

T h e m e

Theme International Holdings Limited

(Incorporated in Bermuda with limited liability) (Stock Code: 990)

ANNUAL REPORT

2023



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Corporate Information

Directors

Executive Directors

Mr. Jiang Jiang (*Chief Executive Officer*)

Mr. Wu Lei (*Chief Financial Officer*)

Ms. Chen Jing (Note 1)

Non-Executive Director

Mr. Ding Lin

Mr. Wang Zhenhui

Mr. Kang Jian

Independent Non-Executive Directors

Mr. Liu Song

Ms. Kent Shun Ming

Ms. Chan Lai Ping

Audit Committee

Ms. Kent Shun Ming (*Chairlady*)

Mr. Ding Lin

Ms. Chan Lai Ping

Remuneration Committee

Ms. Kent Shun Ming (*Chairlady*)

Mr. Liu Song

Ms. Chan Lai Ping

Nomination Committee

Ms. Kent Shun Ming (*Chairlady*)

Mr. Liu Song

Ms. Chan Lai Ping

Note:

(1) Resigned on 30 April 2023



Corporate Information

Authorised Representatives

Mr. Wu Lei

Mr. Ho Yui Pang

Company Secretary

Mr. Ho Yui Pang (*FCPA, ACS*)

Auditor

ZHONGHUI ANDA CPA Limited
23/F, Tower 2, Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay, Kowloon
Hong Kong

Legal Advisers on Bermuda Law

Conyers Dill & Pearman
29th Floor, One Exchange Square
8 Connaught Place, Central
Hong Kong

Legal Advisers on Hong Kong Law

Li & Partners
22/F, World Wide House
Central, Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office & Principal Place of Business in Hong Kong

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



Corporate Information

Principal Bankers

Bank of China (Hong Kong) Limited
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited
ING Bank N.V.
DBS Bank Limited
CIMB Bank Berhad
Industrial Bank Co. Ltd.
Industrial and Commercial Bank of China Limited
Bank of Communications Co., Ltd.
China Zheshang Bank Co., Ltd.

Principal Share Registrar in Bermuda

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Branch Share Registrar & Transfer Agent in Hong Kong

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

Stock Code

990

Website

www.990.com.hk



Directors' Statement

On behalf of the Board (the “**Board**”) of Directors (the “**Director(s)**”) of Theme International Holdings Limited (the “**Company**”) and its subsidiaries (collectively as the “**Group**”), I am delighted to announce that, for the year ended 31 December 2023 (the “**Year**”), the Group’s net profit attributable to owners of the Company was approximately Hong Kong dollars (“**HK\$**”) 1,200,955,000, as compared to the net profit attributable to owners of the Company of approximately HK\$1,206,822,000 for the year ended 31 December 2022 (the “**Corresponding Year**”).

The Group’s decrease in net profit for the year was mainly due to the drop in performance of the distribution, trading and processing business and the financial services business during the Year. The distribution and trading business has recorded a segment profit before interest and tax of approximately HK\$1,087,072,000 in the Year, representing a decrease of approximately 8% compared to approximately HK\$1,175,902,000 in the Corresponding Year. The financial service business has recorded a segment profit before interest and tax of approximately HK\$320,538,000 in the Year, representing a decrease of approximately 33% compared to approximately HK\$479,728,000 in the Corresponding Year.

Gross profit of the Group also decreased to approximately HK\$1,780,649,000 in the Year from approximately HK\$2,079,880,000 in the Corresponding Year. The decrease in gross profit was attributable to the decrease in gross profits from both commodity trading and fund trading activities.

The Group continuously explores new business opportunities that can deliver synergistic advantages to its physical commodities trading operations. Since the end of 2017, the Group successfully operationalised its commodity derivatives related financial services, including but not limited to trading and clearing of derivatives contracts in global markets, inter-dealer broking services for over-the-counter commodities, structured trade finance operations, and fund management.

In 2023, the financial services segment of the Group delivered results. In December 2020, the Monetary Authority of Singapore has approved the registration of a subsidiary of the Group as a Registered Fund Management Company. Besides existing regulated licences in Hong Kong, the Group has obtained Capital Market Services (CMS) License from the Monetary Authority of Singapore in Singapore in October 2021 to offer inter-dealer broking services and Global Clearing Services as well as Contract for Differences (CFDs) offerings in Singapore. The Group’s financial services, including clearing and inter-dealer broking services, also continued to expand and contributed profits to the Group.

As both distribution trading, and processing business and financial services business are people-oriented business, the Group continued to invest heavily in human capital. The Group’s headcount has increased from 360 at 31 December 2022 to 384 at 31 December 2023 with employees located across Hong Kong, Singapore, the PRC and the United Kingdom. The Group believes best people can bring value to the Group and will continue to invest in human capital in future.



Directors' Statement

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

Wu Lei

Executive Director

Hong Kong, 28 March 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 year and basic earnings per share of the Group for the years ended 31 December 2023 and 2022 are summarised as follows:

	Revenue		Profit for the year		Basic earnings per share	
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
From operations	55,376,948	39,090,928	1,200,955	1,206,822	HK8.91 cents	HK8.96 cents

The Group recorded a total revenue of approximately HK\$55,376,948,000 (2022: approximately HK\$39,090,928,000) for the year ended 31 December 2023 (the “**Year**”) representing an increase of approximately 42% over the year ended 31 December 2022 (the “**Corresponding Year**”). Further analysis of the Group’s revenue in the Year and Corresponding Year is as follows:

	2023	2022
	Revenue	Revenue
	HK\$'000	HK\$'000
<i>Products</i>		
Iron Ore	18,508,971	17,950,441
Silver and gold ingots	25,337,910	12,349,475
Other commodities and processing income (Note)	10,679,481	7,750,749
Distribution, trading and processing	54,526,362	38,050,665
Financial Services	850,586	1,040,263
	55,376,948	39,090,928

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

Management Discussion and Analysis

The distribution, trading and processing business contributed to the majority of the Group's revenue in the Year. Iron ore and silver and gold ingots trading represented the main commodity product of the distribution, trading and processing business. During the Year, 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\$38,050,665,000 in the Corresponding Year to approximately HK\$54,526,362,000 in the Year. The increase was mainly due to an increase in trading volumes of both silver and gold ingots.

During the Year, the Group recorded revenues from the provision of financial services approximately HK\$850,586,000 (2022: approximately HK\$1,040,263,000). The decrease in revenue during the Year was due to the decrease in funds performances.

Gross profit of the Group also decreased to approximately HK\$1,780,649,000 in the Year from approximately HK\$2,079,880,000 in the Corresponding Year. The decrease in gross profit was attributable to the decrease in gross profits from both commodity trading and fund trading activities.

Other gains of approximately HK\$197,622,000 were incurred during the Year. Interest income on bank deposits amounted to HK\$103,780,000 (2022: approximately HK\$28,310,000) during the Year. Interest income increased due to the increase in interest rates. Also, gains on financial assets at fair value via profits and loss of approximately HK\$117,060,000 were recorded during the Year (2022: HK\$48,444,000). The gains were recorded mainly because of the fair value gains on the existing shares of Green Estee Pte. Ltd., when it became associate of the Company during the Year. They were partly offset by the exchange loss of HK\$56,680,000 (2022: exchange loss of approximately HK\$8,125,000). The exchange loss arose mostly from the fluctuation of USD/RMB exchange rate. Cargoes sold by Shanghai trading desk were denominated in RMB.

Selling and distribution expenses of approximately HK\$91,250,000 (2022: approximately HK\$76,038,000) were incurred during the Year, mainly attributable to the charges paid when importing cargoes into China.

Administrative expenses of approximately HK\$373,042,000 (2022: approximately HK\$374,193,000) were incurred during the Year, which were mostly in line with the operating performance of the Group.

Finance costs of approximately HK\$28,321,000 (2022: approximately HK\$41,118,000) were incurred during the Year for the factoring of the Group's trade receivables and for the settlement of interests arising from outstanding trust receipt loans.

Share of profits of associates totaling HK\$36,507,000 (2022: HK\$93,843,000) was recorded during the Year. It arose from the share of profits of associates of 連雲港恆鑫通礦業有限公司 (Lianyungang Hengxintong Mining Co., Ltd.*) and Green Estee Pte. Ltd.. The decrease was mainly due to the decline in financial performance of 連雲港恆鑫通礦業有限公司 during the year.

Income tax expense decreased from approximately HK\$169,910,000 in the Corresponding Year to approximately HK\$140,084,000 in the Year, which is was line with the decrease in profits.

Management Discussion and Analysis

The profit for the Year attributable to owners of the Company was approximately HK\$1,200,955,000 in the Year, as compared to approximately HK\$1,206,822,000 in the Corresponding Year.

The Group recorded a basic earnings per share of approximately HK8.91 cents in the Year as compared to a basic earnings per share of approximately HK8.96 cents in the Corresponding Year.

Future Prospects

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

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.



Management Discussion and Analysis

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 2023, 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.



Management Discussion and Analysis

FUND RAISING ACTIVITIES

The Company has not conducted any equity fund raising activities for the year ended 31 December 2023 and the period immediately prior to the date of this annual report.

SIGNIFICANT EVENTS

Saved as the events as shown in “Material Acquisitions and Disposals”, the Directors are not aware of any significant events that have taken place during the year ended 31 December 2023.

EVENTS AFTER THE REPORTING PERIOD

On 25 March 2024, the transaction in relation to the approval of the exercise of call option to subscribe up to 120,000,000 ordinary shares of Green Estee Pte. Ltd. has been passed by independent shareholders at the special general meeting dated 25 March 2024. For details, please refer to the announcement of the Company dated 25 March 2024.

Save that, the Directors are not aware of any events that have taken place subsequent to 31 December 2023 and up to the date of this annual report.

CHARGES ON ASSETS

Save for the restricted deposits of approximately HK\$277,248,000 (2022: approximately HK\$6,733,000), which were restricted for securing banking facilities granted to the Group, none of the Group’s assets was charged or subject to encumbrance as at 31 December 2023.

CONTINGENT LIABILITIES

As at 31 December 2023, 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 Estee Pte. Ltd. (“**Green Estee**”), pursuant to which Green Estee has granted the call option to the Company to subscribe up to 120,000,000 ordinary shares of Green Estee (“**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 Estee 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.

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.

Saved as disclosed above, during the year ended 31 December 2023, there is no material acquisition or disposal of subsidiaries, associates and joint ventures, which requires disclosures under the Listing Rules.

Management Discussion and Analysis

PRINCIPAL RISKS AND UNCERTAINTIES

Commodities price risk

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

Exposure to fluctuation in exchange rates

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

Counterparty credit and performance risk

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

Interest rate risk

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

Legal, regulatory and compliance risk

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

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

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

Management Discussion and Analysis

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

Price risk

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group's net current assets were approximately HK\$6,407,573,000 (2022: approximately HK\$5,135,547,000), and its net assets were approximately HK\$7,269,828,000 (2022: approximately HK\$5,908,953,000). As at 31 December 2023, the Group had outstanding loans and other borrowings of approximately HK\$4,337,000 (2022: approximately HK\$165,564,000).

As at 31 December 2023, the current ratio (defined as current assets divided by current liabilities) was approximately 1.71 (2022: approximately 1.67) and the gearing ratio (defined as loans and other borrowings divided by net assets) was 0.0006 (2022: 0.03).

As at 31 December 2023, the Group had an undrawn banking letter of credit limit totalling approximately US\$428,403,000, equivalent to approximately HK\$3,341,543,000 (2022: US\$323,917,000, equivalent to approximately HK\$2,526,553,000).

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

The capital expenditure of the Group for the Year was approximately HK\$14,284,000 (2022: approximately HK\$29,463,000) for addition of property, plant and equipment.

As at 31 December 2023, the Group had no material capital expenditure commitments (2022: Nil).

As at 31 December 2023, the Group had no material capital commitments (2022: HK\$108,662,000).

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except as disclosed in this annual report, as at 31 December 2023, the Group does not have any other plans for material investments or capital assets.



Management Discussion and Analysis

HUMAN RESOURCES

As at 31 December 2023, the Group had 384 employees in total (2022: 360), consisting of 11 employees in Hong Kong, 125 employees in Singapore, 245 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.

CAPITAL STRUCTURE AND EQUITY FUND RAISING

As at 31 December 2023, the Group had equity attributable to owners of the Company of approximately HK\$6,198,499,000 (2022: approximately HK\$4,584,488,000). During the year ended 31 December 2023 and up to the date of this annual report, the Company did not carry out other equity fund raising activities.



Directors' Report

The Board submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2023.

Principal Activities and Business Review

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

Particulars of the activities of the Company’s principal subsidiaries during the year are set out in note 40 to the consolidated financial statements. Further discussion and analysis of these activities is required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group’s business, can be found in the Management Discussion and Analysis set out on pages 7 to 14 of this Annual Report. This discussion forms part of this Directors’ Report.

Financial Results

The results of the Group for the year ended 31 December 2023 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 67 to 145.

Segment Information

The analysis of the Group’s revenue and the contribution to results by principal activities for the year ended 31 December 2023 is set out in note 7 to the consolidated financial statements.

Dividends and Share Repurchase

The Board of Directors declared an interim dividend of HK2 cents per ordinary share on 28 March 2024. The interim dividend will be paid in cash on 17 May 2024 to the shareholders on the Register of Members of the Company on 7 May 2024.

The Board of Directors has also 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.



Directors' Report

Closure of Register of Members for Interim Dividend

For the purpose of ascertaining shareholders entitlement to the interim dividend, the Register of Members of the Company will be closed from 3 May 2024 to 7 May 2024 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited (at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) not later than 4:30 p.m. on 2 May 2024.

Share Capital

Details of movements in the share capital of the Company during the year ended 31 December 2023 are set out in note 35 to the consolidated financial statements.

Equity Linked Agreements

No equity linked agreements were entered into by the Company during the year ended 31 December 2023 or subsisted at the end of the year.

Reserves

Details of the movements in reserves of the Company and the Group during the year ended 31 December 2023, are set out in note 36 to the consolidated financial statements and in the consolidated statement of changes in equity on page 70 of this annual report, respectively.

Distributable Reserves

The Company has reserves of accumulated profits amounting to approximately HK\$774,330,000, which are available for distribution to shareholders as at 31 December 2023 (2022: no reserves available for distribution).

Pursuant to the Bermuda Companies Act 1981 (as amended), the Company's share premium account of approximately HK\$1,877,644,000 (2022: approximately HK\$1,877,644,000) can be distributed in the form of fully paid shares.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.



Directors' Report

Donations

During the year ended 31 December 2023, the Group made charitable donations of approximately HK\$341,000 (2022: HK\$753,000).

Five Years Financial Summary

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 146. This summary does not form part of the audited financial statements.

Purchase, Sale or Redemption of Securities

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 2023.

Directors

The directors of the Company during the year and up to the date of this annual report were:

Executive Directors:

Mr. Jiang Jiang (*Chief Executive Officer*)

Mr. Wu Lei (*Chief Financial Officer*)

Ms. Chen Jing (Resigned on 30 April 2023)

Non-Executive Director:

Mr. Ding Lin

Mr. Wang Zhenhui

Mr. Kang Jian

Independent Non-Executive Directors:

Ms. Kent Shun Ming

Mr. Liu Song

Ms. Chan Lai Ping

Independence Confirmation

The Company has received from each of independent non-executive directors an annual confirmation of independence pursuant to the Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and considers all the independent non-executive directors to be independent.

Directors' Emoluments

Particulars as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in note 12 to the consolidated financial statements.



Directors' Report

Biographical Details of Directors and Senior Management

Biographical details of the directors and senior management of the Company are set out on pages 31 to 32 of this Annual Report.

Directors' Service Contracts

As at 31 December 2023, Mr. Jiang Jiang and Mr. Wu Lei are executive directors of the Company. They have entered into service agreements with the Group. The service agreements shall be valid unless terminated by either party by giving a one month's written notice.

Mr. Ding Lin, Mr. Wang Zhenhui and Mr. Kang Jian have entered into appointment letters with the Company in relation to their appointment as non-executive directors for a term of one year expiring in May 2024, July 2024 and March 2025, respectively, unless terminated by at least one month's written notice served by either party at any time during the then existing term.

Ms. Kent Shun Ming, Ms. Chan Lai Ping and Mr. Liu Song are independent non-executive directors of the Company. Ms. Kent Shun Ming, Ms. Chan Lai Ping and Mr. Liu Song were appointed for a one-year term expiring in August 2024, in July 2024 and in August 2024 respectively, and their appointment letters shall be valid unless terminated by at least one month's written notice served by either party at any time during the then existing term.

Save as disclosed above, none of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts

Except for those disclosed in the section headed "Connected Transactions" below, no contract, transaction or arrangement of significance, to which the Company, its subsidiaries, its controlling shareholder or holding company or any of its subsidiaries was a party and in which a director of the Company or entity connected with a director is or was materially interested, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management Contracts

Saved as disclosed in this annual report, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Save as disclosed in this annual report, no contracts of significance (as that term is used in Appendix 16 of the Listing Rules) in relation to the business of the Group, to which the Company, its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Report

Save as disclosed in this annual report, no contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted at the end of year or at any time during the year.

Save as disclosed in this annual report, no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries subsisted at the end of the year or at any time during the year.

Director's Rights To Acquire Securities

At no time during the year was the Company or the Company's subsidiaries or holding company or a subsidiary of the Company's holding company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors or chief executives of the Company or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities (or warrants or debentures, if applicable) of the Company or had exercised any such rights.

Directors' and Chief Executives' Long and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2023, the interests of the Directors and the chief executive and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long Positions

The Company

Name of Director	Capacity	Number of shares held	Percentage of the share capital of the Company (Note 1)
Ding Lin	Beneficial Owner	1,010,000	0.007%
Wang Zhenhui	Beneficial Owner	1,680,000	0.012%
Kang Jian (Note 2)	Beneficial Owner	2,000,000	0.015%

Notes:

- The percentage of interest in the Company is calculated by reference to the number of shares of the Company in issue as at 31 December 2023, that is 13,471,344,631.
- As at 31 December 2023, Mr. Kang Jian is interested in 10% of Theme Capital Group Limited, a non-wholly owned subsidiary of the Company.



Directors' Report

Other than as disclosed above, none of the Directors, chief executive nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as at 31 December 2023 that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Discloseable Interests and Short Positions of Persons other than Directors and Chief Executives

As at 31 December 2023, so far as known to the Directors or the chief executives of the Company, the following person is the shareholder (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange.

Long position in shares of the Company

Name of substantial shareholder	Capacity and Nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital (note 2)
Mr. You Zhenhua (Note 1)	Beneficial Owner Interest of a controlled corporation	3,840,000 8,494,907,176 (note 1)	0.03% 63.06%

Notes:

- These shares are held by Wide Bridge Limited ("**Wide Bridge**"). Mr. You indirectly holds 100% interest in Wide Bridge. According to SFO, Mr. You is deemed to be interested in the shares held by Wide Bridge.
- Based on the number of 13,471,344,631 shares of the Company in issue as at 31 December 2023.

Save as disclosed above, the Company has not been notified of any persons other than substantial shareholders who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 31 December 2023.

Directors' Report

Retirement Benefits Schemes

The Group mainly participates in social pension scheme, mandatory provident fund scheme and Central Provident Funds scheme for employees in China, Hong Kong and Singapore respectively. In 2022, the Group had no forfeited contributions available to the pension schemes in future years.

The Group's companies in Hong Kong participate in the Mandatory Provident Fund Scheme (the "**MPF Scheme**") which is registered under the Mandatory Provident Fund Schemes Ordinance in Hong Kong for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held in a separately administered fund. The Group contributes 5% of relevant monthly salaries of employees with a cap of monthly contributions of HK\$1,500 to the MPF Scheme. The Group's contributions to the MPF Scheme vest fully and immediately with the employees. Accordingly, there were no forfeited contributions available for the Group to reduce its existing level of contributions to the MPF Scheme.

