, an allowance was made for estimated irrecoverable loan of HK\$5,390,000 (2016: Nil).

Aging analysis

Aging analysis of loan to a customer prepared based on loan commencement or renewal date set out in the relevant contracts, and net of impairment allowances, is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Less than 1 year	<u>–</u>	<u>5,390</u>

Aging analysis of loan to a customer prepared based on contractual due date, and net of impairment allowances, is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Not yet past due	<u>–</u>	<u>5,390</u>

11. TRADE AND BILLS RECEIVABLES AND INTEREST RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade and bills receivables	858,809	557,772
Interest receivables	809	431
Allowance for bad and doubtful debts	<u>(809)</u>	<u>–</u>
	<u>858,809</u>	<u>558,203</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 are on letter of credit or document against payment. The remaining sales are with average credit period of 5 to 90 days (2016: 5 to 90 days).

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Not yet due or within 90 days	854,547	558,187
91-180 days	4,262	–
Over 1 year	<u>–</u>	<u>16</u>
	<u>858,809</u>	<u>558,203</u>

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

In determining the recoverability of the trade and bills receivables and interest receivables, the Group considers any changes in the credit quality of the trade and bills receivables and interest receivables from the date credit was initially granted up to the end of the reporting period. Save as the interest receivables due from the loan to a customer as mentioned on note 10 to the consolidated financial statements, the Directors consider that no allowance for bad and doubtful debts is required. No allowance for bad and doubtful debts are provided for trade receivables and bills receivables during the year and at the end of the reporting period.

12. ACCOUNTS RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Arising from the business of dealing in futures contracts:		
– Brokers and dealers		
– representing customer balances	780	–
– representing house balances	<u>1,169</u>	<u>–</u>
	1,949	–
Arising from financial services provided:		
– Customers	<u>12</u>	<u>–</u>
	<u><u>1,961</u></u>	<u><u>–</u></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 judgement, including the creditworthiness, collateral and past collection history of the counter-parties.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade deposits	–	70,082
Prepayments	918	1,008
Deposit and other receivables	<u>1,575</u>	<u>1,772</u>
	<u><u>2,493</u></u>	<u><u>72,862</u></u>

As at 31 December 2016, trade deposits were paid to a major supplier for the purchases of commodities.

14. TRADE PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	<u>290,207</u>	<u>460,428</u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 90 days	273,103	456,966
91-180 days	13,336	–
Over 1 year	<u>3,768</u>	<u>3,462</u>
	<u>290,207</u>	<u>460,428</u>

15. TRUST RECEIPT LOANS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trust receipt loans – secured	<u>37,796</u>	<u>–</u>

The maturity of trust receipt loans is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Repayable on demand or within 1 year	<u>37,796</u>	<u>–</u>

Trust receipt loans at 31 December 2017 are secured by:

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

The average effective interest rate per annum at 31 December 2017 is as follows:

	2017	2016
Trust receipt loans	<u>2.56%</u>	<u>–</u>

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

16. ACCOUNTS PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Arising from the business of dealing in futures contracts	<u>780</u>	<u>–</u>

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

17. EQUITY-SETTLED SHARE OPTION SCHEME

The Share Option Scheme of the Company (the “**2009 Scheme**”) was adopted by the Company on 29 December 2009.

The purpose of the 2009 Scheme is to encourage the eligible participants to perform their best in achieving the goals of the Group and at the same time allow the participants to enjoy the results of the Company attained through their efforts and contributions and to provide the participants with incentives and help the Company in retaining its existing employees and recruiting additional employees. A stronger business relationship will accordingly be established by the Group with the participants. Eligible participants of the 2009 Scheme include any employee, business associates and trustee.

The 2009 Scheme shall be valid and effective for a period of 10 years commencing from the date of approval of the 2009 Scheme.