The Group's company in the PRC participates in defined contribution retirement plans and other employee social security plans including pension, medical, other welfare benefits (the "**Defined Contribution Plans in the PRC**"), which are organised and administered by the relevant governmental authorities for all qualifying employees in the PRC. Each of the Group and the employees contribute to these plans based on certain percentages of relevant monthly salaries of employees, subject to a certain ceiling, as stipulated by the relevant regulations. The Group has no further payment obligation once the contributions have been paid. The Group's contributions to the Defined Contribution Plans in the PRC vest fully and immediately with the employees. Accordingly, there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Plans in the PRC.

The Group's companies in Singapore participate in the Central Provident Fund Scheme (the "**CPF Scheme**") which is registered under Central Provident Fund Act in Singapore for all qualifying employees in Singapore. The Group contributes to the CPF Scheme based on certain percentages of relevant monthly salaries of employees, subject to a certain ceiling, as stipulated by the relevant regulations. The Group has no further payment obligations once the contributions have been paid. The Group's contributions to the CPF Scheme vest fully and immediately with the employees. Accordingly, there were no forfeited contributions available for the Group to reduce its existing level of contributions to the CPF Scheme.

Major Customers and Suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year ended 31 December 2023 is as follows:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	14%	
Five largest customers in aggregate	33%	
The largest supplier		12%
Five largest suppliers in aggregate		46%

At no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had any interest in these major customers and suppliers.



Directors' Report

Connected Transactions

During the year ended 31 December 2023, the Group had the following connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules. Such transactions were also disclosed in the related party transactions as disclosed in note 39 to the consolidated financial statements in this annual report.

1. Continuing connected transactions

(a) Service agreement entered into between the Company and Prosperity Steel United Singapore Pte Ltd ("PSU")

Pursuant to the announcement of the Company dated 29 December 2020, a service agreement was entered into between the Company and PSU, pursuant to which the Company can provide services to PSU (where applicable, including its close associates (as defined in the Listing Rules)), including the execution and clearing services for derivative products and the inter-dealer brokerage services. The period of the service agreement started from 1 January 2021 to 31 December 2023 (both dates inclusive), which can be terminated by either party with 7 days' prior written notice. The clearing fee and commission to be charged for the services shall be at rates no more favourable than offered to other clients of the Group who are independent third parties for the provision of similar services and in accordance with the pricing policy of the Group from time to time.

PSU is wholly-owned by Mr. You Zhenhua, a controlling shareholder of the Company, and therefore is a connected person of the Company. As such, the transaction contemplated by the service agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Annual cap

The following table is a summary of the transaction amount and the annual cap for the year ended 31 December 2023 for the transaction contemplated:

	Transaction amount for the year ended 31 December 2023 HK\$'000	Annual cap for the year ended 31 December 2023 HK\$'000
Revenue generated from the provision of the services to PSU	1,666	40,000

Directors' Report

(b) Master Sale and Purchase Agreement I entered into between the Company and Mr. You Zhenhua (“Mr. ZH You”)

Pursuant to the announcement of the Company dated 12 August 2021, a master sale and purchase agreement I (the “**Master Sale and Purchase Agreement I**”) was entered into between the Company and Mr. ZH You, pursuant to which the Company agrees to purchase and/or supply iron ore, steel products and nickel ore and Mr. ZH You and his associates from time to time (“**ZH You Group**”) agrees to supply and/or purchase and/or procure the purchase and/or supply of iron ore, steel products and nickel ore in Singapore in accordance with the terms of the Master Sale and Purchase Agreement I. The Master Sale and Purchase Agreement I is for a term of three financial years ending on 31 December 2023. The payment under each separate supply/purchase order shall be principally settled within 60 days from the date of invoice. In the absence of state-prescribed price, the price shall be determined by reference to the internal database of prices gathered by the Group, which is developed with reference to the list of internal criteria which includes base price and grading of the iron ore, steel products and nickel ore. Further, the Group also makes reference to the market prices of iron ore, steel products and nickel ore sourced from different commonly recognised industrial websites for them, as well as the recent selling prices of iron ore, steel products and nickel ore to independent third parties.

Mr. ZH You is the controlling shareholder, and hence a connected person of the Company. As such, the transactions contemplated under the Master Sale and Purchase Agreement I constitute continuing connected transactions of the Company and are therefore subject to the reporting, announcement and annual review requirements under chapter 14A of the Listing Rules.

Annual cap

The following table is a summary of the transaction amount and the annual cap for the year ended 31 December 2023 for the transactions contemplated:

	Transaction amount for the year ended 31 December 2023 HK\$'000	Annual cap for the year ended 31 December 2023 HK\$'000
Purchase or sale of iron ore, steel products and nickel ore from/to the ZHY Group	Nil	240,000



Directors' Report

(c) Master Sale and Purchase Agreement II and Supplemental Master Sale and Purchase Agreement II entered into between the Company and Mr. You Zhenwu ("Mr. ZW You")

Pursuant to the announcements of the Company dated 12 August 2021 and 29 October 2021, a master sale and purchase agreement II (the "**Master Sale and Purchase Agreement II**") and a supplemental master sale and purchase agreement II (the "**Supplemental Master Sale and Purchase Agreement II**") were entered into between the Company and Mr. ZW You, pursuant to which the Company agrees to purchase and/or supply iron ore, steel products and nickel ore and Mr. ZW You and his associates from time to time ("**ZW You Group**") agrees to supply and/or purchase and/or procure the purchase and/or supply of iron ore, steel products and nickel ore in the PRC and the Company agrees to provide or procure its subsidiary(ies) to provide the Processing Services to the ZWY Group in the PRC, in accordance with the terms of the Master Sale and Purchase Agreement II and Supplemental Master Sale and Purchase Agreement II. Both the Master Sale and Purchase Agreement II and the Supplemental Master Sale and Purchase Agreement II are for a term of three financial years ending on 31 December 2023. The payment under each separate supply/purchase order and/or the related Processing Services shall be principally settled within 60 days from the date of invoice. In the absence of state-prescribed price, the price shall be determined by reference to the internal database of prices gathered by the Group, which is developed with reference to the list of internal criteria which includes base price and grading of the iron ore, steel products and nickel ore. Further, the Group also makes reference to the market prices of iron ore, steel products and nickel ore sourced from different commonly recognised industrial websites for them, as well as the recent selling prices of iron ore, steel products and nickel ore to independent third parties.

Mr. ZH You is the controlling shareholder, and hence a connected person of the Company. Mr. ZW You is the brother of Mr. ZH You, and an associate of Mr. ZH You. Mr. ZW You is hence a connected person of the Company. As such, the transactions contemplated under the Logistic Services Framework Agreement constitute continuing connected transactions of the Company and are therefore subject to the reporting, announcement and annual review requirements under chapter 14A of the Listing Rules.

Annual cap

The following table is a summary of the transaction amount and the annual cap for the year ended 31 December 2023 for the transactions contemplated:

	Transaction amount for the year ended 31 December 2023 HK\$'000	Annual cap for the year ended 31 December 2023 HK\$'000
Purchase or sale of iron ore, steel products and nickel ore from/to the ZWY Group and the provision of the processing services by the Group to the ZWY Group	301,549	440,000

Purchase or sale of iron ore, steel products and nickel ore from/to the ZWY Group and the provision of the processing services by the Group to the ZWY Group

301,549

440,000

Directors' Report

(d) Logistic Services Framework Agreement and Supplemental Logistic Services Framework Agreement entered into between the Company and Mr. ZW You

Pursuant to the announcements of the Company dated 12 August 2021 and 31 August 2023, a logistic services framework agreement (the “**Logistic Services Framework Agreement**”) and a supplemental logistic services framework agreement (the “**Supplemental Logistic Services Framework Agreement**”) were entered into between the Company and Mr. ZW You, pursuant to which ZWY Group agrees to provide logistic services, including (i) transporting raw iron ore between ports, plants and customer’s places; (ii) transporting processed iron ore between ports, plants and customer’s places; (iii) transporting steel products between ports, plants and customer’s places; and (iv) settling iron ore import custom clearance and related port charges, to the Group in accordance with the terms of the Logistic Services Framework Agreement and Supplemental Logistic Services Framework Agreement. Both the Logistic Services Framework Agreement and Supplemental Logistic Services Framework Agreement are for a term of three financial years ending on 31 December 2023. The payment under each separate services invoice shall be principally settled within 60 days from the date of invoice. Mr. ZW You and the Company shall procure that the ZWY Group and the Group shall negotiate and agree to the price of the logistic services by reference to the prevailing market prices and prevailing prices charged to independent third parties of same or substantially similar services, taking into account of the load, timing and territory for delivery.

Mr. ZH You is the controlling shareholder, and hence a connected person of the Company. Mr. ZW You is the brother of Mr. ZH You, and an associate of Mr. ZH You. Mr. ZW You is hence a connected person of the Company. As such, the transactions contemplated under the Logistic Services Framework Agreement constitute continuing connected transactions of the Company and are therefore subject to the reporting, announcement and annual review requirements under chapter 14A of the Listing Rules.

Annual cap

The following table is a summary of the transaction amount and the annual cap for the year ended 31 December 2023 for the transactions contemplated:

	Transaction amount for the year ended 31 December 2023 HK\$'000	Annual cap for the year ended 31 December 2023 HK\$'000
Provision of Logistic Services from the ZWY Group to the Group	335,901	440,000



Directors' Report

Confirmations from independent non-executive Directors and reports from auditors

The independent non-executive directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that the transactions have been entered into (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms or better; and (3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company has engaged its auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 ("**Revised**") "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their letter containing their findings and conclusions in respect of such continuing connected transactions set out above in accordance with the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

For the purpose of rule 14A.56 of the Listing Rules, the auditor of the Company has provided a letter to the Board confirming that in respect of the abovementioned continuing connected transactions covered in the Service Agreement ("**Disclosed Continuing Connected Transactions**") nothing has come to the auditor's attention that causes them to believe that such transactions:

- (a) have not been approved by the Company's board of directors.
- (b) were not, in all material respects, in accordance with the pricing policies of the Group.
- (c) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- (d) have exceeded the annual caps as set by the Company in respect of the continuing connected transactions.

2. Connected transactions

(a) Connected Transaction: Exercise of the Call Options of Esteel

On 5 May 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 commencing from 5 May 2023 to 31 March 2024 at the option price of US\$1.00 per option share. In the event the Call Option is exercised in full (the exercise of which is at the discretion of the Company), the aggregate consideration payable by the Company will be US\$120,000,000. On 17 December 2023, the Company notified Green Esteel by giving a notice



Directors' Report

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.

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.

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

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

(b) Others

Apart from the above, as disclosed in the related party transactions in note 39 to the consolidated financial statements, during the year ended 31 December 2023, the Company and its subsidiaries had the following transactions, which constituted fully exempt connected transactions pursuant to the Listing Rules:

- (i) the Company and its subsidiaries made a loan totaling HK\$2,340,000 to a non-controlling interest party, who is also a director of certain subsidiaries of the Group and received interest income of approximately HK\$16,000. Such transaction was conducted on normal commercial terms and was in the ordinary course of business. It fell within the de minimis provision under Chapter 14A of the Listing Rules because the applicable percentage ratios under Rule 14.07 of the Listing Rules were less than 1% and the transaction was a connected transaction only because it involved a connected person at the subsidiary level. Accordingly, it was exempted from the reporting, announcement and independent shareholders' approval under the applicable Listing Rules.
- (ii) the Company and its subsidiaries received brokerage and commission fee income of approximately HK\$22,768,000 from certain non-controlling interest parties. Such transaction was conducted on normal commercial terms and was in the ordinary course of business. It fell within the de minimis provision under Chapter 14A of the Listing Rules because the applicable percentage ratios under Rule 14.07 of the Listing Rules were less than 1% and the transaction was a connected transaction only because it involved a connected person at the subsidiary level. Accordingly, it was exempted from the reporting, announcement and independent shareholders' approval under the applicable Listing Rules.



Directors' Report

- (iii) the Company and its subsidiaries received brokerage and commission fee income of approximately HK\$3,315,000 from a related party controlled by a close family member of the ultimate controlling shareholder of the Company. Such transaction was conducted on normal commercial terms and was in the ordinary course of business. It fell within the de minimis provision under Chapter 14A of the Listing Rules because the applicable percentage ratios under Rule 14.07 of the Listing Rules were less than 0.1%. Accordingly, it was exempted from the reporting, announcement, and independent shareholders' approval under the applicable Listing Rules.
- (iv) the Company and its subsidiaries purchased commodities of approximately HK\$242,960,000 from, and paid processing fee of approximately HK\$5,967,000 to, an associate of the Company. Such transactions didn't constitute connected transactions pursuant to the Listing Rules, because such an associate of the Company was not classified as a connected person under the Listing Rules.

Save as disclosed above, the Group had no other transactions which were required to be disclosed as connected transactions pursuant to the Listing Rules. The Directors confirm that the Company has, where applicable, complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Compliance with Relevant Laws and Regulations

During the Year, there were no areas of material non-compliance with applicable laws and regulations that have a significant impact on the Company known to the Directors.

Key Relationships with Employees, Customers and Suppliers and Others

The Group recognises that employees are a valuable asset of the organisation and it is essential to attract and motivate good talent while balancing the interests of other stakeholders. Apart from a safe and healthy workplace, we offer a comprehensive remuneration and benefits package to our employees, training opportunities, equal opportunities and fairness at work for all as well as channels for staff communication. Staff social functions are arranged to enhance employees' sense of belonging and to help create a friendly and harmonious working environment. Salaries are reviewed and adjusted on a yearly basis, and from time to time, to ensure balancing pay for performance with shareholder alignment. The Group also recognises the importance of maintaining good relationship with its shareholders, customers and business partners in order to achieve long-term goals. Accordingly, the senior management maintains good communication and promptly exchanges ideas and shares the Group's business updates with these people.

During the Year, there were no material and significant disputes between the Company or any of its subsidiaries and their respective employees, customers and suppliers, shareholders or business partners known to the Directors.

Directors' Report

Environmental Policies and Performance

The Group recognises the importance of environmental sustainability against modern ecological challenges. As a responsible corporate citizen, the Group has been actively taking steps to minimise the negative environmental impacts, reduce wastage and maximise energy efficiency which in turn provides a green and eco-friendly environment to the community. Green office practices such as double-sided printing and copying, promoting using recycled papers and reducing energy consumption by switching off idle lighting are encouraged in the operation of the Group's businesses. The Group will review its environmental practices from time to time and will consider implementing further practicable measures and practices to enhance environmental sustainability.

Directors' Interests in a Competing Business

During the Year, none of the Directors nor their respective associates had any business which competes or may compete with the business of the Group.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the best knowledge of the Directors as at the date of this Annual Report, the Company has maintained sufficient public float as required under the Listing Rules.

Corporate Governance

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 33 to 45 of this annual report.

Dividend Policy

The Company has adopted a dividend policy ("**Dividend Policy**"), pursuant to which the Company aims to create long-term, sustainable and stable returns for the Company's shareholders. According to the Dividend Policy, when determining and recommending any dividend payout ratio, the Board will take into account the Company's financial results, future prospects and other factors and it is subject to:

- the Bye-laws of the Company;
- the applicable restrictions and requirements under the laws of Bermuda;
- any banking or other funding covenants by which the Company is bound from time to time;
- the investment and operating requirements of the Company; and
- any other factors that have material impact on the Company.



Directors' Report

Indemnity of Directors

A permitted indemnity provision (as defined in Section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the Year.

Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption the shareholders are entitled by reason of their holding of the Company's securities.

Auditor

The consolidated financial statements of the Company for the year ended 31 December 2023 were audited by ZHONGHUI ANDA CPA Limited ("**ZHONGHUI ANDA**") which would retire at the conclusion of the forthcoming annual general meeting ("**AGM**") and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the Shareholders to re-appoint ZHONGHUI ANDA as auditor of the Company and to authorise the Board to fix their remuneration at the AGM.

ON BEHALF OF THE BOARD

Wu Lei

Executive Director

Hong Kong, 28 March 2024



Biographical Details of Directors and Senior Management

Executive Directors

Mr. Jiang Jiang (“Mr. Jiang”), aged 41, was appointed as executive director of the Company on 29 July 2019. He is also a director of subsidiaries of the Company. Mr. Jiang obtained his master degree of business administration from the University of Oklahoma in the United States and bachelor degree in Chemistry from the University of Science and Technology of China. He has over 10 years of experience in commodities trading and derivatives trading of iron ore, manganese and rebar. Mr. Jiang was previously the head of trading of an international commodity house, where he gained ample experience in commodity and derivatives trading.

Mr. Wu Lei (“Mr. Wu”), aged 36, was appointed as executive director of the Company on 1 October 2016. He is also a director of subsidiaries of the Company. Mr. Wu Lei held a Bachelor of Business Administration (Accountancy) with Honours from The National University of Singapore and has more than 10 years of experiences in accountancy and commodities trading and hedging. Mr. Wu Lei used to work in one of the big four international accounting firms. Before joining the Company, Mr. Wu Lei was a trader of an international commodity house, where he gained ample experience in commodity trading, futures trading, international hedging and financial management.

Non-executive Directors

Mr. Ding Lin (“Mr. Ding”), aged 49, was appointed as non-executive director of the Company with effect from 21 May 2021. He is currently a member of the audit committee of the Company. He obtained a bachelor’s degree of engineering, majoring in Precision Instrument from Tsinghua University in 1997 and obtained a master’s degree of economics, majoring in Finance from Peking University in 2000. Mr. Ding has over twenty years of experience in capital markets and investment banking, institutional broking and direct investment businesses.

Mr. Wang Zhenhui (“Mr. Wang”), aged 49, was appointed as non-executive director of the Company with effect from 21 July 2021. He graduated from the University of Science and Technology Beijing, in China, in July 1998 where he obtained a Bachelor of Engineering degree and obtained an EMBA degree from China Europe International Business School in November 2016. Mr. Wang has over twenty years of experience in management and operations, particularly in the logistics supply chain and internet industry.

Mr. Kang Jian (“Mr. Kang”), aged 38, was appointed as executive director of the Company on 8 August 2018 and was re-designated as non-executive director of the Company with effect from 3 March 2020. He is also a director of subsidiary of the Company. Mr. Kang obtained both his master and bachelor degrees in law from Renmin University of China. Mr. Kang has over 10 years of experience in risk management and corporate credit approval in the banking sector. Prior to joining the Group, Mr. Kang was the vice president and fund manager of a private equity fund in PRC since April 2017, where he gained ample experience in commodity and derivative trading.



Biographical Details of Directors and Senior Management

Independent Non-executive Directors

Ms. Kent Shun Ming (“Ms. Kent”), aged 56, was appointed as independent non-executive director of the Company on 28 August 2021 and is currently a member of the audit committee, remuneration committee and nomination committee of the Company. She obtained a master of business administration degree from Murdoch University in March 2000. She has been admitted as a certified public accountant since January 1998, and became a fellow of the Hong Kong Institute of Certified Public Accountants since July 2005. Ms. Kent has over 30 years of experience in the accounting and financial industries. She previously worked at various accounting firms, commercial firms and a listed company, where she worked in different positions including chief financial officer.

Mr. Liu Song (“Mr. Liu”), aged 51, was appointed as independent non-executive director of the Company on 8 August 2018 and is currently a member of the remuneration committee and nomination committee of the Company. Mr. Liu obtained his bachelor degree in transport and communications management engineering from the Shanghai Maritime University. Mr. Liu has over 25 years of experience in marine transportation management. Prior to joining the Group, Mr. Liu held different senior management positions in various companies in PRC engaged in the marine transportation.

Ms. Chan Lai Ping (“Ms. Chan”), aged 40, has been appointed as an independent non-executive Director, a member of the audit committee, a member of the remuneration committee and a member of the nomination committee, all with effect from 6 July 2022. Ms. Chan holds a degree of Bachelor of Business Administration (Honours) (Major in Accounting) from Lingnan University in Hong Kong. She is a registered member of Hong Kong Institute of Certified Public Accountants. Ms. Chan has over 15 years of experience in the accounting and financial industries. She is currently the financial controller and company secretary of China Demeter Financial Investments Limited (whose shares are listed on GEM of the Stock Exchange, Stock Code: 8120) (“**China Demeter**”). Before she joined China Demeter, she worked in various local and international audit firms for around eight years. Ms. Chan is also currently the independent non-executive director of Power Financial Group Limited (whose shares are listed on the Stock Exchange, Stock Code: 397).

Senior Management

Mr. Ho Yui Pang (“Mr. Ho”), aged 38, was appointed as company secretary of the Company with effect from 7 September 2018. Mr. Ho has over 15 years of auditing, accounting and company secretarial experiences in international reputable accounting firms and listed companies. Mr. Ho started to work in several international accounting firms before working in listed companies where he served in various positions including accounting manager, finance director and company secretary.



Corporate Governance Report

The Board is responsible for the leadership and control of the Company and overseeing the Group's businesses, strategic decisions and performance. The day-to-day management, administration and operation of the Company are delegated to the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approvals must be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Board is responsible for performing the corporate governance functions set out in Code Provision A.2.1 of the Corporate Governance Code contained in Appendix C1 (the "**CG Code**") of the Listing Rules. The Board has reviewed: (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, (d) the Company's code of conduct and (e) the Company's compliance with the CG Code disclosures requirements; and the Board was satisfied that the above-mentioned corporate governance functions were adhered to.

The Board has delegated various responsibilities to the Board committees including the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") (collectively, the "**Board Committees**"). Further details of these committees are set out below.

Save as disclosed, the Company has complied with the principles and applicable code provisions of the Corporate Governance Code in force during 2023 (the "**CG Code**") as set out in Appendix C1 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the year.

(A) Corporate Governance Practices

Compliance with Code on Corporate Governance Practices

The Company is committed to maintaining a high standard of corporate governance, holding the beliefs of transparency, independence, honesty and accountability, with a view to enhance investors' confidence. The Company therefore strives to attain and maintain effective corporate governance practices and procedures. Save and except for Code Provisions in the CG Code as set out in Appendix C1 of the Listing Rules as detailed below, the Company has complied with all the Code Provisions and to a certain extent of the recommended best practices set out in the CG Code throughout the year ended 31 December 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 Year. Mr. Jiang Jiang has been the CEO of the Company during the Year.



Corporate Governance Report

Under Code Provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting. Since the resignation of the chairman of the Company on 1 April 2016, the role of chairman has been vacant until identification of a suitable candidate. From 3 March 2020, the position of chairman has been temporarily acted by Mr. Wu Lei, the executive director of the Company to fill the casual vacancy. Mr. Wu Lei has attended the annual general meeting held on 30 June 2023.

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 non-executive director, Mr. Wang Zhenhui, had not attended the annual general meeting held on 28 July 2023, due to his other business engagements.

(B) Directors' Securities Transactions

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 the Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company has made specific enquiries with all Directors and each of them confirmed that they have complied with the Model Code throughout the year ended 31 December 2023.

(C) Board Composition and Board Practices

The composition of the Board is shown on page 2 of this Annual Report. The Board currently comprises nine directors, including three executive directors, three non-executive directors and three independent non-executive directors. One of the three independent non-executive directors has appropriate professional qualifications, or accounting or related financial management expertise. The primary responsibilities of the Board are to establish long term strategies, administrate and oversee the operations and financial policies and supervising management of the Group. The Board delegates day-to-day operations of the Company to the management of the Group and also instructs the management to implement the Board's decisions and resolutions. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Remuneration Committee and the Nomination Committee. The Company has received, from each of the independent non-executive directors, confirmation of his independence pursuant to Rules 3.13 of the Listing Rules. The Company considers all the independent non-executive directors are independent.

All Directors (including non-executive directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-laws and the CG Code. In accordance with the Company's Bye-laws, newly appointed director(s) is/are required to retire and can offer themselves for re-election at the first annual general meeting following their appointment.

Details of backgrounds and qualifications of the Directors are set out in the section of “Biographical Details of Directors and Senior Management”.

The current Board members have no financial, business, family or other material/relevant relationships with each other.

Corporate Governance Report

In 2023, the Board held 7 meetings to discuss the Group's overall strategy, operation and financial performance. In any event, all Directors were available for consultation by management from time to time during the year. The attendance of individual director to the Board meeting is set out on page 35 of this Annual Report. Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Company provides at least 14 days' notices of every regular Board meeting to all directors to give them an opportunity to attend. Board papers are circulated not less than 3 days before the Board meetings to enable the directors to make informed decisions on matters to be raised at the Board meetings.

During the Year, the company secretary of the Company ("**Company Secretary**") attended all the regular Board meetings to advise on corporate governance and statutory compliance when necessary. Directors had full access to information on the Group and were able to seek independent professional advice whenever deemed necessary by the Directors. The Company Secretary prepared minutes and kept records of matters discussed and decisions resolved at all Board meetings. All Directors have access to the advice and services of the Company Secretary with a view to ensure that Board procedures, and all applicable rules and regulations, are followed.

The Board, Audit Committee, Remuneration Committee and Nomination Committee had held 7, 3, 1 and 1 meetings, respectively in 2023.

The attendance at the Board and respective Board Committees Meetings, Annual General Meeting and Special General Meeting held in 2023 are as follows:

Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting	Special General Meeting
<i>Executive Directors:</i>						
Mr. Jiang Jiang <i>(Chief Executive Officer)</i>	7/7	N/A	N/A	N/A	1/1	1/1
Mr. Wu Lei <i>(Chief Financial Officer)</i>	7/7	N/A	N/A	N/A	1/1	1/1
Ms. Chen Jing <i>(resigned on 30 April 2023)</i>	1/1	N/A	N/A	N/A	1/1	N/A
<i>Non-Executive Directors:</i>						
Mr. Ding Lin	7/7	3/3	N/A	N/A	1/1	1/1
Mr. Wang Zhenhui	7/7	N/A	N/A	N/A	1/1	0/1
Mr. Kang Jian	7/7	N/A	N/A	N/A	1/1	1/1
<i>Independent Non-Executive Directors:</i>						
Ms. Kent Shun Ming	7/7	3/3	1/1	1/1	1/1	1/1
Mr. Liu Song	7/7	N/A	1/1	1/1	1/1	1/1
Ms. Chan Lai Ping	7/7	3/3	1/1	1/1	1/1	1/1



Corporate Governance Report

(D) Continuous Professional Development

In order to ensure the Directors' contribution to the Board remains informed and relevant and to develop and refresh their knowledge and skills, the Company has regularly provided training information, encouraged and funded suitable trainings/seminars for the Directors to participate in continuous professional development. The Company also updates the Directors on the latest developments regarding the Listing Rules and applicable regulatory requirements from time to time to enhance their awareness of good corporate governance practices and to ensure compliance.

During the Year, all Directors who were in office as at 31 December 2023 have participated in continuous professional development by attending training courses and/or referring materials on the topics related to the Group's business, corporate governance and regulations:

Name of Director	Reading regulatory update	Attending expert briefings/seminars/conferences relevant to the business or directors' duties
<i>Executive Directors:</i>		
Mr. Jiang Jiang (<i>Chief Executive Officer</i>)	✓	✓
Mr. Wu Lei (<i>Chief Financial Officer</i>)	✓	✓
<i>Non-Executive Directors:</i>		
Mr. Ding Lin	✓	✓
Mr. Wang Zhenhui	✓	✓
Mr. Kang Jian	✓	✓
<i>Independent Non-executive Directors:</i>		
Ms. Kent Shun Ming	✓	✓
Mr. Liu Song	✓	✓
Ms. Chan Lai Ping	✓	✓

Corporate Governance Report

(E) Company Secretary

The Company Secretary is responsible for facilitating the exchange of information flows and communicating among Directors as well as between Shareholders and management of the Company. All Directors have access to the advice and assistance of the Company Secretary. The Company Secretary is also responsible for ensuring that Board procedures are followed. The Company Secretary's biography is set out in the "Biographical Details of Directors and Senior Management" section of this Annual Report. The Company Secretary is an employee of the Company and is appointed by the Board. During the Year, the Company Secretary has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge.

(F) Chairman and Chief Executive Officer

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, an executive director of the Company, temporarily acted as the role of chairman throughout the Year. Mr. Jiang Jiang has been the CEO of the Company throughout the Year.

(G) Remuneration Committee

The Company established a Remuneration Committee in 2005 with written terms of reference in accordance with the relevant requirements of the CG Code. The composition of the Remuneration Committee is shown on page 2 of this Annual Report. The Remuneration Committee currently comprises three independent non-executive directors, namely, Ms. Kent Shun Ming (Chairlady of the Remuneration Committee), Mr. Liu Song and Ms. Chan Lai Ping. The members' attendance to the Remuneration Committee meeting is listed out on page 35. The role and function of the Remuneration Committee include the determination of the specific remuneration packages of all executive and non-executive directors, including benefits in kind, pension rights and compensation payments (such as compensation payable for loss or termination of their office or appointment), and to make recommendations to the Board on the remuneration package of the Directors and senior management. The emolument policy regarding the employees of the Group is set up by the Remuneration Committee and is based on their merit, qualifications and competence. The Remuneration Committee should consider factors such as the salaries index, time commitment and responsibilities of the directors in determining emoluments payable to the directors.

The summary of work done by the remuneration committee during the Year includes reviewing the remuneration policy of the Company, assessing the performance of the executive Directors and senior management and recommending specific remuneration packages of the Directors and senior management to the Board with reference to the level of responsibilities of the individual Director, the scope of operation of the Group as well as the prevailing market conditions.

Details of the Directors' and senior management's emoluments for the Year are set out in note 12 to the consolidated financial statements.



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The remunerations of the Directors and senior management of the Group for the year ended 31 December 2023 fall within the following band:

Remuneration band	Number of directors and senior management
Nil to HK\$1,000,000	4
HK\$1,000,001 to HK\$1,500,000	3
HK\$2,500,001 to HK\$3,000,000	1
HK\$3,500,001 to HK\$4,000,000	1
HK\$4,000,001 to HK\$4,500,000	1
HK\$5,000,001 to HK\$5,500,000	1
HK\$5,500,001 to HK\$6,000,000	1
HK\$14,500,001 to HK\$15,000,000	1
HK\$16,000,001 to HK\$16,500,000	1
HK\$19,500,001 to HK\$20,000,000	1

(H) Nomination Committee

The Company established a Nomination Committee in 2013 with written terms of reference in compliance with the CG Code. The Nomination Committee currently comprises of three independent non-executive directors, namely Ms. Kent Shun Ming (Chairlady of the Nomination Committee), Mr. Liu Song and Ms. Chan Lai Ping.

The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board, make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identify individuals suitably qualified to become Board members, and assess the independence of independent non-executive directors and make recommendations to the Board on the selection of individuals nominated for directorships and succession planning for directors, in particular the chairman and the chief executive.

The summary of work done by the Nomination Committee during the Year includes reviewing the structure, size and composition of the Board, identifying suitable candidates for directorships, determining the policy for the nomination of directors, the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship.

The Nomination Committee has adopted a board diversity policy setting out the approach to achieve diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to race, gender, age, cultural and educational background, professional experience, skills and knowledge. Such measurable objectives have been achieved during the Year. The Nomination Committee will review the board diversity policy, as appropriate, to ensure its continued effectiveness.

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The Nomination Committee also has a nomination policy to standardise and enhance transparency for the nomination procedures and the process and criteria adopted by the Nomination Committee in selecting and recommending candidates as Directors, in order to ensure that the Board shall have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

To maintain the gender diversity, the Board currently consists of 8 members, being 6 male directors and 2 female directors. The Board will continue to take initiatives to identify suitable candidates based on a range of diversity perspectives. The Board will continue to place emphasis on hiring practices to ensure that qualified female candidates are given equal consideration alongside male counterparts. By placing emphasis on gender diversity in the succession planning process, the Company has a diverse pipeline of capable candidates ready to step into leadership positions when vacancies arise.

The details of workforce composition are disclosed in the section headed "Environmental, Social and Governance Report" of this annual report. The Company is committed to employing appropriate staff for a suitable position regardless of the gender as its recruitment strategy. The Company has various departments which are led by different male and female staff, and in order to enhance efficiency, the Company has not set a measurable objective for achieving gender diversity at workforce level. The Company is committed to providing equal opportunities to its staff in respect of recruitment, training and development, job advancement, and remuneration and benefits, on a merit-based policy.

The Nomination Committee shall be responsible for reviewing the policy and disclosing the same in the corporate governance report to ensure full compliance with the CG Code, the Listing Rules, the Bye-laws of the Company and other relevant provisions.

The non-exhaustive selection criteria to assess the suitability of a proposed candidate as a Director by the Nomination Committee are listed below:

- (a) integrity and reputation;
- (b) skill, accomplishment and experience relevant to the Company's business;
- (c) available time commitment;
- (d) existing and potential conflicts of interest;
- (e) diversity of the Board;

Any Directors may nominate a candidate for appointment, election or re-election as a Director by the Board or at a general meeting. Upon obtaining the required information from the candidate as listed above, the Nomination Committee shall evaluate whether such candidate is qualified to be appointed, elected or re-elected into the Board based on the criteria as set out above and the relevant Listing Rules and the policies of the Company.

The Nominate Committee shall convene a meeting to discuss and consider the recommendation of the candidate to the Board for appointment, election or re-election as a Director.



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(I) Audit Committee

The Company has an Audit Committee which was established in accordance with the requirements of the CG Code for the purposes of reviewing and supervising the Group's financial reporting process, risk management and internal controls. The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The primary roles and functions of the Audit Committee are to review and monitor integrity of the financial reporting process, risk management and internal controls systems of the Group. The Audit Committee is also responsible for considering the appointment of the external auditors and reviewing any non-audit functions performed by the external auditors, including whether such non-audit functions would lead to any potential material adverse effect on the Company. The Audit Committee currently comprises two independent non-executive directors, namely Ms. Kent Shun Ming (Chairlady of the Audit Committee) and Ms. Chan Lai Ping and one non-executive director, namely Mr. Ding Lin. The members' attendance to the Audit Committee meeting is listed out on page 35. During the Year, the Audit Committee held three meetings to review the annual and interim results, to evaluate the Group's financial reporting process and to make recommendations to improve the Company's risk management and internal control systems, the effectiveness of the issuer's internal audit function, and its other duties under the CG Code. Draft minutes were circulated to members of the Audit Committee within a reasonable time after each meeting. No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the two years after he ceases to be a partner of the auditing firm.

(J) Auditors' Remuneration

The remuneration in respect of audit and non-audit services for the year ended 31 December 2023 provided by the Company's auditor, ZHONGHUI ANDA CPA Limited, are approximately HK\$1,390,000 (2022: approximately HK\$1,230,000) and approximately HK\$250,000 (2022: approximately HK\$241,000) respectively. For the year ended 31 December 2023, non-audit services provided by ZHONGHUI ANDA CPA Limited included the preparation and filing of tax return and professional services in relation to the review of 2023 interim report totalling HK\$250,000 (2022: approximately HK\$241,000).

(K) Risk Management and Internal Control

During the Year, the Group has complied with Principle D.2 of the CG Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.

Corporate Governance Report

- Evaluation: Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted in 2023, no significant risk was identified.

Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”) 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

- Control Environment: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- Risk Assessment: A dynamic and iterative process for identifying and analyzing risks to achieve the Group’s objectives, forming a basis for determining how risks should be managed.
- Control Activities: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
- Information and Communication: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- Monitoring: Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

In order to enhance the Group’s system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access to information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Group enters into significant negotiations.
- The Executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.
- refer to inside information policy and procedures for more procedures.



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Based on the internal control reviews conducted in 2023, no significant control deficiency was identified.

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and ensuring that the review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board's review, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment; (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company on the Company's risk management and internal control systems in respect of the year ended 31 December 2023 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same. It considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient. It also considered systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group did not have an internal audit function during the year ended 31 December 2023. The Audit Committee and the Board, have considered the internal control review report prepared by the independent consultancy company and communicated with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems.

The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the Directors will continue to review and determine at least annually the need for an internal audit function.

(L) Communication with Shareholders

At the 2023 AGM, a separate resolution was proposed by the Chairman of that meeting in respect of each separate issue, including the re-election of directors. The acting Chairman of the Board, and chairmen of the Audit, Remuneration and Nomination Committees, or in absence of the chairman of such committees, any member from the respective committees, attended the 2023 AGM to address shareholders' queries. The Company establishes different communication channels with shareholders

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and investors: (i) shareholders can receive printed copies of corporate information, (ii) the general meeting provides a forum for shareholders to raise comments and exchange views with the Board, (iii) the Company's website offers communication channel between the Company and its shareholders and investors; and (iv) the Company's Sub-Registrar and Transfer Agent in Hong Kong serve the shareholders respecting all share registration matters.

The Company continues to enhance communications and relationships with its investors. Enquiries from investors are dealt with in an informative and timely manner. Investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries.

To promote effective communication, the Company maintains a website at <http://www.990.com.hk>, where extensive information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

The Company will continue to improve the communication with investors and to provide them more opportunities to understand the business of the Company. The Company has a shareholders' communication policy setting out the framework and channels in place, to promote effective communication with the shareholders of the Company. The Board considers that the shareholders' communication policy has been effectively implemented during the Year.

(M) Shareholders' Rights

Pursuant to the Bye-laws 58 of the Company, members holding at the date of deposit of the requisition of not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all time have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Bermuda Companies Act 1981 (as amended).

The shareholders who intend to make enquiries of or obtain information shall give prior written notice to the Company, and the Company shall provide such information as soon as possible. Enquiries with the Board or the Company may be posted to the Company's principal place of business in Hong Kong, the address of which is Unit 3401-03, 34/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong, with telephone number: (852) 3755 8255, being available at normal business hours.

(1) Any number of shareholder(s) representing not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the meeting to which requisition relates; or (2) not less than 100 shareholders may, at their expense, provide a written request to the attention of the Company Secretary signed and deposited in accordance with the Bermuda Companies Act 1981 (as amended).



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(N) Constitutional Documents

During the year ended 31 December 2023, amendments had been made to the memorandum of association and Bye-laws of the Company (the “**Amended M&A**”) with the approval from the Shareholders in the annual general meeting held on 30 June 2023 in order to comply with the core shareholders protection standards as set out in Appendix A1 to the Listing Rules effective from 1 January 2022 and the applicable Bermuda laws, and to incorporate certain housekeeping amendments. For details, please refer to the announcement of the Company dated 31 March 2023 and the Circular of the Company dated 5 June 2023.

The Amended M&A is available on the websites of the Company and the Stock Exchange.

(O) Directors’ Responsibility for the Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also ensure that the financial statements of the Group are published in a timely manner. The reporting responsibilities of the Company’s external auditors on the financial statements of the Group are set out in the section headed “Independent Auditor’s Report” on pages 63 to 66 of this Annual Report.

(P) Business Model and Strategy

The Company has the mission to maintain long-term profitability and assets growth with adoption of flexible business model and strategy and prudential risk and capital management framework. The Board and the management have played and will continue to play a proactive role in the Group’s development of business model to preserve the culture of the Group in serving customers well with premium service quality; the Group’s business strategic drive for business expansion the input to setting the Group’s risk appetite and tolerance levels. Details of the Group’s business performance and financial review for the year are set out in the “Management Discussion and Analysis” section of the Annual Report.

(Q) Corporate Culture and Strategies

As a company with investment as its core business, enhancement of shareholder value and long-term return for all stakeholders are the key objectives of the Company. The Company believes that good corporate governance strategies and practices are crucial to the business in the long run, especially in enhancing investment values and returns.

The Company instils a culture that promotes and maintains a high standard of integrity, openness, probity and accountability. The Board is responsible to set the tone and to shape the Company’s culture, which is underpinned by the core values of acting lawfully, ethically and responsibly across all levels of the Company. The Board plays a leading role in defining the purpose, core values and strategic direction of the Company which are in line with its corporate culture. In order to promote and implement the purpose and core values continuously, the Company has established a range of strategies, measures and tools over time, in which the Board is responsible for approving and monitoring of the same, including establishment of internal policies and guidelines in compliance

Corporate Governance Report

with relevant laws and regulations; stringent investment approval and financial reporting procedures; establishment of whistleblowing mechanism; provision of employee welfare and training; formation of continuous communication channels with the stakeholders; as well as taking the lead and provision of directions to all levels of the Company by laying down strategies and conveying corporate values and desired culture through formal reporting lines.