The total number of shares which may be issued upon exercise of all options which may be granted under the 2009 Scheme shall not exceed 10% of the total number of shares in issue on 9 May 2016 when the share option limit was refreshed at the annual general meeting. The maximum number of shares issuable under share options to each eligible participant in the 2009 Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at anytime. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Any grant of option to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors. In addition, any share options granted to a substantial shareholder of the Company or an independent non-executive director or any of their respective associates in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer. The share option may be exercised at any time during the option period, which is determinable by the Company’s Board of Directors and will not exceed 10 years from the date of grant of the options.

The exercise price of the share options is determinable by the Company's Board of Directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of the share options; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 6 April 2016, the Company granted 201,000,000 share options to certain of its Directors, employees and other eligible participants at the exercise price of HK\$0.27 per share and are vested and exercisable immediately. The closing share price at date of grant on 6 April 2016 was HK\$0.27.

The fair value of the share options granted in 2016 were determined using the Binomial Tree Option Pricing Model. Significant inputs into the calculation included expected volatilities of 54.13%, estimated expected life of 10 years, risk-free interest rate of 1.199% and dividend yield of 0%. The Binomial Tree Option Pricing Model was developed for use in estimating the fair value of traded options and requires input of highly subjective assumptions, including the expected life and stock price volatility. Since the Company's share options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimates, the Binomial Tree Option Pricing Model does not necessarily provide a reliable measure of the fair value of the share options.

The fair value of the share options granted in 2016, measured at the date of grant, were approximately HK\$24,047,000. As the options are vested immediately, the amounts are recognised as share-based compensation expenses in profit or loss at the date of grant. An aggregate amount of approximately HK\$24,047,000 has been charged as directors' remuneration, other staff cost and consultancy fees during the year ended 31 December 2016. The corresponding amount has been credited to the share-based payment reserve.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

The following table discloses movements in the Company's share options during the year ended 31 December 2016:

	Notes	Outstanding at 1 January 2016	Granted during the year	Reclassified during the year	Lapsed/ cancelled during the year	Outstanding at 31 December 2016	Grant date	Exercisable period	Exercise price
Directors									
Mr. Wong Lik Ping	1	3,000,000	-	(3,000,000)	-	-	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Mr. Ng Chi Lung		-	40,000,000	-	(40,000,000)	-	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Mr. Wong Hok Bun, Mario		-	10,000,000	-	(10,000,000)	-	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Mr. Chan Chi Ming, Tony		-	1,000,000	-	(1,000,000)	-	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Mr. Wu Shiming		-	1,000,000	-	(1,000,000)	-	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Mr. Chan Wah		-	1,000,000	-	(1,000,000)	-	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Sub-total		3,000,000	53,000,000	(3,000,000)	(53,000,000)	-			
Other employees	2	3,000,000	-	(3,000,000)	-	-	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Other employee		-	1,000,000	-	(1,000,000)	-	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Others		127,000,000	-	-	(127,000,000)	-	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Others	3	6,000,000	-	-	(6,000,000)	-	15 April 2010	15 April 2012 – 30 November 2016	HK\$1.70
Others	5	12,500,000	-	-	(12,500,000)	-	15 April 2010	15 April 2012 – 28 February 2017	HK\$1.70
Others	4	6,000,000	-	-	(6,000,000)	-	15 April 2010	15 April 2012 – 3 May 2017	HK\$1.70
Others	1	-	-	3,000,000	(3,000,000)	-	15 April 2010	15 April 2012 – 5 July 2017	HK\$1.70
Others	2	-	-	3,000,000	(3,000,000)	-	15 April 2010	15 April 2012 – 31 July 2017	HK\$1.70
Others		-	147,000,000	-	(147,000,000)	-	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Total		<u>157,500,000</u>	<u>201,000,000</u>	<u>-</u>	<u>(358,500,000)</u>	<u>-</u>			

Notes:

1. Mr. Wong Lik Ping resigned as executive director on 6 January 2016. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from his resignation.
2. Some employees resigned during the year ended 31 December 2016. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from their resignation.
3. Mr. Kee Wah Sze and Mr. To Yan Ming Edmond resigned as independent non-executive directors on 31 May 2015. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from their resignation.
4. Mr. Huang Bin and Mr. Chan Pat Lam resigned as non-executive director and independent non-executive director respectively on 4 November 2015. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from their resignation.
5. Some employees resigned during the year ended 31 December 2015. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from their resignation.