To conclude, the Board considers that the culture and the purpose, core value and strategies of the Company are aligned.

(R) Corporate Mission and Culture

At our Company, our mission is to provide reliable and efficient solutions that meet the diverse needs of our clients while generating sustainable value for our stakeholders. With a strong focus on excellence, we continuously strive to deliver exceptional services, optimize supply chains, and adapt to changing market conditions. Our customer-centric approach drives our commitment to understanding and anticipating our clients' requirements, ensuring timely and competitive delivery of commodities across global markets. Upholding the highest ethical standards is ingrained in our corporate culture, as we conduct our business with integrity, transparency, and compliance with industry regulations. We foster a collaborative work environment that values teamwork, expertise, and diverse perspectives. Our dedication to innovation empowers us to leverage cutting-edge technologies, data analytics, and market insights to make informed trading decisions. We are committed to responsible sourcing, sustainability, and minimizing environmental impact throughout our supply chain. With a long-term vision and strategic goals, we strive to be at the forefront of the industry, creating value for our clients and contributing to the growth and development of the global economy.



Environmental, Social and Governance Report

1. About ESG Report

The Environmental, Social and Governance Report (“**ESG Report**”) published by the Company summarises the efforts and achievements made in corporate social responsibility and sustainable development by the Group. The ESG Report communicates the Group’s sustainability strategies, management approaches and performances to our stakeholders, and introduce the Group’s ongoing activities that forge the sustainability of the societies and the environment as a whole. For information of our corporate governance, please refer to the “Corporate Governance Report” on pages 33 to 45 of this Annual Report.

1.1. Scope of Report

The ESG Report focuses on the Group’s sustainability approach and its environmental and social performance of all businesses of the Group for the period between 1 January 2023 and 31 December 2023 (the “**Year**”). This Year, the environmental Key Performance Indicators (“**KPI**”) as disclosed in the ESG Report additionally includes the factory plants in Shandong and Guangxi respectively, on top of the Group’s offices in Hong Kong, Shanghai and Singapore, covering the major operation locations of the Group and the majority of its workforce.

1.2. Reporting Guideline

The ESG Report was prepared in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix C2 of the Listing Rules.

1.3. Reporting Principles

The preparation, presentation and contents of this report follow the principles of “Materiality”, “Quantitative” and “Consistency”.

Materiality

In order to determine the content of the environmental, social and governance report, the Group has invited stakeholders to participate and conduct a materiality assessment. The Group has identified issues related to environmental, social and governance, collected and reviewed the opinions of internal management and various stakeholders, assessed the relevance and importance of these issues, and prepared environmental, social and governance reports and Verify the data. The Environmental, Social and Governance Report covers a series of major environmental, social and governance issues of concern to the Group’s stakeholders.

Quantitative

The Group discloses quantitative environmental and social key performance indicators in its environmental, social and governance report. In order to allow stakeholders to fully understand the Group’s ESG performance, the Group has explained the standards, methods, references and conversion factors used to calculate key performance indicators where appropriate.



Environmental, Social and Governance Report

Consistency

The Group uses consistent reporting and calculation methods within reasonable limits to facilitate the comparability of environmental, social and governance performance between years. If there is any change in the method, the Group will report and explain it in detail in the corresponding chapter.

1.4. Board ESG Statement

The Group believes that well-established ESG governance principles and practices will increase investment values, and provide long-term returns to stakeholders. In order to ensure the establishment of appropriate and effective ESG risk management measures, the Board of Directors is responsible for supervising the Group's ESG strategies and reporting, as well as assessing and determining ESG-related risks. To improve the Group's ESG governance, the Board of Directors regularly arranges assessments on the adequacy and effectiveness of different measures regarding sustainability and ESG-related issues.

The Group understands the importance of stakeholder engagement, and that different stakeholders play important roles in the decision-making of the Group. Therefore, the Group regularly conducts assessments to understand the concerns and expectations, as well as the material ESG issues, of different stakeholders of the Group, in order to gain insight into the Group's ESG governance and development. The Group also conducts ESG materiality assessments with stakeholders to keep track of the ESG issues that are material to them, so that the issues can be addressed in a swift and appropriate manner.

To make sure the management of ESG issues is on the right track, the Board of Directors oversees the coordination between departments within the Group with respect to their respective targets, and will look for opportunities to set more explicit ESG goals and targets for the group in the future.

1.5. Information and Feedbacks

If you have any comments and suggestions about the ESG Report, please feel free to contact us via general@990.com.hk.



Environmental, Social and Governance Report

2. Stakeholder Engagement

Understanding and taking actions towards stakeholders' concerns and expectations are essential to our sustainability development. The engagement of stakeholders helps us recognise our sustainability performance therefore we have established appropriate communication channels so that comments and feedbacks from major stakeholders are effectively and timely addressed.

The following table summarises the main expectations and concerns of the key stakeholders as identified by the Group, and the corresponding management responses.

Stakeholders	Expectations	Management Responses/ Communication Channels
Government and Regulators	<ul style="list-style-type: none"> Compliance with national policies, laws and regulation Support local economic growth Drive local employment Pay taxes in full and on time 	<ul style="list-style-type: none"> Regular information reporting Meet with regulators regularly Dedicated reports Examination and inspection
Shareholders	<ul style="list-style-type: none"> Returns Compliant operations Raise company value Transparency in information and effective communication 	<ul style="list-style-type: none"> Announcements Email, telephone conversation and company website
Business Partners	<ul style="list-style-type: none"> Operation with integrity Equal rivalry Performance of contracts Mutual benefits and win-win results 	<ul style="list-style-type: none"> Review and appraisal meetings Business communications Exchanges and discussions Engagement and cooperation
Customers	<ul style="list-style-type: none"> Outstanding products and services Health and safety Performance of contracts 	<ul style="list-style-type: none"> Customer service center and hotlines Customer feedback surveys Customer communication meetings
Environment	<ul style="list-style-type: none"> Energy saving and emission reduction 	<ul style="list-style-type: none"> ESG Reporting Communicate with locals
Industry	<ul style="list-style-type: none"> Drive industry development 	<ul style="list-style-type: none"> Participate in industry forums Visits and inspections

Environmental, Social and Governance Report

Stakeholders	Expectations	Management Responses/ Communication Channels
Employees	<ul style="list-style-type: none"> • Protection of rights • Occupational health and safety • Remunerations and benefits • Career development • Humanity cares 	<ul style="list-style-type: none"> • Employee communication meetings • Training and workshops • Employee activities
Community and the public	<ul style="list-style-type: none"> • Improve community environment • Participation in charity • Information transparency 	<ul style="list-style-type: none"> • Company website • Announcements

With the opinions and information collected from stakeholders through various channels, the Group has a better understanding on the ESG-related issues concerned by the stakeholders. The Group has also gathered the management's views on ESG-related issues through questionnaires. The information gathered, after being analysed along with materiality maps provided by well-known external institutions and professional opinions from third-party professionals, helped the Group identify and prioritise ESG issues which are concerned by stakeholders and are highly related to the Group's business.¹

Aspects	Material Issues
Environment	Environmental Compliance
Labour Practices	Employment Compliance Occupational Health and Safety
Operating Practices	Operational Compliance Anti-corruption

Notes:

¹ The materiality maps referenced in the materiality assessment include the ESG Industry Materiality Map and the SASB Materiality Map produced respectively by MSCI and the Sustainability Accounting Standards Board (SASB).



Environmental, Social and Governance Report

3. Green Operation

3.1. Emission

As a responsible corporation, the Group is dedicated to controlling and minimizing our emission in a bid to tackle environmental problems such as global warming. We strictly conform with the laws and regulations applicable to the Group's business such as the Air Pollution Control Ordinance of Hong Kong, the Environmental Protection Law of the People's Republic of China and the Environmental Protection and Management Act of Singapore, aiming to reduce the Group's emissions gradually.

As a service-based business, although production processes are not involved, operation of back office still generates minimal amounts of emissions. The use of our business car for daily operation has generated a small amount of air pollutants including nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matter (PM). In order to maximise the efficiency of our car hence reduce the emission of pollutants, we always keep it properly tuned and maintain an adequate tyre pressure by regular checks, and ensure that the vehicle is not idling when the engine is running. For water pollution, no pollutants are generated from our business and office operation.

Apart from pollutants, our office operation also generates greenhouse gas from sources including the use of business car, electricity consumption, water and sewage treatment, disposal of paper to landfill and business trips by staff. Most of our offices are located in leased office premises, therefore both water supply and discharge for most offices are solely controlled by the property owner/management office of the buildings, hence greenhouse gas emission due to water and sewage treatment is not able to be obtained.

In view of the emission of greenhouse gas, the Group has exerted itself in introducing a number of measures aiming at reducing carbon footprint and greenhouse gas emission. We always prefer holding telephone/video conferences instead of unnecessary overseas business travel in order to minimise carbon emission generated from the flights. In case of necessary trips, direct flights are always preferred to minimise the Group's carbon footprint. We have also adopted energy-saving measures, through which electricity consumption and the greenhouse gas emission associated with electricity generation can also be greatly reduced. (For details, please refer to the section of "Resource Conservation").



Environmental, Social and Governance Report

3.2. Waste Management

Office operation is the only source of waste generation of the Group, however we still look to minimise waste produced during our daily operations. The non-hazardous waste we generated was all daily office garbage produced by our staff. Hazardous waste generated included used ink cartridges and batteries. All wastes were collected and handled in a proper and legal manner, according to relevant laws such as the Waste Disposal Ordinance of Hong Kong, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste and the Environmental Public Health Act of Singapore, so as to avoid detrimental impacts to the environment. Since the Group is not involved in product manufacturing or packaging, packaging materials were not consumed in the Year.

As an effort to reduce waste generation, the Group has adopted the “3Rs” principle as our waste management strategy. We implement the policy of double-sided printing and copying and disseminate information by electronic means whenever possible to reduce the consumption of paper. Besides, we promote the reduction of the use of disposable and non-recyclable products. Our staff is encouraged to reduce the use of one-off stationeries and equipment and use refillable stationeries as a substitution, while the stock of stationery and equipment are regularly evaluated to avoid overstock. For hazardous wastes, used toner cartridges are collected by the suppliers for recycling.

3.3. Resource Conservation

The sources of energy consumption of the Group include direct consumption, which is the combustion of fuels for our business car and the indirect consumption, which is the use of electricity. As an environmentally-friendly corporate, we bear the responsibility to protect the nature and aims to minimise our energy consumption by putting in place different energy conservation measures. We have carried out many initiatives to reduce energy consumption, including encouraging our employees to switch off unnecessary lighting and electronic equipment while not in use, maximizing the use of natural lighting, dividing the office area into different light zones using separate lighting switches, setting computers to automatic standby mode when idling, and allowing our employees to dress light in office, especially in summer.

We have also put several measures in place as an effort to increase the energy efficiency of equipment, such as installing energy-saving light bulbs and high-performance electrical equipment, keeping light fixtures and lamps clean, and cleaning the air filters of air-conditioners regularly. Moreover, we collect electricity consumption data on a monthly basis to monitor power consumption and make appropriate improvement accordingly.

In regard to water consumption, we aim to minimise the water consumption at office, and has carried out a couple of water-saving measures. For instance, we use water-efficient equipment such as dual-flush toilets and faucets with infrared sensors to reduce the unnecessary use of water. Water taps and other equipment with water efficiency labels are always prioritised. We also check for hidden water leakage periodically and will fix dripping taps immediately once problems are found. During the Year, the intensity of water consumption per employee is reduced from 262.91m³ to 173.53m³, a total of 34% reduction.



Environmental, Social and Governance Report

3.4. Responding to Climate Change

Climate change has been a rapidly rising topic and is discussed across all facets of society in recent years. The Group has raised its awareness towards the risks and potential impacts of climate change towards the Group. The Group has identified and prioritised various climate-related risks, such as the risk of increasing severity of the extreme weather events. The risk of increased extreme weather events may increase operating costs via maintenance and repairment costs of damaged facilities, while potentially causing negative impacts to employees' health and safety. Furthermore, increasingly stringent ESG reporting obligations from regulatory bodies such as HKEX may lead to increases in expenditure to ensure that the Group's operations comply with relevant laws and regulations.

Having acknowledged the increasing concerns of climate change, the Group has proactively implemented different measures to address climate-related risks and the potential impacts that may arise. The Group has regularly identified, assessed and monitored climate-related risks, and has determined the Group's appropriate levels of climate-related risk tolerance. In order to mitigate the potential risks from climate change, the Group communicates with stakeholders regarding climate-related impacts on a regular basis, and has prepared and maintained sufficient resources for the mitigation of climate-related risks and remediation of climate-related crises.

Looking forward, we shall continue to monitor and assess the evolving risks that climate change may bring to the group and shall swiftly take preventive and mitigative steps once climate-related risks of any form arise.

4. Employees

4.1. Employment Standard

The Group strictly complies with all relevant labour laws and regulations such as the Employment Ordinance, the Minimum Wage Ordinance, the Employment of Young Persons (Industry) Regulations of Hong Kong; the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China; the Employment Act and the Employment (Children and Young Persons) Regulations of Singapore.

During the recruitment process, the Group verifies the age of the applicants by checking documents such as identity card, academic certificates etc., in an attempt to avoid employment of child labor. In case of discovering child labor, the Group will strictly follow the steps stated in relevant laws and regulations to eliminate such practice. The recruitment and promotion processes are executed on a fair and open basis that the Group does not tolerate any form of discrimination on the grounds of gender, race, skin color, age, religion and national origin. Before the official commencement of work, the Group will provide every employee with the job descriptions of the position, clearly stating their duties and responsibilities so as to prevent any form of forced labor. In case of resignation, an interview will be arranged in a bid to understand the reasons of resignation and to make possible improvement on the Group's operation.



Environmental, Social and Governance Report

4.2. Benefits and Development

Employees are our most valuable asset and the Group highly values their rights and welfare. The salary structure is reviewed annually to ensure that the Group offers competitive remuneration package to our employees. Apart from basic salary, the Group also offers discretionary bonus based on the individual performance of the employees and our financial performance. Statutory holidays are provided in accordance with relevant national and regional regulations. Our employees can enjoy different types of leave, including annual leave, compensation leave, sick leave, maternity leave and childcare leave. Retirement benefits are also provided according to relevant laws.

The Group believes that the development of employees will greatly benefit the Group's overall development. Therefore, the Group offers different training opportunities to its employees, such as onboarding general training, general internal training, ad-hoc training, inter-departmental training and overseas training. Training sponsorships and bonds are offered to employees as an encouragement to attend external talks and seminars to enrich their knowledge in discharging their duties.

4.3. Health and Safety

Work safety is the cornerstone of the sustainable development of the Group thereby we strictly comply with laws and regulations regarding occupational health and safety, such as the Occupational Safety and Health Ordinance of Hong Kong, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and the Workplace Safety and Health (WSH) Act of Singapore.

The Group places great emphasis on the well-being of our employees therefore the Group adopts five-day work week and daily working hours are clearly defined in employment contracts to assure every employee of sufficient rest time. Terms regarding leaves such as annual leaves are also included in the contract to prevent the employees' right to take leave from being exploited. The Group has established emergency policies such as fire or explosion emergency plan as a means to properly handle accidents. Rescue, fire and evacuation drills are also conducted regularly to increase our employees' awareness and involvement in accident prevention. The Group also creates a pleasant and comfortable workplace for our employees by carrying out plenty of measures which include the provision of adjustable seats, provision of sufficient storage space to avoid overcrowded desk area, regular maintenance or replacement of office equipment, and keep objects and tools at easily accessible locations.



Environmental, Social and Governance Report

5. Operation Practices

5.1. Supply Chain Management

The Group relies on a range of suppliers to provide commodities for its distribution and trading business thus a proper management of the supply chain is of paramount importance. We have adopted the supplier credibility scoring system in an effort to evaluate and select suitable suppliers as our business partners. Scores are given to every supplier by taking account of different aspects including their nature of business, financial status, sales performance, loyalty and environmental and social risks associated with the supplier. Subsequently, higher priority can be given to suppliers with a better performance. The Group will consider putting suppliers who score low into the blacklist.

To be environmentally-friendly, the Group upholds the green procurement principle that products and services which cause minimal adverse environmental impacts are always preferred during procurement. We also prefer suppliers who support sustainable development. Besides, we clearly inform potential suppliers of our expectations, policies and requirements during our procurement process to minimize the social risks caused by the supply chain. The Group monitors the performance of suppliers continuously and will suspend its cooperation with any supplier whose practice is found to be inconsistent with the Group's policy until the situation has been improved.

The Group has selected quality suppliers who are able to meet our supplier credibility scoring system requirement while fulfilling our green procurement principles. During the Year, the majority of suppliers come from Singapore, Hong Kong and China with 15, 3 and 16 suppliers respectively, the Group has also selected 15 suppliers from around the world, ranging from Australia to as far as the Republic of South Africa.

5.2. Protecting Data Privacy

The Group is dedicated to building a relationship of mutual trust with our customers. We collect and evaluate our customers' feedback and act swiftly to address the potential quality and safety issues in order to satisfy the needs of the customers. On the other hand, the Group is devoted to safeguarding our customers' personal information. In strict compliance with the laws and regulations regarding privacy matter such as the Personal Data (Privacy) Ordinance of Hong Kong and the Personal Data Protection Act of Singapore, personal information of our customers is collected and used in a responsible and non-discriminatory manner by restricting the use of information in accordance with purposes as defined in the contract. We also take steps to upgrade the security features of computer systems as a means to safeguard the customers' personal information. Meanwhile, employees are required to agree with the Group's confidentiality policy as stated in the employment agreement while ongoing risk identification and monitoring measures are implemented, in order to uphold the principle of confidentiality and protect the privacy of clients.

During the Year, the Group has not received any product and service-related complaints from customers, and no products were subject to recalls due to health and safety reasons.



Environmental, Social and Governance Report

5.3. Anti-Corruption

The Group strictly complies with the law and regulation regarding bribery, extortion, fraud and money laundering such as the Prevention of Bribery Ordinance of Hong Kong, the Regulations of the People's Republic of China for Suppression of Corruption and the Prevention of Corruption Act of Singapore. The Group has established the Anti-Bribery and Corruption Policy which is executed to prohibit bribery and corruption in all business dealings with private organizations, individuals, domestic or foreign governments or their representatives. A code of conduct is also set up that includes provisions for conflicts of interest, privacy, bribery and anti-corruption. To effectively prohibit commercial bribes, kickbacks or similar payoffs or benefits paid by any suppliers or clients, our employees are prohibited from receiving anything with significant value from parties in any form of relationships with the Group. The Group has also adopted a whistleblowing policy to encourage the reporting of inappropriate behaviour, while at the same time protecting the whistleblowers.

Furthermore, the Group has organised an anti-corruption programme for directors and staff in Singapore, providing them with different training material such as leaflets to refresh and reinforce the staffs' knowledge and awareness towards anti-corruption practices.

During the Year, we were not aware of any breach of laws and regulations in relation to bribery, extortion, fraud and money laundering.

6. Community Investment

During the Year, the Group has focused on charitable activities to show our grateful hearts to the community. We strongly encourage our staff to join various volunteer works. The Group has made a donation of HK\$341,000 for education in Singapore and various charitable works in PRC. In the future, the Group will continue to look for opportunities to support the community through different methods.

Environmental, Social and Governance Report

Appendix: Key Performance Indicators (KPIs)

Environment ¹	2023	2022 ⁷
Air Pollutants (g)		
NO _x	66,948	38,457
SO _x	169	112
PM	6,123	3,510
Greenhouse Gas (kg CO₂e)²		
Total emission	16,320,158	10,703,588
Direct emission (Scope 1) ³	26,202	17,015
Indirect emission (Scope 2) ⁴	16,261,446	10,664,603
Indirect emission (Scope 3) ⁵	32,510	21,970
Emission/number of employees	42,500.41	30,407.92
Waste		
Total hazardous waste produced (kg)	169	152
Hazardous waste produced/number of employees	0.44	0.42
Total non-hazardous waste produced (tonnes)	7	3
Non-hazardous waste produced/number of employees	0.02	0.01
Energy Consumption (MWh)		
Total energy consumption	24,486	20,317
Fuel consumed for vehicles ⁶	111	73
Electricity	24,375	20,243
Energy consumption/number of employees	63.77	57.72
Water Consumption (m³)		
Total water consumption	66,637	92,543
Water consumption per employee	173.53	262.91

Notes:

- During the Year, the Group has a growth of production capacity, resulting in an increase of resources consumption and pollutants emission.
- Greenhouse gas emission is presented in kg of carbon dioxide equivalent, and includes carbon dioxide, methane and nitrous oxide as its inventory.
- Data includes greenhouse gas emissions derived from the fuel combustion of the Group's vehicle. The calculation and conversion factors are with reference to "Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX.
- Data includes greenhouse gas emissions derived from the use of purchased electricity. The calculation are with reference to "Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX and the conversion factors are from "Electricity Grid Emission Factor and Upstream Fugitive Methane Emission Factor 2020" issued by the Energy Market Authority of Singapore.
- Data includes greenhouse gas emissions derived from the freshwater and sewage processing, business trips of employees and disposal of paper to landfills, calculated with reference to "Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX and the International Civil Aviation Organisation Carbon Emissions Calculator.
- Data calculated with reference to the "Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Road Transport Corporation (Trial)" (《陸上交通運輸企業 - 溫室氣體排放核算方法與報告指南 (試行)》) issued by the National Development and Reform Commission of the PRC.
- To unify the methodology, waste data of 2022 has been restated.

Environmental, Social and Governance Report

Social	2023	2022
Total workforce (persons)	384	360
By gender		
Male	270	251
Female	114	109
By age group		
<30	67	91
30–50	216	185
>50	101	84
By employment type		
Full-time	378	356
Part-time	6	4
By geographical region		
Hong Kong	11	10
The PRC	245	235
Singapore	125	111
The United Kingdom	3	4
Employee Turnover Rate (%)	20	13
By gender		
Male	23	14
Female	13	9
By age group		
<30	14	13
30–50	22	13
>50	21	11
By geographical region		
Hong Kong	10	10
The PRC	18	8
Singapore	25	25
The United Kingdom	29	0

Environmental, Social and Governance Report

Health and Safety	2023	2022	2021
Number of work-related fatalities	0	0	0
Lost days due to work injury (days)	0	0	0
<hr/>			
Training and Development	2023	2022	
Percentage of Employees Trained (%)	100	100	
<hr/>			
By gender			
Male	100	100	
Female	100	100	
By Level of Employees			
Senior	100	100	
Middle	100	100	
Junior	100	100	
Others	100	100	
<hr/>			
Average Training Hours Completed (hours)	4.7	3.13	
<hr/>			
By gender			
Male	5.12	3.20	
Female	3.75	2.98	
By Level of Employees			
Senior	8.19	4.43	
Middle	4.29	3.33	
Junior	5.15	2.92	
Others	1.00	2.00	

Environmental, Social and Governance Report

Appendix: Content Index to ESG Reporting Guide

ESG Indicators	Overview	Sections	Page no./ Explanation/ Reasons for Omissions
Environmental Aspect			
A1 Emissions	General disclosure	Emission	50
A1.1	The types of emissions and respective emissions data.	Appendix: Key Performance Indicators (KPIs)	56
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	Appendix: Key Performance Indicators (KPIs)	56
A1.3	Total hazardous waste produced and, where appropriate, intensity.	Appendix: Key Performance Indicators (KPIs)	56
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Appendix: Key Performance Indicators (KPIs)	56
A1.5	Description of emissions targets set and steps taken to achieve them.	Emission	56
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and steps taken to achieve them.	Waste Management	51
A2 Use of Resources	General disclosure	Resource Conservation	51
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Appendix: Key Performance Indicators (KPIs)	56
A2.2	Water consumption in total and intensity.	Appendix: Key Performance Indicators (KPIs)	56
A2.3	Description of energy use efficiency targets set and steps taken to achieve them.	Resource Conservation	56
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets set and steps taken to achieve them.	Resource Conservation	51



Environmental, Social and Governance Report

ESG Indicators	Overview	Sections	Page no./ Explanation/ Reasons for Omissions
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	N/A	Irrelevant to business scope
A3 The Environment and Natural Resources	General disclosure	Green Operation	50
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operation	50
A4 Climate Change	General disclosure	Responding to Climate Change	52
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Responding to Climate Change	52
Social Aspect			
B1 Employment	General disclosure	Employment Standard	52
B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix: Key Performance Indicators (KPIs)	57-58
B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix: Key Performance Indicators (KPIs)	57-58
B2 Health and Safety	General disclosure	Health and Safety	53
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix: Key Performance Indicators (KPIs)	57-58
B2.2	Lost days due to work injury.	Appendix: Key Performance Indicators (KPIs)	57-58
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety	53
B3 Development and Training	General disclosure	Benefits and Development	53

Environmental, Social and Governance Report

ESG Indicators	Overview	Sections	Page no./ Explanation/ Reasons for Omissions
B3.1	The percentage of employees trained by gender and employee category.	Appendix: Key Performance Indicators (KPIs)	57-58
B3.2	The average training hours completed per employee by gender and employee category.	Appendix: Key Performance Indicators (KPIs)	57-58
B4 Labour Standards	General disclosure	Employment Standards	52
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment Standards	52
B4.2	Description of steps taken to eliminate such practices when discovered.	Employment Standards	52
B5 Supply Chain Management	General disclosure	Supply Chain Management	54
B5.1	Number of suppliers by geographical region.	Supply Chain Management	54
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management	54
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	N/A	Irrelevant to business scope.
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	54
B6 Product Responsibility	General disclosure	Operation Practices	54
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Protecting Our Clients	54



Environmental, Social and Governance Report

ESG Indicators	Overview	Sections	Page no./ Explanation/ Reasons for Omissions
B6.2	Number of products and service-related complaints received and how they are dealt with.	Protecting Our Clients	54
B6.3	Description of practices relating to observing and protecting intellectual property rights.	N/A	Irrelevant to business scope.
B6.4	Description of quality assurance process and recall procedures.	N/A	Irrelevant to business scope.
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Protecting Data Privacy	54
B7 Anti-corruption	General disclosure	Anti-Corruption	55
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption	55
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-Corruption	55
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption	55
B8 Community Investment	General disclosure	Community Investment	55
B8.1	Focus areas of contribution.	Community Investment	55
B8.2	Resources contributed to the focus area.	Community Investment	55

Independent Auditor's Report



TO THE SHAREHOLDERS OF THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Theme International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 67 to 145, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Inventories

Refer to note 23 to the consolidated financial statements

The Group tested the amount of inventories for impairment. This impairment test is significant to our audit because the balance of inventory of approximately HK\$2,253,665,000 as at 31 December 2023 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on ordering and holding of inventories;
- Evaluating the Group's impairment assessment;
- Assessing the marketability of the inventories;
- Assessing the ageing of the inventories;
- Assessing the net realisable values of the inventories; and
- Checking subsequent sales and usage of the inventories.

We consider that the Group's impairment test for inventories is supported by the available evidence.

Trade and bills receivables and interest receivables and accounts receivables

Refer to notes 24 and 25 to the consolidated financial statements

The Group tested the amount of trade and bills receivables and interest receivables and accounts receivables for impairment. This impairment test is significant to our audit because the balances of trade and bills receivables and interest receivables and accounts receivables of approximately HK\$1,853,872,000 and HK\$3,297,782,000 respectively as at 31 December 2023 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Independent Auditor's Report

Our audit procedures included, among others:

- assessing the Group's procedures on granting credit limits and credit periods to customers;
- assessing the Group's relationship and transaction history with the customers;
- evaluating the Group's impairment assessment;
- assessing aging of the debts;
- checking subsequent settlements from the customers;
- understanding the established policies and procedures on credit risk management of the Group and assessing and evaluating the process with respect to identification of accounts receivables from brokers, dealers and customers with indicators of impairment and the measurement of the impairment allowance;
- assessing the sufficiency of the impairment loss recognised with respect to the above shortfall, after taking into account other factors like credit worthiness, subsequent utilisation of accounts in the future dealings as well as past collection history; and
- assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for trade and bills receivables and interest receivables and accounts receivables is supported by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



Independent Auditor's Report

Responsibilities of Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Fong Tak Ching

Audit Engagement Director

Practising Certificate Number P06353

Hong Kong, 28 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	7	55,376,948	39,090,928
Cost of sales		(53,596,299)	(37,011,048)
Gross profit		1,780,649	2,079,880
Other income, gain and loss	8	197,622	56,710
Selling and distribution expenses		(91,250)	(76,038)
Administrative expenses		(373,042)	(374,193)
Profit from operations		1,513,979	1,686,359
Finance costs	9	(28,321)	(41,118)
Share of profits of associates		36,507	93,843
Profit before taxation		1,522,165	1,739,084
Income tax	10	(140,084)	(169,910)
Profit for the year	11	1,382,081	1,569,174
Profit for the year attributable to:			
Owners of the Company		1,200,955	1,206,822
Non-controlling interests		181,126	362,352
		1,382,081	1,569,174
Other comprehensive expenses:			
<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		(561)	(1,771)
<i>Items that may be reclassified to profit or loss:</i>			
Share of associate's exchange differences on translating foreign operations		(1,118)	(18,039)
Exchange differences on translating foreign operations		(71,358)	(123,757)
		(72,476)	(141,796)
Other comprehensive expenses for the year, net of tax		(73,037)	(143,567)
Total comprehensive income for the year		1,309,044	1,425,607
Total comprehensive income for the year attributable to:			
Owners of the Company		1,129,092	1,099,023
Non-controlling interests		179,952	326,584
		1,309,044	1,425,607
Earnings per share			
— Basic (HK cents per share)	14	8.91	8.96
— Diluted (HK cents per share)	14	8.91	8.96

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Property, plant and equipment	15	170,809	179,641
Right-of-use assets	16	40,726	45,062
Goodwill	17	37,945	37,945
Interest in associates	18	617,887	281,352
Financial assets at fair value through other comprehensive income	19	20,235	20,796
Financial assets at fair value through profit or loss	20	—	242,892
Deferred tax assets	21	143	2,423
		887,745	810,111
Current assets			
Inventories	23	2,253,665	2,340,096
Loans to customers	22	—	15,699
Trade and bills receivables and interest receivables	24	1,853,872	1,707,617
Accounts receivables	25	3,297,782	3,362,173
Financial assets at fair value through profit or loss	20	496,387	70,361
Derivative instruments	26	1,454,319	1,075,911
Prepayments, deposits and other receivables	27	777,078	204,064
Cash and bank balances	28	5,310,281	4,030,651
		15,443,384	12,806,572
Current liabilities			
Trade and bills payables	29	2,423,790	1,731,795
Trust receipt loans	30	—	160,096
Bank borrowings	31	1,259	1,113
Accounts payables	32	4,876,625	3,862,296
Contract liabilities	33	176,846	53,471
Accruals and other payables		208,981	511,101
Derivative instruments	26	1,221,457	1,268,813
Lease liabilities	34	13,593	9,589
Current tax payable		113,260	72,751
		9,035,811	7,671,025
Net current assets		6,407,573	5,135,547
Total assets less current liabilities		7,295,318	5,945,658

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current liabilities			
Bank borrowings	31	3,078	4,355
Lease liabilities	34	10,050	16,527
Deferred tax liabilities	21	12,362	15,823
		25,490	36,705
NET ASSETS			
		7,269,828	5,908,953
Capital and reserves			
Share capital	35	33,679	33,679
Reserves	36	6,164,820	4,550,809
Equity attributable to owners of the Company		6,198,499	4,584,488
Non-controlling interests		1,071,329	1,324,465
TOTAL EQUITY			
		7,269,828	5,908,953

The consolidated financial statements on pages 67 to 145 were approved and authorised for issue by the board of directors on 28 March 2024 and are signed on its behalf by:

Director
Jiang Jiang

Director
Wu Lei

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the Company						Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Investment revaluation reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated profits HK\$'000			
At 1 January 2022	33,679	1,877,644	3,179	—	6,748	(Note a) 1,564,215	3,485,465	843,851	4,329,316
Profit for the year	—	—	—	—	—	1,206,822	1,206,822	362,352	1,569,174
Other comprehensive expenses for the year									
— Exchange difference arising on translating foreign operations	—	—	—	—	(106,028)	—	(106,028)	(35,768)	(141,796)
— Fair value changes of financial assets at fair value through other comprehensive income	—	—	—	(1,771)	—	—	(1,771)	—	(1,771)
Total comprehensive income for the year	—	—	—	(1,771)	(106,028)	1,206,822	1,099,023	326,584	1,425,607
Capital injection by non- controlling interests of subsidiaries	—	—	—	—	—	—	—	209,820	209,820
Dividend distributions of non- wholly owned subsidiaries	—	—	—	—	—	—	—	(55,790)	(55,790)
At 31 December 2022	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 year	—	—	—	—	—	1,200,955	1,200,955	181,126	1,382,081
Other comprehensive expenses for the year									
— Exchange difference arising on translating foreign operations	—	—	—	—	(71,302)	—	(71,302)	(1,174)	(72,476)
— Fair value changes of financial assets at fair value through other comprehensive income	—	—	—	(561)	—	—	(561)	—	(561)
Total comprehensive income for the year	—	—	—	(561)	(71,302)	1,200,955	1,129,092	179,952	1,309,044
Capital injection by non- controlling interests of subsidiaries	—	—	—	—	—	—	—	107,266	107,266
Partial disposal of equity interests in non-wholly- owned subsidiaries without loss of control	—	—	(4,260)	—	—	—	(4,260)	14,640	10,380
Acquisition of additional equity interests in subsidiaries (Note b)	—	—	55,558	—	—	—	55,558	(386,771)	(331,213)
Deemed shareholder contribution in relation to option granted (Note 20)	—	—	433,621	—	—	—	433,621	—	433,621
Dividend distributions of non- wholly owned subsidiaries	—	—	—	—	—	—	—	(168,223)	(168,223)
At 31 December 2023	33,679	1,877,644	488,098	(2,332)	(170,582)	3,971,992	6,198,499	1,071,329	7,269,828

Note a: Included in accumulated profits approximately of HK\$2,771,037,000 and HK\$3,971,992,000 at 31 December 2022 and 2023 respectively are approximately of HK\$45,062,000 and HK\$68,415,000 as at 31 December 2022 and 2023 respectively designated as statutory surplus reserves in accordance with the People's Republic of China (the "PRC") Company Law and the Articles of Association of those PRC subsidiaries of the Company. These PRC subsidiaries are required to transfer 10% of their respective net profit as determined in accordance with the PRC Accounting Rules and Regulations to the statutory reserve until the reserve balance reaches 50% of the registered capital of these PRC subsidiaries. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

Note b: During the year ended 31 December 2023, the Group had further acquired 33% equity interests of 山東鑫盛達礦業有限公司 ("鑫盛達") and 49% equity interests of 福建競點合金有限公司 ("競點合金"), the non-wholly owned subsidiaries of the Group, from non-controlling shareholders of 鑫盛達 and 競點合金 with consideration of RMB23,360,000 and RMB277,238,000 respectively. The difference of approximately HK\$55,558,000 (RMB50,423,000) between the amount of the non-controlling interests of HK\$386,771,000 (RMB351,021,000) adjusted and the fair value of consideration paid of approximately HK\$331,213,000 (RMB300,598,000), had been recognised directly in equity as capital reserve.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
Cash flows from operating activities			
Profit before taxation:		1,522,165	1,739,084
Adjustments for:			
Interest income		(103,780)	(28,310)
Finance costs		28,321	41,118
Loss on disposal/written-off of property, plant and equipment		667	4,987
Depreciation on:			
— property, plant and equipment		17,870	21,994
— right-of-use assets		14,854	12,698
Share of profits of associates		(36,507)	(93,843)
Gain on fair value changes of financial assets at fair value through profit or loss		(117,060)	(48,444)
Gain of partial disposal of an associate		(153)	—
Gain on deemed disposal of an associate		(8,117)	—
Impairment losses on loans to customers		—	9,900
Operating cash flows before working capital changes		1,318,260	1,659,184
Change in inventories		36,422	(1,098,532)
Change in loans to customers		15,699	(2,842)
Change in trade and bills receivables and interest receivables		(208,999)	684,774
Change in accounts receivables		64,391	(1,045,735)
Change in financial assets at fair value through profit or loss		11,706	(15,166)
Change in derivative instruments		(425,764)	319,654
Change in prepayments, deposits and other receivables		(495,684)	396,169
Change in cash and bank balances—Trust and customer segregated accounts		(1,053,896)	(334,348)
Change in trade and bills payables	37(i)	2,932,174	5,183,084
Change in accounts payables		1,014,329	1,044,894
Change in contract liabilities		98,828	(327,893)
Change in accruals and other payables		(239,248)	324,665
Cash generated from operations		3,068,218	6,787,908
Income tax paid		(100,756)	(169,903)
Interest received		103,780	28,310
Net cash generated from operating activities		3,071,242	6,646,315



Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(14,284)	(29,463)
Proceeds from disposal of property, plant and equipment		—	10,628
Dividend received from an associate		14,393	—
Proceeds from partial disposal of an associate		42,073	—
Repayment from an associate		—	29,447
Acquisition of financial assets at fair value through profit or loss		—	(234,000)
Acquisition of subsidiaries		—	(57,373)
(Increase)/decrease in restricted deposits		(223,622)	32,105
Net cash used in investing activities		(181,440)	(248,656)
Cash flows from financing activities			
Capital injection by non-controlling interests of subsidiaries		107,266	209,820
Proceed from partial disposal of interests in non-wholly-owned subsidiaries without loss of control		10,380	—
Repayment of trust receipt loans and bank borrowings	37(ii)	(2,451,230)	(4,619,179)
Acquisition of additional interest in subsidiaries		(331,213)	—
Payment of lease liabilities		(13,214)	(12,499)
Interest paid		(28,321)	(41,118)
Dividend paid in relation to distribution to non-controlling shareholders of subsidiaries		(223,031)	(982)
Net cash used in financing activities		(2,929,363)	(4,463,958)
Net (decrease)/increase in cash and cash equivalents		(39,561)	1,933,701
Effect of changes in foreign exchange rates		(5,220)	(79,485)
Cash and cash equivalents at beginning of year		2,734,468	880,252
Cash and cash equivalents at end of year		2,689,687	2,734,468
Analysis of cash and cash equivalents			
Cash and bank balances - General accounts	28	2,689,687	2,734,468

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1. General Information

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

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 40 to the consolidated financial statements. The Company and its subsidiaries are collectively referred to as the “**Group**”.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

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

3. Material Accounting Policy Information

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets at fair value through profit of loss and derivative instruments. These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors of the Company (the “**Directors**”) to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these consolidated financial statements, are further disclosed in note 4 to the consolidated financial statements.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Policy Information (Continued)

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of subsidiaries that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Policy Information (Continued)

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (II) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at their acquisition-date fair value the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Policy Information (Continued)

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Policy Information (Continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- (iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated profit or loss as part of the gain or loss on disposal.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Policy Information (Continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	4.75%–19%
Leasehold improvements	Shorter of lease term or useful lives
Plant and equipment	10%–33 $\frac{1}{3}$ %
Furniture, fixtures and office equipment	10%–33 $\frac{1}{3}$ %
Motor vehicles	10%–33 $\frac{1}{3}$ %

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machines pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land use rights	Over the unexpired lease term
Land and buildings	33 $\frac{1}{3}$ %

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Policy Information (Continued)

Leases (Continued)

The Group as lessee (Continued)

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000.