No share option was exercised under the 2009 Scheme during the year ended 31 December 2016.

All 358,500,000 outstanding share options granted under the 2009 Scheme were either cancelled or lapsed, on 19 July 2016, as a result of the general offers made by Wide Bridge Limited to acquire all the issued shares of the Company and to cancel all outstanding options of the Company (other than those already owned by Wide Bridge Limited and parties acting in concert with it). Details of which are set out in the composite offer and response document dated 29 June 2016 jointly issued by Wide Bridge Limited and the Company. The share-based payment reserve balance is released to accumulated losses upon the share options were either cancelled or lapsed on 19 July 2016.

No share option was granted, exercised, lapsed or cancelled under the 2009 Scheme during the year ended 31 December 2017. There were no share options outstanding as at 31 December 2017 and 2016.

Apart from the 2009 Scheme, during the years ended 31 December 2017 and 2016, no rights were granted to the Directors, chief executives of the Company, or any of their spouses or children under 18 years of age to subscribe for equity or debt securities of the Company.

18. RELATED PARTY TRANSACTIONS

Except for the related party transactions disclosed elsewhere in the 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 year:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income from Golden Empires Limited (<i>note</i>)	<u> -</u>	<u> 2,659</u>

Note:

On 31 March 2016, Mr. Ng Chi Lung was appointed as executive director, vice chairman and authorised representative of the Company with effect from 1 April 2016. As Golden Empires Limited and Putian City Jin Di Huang Trading Company Limited* (莆田市金帝皇貿易有限公司) are wholly-owned by Ms. Ng Yin, the elder sister of Mr. Ng Chi Lung, the newly appointed executive director and vice chairman of the Company, while the terms of the loan agreement remain unchanged, the transaction thereunder has become a continuing connected transaction of the Company since Ms. Ng Yin, Golden Empires Limited, Putian City Jin Di Huang Trading Company Limited* (莆田市金帝皇貿易有限公司) have become related parties of the Company following the appointment of Mr. Ng Chi Lung as executive director and vice chairman of the Company.

Interest income from Golden Empires Limited for the period from 1 April 2016 (the date of which Golden Empires Limited becomes a related party) to 31 December 2016 was approximately HK\$2,659,000.

* *for identification purpose only*

VICE CHAIRMAN'S STATEMENT

On behalf of the Board (the “**Board**”) of Directors (the “**Director(s)**”) of Theme International Holdings Limited (the “**Company**”) and its subsidiaries (collectively as the “**Group**”), I am delighted to announce that, for the year ended 31 December 2017 (the “**Year**”), the Group’s profit attributable to equity owners of the Company was approximately Hong Kong dollars (“**HK\$**”) 21,349,000, as compared to a loss of approximately HK\$25,937,000 for the year ended 31 December 2016 (the “**Corresponding Year**”).

The successful turnaround of the Group’s performance was mainly due to the improvement in financial performance of the distribution and trading business, in particular the trading of iron ore during the Year. The distribution and trading business has recorded a segment profit before interest and tax of approximately HK\$58,560,000 in the Year, representing an increase of approximately 868.3% compared to approximately HK\$6,048,000 in the Corresponding Year. The improvement was mainly due to the increase in volume of iron ore traded during the Year, where revenue from distribution and trading segment increased by approximately 241.9% from approximately HK\$1,576 million in the Corresponding Year to approximately HK\$5,389 million in the Year.

In April 2017, the Group’s management noted there was a sharp drop in monthly average iron ore price from United States dollars (“**US\$**”) 88.72 per tonne in February 2017 to US\$70.67 per tonne in April 2017, representing approximately a 20% decrease in two months. The Group was of the view that the iron ore price has dropped to a level attractive enough to spark interests from potential customers in the People’s Republic of China (the “**PRC**”) for restocking and demand for iron ore import will likely increase. In order to increase trading volume to benefit from the potential rebound in iron ore price, the Company proposed to issue 2,631,409,918 rights shares at HK\$0.15 per share on the basis of 1 rights share for every 2 existing shares held by shareholders of the Company in May 2017. The rights issue was completed in June 2017 and approximately HK\$394,014,000 of proceeds (net of share issue cost) was raised.