Inventories

Save as the precious metal commodities are measured at fair value less cost to sell and their changes in fair value less cost to sell are recognised in profit or loss in the period of the change, the remaining inventories of the Group are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Policy Information (Continued)

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified as:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income; and
- Financial assets at fair value through profit or loss.

(i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(ii) Financial assets at fair value through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity investments that are not held for trading as at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the investment revaluation reserve are not reclassified to profit or loss.

Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Policy Information (Continued)

Financial assets (Continued)

(iii) Financial assets at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Financial assets at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

Loss allowance for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables, if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Policy Information (Continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative instruments

Derivatives are initially recognised and subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Policy Information (Continued)

Revenue from contracts with customers (Continued)

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service payment are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service payment as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Policy Information (Continued)

Employee benefits (Continued)

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Repayment of a grant related to income is applied first against any unamortised deferred income set up in respect of the grant. To the extent that the repayment exceeds any such deferred income, or where no deferred income exists, the repayment is recognised immediately in profit or loss. Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income by the amount repayable. The cumulative additional depreciation that would have been recognised in profit or loss to date in the absence of the grant is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Policy Information (Continued)

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Policy Information (Continued)

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.

- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Policy Information (Continued)

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to and assessing the performance of the Group's various lines of business in different geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill, deferred tax assets, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Policy Information (Continued)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Critical Judgements and Key Estimates

4a. Critical Judgments in Applying Accounting Policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

Consolidation of entity of less than 50% equity interest

Although the Group owns less than 50% of the equity interests in two of its subsidiaries, namely, Theme International VCC - Theme International Trading and Theme International VCC - Beta Theme International Trading, funds incorporated in Singapore, these corporations are treated as subsidiaries because the Group is able to control the relevant activities of these corporations as a result of the shareholders' agreement between the Group and other shareholders of these corporations.

Equity pick up of entity of less than 20% equity interest

Although the Group holds less than 20% of the voting power of Esteel (as defined in note 20), the Group exercises significant influence over Esteel because the Group is entitled to appoint one director out of the three directors of Esteel and the Group has more than 20% potential voting right derived from the equity interest of Esteel held by the Group as well as the Second Call Option (as defined in note 20) granted.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

4. Critical Judgements and Key Estimates (Continued)

4b. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgment and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions. The Group will reassess the estimates by the end of each reporting period.

Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Fair value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss

In the absence of quoted market prices in an active market, the directors estimate the fair value of the Group's certain investments, details of which are set out in notes 19 and 20 to the consolidated financial statements, by considering information from a variety of sources, including the latest published financial information, the historical data on market volatility as well as the price and industry and sector performance in relation to the investments.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. Financial Risk Management

The Group's activities expose it to a variety of financial risks, foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as certain of its business transactions, assets and liabilities are principally denominated in the foreign currencies of the Group entities, including Hong Kong dollars, United States dollars and Renminbi. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2023, if the Renminbi had weakened/strengthened 5% (2022: 8.5%) against the US dollar with all other variables held constant, post-tax profit for the year would have been approximately of HK\$16,836,000 (2022: HK\$108,006,000) lower/higher, arising mainly as a result of the foreign exchange loss on trade and bills payables denominated in US dollar.

(b) Price risk

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. For sensitivity analysis purpose, the sensitivity rate is 10% (2022: 10%) in current year as a result of the volatile financial market.

At 31 December 2023, if the share prices of the derivative instruments increase/decrease by 10%, post-tax profit for the year would have been approximately of HK\$23,286,000 (2022: HK\$18,900,000) higher/lower, arising as a result of the fair value change of the derivative instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. Financial Risk Management (Continued)

(c) Credit risk

The carrying amount of the cash and bank balances, trade, bills, interest and other receivables, investments and loans to customers receivable included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. The default risk of the industry and country in which debtors operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has a concentration of credit risk as 17% (2022: 47%) and 41% (2022: 78%) of trade and bills receivables which was due from the Group's largest debtor and the five largest debtors respectively.

The Group has policies in place to ensure that sales on credit terms and loans are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. Apart from receivables that are impaired at year end, the remaining debtors have no significant defaults in the past. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that no provision for the remaining uncollectible receivables is required.

In order to minimise the credit risk on the accounts receivables relating to the brokerage activities, the Group only select those brokers which are either the licensed financial institutions or reputable organisations for carrying on the brokerage and clearing services business and acting as the custodians of the fund of the Group itself and its customers. In this regard, the directors of the Company consider that the Group's credit risk on the accounts receivable is significantly reduced.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. Financial Risk Management (Continued)

(c) Credit risk (Continued)

- significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade receivables which reflect their credit risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. Financial Risk Management (Continued)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer terms.

The maturity analysis of the Group's financial liabilities which are based on contractual undiscounted cash flows as follows:

	On demand or within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000
At 31 December 2023			
Trade and bills payables	2,423,790	—	—
Bank borrowings	1,259	1,279	1,799
Accounts payables	4,876,625	—	—
Accruals and other payables	208,981	—	—
Lease liabilities	14,142	10,183	—
Derivative instruments	1,221,457	—	—
	8,746,254	11,462	1,799
At 31 December 2022			
Trade and bills payables	1,731,795	—	—
Trust receipt loans	160,096	—	—
Bank borrowings	1,113	1,182	3,173
Accounts payables	3,862,296	—	—
Accruals and other payables	511,101	—	—
Lease liabilities	10,194	10,211	6,720
Derivative instruments	1,268,813	—	—
	7,545,408	11,393	9,893

(e) Interest rate risk

The Group's bank deposits and bank borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to interest-rate risk arises from its bank deposits. These deposits bear interests at variable rates varied with the then prevailing market condition.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. Financial Risk Management (Continued)

(f) Categories of financial instruments at 31 December

	2023 HK\$'000	2022 HK\$'000
Financial assets		
Financial assets at fair value through other comprehensive income	20,235	20,796
Financial assets at fair value through profit or loss — Mandatorily measured:		
Financial assets at fair value through profit or loss	496,387	313,253
Derivative instruments	1,454,319	1,075,911
	1,950,706	1,389,164
Financial assets at amortised cost (including cash and cash equivalents):		
Loans to customers	—	15,699
Trade and bills receivables and interest receivables	1,853,872	1,707,617
Accounts receivables	3,297,782	3,362,173
Deposits and other receivables	670,472	201,978
Cash and bank balances	5,310,281	4,030,651
	11,132,407	9,318,118
	13,103,348	10,728,078
Financial liabilities		
Financial liabilities at fair value through profit or loss:		
Derivative instruments	1,221,457	1,268,813
Financial liabilities at amortised cost:		
Trade and bills payables	2,423,790	1,731,795
Trust receipt loans	—	160,096
Bank borrowings	4,337	5,468
Accounts payables	4,876,625	3,862,296
Accruals and other payables	208,981	511,101
	7,513,733	6,270,756
	8,735,190	7,539,569

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. Financial Risk Management (Continued)

(g) Fair value

Fair value estimates are made at a specific point in time and are based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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

6. Fair Value Measurements

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the 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.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. Fair Value Measurements (Continued)

Disclosures of level in fair value hierarchy:

At 31 December 2023

Description	Fair value measurements using:			Total 2023 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
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 Option	16,004	—	—	16,004
	—	—	480,383	480,383
	16,004	—	480,383	496,387
Derivative instruments				
— Assets	1,454,319	—	—	1,454,319
— Liabilities	(1,221,457)	—	—	(1,221,457)
	232,862	—	—	232,862
Total recurring fair value measurements	248,866	—	500,618	749,484

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. Fair Value Measurements (Continued)

Disclosures of level in fair value hierarchy: (Continued)

At 31 December 2022

Description	Fair value measurements using:			Total 2022 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Financial assets at fair value through other comprehensive income				
Private equity investment in the PRC	—	—	20,796	20,796
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong and overseas	30,809	—	—	30,809
Private equity investment in overseas	—	—	242,892	242,892
Option	—	—	39,552	39,552
	30,809	—	282,444	313,253
Derivative instruments				
— Assets	1,075,911	—	—	1,075,911
— Liabilities	(1,268,813)	—	—	(1,268,813)
	(192,902)	—	—	(192,902)
Total recurring fair value measurements	(162,093)	—	303,240	141,147

During the years ended 31 December 2023 and 2022, 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.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. Fair Value Measurements (Continued)

Disclosures of level in fair value hierarchy: (Continued)

Movements in Level 3 fair value measurements

Description	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income	2023 Total HK\$'000
	Equity investment HK\$'000	Option HK\$'000	Equity investment HK\$'000	
At 1 January	242,892	39,552	20,796	303,240
Total gains or losses recognised				
— in profit or loss ^(#)	112,949	7,210	—	120,159
— in other comprehensive income	—	—	(561)	(561)
Recognition of interest in an associate	(355,841)	—	—	(355,841)
Addition	—	433,621	—	433,621
At 31 December	—	480,383	20,235	500,618
^(#) Include gains or losses for assets held at end of reporting period	—	46,762	—	46,762

Description	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income	2022 Total HK\$'000
	Equity investment HK\$'000	Option HK\$'000	Equity investment HK\$'000	
At 1 January	—	—	22,567	22,567
Total gains or losses recognised				
— in profit or loss ^(#)	8,892	39,552	—	48,444
— in other comprehensive income	—	—	(1,771)	(1,771)
Purchases	234,000	—	—	234,000
At 31 December	242,892	39,552	20,796	303,240
^(#) Include gains or losses for assets held at end of reporting period	8,892	39,552	—	48,444

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. Fair Value Measurements (Continued)

Movements in Level 3 fair value measurements (Continued)

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 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 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:

Description	Valuation Technique	Unobservable inputs	Fair value 2023 HK\$'000	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 PIE multiple		Decrease
Option classified as equity investment at fair value through profit or loss	Binomial Black Scholes Model	Expected volatility	480,383	Increase

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For the year ended 31 December 2023

6. Fair Value Measurements (Continued)

Movements in Level 3 fair value measurements (Continued)

Description	Valuation Technique	Unobservable inputs	Fair value 2022 HK\$'000	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	20,796	Increase
		Marketability discount and PIE multiple		Decrease
Unlisted equity securities classified as equity investment at fair value through profit or loss	Market approach – Guideline Transaction Method	Reference to the most recent shares transactions of the target company with independent third party	242,892	Increase
		Marketability discount and PIE multiple		Decrease
Option classified as equity investment at fair value through profit or loss	Binominal Black Scholes Model	Expected volatility	39,552	Increase

7. Revenue and Segment Information

(a) Revenue

	2023 HK\$'000	2022 HK\$'000
Sales from trading and processing of goods	54,537,384	38,061,282
Commission income and brokerage fees from the provision of financial services	242,688	188,241
Less: Sales taxes and levies	(11,022)	(10,617)
Revenue from contracts with customers	54,769,050	38,238,906
Gain from derivative trading	459,797	822,207
Interest income from loans to customers	624	1,346
Interest income from trust and segregated accounts	147,477	28,469
	607,898	852,022
Total revenue	55,376,948	39,090,928

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For the year ended 31 December 2023

7. Revenue and Segment Information (Continued)

(a) Revenue (Continued)

Sales from trading and processing of goods

The Group trades and processes the bulk commodities and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Revenue from these sales is recognised based on the prices specified in the contracts, net of sales taxes and levies as well as commodities price index change between the dates of contracts and goods delivery.

Sales to customers are normally made with credit terms of 0 to 90 days. For those customers in the PRC, deposits are regularly required and these deposits received are recognised as the contract liabilities.

The trade and bills receivables are recognised when the products are delivered to the customers as these are the point in time that the considerations are unconditional because only the passage of time is required before the payment is due.

Commission income and brokerage fees from the provision of financial services

The Group provides a wide range of financial services to its customers. Amongst them, the commission income and brokerage fees from the provision of futures and derivatives products for global exchange services is recognised when the services are rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the services.

Disaggregation of revenue from contracts with customers:

Segments	Distribution, trading and processing HK\$'000	Financial services HK\$'000	Total 2023 HK\$'000
Geographical markets			
Hong Kong	173,750	122,988	296,738
Singapore	39,483,245	119,700	39,602,945
The PRC	14,869,367	—	14,869,367
Total	54,526,362	242,688	54,769,050
Major products/services			
Trading and processing of bulk commodities	54,526,362	—	54,526,362
Commission income and brokerage fees	—	242,688	242,688
Total	54,526,362	242,688	54,769,050
Time of revenue recognition			
At a point in time	54,526,362	242,688	54,769,050

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

7. Revenue and Segment Information (Continued)

(a) Revenue (Continued)

Disaggregation of revenue from contracts with customers:

Segments	Distribution, trading and processing HK\$'000	Financial services HK\$'000	Total 2022 HK\$'000
Geographical markets			
Hong Kong	—	128,549	128,549
Singapore	25,372,269	59,692	25,431,961
The PRC	12,678,396	—	12,678,396
Total	38,050,665	188,241	38,238,906
Major products/services			
Trading and processing of bulk commodities	38,050,665	—	38,050,665
Commission income and brokerage fees	—	188,241	188,241
Total	38,050,665	188,241	38,238,906
Time of revenue recognition			
At a point in time	38,050,665	188,241	38,238,906

(b) Segment information

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

During the year ended 31 December 2023 and 2022, the Group's reportable and operating segments are as follows:

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

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For the year ended 31 December 2023

7. Revenue and Segment Information (Continued)

(b) Segment information (Continued)

Segment information and results:

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

Year ended 31 December 2023

	Distribution, trading and processing HK\$'000	Financial services HK\$'000	Total HK\$'000
Revenue	54,526,362	850,586	55,376,948
Segment profit	1,087,072	320,538	1,407,610
Finance costs	(27,477)	(514)	(27,991)
Unallocated other income, gain and loss			124,303
Share of profits of associates			36,507
Corporate expenses and other finance costs			(18,264)
Profit before taxation			1,522,165

Year ended 31 December 2022

	Distribution, trading and processing HK\$'000	Financial services HK\$'000	Total HK\$'000
Revenue	38,050,665	1,040,263	39,090,928
Segment profit	1,175,902	479,728	1,655,630
Finance costs	(40,760)	(279)	(41,039)
Unallocated other income, gain and loss			48,967
Share of profits of associate			93,843
Corporate expenses and other finance costs			(18,317)
Profit before taxation			1,739,084

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

7. Revenue and Segment Information (Continued)

(b) Segment information (Continued)

Segment information and results: (Continued)

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, gains and losses, share of profits of associate, certain finance costs and taxation. This is the measure reporting to the executive directors for the purposes of resource allocation and making strategic decision.

Segment assets and liabilities:

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

As at 31 December 2023

	Distribution, trading and processing HK\$'000	Financial services HK\$'000	Total HK\$'000
Segment assets	<u>7,281,499</u>	<u>7,932,972</u>	<u>15,214,471</u>
Unallocated prepayments, deposits and other receivables			1,478
Unallocated property, plant and equipment and right-of-use assets			7,161
Financial assets at fair value through profit or loss			480,383
Interest in associates			617,887
Unallocated cash and bank balances			<u>9,749</u>
Consolidated assets			<u>16,331,129</u>
Segment liabilities	<u>2,817,949</u>	<u>6,116,777</u>	<u>8,934,726</u>
Bank borrowings	<u>4,337</u>	—	<u>4,337</u>
Current tax payable	<u>100,380</u>	<u>12,880</u>	<u>113,260</u>
Unallocated accruals and other payables			1,790
Unallocated lease liabilities			<u>7,188</u>
Consolidated liabilities			<u>9,061,301</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

7. Revenue and Segment Information (Continued)

(b) Segment information (Continued)

Segment assets and liabilities: (Continued)

As at 31 December 2022

	Distribution, trading and processing HK\$'000	Financial services HK\$'000	Total HK\$'000
Segment assets	6,207,188	6,842,423	13,049,611
Unallocated prepayments, deposits and other receivables			1,355
Financial assets at fair value through profit or loss			282,444
Interest in an associate			281,352
Unallocated cash and bank balances			1,921
Consolidated assets			13,616,683
Segment liabilities	2,271,174	5,196,302	7,467,476
Trust receipt loans and bank borrowings	165,564	—	165,564
Current tax payable	67,941	4,810	72,751
Unallocated accruals and other payables			1,913
Unallocated lease liabilities			26
Consolidated liabilities			7,707,730

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

7. Revenue and Segment Information (Continued)

(b) Segment information (Continued)

Other segment information:

	Distribution, trading and processing HK\$'000	Financial services HK\$'000	Total HK\$'000
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Year ended 31 December 2023

Amounts included in the measure of
segment results or segment assets:

Additions of property, plant and equipment	13,269	1,015	14,284
Depreciation of property, plant and equipment	16,848	1,022	17,870

	Distribution, trading and processing HK\$'000	Financial services HK\$'000	Total HK\$'000
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Year ended 31 December 2022

Amounts included in the measure of
segment results or segment assets:

Additions of property, plant and equipment	28,337	1,126	29,463
Depreciation of property, plant and equipment	21,071	923	21,994

Geographical information:

	Revenue		Non-current assets	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong	368,425	148,573	7,189	60
Singapore	40,139,156	26,263,959	435,879	65,125
The PRC	14,869,367	12,678,396	424,299	478,815
	55,376,948	39,090,928	867,367	544,000

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

7. Revenue and Segment Information (Continued)

(b) Segment information (Continued)

Geographical information: (Continued)

In presenting the geographical information, revenue is based on the location where the business activities were carried out. Non-current assets exclude financial instruments and deferred tax assets.

Information about major customers:

None of the customers from the Group's distribution, trading and processing business segment contributes over 10% of the total revenue of the Group for the years ended 31 December 2023 and 2022.

8. Other Income, Gain and Loss

	2023 HK\$'000	2022 HK\$'000
Interest income on bank deposits	103,780	28,310
Net foreign exchange loss	(56,680)	(8,125)
Impairment loss on loans to customers	—	(9,900)
Gain on fair value changes of financial assets at fair value through profit or loss	117,060	48,444
Gain on deemed disposal of an associate	8,117	—
Gain on partial disposal of an associate	153	—
Government grants (Note)	13,065	—
Loss on disposal/written off of property, plant and equipment	(667)	(4,987)
Others	12,794	2,968
	197,622	56,710

Note: Government grants were mainly granted to the Group as one-off subsidies to support the operation of the PRC subsidiaries. The government grants had no conditions or contingencies that are needed to be fulfilled and they were non-recurring in nature.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

9. Finance Costs

	2023 HK\$'000	2022 HK\$'000
Bills discounting interest expenses and interest expenses on bank borrowings and trust receipt loans	27,334	40,640
Lease interest expenses	987	478
	28,321	41,118

10. Income Tax

	2023 HK\$'000	2022 HK\$'000
Current tax		
– Hong Kong Profits Tax		
– Provision for the year	1,373	2,276
– PRC Corporate Income Tax		
– Provision for the year	82,261	133,371
– Singapore Corporate Income Tax		
– Provision for the year	57,631	31,182
Deferred tax (Note 21)	(1,181)	3,081
	140,084	169,910

Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits in respect of the Group's operating entities in Hong Kong for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.

Singapore Corporate Income Tax is provided using the Singapore standard rate of income tax of 17% or the concession rate of 5% for the years ended 31 December 2023 and 2022. 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 years ended 31 December 2022 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 year ended 31 December 2023 and 2022.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

10. Income Tax (Continued)

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

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

The reconciliation between the income tax and profit before taxation is as follows:

	2023 HK\$'000	2022 HK\$'000
Profit before taxation	1,522,165	1,739,084
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdiction concerned	276,949	357,744
Tax effect on income that is not taxable	(32,097)	(110,589)
Tax effect of expenses that are not deductible	2,186	2,243
Utilisation of tax losses previously not recognised	(9,071)	—
Effect of GTP incentive award	(83,495)	(53,223)
One-off tax reduction	(12)	(806)
Tax losses not recognised	8,272	3,569
Others	(14,935)	(5,567)
Tax effect of share of profits of an associate	(7,713)	(23,461)
	140,084	169,910

At the end of the reporting period, subject to agreement with tax authorities, the Group has unused tax losses of approximately HK\$421,147,000 (2022: approximately HK\$387,658,000) 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\$45,076,000 (2022: approximately HK\$20,905,000) arisen in the PRC operations of the Group, are eligible for carried forward for a period of 5 years from their respective year of origination under the PRC Corporate Income Tax Law. The other tax losses are carried forward indefinitely.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of those subsidiaries and associate in the PRC for which deferred tax liabilities have not been recognised is approximately HK\$47,403,000 (2022: HK\$41,268,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

11. Profit for the Year

The Group's profit for the year is stated after charging the following:

	2023 HK\$'000	2022 HK\$'000
Cost of inventories recognised as cost of sales	53,073,582	36,555,161
Depreciation		
– Property, plant and equipment	17,870	21,994
– Right-of-use assets	14,854	12,698
Auditors' remuneration		
– audit services	1,390	1,230
– non-audit services	250	241
	1,640	1,471
Expenses related to short-term leases	1,793	–
Directors' remuneration (note 12(a))	13,474	13,190
Other staff costs		
– salaries, discretionary bonuses and allowances	259,941	294,015
– retirement benefits scheme contributions	11,751	9,669
	271,692	303,684

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

12. Directors' and Senior Management's Emoluments

(a) Directors' emoluments

The remuneration of each Director for the year ended 31 December 2023 is set out below:

	Notes	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors:</i>						
Mr. Jiang Jiang		—	1,438	2,189	—	3,627
Mr. Wu Lei		—	1,318	2,657	93	4,068
Ms. Chen Jing	3	—	476	—	6	482
<i>Non-executive directors:</i>						
Mr. Ding Lin		—	1,080	—	18	1,098
Mr. Wang Zhenhui		—	1,080	—	—	1,080
Mr. Kang Jian		—	1,439	1,220	100	2,759
<i>Independent non-executive directors:</i>						
Mr. Liu Song		120	—	—	—	120
Ms. Kent Shun Ming		120	—	—	—	120
Ms. Chan Lai Ping	2	120	—	—	—	120
		360	6,831	6,066	217	13,474

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

12. Directors' and Senior Management's Emoluments (Continued)

(a) Directors' emoluments (Continued)

The remuneration of each Director for the year ended 31 December 2022 is set out below:

	Notes	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors:</i>						
Mr. Jiang Jiang		—	1,480	1,262	—	2,742
Mr. Wu Lei		—	1,356	1,518	99	2,973
Ms. Chen Jing	3	—	1,441	1,013	18	2,472
<i>Non-executive directors:</i>						
Mr. Ding Lin		—	1,080	—	18	1,098
Mr. Wang Zhenhui		—	1,080	—	—	1,080
Mr. Kang Jian		—	1,441	927	99	2,467
<i>Independent non-executive directors:</i>						
Mr. Liu Song		120	—	—	—	120
Ms. Kent Shun Ming		120	—	—	—	120
Mr. Wu Shiming	1	60	—	—	—	60
Ms. Chan Lai Ping	2	58	—	—	—	58
		358	7,878	4,720	234	13,190

Notes:

- Retired on 30 June 2022
- Appointed on 6 July 2022
- Resigned on 30 April 2023

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For the year ended 31 December 2023

12. Directors' and Senior Management's Emoluments (Continued)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, none (2022: none) of Directors whose emoluments are disclosed in note 12(a) above. The aggregate of the emoluments in respect of the five individuals with the highest emoluments (including the Directors) are as follows:

	2023 HK\$'000	2022 HK\$'000
Salaries and allowances	4,950	5,322
Discretionary bonuses	56,297	108,721
Retirement benefit scheme contributions	396	519
	61,643	114,562

The emoluments of the five individuals with the highest emoluments are within the following bands:

	2023	2022
HK\$5,000,001 to HK\$5,500,000	1	—
HK\$5,500,001 to HK\$6,000,000	1	—
HK\$6,000,001 to HK\$6,500,000	—	1
HK\$10,500,001 to HK\$11,000,000	—	1
HK\$14,500,001 to HK\$15,000,000	1	—
HK\$16,000,001 to HK\$16,500,000	1	—
HK\$16,500,001 to HK\$17,000,000	—	1
HK\$19,500,001 to HK\$20,000,000	1	1
HK\$60,500,001 to HK\$61,000,000	—	1

Save as disclosed above, for the two years ended 31 December 2023 and 2022, no other emoluments had been paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

13. Dividend

	2023 HK\$'000	2022 HK\$'000
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Declared interim dividend of HK 2 cents (2022: NIL) per ordinary share	<u>269,427</u>	—
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At a board meeting held on 28 March 2024, the board of directors declared an interim dividend of HK 2 cents per ordinary share (2022: NIL).

14. Earnings per Share

(a) Basic earnings per share

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

	2023 HK\$'000	2022 HK\$'000
--	------------------	------------------

Profit:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>1,200,955</u>	1,206,822

	2023 '000	2022 '000
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Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>13,471,345</u>	13,471,345

(b) Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2023 and 2022.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

15. Property, Plant and Equipment

	Construction in-progress HK\$'000	Buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:							
At 1 January 2022	4,263	126,362	14,000	53,229	12,815	1,417	212,086
Additions	7,271	1,438	—	15,773	1,190	3,791	29,463
Acquisition of subsidiaries	—	6,665	373	—	55	1,416	8,509
Transfers	(7,910)	3,286	—	4,624	—	—	—
Disposal/written off	—	(8,161)	(373)	(13,450)	(1,008)	(1,616)	(24,608)
Exchange adjustments	(316)	(10,311)	—	(2,603)	(3,688)	(178)	(17,096)
At 31 December 2022 and 1 January 2023	3,308	119,279	14,000	57,573	9,364	4,830	208,354
Additions	3,872	190	—	7,564	1,673	985	14,284
Disposal/written-off	—	—	—	—	(547)	(618)	(1,165)
Exchange adjustments	(629)	(2,812)	—	(1,811)	(189)	(125)	(5,566)
At 31 December 2023	6,551	116,657	14,000	63,326	10,301	5,072	215,907
Accumulated depreciation:							
At 1 January 2022	—	829	10,221	2,097	4,647	601	18,395
Charge for the year	—	6,650	3,698	9,271	1,542	833	21,994
Elimination on written-off	—	(280)	(29)	(6,909)	(1,061)	(714)	(8,993)
Exchange adjustments	—	(792)	—	(1,705)	(164)	(22)	(2,683)
At 31 December 2022 and 1 January 2023	—	6,407	13,890	2,754	4,964	698	28,713
Charge for the year	—	6,158	110	8,616	1,997	989	17,870
Elimination on disposal/written- off	—	—	—	—	(295)	(203)	(498)
Exchange adjustments	—	(337)	—	(579)	(47)	(24)	(987)
At 31 December 2023	—	12,228	14,000	10,791	6,619	1,460	45,098
Carrying amount:							
At 31 December 2023	6,551	104,429	—	52,535	3,682	3,612	170,809
At 31 December 2022	3,308	112,872	110	54,819	4,400	4,132	179,641



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

16. Right-of-use Assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land use rights HK\$'000	Land and buildings HK\$'000	Total HK\$'000
At 1 January 2022	20,583	8,776	29,359
Additions	—	29,175	29,175
Depreciation	(494)	(12,204)	(12,698)
Exchange differences	(736)	(38)	(774)
	19,353	25,709	45,062
At 31 December 2022 and 1 January 2023			
Additions	—	10,741	10,741
Depreciation	(1,549)	(13,305)	(14,854)
Exchange differences	(223)	—	(223)
	17,581	23,145	40,726
At 31 December 2023			

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16. Right-of-use Assets (Continued)

The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:

	2023 HK\$'000	2022 HK\$'000
— Less than 1 year	14,142	10,194
— Between 1 and 2 years	10,183	10,211
— Between 2 and 5 years	—	6,720
	24,325	27,125
For the year ended 31 December:		
Depreciation charge of right-of-use assets	14,854	12,698
Lease interests	987	478
Expenses related to short-term leases	1,793	—
Total cash outflow for leases	15,994	12,977
Additions to right-of-use assets	10,741	29,175

The Group leases various land use rights and land and buildings. Lease agreements for those land and buildings are typically made for fixed periods of 3 years while the land use rights are ranged from 38 to 40 years (2022: 38 to 40 years) as of the end of reporting period. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

17. Goodwill

	2023 HK\$'000	2022 HK\$'000
Cost and carrying amount		
At 1 January	37,945	917
Additions on acquisition of subsidiaries in Hong Kong and Singapore	—	37,028
At 31 December	<u>37,945</u>	<u>37,945</u>

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit (“CGUs”) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	2023 HK\$'000	2022 HK\$'000
Distribution, trading and processing — PRC	917	917
Chemical trading — Hong Kong and Singapore	<u>37,028</u>	<u>37,028</u>

The recoverable amounts of the CGUs are determined on the basis of their value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and revenue during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and revenue are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 3% (2022:3%). This rate does not exceed the average long-term growth rate for the relevant markets.

The rates used to discount the forecast cash flows from the Group’s distribution, trading and processing and chemical trading activities were 17.8% (2022:17.5%) and 16.6% (2022:15.9%) respectively.

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For the year ended 31 December 2023

18. Interest in Associates

	2023 HK\$'000	2022 HK\$'000
Unlisted investments in the PRC:		
Share of net assets	126,389	268,359
Due from an associate (Note)	97,913	—
Goodwill	12,993	12,993
	237,295	281,352
Unlisted investments in Singapore:		
Share of net assets	357,595	—
Goodwill	22,997	—
	380,592	—
	617,887	281,352

Note:

The amount due from an associate represented the receivables in relation to dividend declared by an associate during the year ended 31 December 2023. The amount was unsecured, interest-free and repayment on demand.

The following table shows information of associates that are material to the Group. These associates are accounted for in the 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	
			2023	2022
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%	40%
Green Estee Pte. Ltd. (“Estee”)	Singapore	Investment holding and trading of iron ore and hot briquetted iron	4.91%*	N/A

* Although the Group holds less than 20% of the voting power of Estee, the Group exercises significant influence over Estee because the Group is entitled to appoint one director out of the three directors of Estee and the Group has more than 20% potential voting right derived from the equity interest of Estee held by the Group as well as the Second Call Option (as defined in note 20) granted.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

18. Interest in Associates (Continued)

	連雲港恆鑫通		Esteel
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000
At 31 December			
Non-current assets	413,801	484,950	2,969,278
Current assets	547,197	347,377	8,788,161
Non-current liabilities	—	—	(683,553)
Current liabilities	(539,701)	(161,432)	(3,783,710)
Net assets	421,297	670,895	7,290,176
Group's share of net assets	126,389	268,359	357,595
Goodwill	12,993	12,993	22,997
Group's share of carrying amount of interests	139,382	281,352	380,592
Revenue	2,258,645	1,009,849	12,630,634
Profit for the year	50,119	234,608	713,903
Other comprehensive (expenses)/income for the year	(17,576)	(45,098)	116,586
Total comprehensive income for the year	32,543	189,510	830,489
Dividends received from the associate	14,393	—	—

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For the year ended 31 December 2023

19. Financial Assets at Fair Value through Other Comprehensive Income

	2023 HK\$'000	2022 HK\$'000
Equity securities, at fair value		
Unlisted investment in the PRC	<u>20,235</u>	<u>20,796</u>
Analysed as:		
Non-current assets	<u>20,235</u>	<u>20,796</u>

The unlisted investment represents approximately 0.5% interest held by the Group on Wubo Technology Co., Ltd 物泊科技有限公司 (“**Wubo**”), a company incorporated in the PRC with registered capital of RMB548,494,000 at 31 December 2023 and RMB518,494,000 as at 31 December 2022, respectively. Wubo is principally engaged in the cargo agency, logistics and internet technology services.

This investment is not held for trading, instead, it is held for long-term strategic purposes. The directors of the Company have elected to designate this investment as financial assets at fair value through other comprehensive income as they believe that recognising short-term fluctuations in this investment's fair value in profit or loss would not be consistent with the Group's strategy of holding this investment for long-term purposes and realising its performance potential in the long run.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

20. Financial Assets at Fair Value through Profit or Loss

	2023 HK\$'000	2022 HK\$'000
Equity securities, at fair value		
Listed securities in Hong Kong and overseas	—	30,809
Unlisted debt investment in overseas	16,004	—
Unlisted investment in overseas (note 1)	—	242,892
Option (note 2)	480,383	39,552
	496,387	313,253
Analysed as:		
Current assets	496,387	70,361
Non-current assets	—	242,892
	496,387	313,253

Note 1: The unlisted investment in overseas as at 31 December 2022 represents 30,000,000 shares at the consideration of US\$30 million held by the Company on Esteel Enterprise Limited (the name of Esteel Enterprise Limited has been amended to "Green Esteel Pte. Limited") ("**Esteel**"), a company incorporated in Singapore with 611,600,000 issued and fully paid shares as at 31 December 2023. Esteel is controlled by the ultimate controlling shareholder for the Company.

Esteel is an investment holding company, whose major investments include approximately a controlling interest in BRC Asia Limited, a listed company in Singapore and certain private incorporations which are mainly engaged in the prefabrication, trading and manufacturing and sales of steel products.

Apart from the shares acquisition on Esteel made by the Company in September 2022, the Company has been granted for a call option for subscribing additional 70 million shares of Esteel at the price of US\$1 per call option share in September 2022. The option has expired on 31 March 2023.

On 5 May 2023, the Company entered into a second call option agreement (the "**Call Option Agreement**") with Esteel, pursuant to which Esteel has granted a call option (the "**Second Call Option**") to the Company 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 Second Call Option will be expired on 31 March 2024. The Call Option Agreement was approved by the independent shareholders of the Company by special general meeting held on 28 July 2023. As at 28 July 2023, the Group held 5.2% of the equity interests of Esteel.

Assuming and upon the exercise of Second Call Option, the Group would hold 21.4% of equity interests of Esteel.

Also, the Group is entitled to appoint 1 director out of 3 directors in Esteel. By considering the potential voting right and the board sit in Esteel, the Group had derecognised the financial assets at fair value through profit or loss in relation to 5.2% equity interests of Esteel and recognised the investment as investment in associate on 28 July 2023 (Note 18).

Note 2: The Second Call Option mentioned in note 1 above is recognised as financial assets at fair value through profit or loss. The amount of HK\$433,621,000, being the fair value at initial recognition of the Second Call Option, was credited to other capital reserve, as Esteel was controlled by the ultimate controlling shareholder of the Company and such gain was recognised as deemed shareholder contribution.

Subsequent to the initial recognition date of the Second Call Option, fair value gain of HK\$46,762,000 was recognised for the year ended 31 December 2023 in profit or loss. The management had engaged professional independent valuer to perform valuation of the fair value of Esteel and the Second Call Option. For the detail of fair value measurement of Esteel and the Second Call Option, please refer to Note 6 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

21. Deferred Tax

The following are the major deferred tax assets and liabilities recognised by the Group.

	Fair value adjustments for financial assets at fair value through profit or loss HK\$'000	Revaluation of assets upon acquisition of subsidiaries HK\$'000	Accelerated depreciation allowances HK\$'000	Total HK\$'000
At 1 January 2022	304	(4,234)	(6,389)	(10,319)
Credit/(charge) to profit or loss	2,119	146	(5,346)	(3,081)
At 31 December 2022 and 1 January 2023	2,423	(4,088)	(11,735)	(13,400)
(Charge)/credit to profit or loss	(2,280)	1,021	2,440	1,181
At 31 December 2023	143	(3,067)	(9,295)	(12,219)

	2023 HK\$'000	2022 HK\$'000
Analysed as:		
Deferred tax assets	143	2,423
Deferred tax liabilities	(12,362)	(15,823)
	(12,219)	(13,400)



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

22. Loans to Customers

	2023 HK\$'000	2022 HK\$'000
Loans to customers	13,600	29,299
Provision for impairment	(13,600)	(13,600)
	—	15,699
Analysed as:		
Current assets	—	15,699

Movements in the provision for impairment of loans to customers are as follows:

	2023 HK\$'000	2022 HK\$'000
At 1 January	13,600	4,090
Impairment loss recognised during the year	—	9,900
Write-off	—	(390)
At 31 December	13,600	13,600

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For the year ended 31 December 2023

22. Loans to Customers (Continued)

The fixed-rate loans to customers of HK\$13,600,000 (2022: HK\$29,299,000) as at 31 December 2023 and 2022 under the Group's loan financing services operation represent loan advances to one party, represented an independent third party (2022: two parties, represented 1 employee of the Group and an independent third party and the treasury making through National Debt Reserves Repurchase in the securities brokers). The remaining loan is secured by personal guarantee. The interest rates for the loans to customers were approximately 8% (2022: 4% to 12%) per annum.

The loans 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.

Aging analysis

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

	2023 HK\$'000	2022 HK\$'000
Less than 1 year	—	15,699

23. Inventories

	2023 HK\$'000	2022 HK\$'000
Raw materials	—	84,596
Finished goods	2,253,665	2,255,500
	2,253,665	2,340,096

None of the inventories (2022: HK\$68,573,000) are measured at fair value less costs to sell at the end of the reporting period.

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24. Trade and Bills Receivables and Interest Receivables

	2023 HK\$'000	2022 HK\$'000
Trade and bills receivables	1,853,872	1,707,436
Interest receivables	—	181
	1,853,872	1,707,617

Trade and bills receivables as at the end of reporting period mainly represent receivables from trading customers and relevant bills issued by banks in relation to the sale of commodities. The majority of the Group's sales have required the payments in advance prior to the issuance of goods sold and the remaining are on letter of credit or document against payment and their average credit period of 30 to 90 days (2022: 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:

	2023 HK\$'000	2022 HK\$'000
0 to 90 days	1,846,275	1,352,799
91 to 180 days	381	10,662
Over 180 days	7,216	344,156
	1,853,872	1,707,617

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 year and at the end of the reporting period.

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade and bills receivables and interest receivables. To measure the expected credit losses, trade and bills receivables and interest receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

24. Trade and Bills Receivables and Interest Receivables (Continued)

	Current	Over 90 days past due	Over 180 days past due	Over 360 days past due	Total
At 31 December 2023					
Weighted average expected loss rate	0%	0%	0%	—	0%
Receivable amount (HK\$'000)	1,846,275	381	7,216	—	1,853,872
Loss allowance (HK\$'000)	—	—	—	—	—
At 31 December 2022					
Weighted average expected loss rate	0%	0%	0%	—	0%
Receivable amount (HK\$'000)	1,352,799	10,662	344,156	—	1,707,617
Loss allowance (HK\$'000)	—	—	—	—	—

25. Accounts Receivables

	2023 HK\$'000	2022 HK\$'000
Arising from the business of dealing in futures contracts:		
— Brokers and dealers		
— representing customer balances	3,127,193	2,704,016
— representing house balances	163,553	642,684
	3,290,746	3,346,700
Arising from financial services provided:		
— Customers	7,036	15,473
	3,297,782	3,362,173

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.

Notes to the Consolidated Financial Statements

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26. Derivative Instruments

	Contract/ Notional amount 2023 HK\$'000	Assets 2023 HK\$'000	Liabilities 2023 HK\$'000	Contract/ Notional amount 2022 HK\$'000	Assets 2022 HK\$'000	Liabilities 2022 HK\$'000
Future contracts						
– Sale	20,740,808	265,111	(1,000,041)	14,625,540	160,608	(1,184,386)
– Purchases	20,236,721	1,189,208	(221,416)	14,102,442	915,303	(84,427)
Total derivative instruments		1,454,319	(1,221,457)		1,075,911	(1,268,813)

27. Prepayments, Deposits and Other Receivables

	2023 HK\$'000	2022 HK\$'000
Trade deposits	614,444	67,214
Prepayments	14,817	2,086
VAT receivables	91,789	91,892
Deposit and other receivables	56,028	42,872
	777,078	204,064

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28. Cash and Bank Balances

	2023 HK\$'000	2022 HK\$'000
Cash at bank		
— General accounts	2,689,687	2,734,468
— Restricted deposits	277,248	6,733
— Trust and segregated accounts	2,343,346	1,289,450
	5,310,281	4,030,651

The Group's restricted bank deposits represented margin deposits for trading of financial assets at fair value through profit or loss and derivative instruments as well as deposits for securing banking facilities granted to the Group as set out in notes 20, 26 and 29 to the 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 statement of financial position and recognised the corresponding accounts payable 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.