The availability of the rights issue proceeds mentioned above, and together with the utilization of additional bank facilities line made available to the Group, the Group was able to enter into more iron ore contracts and therefore, revenue from distribution and trading segment has increased significantly.

The Group has broaden its supplier base in the second half of the Year and was able to purchase iron ore more competitively in the market. Since June 2017, iron ore price has gradually rebounded from US\$57.20 per tonne in June 2017 to US\$70.37 per tonne in September 2017 and benefiting from the increasing trend of iron ore price, the Group was able to record a higher gross profit margin in the second half of the Year. The overall gross profit for the year has improved from approximately 0.81% in 2016 to approximately 1.26% in 2017, leading to the significant increase in profit attributable to equity owners of the Company.

In December 2017, the Group has setup a new trading desk in Shanghai, the PRC. The new desk will serve new customers in the PRC and the Group hopes the new desk can bring in more business to the Group in 2018.

Financial services segment of the Group has recorded a segment losses of approximately HK\$17,447,000 in the Year, mainly attributable to the impairment loss on a loan to customer and interest receivables of approximately HK\$6,199,000 and the expenses incurred in the establishment of securities and derivatives financial services business.

The Group continuously explores new business opportunities that can deliver synergistic advantages to its physical commodities trading operations. In the fourth quarter of 2017, the Group successfully operationalised its commodity derivatives related financial services including but not limited to trading and clearing of derivatives contracts in global markets, inter-dealer broking services for over-the-counter commodities and structured trade finance operations. The new business will bring in extra revenue stream to the Group and will improve the performance of the financial services segment in 2018.

The PRC is the largest iron ore importer in the world, importing 1,024 million tonnes in 2016, and constituting 70% of the world's seaborne trade. With the domestic iron ore reserves being low in grade and high in impurity, to fulfil the PRC's huge demand on medium to high grade iron ore, it has to rely heavily on imports from overseas. The Group targets to grow its iron ore trading business in line with the increasing volume of iron ore import into the PRC and at the same time, exploring other opportunities to expand its financial services platform by bringing in new financial products to our customers.

As both distribution and trading and financial services are people-oriented business, the Group continued to invest heavily in human capital. The Group's headcount has increased from 13 at 31 December 2016 to 34 at 31 December 2017 with employees locating across Hong Kong, Singapore and the PRC. The Group believes best people can bring value to the Group and will continue to invest in human capital in future.

At last, I would like to take this opportunity to express my deepest gratitude to all the shareholders, my fellow directors, management team and staff to the Group for their support and contributions to the Group throughout the Year.

Ng Chi Lung

Vice Chairman and Executive Director

Hong Kong, 16 March 2018

MANAGEMENT DISCUSSION AND ANALYSIS

Theme International Holdings Limited and its subsidiaries are principally engaged in (i) trading of bulk commodities and related products in Hong Kong, Singapore and the PRC; and (ii) provision of loan financing services, securities and derivatives financial services and provision of margin financing in Hong Kong and Singapore. In the first quarter of 2016, the Group was also engaged in retailing garments through the operation of retail outlets and department store counters in Taiwan. The garment retail business ceased by the end of March 2016.