29. Trade and Bills Payables

	2023 HK\$'000	2022 HK\$'000
Trade payables	2,147,299	1,724,471
Bills payables	276,491	7,324
	2,423,790	1,731,795

The bills payables operated in the PRC are secured by the restricted deposits of the Group.

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

	2023 HK\$'000	2022 HK\$'000
Within 90 days	2,299,978	1,703,174
90–180 days	22,494	4,339
181–365 days	77,988	23,734
Over 1 year	23,330	548
	2,423,790	1,731,795

Notes to the Consolidated Financial Statements

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30. Trust Receipt Loans

	2023 HK\$'000	2022 HK\$'000
Trust receipt loans	—	160,096

The maturity of trust receipt loans is as follows:

	2023 HK\$'000	2022 HK\$'000
Repayable on demand or within 1 year	—	160,096

Trust receipt loans at 31 December 2022 are backed by:

- (i) 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 2023 and 2022 is as follows:

	2023	2022
Trust receipt loans	—	5.67%

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

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For the year ended 31 December 2023

31. Bank Borrowings

	2023 HK\$'000	2022 HK\$'000
Bank loans, secured	4,337	5,468
The borrowings are repayable as follows:		
On demand or within one year	1,259	1,113
In the second year	1,279	1,182
In the third to fifth years, inclusive	1,799	3,173
	4,337	5,468
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,259)	(1,113)
Amount due for settlement after 12 months	3,078	4,355

The average interest rates at 31 December 2023 were 6% (2022: 6%) per annum.

Bank loans of HK\$4,337,000 (2022: HK\$5,468,000) are arranged at fixed interest rates and expose the Group to fair value interest rate risk.

The directors estimate the fair value of the Group's borrowings are approximate to the future cash flows by discounting at the market rate.

All of the bank loans are backed by personal guarantee executed by a director of one of the Group's subsidiaries.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

32. Accounts Payables

	2023	2022
	HK\$'000	HK\$'000
Arising from the business of dealing in futures contracts	4,876,625	3,862,296

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.

33. Contract Liabilities

	As at 31 December 2023 HK\$'000	As at 31 December 2022 HK\$'000	As at 1 January 2022 HK\$'000
Contract liabilities			
— sales of bulk commodities and related products	176,846	53,471	381,364
Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:			
— 2023	—	53,471	
— 2024	176,846	—	
	176,846	53,471	

Year ended 31 December	2023	2022
	HK\$'000	HK\$'000
Revenue recognised in the year that was included in contract liabilities at beginning of year	53,471	374,688

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

33. Contract Liabilities (Continued)

Significant changes in contract liabilities during the year:

	2023 HK\$'000	2022 HK\$'000
Increase due to operations in the year	14,638,064	13,744,602
Transfer of contract liabilities to revenue	<u>(14,514,689)</u>	<u>(14,072,495)</u>

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

34. Lease Liabilities

	Lease payments		Present value of lease payments	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Within one year	14,142	10,194	13,593	9,589
In the second to fifth year, inclusive	10,183	16,931	10,050	16,527
	<u>24,325</u>	27,125	<u>23,643</u>	26,116
Less: Future finance charges	<u>(682)</u>	(1,009)		
Present value of lease liabilities	<u>23,643</u>	26,116		
Less: Amount due for settlement within 12 months (Shown under current liabilities)			<u>(13,593)</u>	(9,589)
Amount due for settlement after 12 months			<u>10,050</u>	16,527

At the end of reporting period, the average effective borrowing rate was ranged from 2.75%-4.00% (2022: 2.75%—5.00%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

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35. Share Capital

	Number of ordinary shares of HK\$0.0025 each (‘000)	HK\$’000
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	200,000,000	500,000
Issued and fully paid:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	13,471,345	33,679

Capital Management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No major changes were made in the objectives, policies or processes for managing capital during the two years ended 31 December 2023 and 2022.

The capital structure of the Group consists of debt and equity attributable to owners of the Company, comprising share capital and reserves.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities to total assets. The gearing ratios at 31 December 2023 and 2022 were as follows:

	2023 HK\$’000	2022 HK\$’000
Total liabilities	9,061,301	7,707,730
Total assets	16,331,129	13,616,683
Gearing ratio	55%	57%

Notes to the Consolidated Financial Statements

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36. Reserves

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Company

	Share premium account HK\$'000	Capital reserve HK\$'000	(Accumulated Losses)/ retained earnings HK\$'000	Total HK\$'000
At 1 January 2022	1,877,644	—	(131,478)	1,746,166
Profit for the year	—	—	42,200	42,200
At 31 December 2022 and 1 January 2023	1,877,644	—	(89,278)	1,788,366
Deemed shareholders contribution in relation to option granted	—	433,621	—	433,621
Profit for the year	—	—	863,608	863,608
At 31 December 2023	1,877,644	433,621	774,330	3,085,595

(c) Nature and purpose of reserves

(i) Share premium account

The application of the share premium account is governed by Section 40 of the Bermuda Companies Act 1981 (as amended).

(ii) Capital reserve

The capital reserve represents capitalisation of the gain on deemed disposal with equity of certain subsidiaries without loss of control. Such gain was credited to the capital reserve of the Group on consolidation.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3 to the consolidated financial statements.

(iv) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 3 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

37. Notes to the Consolidated Statement of Cash Flows

(i) Major non-cash transaction

The Company made use of trust receipt loans facilities approximately of HK\$2,290,003,000 (2022: HK\$4,725,252,000) for purchasing the trading commodities in its daily operating activity.

(ii) Changes in liabilities arising from financing activities

The following shows the Group's changes in liabilities arising from financing activities, including both cash and non-cash changes, during the year:

	Lease liabilities		Trust receipt loans and bank borrowings	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At beginning of year	26,116	9,440	165,564	38,656
Changes in cash flows				
– Acquisition of subsidiaries	–	–	–	20,835
– Lease paid	(13,214)	(12,499)	–	–
– Repayment of trust receipt loans and bank borrowings	–	–	(2,451,230)	(4,619,179)
– Interest paid	(987)	(478)	(27,334)	(40,640)
Non-cash changes				
– Additions	10,741	29,175	–	–
– Finance costs	987	478	27,334	40,640
– Proceed from trust receipt loans facilities for purchasing the trading commodities	–	–	2,290,003	4,725,252
At end of year	23,643	26,116	4,337	165,564

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

38. Statement of Financial Position of The Company

	2023 HK\$'000	2022 HK\$'000
Non-current assets		
Right-of-use assets	7,161	—
Investments in subsidiaries	1,360,152	1,390,168
Investments in an associate	380,592	—
Financial assets at fair value through profit or loss	—	242,892
	1,747,905	1,633,060
Current assets		
Amounts due from subsidiaries	886,672	146,695
Prepayments, deposits and other receivables	2,940	2,816
Financial assets at fair value through profit or loss	480,383	39,552
Cash and bank balances	9,749	1,921
	1,379,744	190,984
Current liabilities		
Accruals and other payables	1,187	1,974
Lease liabilities	3,697	25
	4,884	1,999
Net current assets	1,374,860	188,985
Total assets less current liabilities	3,122,765	1,822,045
Non-current liabilities		
Lease liabilities	3,491	—
NET ASSETS	3,119,274	1,822,045
Capital and reserves		
Share capital	33,679	33,679
Reserves	3,085,595	1,788,366
TOTAL EQUITY	3,119,274	1,822,045

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

39. 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:

	2023 HK\$'000	2022 HK\$'000
Accounts payable to the ultimate controlling shareholder of the Company	53	52
Accounts receivable from related party owned by the ultimate controlling shareholder of the Company	54	30
Accounts payable to related party controlled by a close family member of the ultimate controlling shareholder of the Company	36,432	18,006
Accounts payable to related party owned by the ultimate controlling shareholder of the Company	37,257	22,026
Accounts payable to certain non-controlling interest parties	141,841	344,630
Accounts payable to a related party controlled by the ultimate controlling shareholder of the Company	5,466	44,822
Loan and interest receivable from a non-controlling interest party who is also a director of certain subsidiaries of the Group	—	2,430
Receivables from related parties controlled by a close family member of the ultimate controlling shareholder of the Company	—	22,788
Deposits paid to related parties controlled by a close family member of the ultimate controlling shareholder of the Company	18,486	1,955
Payables to related parties controlled by a close family member of the ultimate controlling shareholder of the Company	95,830	45,945
Payables to an associate of the Company	—	1,877
Deposits paid to an associate of the Company	—	4,613
Brokerage and commission fee income from related party owned by the ultimate controlling shareholder of the Company	1,666	24,578
Brokerage and commission fee income from certain non-controlling interest parties	22,768	21,708
Brokerage and commission fee income from the ultimate controlling shareholder of the Company	—	6,398
Brokerage and commission fee income from a related party controlled by a close family member of the ultimate controlling shareholder of the Company	3,315	—
Loan interest income from a non-controlling interest party who is also a director of certain subsidiaries of the Group	16	267
Lease payment made to a related party owned by the ultimate controlling shareholder of the Company	10,988	7,323
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	178,886	168,208
Purchase of trading commodities from related parties controlled by a close family member of the ultimate controlling shareholder of the Company	122,663	182,217
Logistics fees paid to related parties controlled by a close family member of the ultimate controlling shareholder of the Company	335,901	182,943

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

39. Related Party Transactions (Continued)

	2023 HK\$'000	2022 HK\$'000
Purchase of trading commodities from an associate of the Company	242,960	—
Processing fee paid to an associate of the Company	5,967	19,723
Acquisition of financial assets at fair value through profit or loss controlled by the ultimate controlling shareholder of the Company	—	234,000
	<hr/>	<hr/>

As at 31 December 2023 and 2022, the Group had accounts receivable from related parties and accounts payable due to related parties which was 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.

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 Stock 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.

40. Particulars of Principal Subsidiaries of the Company

The table below lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the financial position of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

40. Particulars of Principal Subsidiaries of the Company (Continued)

Particulars of the principal subsidiaries as at 31 December 2023 and 2022 are as follows:

Name of the subsidiary	Place of incorporation/ registration/ operation	Issued and paid-up share capital/ registered capital	Percentage of equity interest attributable to the Group		Principal activities
			2023	2022	
Swift Win Holdings Limited	BVI	US\$1	100%	100%	Investment holding
BPI Financial Group Limited	Hong Kong	HK\$266,380,168 (2022: HK\$256,000,000)	76.2%	78.9%	Investment holding
BPI Futures (HK) Holdings Limited	Hong Kong	HK\$65,600,000 (2022: HK\$108,500,000)	76.2%	78.9%	Investment holding
Asia Develop Limited	Hong Kong	HK\$1	100%	100%	Loan financing services
King Topwell International Limited	Hong Kong	HK\$300,000,000	100%	100%	Distribution and trading
Bright Point International Holdings Group Limited	Hong Kong	HK\$1	100%	100%	Business not yet commenced
Bright Point International Securities Limited	Hong Kong	HK\$16,000,000	100%	100%	Provision of securities brokerage services
Bright Point International Futures Limited	Hong Kong	HK\$65,600,000 (2022: HK\$96,800,000)	76.2%	78.9%	Provision of futures contract brokerage services
Bright Point International Asset Management Limited	Hong Kong	HK\$1	100%	100%	Business not yet commenced
Bright Point Trading Pte. Ltd.	Singapore	US\$80,000,000	100%	100%	Distribution and trading
Bright Point International Digital Assets Ltd. (Previously known as Bright Point International Futures (SG) Pte. Ltd.)	Singapore	US\$1,650,000	76.2%	78.9%	Business not yet commenced
BPI Trading (SG) Pte. Ltd.	Singapore	US\$10,000,000 (2022: US\$6,538,000)	39.4%	40.7%	Distribution and trading
BPI Futures (SG) Holdings Pte. Ltd.	Singapore	US\$2,752,577	76.2%	78.9%	Investment holding
BPI Trading (SG) Holdings Pte. Ltd.	Singapore	US\$5,426,700 (2022: US\$3,638,000)	76.2%	78.9%	Investment holding
BPI Financial (SG) Holdings Pte. Ltd.	Singapore	US\$25,089,229 (2022: US\$11,289,229)	76.2%	78.9%	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

40. Particulars of Principal Subsidiaries of the Company (Continued)

Name of the subsidiary	Place of incorporation/ registration/ operation	Issued and paid-up share capital/ registered capital	Percentage of equity interest attributable to the Group		Principal activities
			2023	2022	
Bright Point International Financial (SG) Pte. Ltd.	Singapore	US\$25,089,229 (2022: US\$11,289,229)	76.2%	78.9%	Provision of future contracts brokering services and commodity contracts for difference
競點(上海)國際貿易有限公司	PRC (有限責任公司 (外國法人獨資))	RMB10,000,000	100%	100%	Distribution and trading
BPI (HK) Trading Limited.	Hong Kong	HK\$1,560,001	76.2%	78.9%	Provision of commodity contracts for difference
光點(上海)國際貿易有限公司.	PRC (有限責任公司 (港澳台法人獨資))	RMB1,400,000	76.2%	78.9%	Provision of financial derivatives consulting services, interdealer broking, commodity trading
Bright Point Capital Pte. Ltd.	Singapore	SG\$2,000,000	100%	100%	Provision of fund management services
競點(福建)國際貿易有限公司	PRC (有限責任公司 (外國法人獨資))	US\$76,000,000	100%	100%	Distribution and trading
競點紅一國際貿易有限公司	PRC (有限責任公司 (自然人投資或控股))	RMB50,000,000	70%	70%	Distribution and trading
鑫盛達	PRC (其他有限責任公司)	RMB29,000,000	100%	67%	Distribution, trading and processing
大鵬礦業有限公司	PRC (有限責任公司 (自然人投資或控股))	RMB100,000,000	60%	60%	Distribution, trading and processing
福建瑞資聯礦業有限公司	PRC (有限責任公司 (外商投資企業法人獨資))	RMB150,000	100%	100%	Distribution and trading

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

40. Particulars of Principal Subsidiaries of the Company (Continued)

Name of the subsidiary	Place of incorporation/ registration/ operation	Issued and paid-up share capital/ registered capital	Percentage of equity interest attributable to the Group		Principal activities
			2023	2022	
競點合金	PRC (有限責任 公司(港澳台 投資、非獨資))	RMB680,824,000	100%	51%	Distribution and trading
THEME INTERNATIONAL VCC – THEME INTERNATIONAL TRADING (Note a)	Singapore	US\$53,369,660 (2022: US\$52,942,171)	29.8%	29.7%	Derivative trading
Bright Point International Financial (UK) Ltd	United Kingdom	GBP912,910	76.2%	78.9%	Provision of interdealer broking and facilitate trading in various asset classes
競點(寧夏)國際貿易有限公司	PRC (有限責任公司 (自然人投資或控 股的法人獨資))	RMB20,000,000	100%	100%	Distribution and trading
亮點(沂水)國際貿易有限公司	PRC (有限責任公 司(港澳台法人 獨資))	US\$5,000,000	100%	100%	Distribution and trading
競點(荖南)國際貿易有限公司	PRC (有限責任公 司(港澳台法人 獨資))	US\$15,000,000	100%	100%	Distribution and trading
RGL Shipping Singapore Pte. Ltd.	Singapore	US\$2,000,000	100%	100%	Freight services agency
SKS Chemical Trading Pte. Ltd.	Singapore	US\$13,000,000	60%	60%	Investment holding
SK Chemical Trading (HK) Ltd.	Hong Kong	US\$2,500,000	60%	60%	Distribution and trading of petrochemicals products

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

40. Particulars of Principal Subsidiaries of the Company (Continued)

Name of the subsidiary	Place of incorporation/ registration/ operation	Issued and paid-up share capital/ registered capital	Percentage of equity interest attributable to the Group		Principal activities
			2023	2022	
Fox-Chem Pte. Ltd.	Singapore	US\$733,407	60%	60%	Distribution and trading of petrochemicals products
競點(連雲港)國際貿易有限公司	PRC (有限責任公司 (港澳台法人獨資))	US\$50,000,000	100%	100%	Distribution and trading
海南競點國際貿易有限公司	PRC (有限責任公司 (非自然人投資或控股的法人獨資))	RMB50,000,000	100%	N/A	Distribution and trading
BRIGHT POINT FUNDS VCC – BRIGHT POINT FUND 13	Singapore	US\$13,820,963	72.6%	N/A	Derivative trading
THEME INTERNATIONAL VCC – BETA THEME INTERNATIONAL TRADING (Note a)	Singapore	US\$16,000,000	48.4%	N/A	Derivative trading
Theme Capital Group Limited	Hong Kong	HK\$10,000,000	90%	N/A	Business not yet commenced

(Note a) Although the Group owns less than 50% of the equity interests in Theme International VCC - Theme International Trading and Theme International VCC – Beta Theme International Trading, these corporations are treated as subsidiaries because the Group is able to control the relevant activities of these corporations as a result of the shareholders' agreements between the Group and other shareholders of these corporations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

40. Particulars of Principal Subsidiaries of the Company (Continued)

The following table shows information of subsidiaries that have non-controlling interests (“**NCI**”) material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Theme International VCC – Theme International Trading		競點合金*		大鵬礦業有限公司	
	2023	2022	2023	2022	2023	2022
Principal place of business/ country of incorporation	Singapore/Singapore		PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	70.2%/0%	70.3%/0%	0%/0%	49%/49%	40%/40%	40%/40%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December:						
Non-current assets	359	622	N/A	—	123,078	132,479
Current assets	995,693	1,134,458	N/A	811,734	110,914	77,610
Current liabilities	(34,244)	(159,329)	N/A	(17,259)	(70,698)	(16,828)
Non-current liabilities	—	—	N/A	—	(6,913)	(7,859)
Net assets	961,808	975,751	N/A	794,475	156,381	185,402
Accumulated NCI	675,125	684,509	N/A	341,674	64,468	77,465
Year ended 31 December:						
Revenue	549,074	934,462	N/A	358,949	902,327	772,428
Profit	123,123	452,584	N/A	20,387	45,109	55,486
Total comprehensive income	123,123	452,584	N/A	20,387	45,109	55,486
Profit allocated to NCI	86,408	300,650	N/A	9,990	18,043	22,194
Dividends paid to NCI	(99,126)	—	N/A	—	(28,928)	—
Net cash generated from/(used in) operating activities	4,308	291,956	N/A	(97,899)	(3,047)	46,692
Net cash generated from/(used in) investing activities	—	5,068	N/A	—	(4,563)	(12,412)
Net cash (used in)/generated from financing activities	(99,126)	—	N/A	269,513	(28,928)	(16,298)
Net (decrease)/increase in cash and cash equivalents	(94,818)	297,024	N/A	171,614	(36,538)	17,982

* The Group had acquired 49% of equity interests from non-controlling shareholders of 競點合金 during the year ended 31 December 2023. For the details, please refer to note b to the consolidated statement of change in equity.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

41. CAPITAL COMMITMENT

As at 31 December 2023, the Group had no material capital commitments (2022: HK\$108,662,000).

42. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 March 2024.



Five-Year Financial Summary

Results

	For the years ended 31 December				
	2023	2022	2021	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	55,376,948	39,090,928	34,644,900	15,876,104	11,330,882
Profit before taxation	1,522,165	1,739,084	1,294,700	532,272	223,194
Income tax	(140,084)	(169,910)	(92,080)	(31,931)	(40,284)
Profit for the year	1,382,081	1,569,174	1,202,620	500,341	182,910

Assets and Liabilities

	As at 31 December				
	2023	2022	2021	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	16,331,129	13,616,683	9,095,281	4,011,422	4,734,038
Total liabilities	(9,061,301)	(7,707,730)	(4,765,965)	(2,169,993)	(3,419,871)
Net assets	7,269,828	5,908,953	4,329,316	1,841,429	1,314,167