FINANCIAL AND BUSINESS REVIEW

Revenue, profit/(loss) for the year and basic earnings/(loss) per share of the Group for the year ended 31 December 2017 and 2016 are summarized as follows:

	Revenue		Profit/(loss) for the year		Basic earnings/(loss) per share	
	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		(restated)
From operations	<u>5,389,307</u>	<u>1,581,947</u>	<u>21,349</u>	<u>(25,937)</u>	<u>HK0.31 cents</u>	<u>HK(0.44) cents</u>

The Group recorded a total revenue of approximately HK\$5,389,307,000 (2016: approximately HK\$1,581,947,000) for the Year, representing an increase of approximately 240.7% over the Corresponding Year. Further analysis of the Group's revenue in the Year and the Corresponding Year is as follows:

	2017		2016	
	Revenue HK\$'000	Sales Volume Tonnes ('000)	Revenue HK\$'000	Sales Volume Tonnes ('000)
<i>Product</i>				
Iron Ore	4,933,586	12,403	1,576,354	3,903
Deformed Steel Bar	<u>455,329</u>	<u>127</u>	<u>–</u>	<u>–</u>
Distribution and trading	5,388,915		1,576,354	
Financial services	392		4,850	
Retailing of garments	<u>–</u>		<u>743</u>	
	<u>5,389,307</u>		<u>1,581,947</u>	

The distribution and trading business contributed to over 99% of the Group's revenue in the Year. Volume of iron ore traded in the year increased from approximately 3,903,000 tonnes in the Corresponding Year to approximately 12,403,000 tonnes in the Year, representing an increase of approximately 217.8%, together with the increase in average iron ore price, revenue from iron ore trade increased from approximately HK\$1,576,354,000 in the Corresponding Year to approximately HK\$4,933,586,000 in the Year, representing an increase of approximately 213.0%.

In June 2017, the Group successfully completed a rights issue and a total of 2,631,409,918 rights shares at HK\$0.15 per share were issued with proceeds of approximately HK\$394,014,000, net of share issue costs. With the availability of additional capital raised from the rights issue and the utilization of banking facilities available to the Group, the Group was able to increase its trading volume during the Year.

At the same time, the Group commenced the trading of prime deformed steel bar in the Year where the Group recorded a revenue of approximately HK\$455,329,000 (2016: Nil) and a trading volume of approximately 127,000 tonnes (2016: Nil) in the Year.

Gross profit margin of the Group increased to approximately 1.26% in the Year from approximately 0.81% in the Corresponding Year. Gross profit in the Year was mainly contributed by the distribution and trading segment. Iron ore price has increased gradually in the second half of the Year from US\$57.20 per tonne in June 2017 to US\$75.86 per tonne in December 2017 where the Group was able to benefit from selling at a higher price and hence a higher margin. The Group was also able to source iron ore from several new suppliers in the second half of the Year which are able to provide the Group with iron ore at a lower price. Gross profit margin in the second half of the Year was approximately 1.82% as compared to the gross profit margin of approximately 0.75% recorded in the first half of the Year when iron ore price was in a decreasing trend.

An one-off, non-cash, equity-settled share-based expense of approximately HK\$24,047,000 was recorded in the Corresponding Year due to the grant of 201,000,000 share options to certain directors, employees and business associates of the Group on 6 April 2016. Details of the equity-settled share-based expense is included in note 17 to the consolidated financial statements. There was no share options granted by the Company during the Year.

Excluding the one-off, non-cash, equity-settled share-based expense of approximately HK\$24,047,000, the underlying administrative expenses for the Corresponding Year were approximately HK\$11,459,000. The underlying administrative expenses have increased by approximately 124.2% from approximately HK\$11,459,000 in the Corresponding Year to approximately HK\$25,691,000 in the Year. The increase was mainly due to the expansion of the Group's trading operations to Singapore, increase in rental expenses and the expenses incurred in the establishment of regulated and licensed activities including derivatives broking and clearing, securities market access and margin financing services.

Finance costs of approximately HK\$8,319,000 (2016: approximately HK\$1,643,000) was incurred during the Year for factoring the Group's trade receivables and for settlement of interests arising from outstanding trust receipt loans. Management considered that reasonably increasing the Group's leverage will enable the Group to further expand its distribution and trading business and maximize return on shareholders' capital.

Income tax expense increased from approximately HK\$381,000 in the Corresponding Year to approximately HK\$5,655,000 in the Year, in line with the improved performance of the Group's distribution and trading business.

Bright Point Trading Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of the Company, was awarded the Global Trader Programme (“GTP”) incentive by the Inland Revenue Authority of Singapore. With effect from 1 January 2017, certain qualified income generated during the Year from the distribution and trading business of the Group has been charged at a tax concessionary rate of 10%. Any other income not qualified for the GTP incentive has been charged at the rate of 17% during the Year. The effective tax rate of Bright Point Trading Pte. Ltd. in the Year was approximately 10.4%, which was lower than the standard Singapore Corporate Income Tax rate of 17%.

The underlying profit/(loss) for the year is calculated as follows:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the year	21,349	(25,937)
Add back: Equity-settled share-based expense	<u> –</u>	<u> 24,047</u>
Underlying profit/(loss) for the year	<u>21,349</u>	<u>(1,890)</u>

Excluding the one-off, non-cash, equity-settled share-based expense of approximately HK\$24,047,000, the Group recorded an adjusted loss for the year of approximately HK\$1,890,000 in the Corresponding Year. The Group has successfully turned around in the Year and returned to profit for the first time since the commencement of the Group's distribution and trading and financial services businesses in 2015. Benefiting from the increased scale of operations, the distribution and trading segment recorded a segment profit of approximately HK\$58,560,000 (before deducting finance cost and profit tax) in the Year (2016: approximately HK\$6,048,000). However, this was partially offset by the segment loss of approximately HK\$17,447,000 recorded by the financial services segment in the Year where expenses incurred in the establishment of securities and derivatives financial services business.

The Group recorded a basic earnings per share of approximately HK0.31 cents in the Year as compared to a basic loss per share of approximately HK0.44 cents (restated) in the Corresponding Year.

FUTURE PROSPECTS

The Group will focus on the continuing development of the financial services business and the distribution and trading business in 2018.

(i) Financial services business

The Company is extending the scope of its principal activities to include the provision of a wide range of financial services, including securities and derivatives financial services (including access to global market), provision of futures and derivatives products, provision of market making services for global exchanges, provision of margin financing 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 lenders licence in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

Target customers include corporate customers in Hong Kong, with target loans denominated in Hong Kong dollars and for a period of one year in general but could be extended to mutual agreement, carrying interest at fixed rates ranging from 10% to 16% per annum. The loans are either 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 derivatives arm of the Group has commenced its operations to establish a financial services platform in derivatives facilitating international trade in commodities with combined access to both physical and derivatives market. Besides the Type 2 licence, the Group has exemption from Monetary Authority of Singapore licensing in Singapore to offer inter-dealer broking services in Singapore and global markets.

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

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

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

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

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

(ii) Distribution and Trading

The PRC government's effort in closing low grade iron ore mines to curb air pollution has led to the increasing demand for higher quality imports from overseas. Moreover, the property sector in the PRC is growing and the demand for constructions materials has increased continuously in the PRC.

According to the PRC Custom statistics, imports of iron ore from overseas have increased by approximately 5% from approximately 1.024 billion tonnes in 2016 to approximately 1.075 billion tonnes in 2017. The Group believes that the increasing demand for better quality iron ores will continue to grow in 2018 and there is a huge potential for iron ore trading in the PRC, which provides a good opportunity for the Group to further expand in this aspect.

In June 2017, the Group launched a rights issue to raise over HK\$390 million. The rights issue was significantly oversubscribed by approximately 7.7 times, when including excess applications, demonstrating investors' confidence in being part of the Company's continuing success in turning around. The proceeds raised were used to strengthen our balance sheet and fund the development of the Group's distribution and trading business. Depending on the performance of the Group's business, market conditions, volume of customer's orders and the management's ability to secure further contracts and financing, the Company will continue to review its funding needs. The Company may raise further fund if opportunities arise and it considers appropriate.

FUND RAISING ACTIVITIES

2017 Rights Issue (“2017 Rights Issue”)

On 4 May 2017, the Company announced a rights issue of 2,631,409,918 rights shares at HK\$0.15 per rights share on the basis of 1 rights share for every 2 existing shares held by Shareholders. The results of the 2017 Rights Issue was confirmed on 20 June 2017 and 2,631,409,918 rights shares were allotted and issued on 21 June 2017. The rights shares are ranked pari passu in all respects with the then existing shares. The gross proceeds from the 2017 Rights Issue was approximately HK\$394,711,000, excluding share issue costs of approximately HK\$697,000.

The entire net proceeds from 2017 Rights Issue has been applied to further develop the distribution and trading business of the Group. Details of the 2017 Rights Issue are set out in the announcements of the Company dated 4 May 2017, 18 May 2017 and 20 June 2017, the prospectus of the Company dated 29 May 2017 and in the “Use of Proceeds” section below.

SIGNIFICANT EVENTS

On 28 December 2017, the Group has entered into a shareholders agreement with four strategic shareholders to form a new subsidiary, BPI Financial Group Limited. The principal activity of BPI Financial Group Limited and its subsidiaries is the provision of financial services in derivatives, including but not limited to access to global derivatives markets, trading and clearing of global derivatives and inter-dealer brokerage services. According to the shareholders agreement, the initial share capital of BPI Financial Group Limited is HK\$100 million, in which the Group contributes HK\$75 million and holds a 75% interest in BPI Financial Group Limited. The share capital injection was completed on 8 January 2018.

The Group is transferring its entire shareholding in Bright Point International Futures Limited to BPI Financial Group Limited and the Group’s interest in Bright Point International Futures Limited will decrease from 100% to 75% upon the completion of transfer. The transfer of Bright Point International Futures Limited is subject to the approval of the Securities and Futures Commission of Hong Kong and is not completed as at the date of this announcement.

CHARGES ON ASSETS

As at 31 December 2017, none of the Group’s assets was charged or subject to encumbrance.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group had no material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2017, there is no material acquisition or disposal of subsidiaries, associates and joint ventures.

PRINCIPAL RISKS AND UNCERTAINTIES

Commodities price risk

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

Exposure to fluctuation in exchange rates

The Group conducts its distribution and trading business in United States Dollars ("US\$"), Singapore Dollars ("SGD") and Renminbi ("RMB"). Foreign currency exposure to US\$ is minimal, as the Hong Kong Dollars ("HK\$") is pegged to the US\$ while the volume of transactions denominated in SGD and RMB are minimal as compared to transactions carried out in US\$ in the Year. As at 31 December 2017, the Group's major assets and liabilities were denominated in the functional currencies of the respective group entities. The Group had minimal material exposure to foreign exchange fluctuation.

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 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.

LIQUIDITY AND FINANCIAL RESOURCES

In June 2017, the Group successfully completed the 2017 Rights Issue of 2,631,409,918 rights shares at HK\$0.15 per share with proceeds of approximately HK\$394,014,000, net of share issue costs. Following the 2017 Rights Issue, the Group's net current assets has been improved to approximately HK\$613,773,000 (2016: approximately HK\$201,657,000), and net assets to approximately HK\$617,432,000 (2016: approximately HK\$202,232,000) respectively at 31 December 2017. As at 31 December 2017, there was a total loans and other borrowings of approximately HK\$37,796,000 outstanding (2016: Nil).

As at 31 December 2017, the current ratio (as defined as current assets divided by current liabilities) was approximately 2.78 (2016: approximately 1.44) and the gearing ratio (as defined as loans and other borrowings divided by net assets) was approximately 0.06 (2016: Nil).

As at 31 December 2017, the Group had an undrawn banking letter of credit limit totalling approximately US\$362,250,000, equivalent to approximately HK\$2,825,552,000 (2016: US\$100 million, equivalent to approximately HK\$780 million).

CAPITAL EXPENDITURE

The total capital expenditure of the Group for the Year was approximately HK\$2,183,000 (2016: Nil) for addition of leasehold improvements and approximately HK\$1,803,000 (2016: approximately HK\$13,000) for addition of furniture, fixtures and other equipment.

As at 31 December 2017, the Group had no material capital expenditure commitments.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except as disclosed in this announcement, as at 31 December 2017, the Group does not have any other plan for material investments or capital assets.

HUMAN RESOURCES

As at 31 December 2017, the Group had 11 employees in Hong Kong, 16 employees in Singapore and 7 employees in the PRC. The remuneration committee of the Company and the Directors reviewed remuneration policies regularly. The structure of the remuneration packages would take into account the level and composition of pay and the general market conditions in the respective countries and businesses. Other than the competitive remuneration package offered to the employees, share options may also be granted to selected employees based on the Group's performance.

USE OF PROCEEDS

The Company has conducted the following equity fund raising activities during the Year and subsequently after 31 December 2017:

Date of announcement and prospectus	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
4, 18 and 29 May 2017, 20 June 2017	Subscription of new shares under rights issue	HK\$394,014,000	Intended to be used for settlement of the payment for additional iron ore shipment contracts entered in May and June 2017.	Utilized as intended

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the Year and the period immediately prior to the date of this announcement.

DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2017 (2016: Nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance, holding the beliefs of transparency, independence, honesty and accountability, with a view to enhance investors' confidence. The Company therefore strives to attain and maintain effective corporate governance practices and procedures. Save and except for code provisions E.1.2 and A.2.1 (details of which are set out below), the Company has complied with all the Code Provisions and to a certain extent of the recommended best practices set out in the Corporate Governance Code contained in Appendix 14 (the "CG Code") of the Listing Rules throughout the year ended 31 December 2017.

Under Code Provision E.1.2 of the CG Code, the Chairman of the Board should attend the annual general meeting. Since the resignation of the Chairman of the Company on 1 April 2016, the role of Chairman has been vacant and temporarily acted by Mr. Ng Chi Lung, the Vice Chairman of the Company to fill the casual vacancy of the position of Chairman. Mr. Ng Chi Lung has attended the annual general meeting held on 26 May 2017.

Under Code Provision A.2.1 of the CG Code, the role of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual. Since the resignation of CEO of the Company in 2013, and the resignation of the Chairman of the Company on 1 April 2016, the roles of CEO and Chairman have been vacant and temporarily acted by Mr. Ng Chi Lung, the Vice Chairman of the Company to fill the casual vacancy of the positions of CEO and Chairman. Given the current corporate structure, the roles of CEO and Chairman are temporarily handled by Mr. Ng Chi Lung as the Board has not identified suitable candidates to be appointed as CEO and Chairman. However, before any suitable candidates have been appointed as CEO and Chairman, the Board considers that it is appropriate and in the best interests of the Company to maintain the current arrangement as all major decisions are made in consultation with the Board members and the senior management of the Company.

The Board believes that Mr. Ng Chi Lung is able to maintain the continuity of the Company's policies and the stability of the Company's operations. The effectiveness of the corporate planning and implementation of corporate strategies and decisions will not be affected. The Board would segregate the roles of the Chairman and CEO when suitable candidates are appointed as CEO and Chairman.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company has made specific enquiries with all directors of the Company and each of them confirmed that they have complied with the Model Code throughout the year ended 31 December 2017.

AUDIT COMMITTEE

As at 31 December 2017, the audit committee of the Company comprises of three independent non-executive directors of the Company, namely Mr. Chan Chi Ming, Tony (Chairman of the audit committee), Mr. Wu Shiming and Mr. Chan Wah. The Audit Committee has adopted terms of reference which are in line with the CG Code. The audit committee has reviewed the Group's annual results for the year ended 31 December 2017.

SCOPE OF WORK OF EXTERNAL AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2017. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

The 2017 annual report of the Company will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Theme International Holdings Limited
Ng Chi Lung
Executive Director

Hong Kong, 16 March 2018

As at the date of this announcement, there are (i) six Executive Directors, namely Mr. Ng Chi Lung (Vice Chairman), Mr. Wu Lei, Ms. Chen Jing, Mr. Cao Zhuoqun, Ms. Wu Aiping and Mr. Wong Hok Bun Mario and (ii) three Independent Non-executive Directors, namely Mr. Chan Wah, Mr. Chan Chi Ming, Tony and Mr. Wu Shiming.