Theme International Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 990)

2007 INTERIM RESULTS

CHAIRMAN'S STATEMENT

On 20 July of this year, the Company announced to raise funds by offering shareholders one share for every two existing shares held, and raised approximately HK$180 million, which was mainly applied for the repayment of loans owed to banks and our parent company High Fashion International Limited. As such, we expect a significant fall in our interest expenses in the coming year, hence our sufficient financial strengths and operating funds for the Group's overall development is in an even more sustained manner.

The turnover in the first half year increased by 14.5% as compared with the last corresponding period, but still recorded an after-tax loss of HK$ 7.1 million. Under the impact of the political instability in Taiwan on the retail market, the turnover fell 22%, resulting in a change from operating profit to loss. The Group will continue adjusting its shops network in Taiwan and shut down some shops with unsatisfactory performances. During the period, the "Theme" brand was unable to attain their performance targets on Mainland China. The Group is making adjustments to its development strategy. The brand CSLR, which was acquired by the Group last year, developed steadily and continue to make contribution to the profit of the Group.

In mid-August, the Group opened the first "Mango" shop in Chengdu, Sichuan, China. The Group is making active preparations for an expansion of business under the "Mango" brand, and the number of Mango shops is expected to increase to 4 by the end of this year. Meanwhile, the Group's plan to invest jointly with Stefanel Group to develop the China market for the "Stefanel" brand has been carried out as scheduled, and a Beijing shop and a Shanghai shop are expected to be opened at the end of September.

The Group is of the view that China's growing retail market will provide substantial in business opportunities for the Group's future development. At present, the Group is making strategic preparations with a business approach which is careful and prudent as well as positive and aggressive, aiming to develop and expand its existing retail brands and networks. The number of Group's shops is expected to increase to upwards of 300 by the end of this year.

I would like to take this opportunity to express our gratitude to my fellow Directors, colleagues, franchisees, and suppliers for their support and contribution.

RESULTS

The Board of Directors (the "Board") of Theme International Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2007 together with the comparative figures.

Condensed Consolidated Income Statement

		Six months ended 30 June	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
TURNOVER	*3*	**155,626**	135,914
Cost of sales		**(65,522)**	(47,997)
Gross profit		**90,104**	87,917
Other income and gains		**7,123**	1,693
Selling and distribution expenses		**(68,636)**	(55,873)
Administrative expenses		**(33,092)**	(33,175)
Finance costs	*4*	**(4,308)**	(2,603)
LOSS BEFORE TAXATION	*5*	**(8,809)**	(2,041)
Taxation	*6*	**1,713**	(1,286)
LOSS FOR THE PERIOD		**(7,096)**	(3,327)
Attributable to:			
Equity holders of the Company		**(7,096)**	(3,327)
Minority interests		**-**	-
		(7,096)	(3,327)
LOSS PER SHARE	*7*		
Basic		**(0.12 cent)**	(0.06 cent)
Diluted		**(0.12 cent)**	(0.06 cent)

Condensed Consolidated Balance Sheet

	Notes	**30 June 2007 (Unaudited) *HK$'000***	31 December 2006 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**43,190**	40,468
Intangible assets		**10,800**	11,300
Prepaid lease payments		**30,332**	29,500
Investment in a jointly-controlled entity		**995**	-
Investments in associates		**-**	-
Available-for-sale investments		**675**	675
Deferred taxation		**1,483**	1,440
		87,475	83,383
CURRENT ASSETS			
Inventories		**58,547**	64,200
Trade receivables	*9*	**26,724**	28,300
Prepaid lease payments		**476**	459
Deposits, prepayments and other receivables		**34,524**	26,535
Amounts due from fellow subsidiaries		**18,745**	3,673
Bank balances and cash		**33,664**	29,216
		172,680	152,383
CURRENT LIABILITIES			
Trade payables	*10*	**20,317**	23,767
Other payables and accrued charges		**45,365**	40,639
Amount due to immediate holding company		**5,755**	3,872
Amounts due to fellow subsidiaries		**7,588**	2,237
Amount due to an associate		**597**	599
Bank borrowings		**46,405**	17,323
Taxation		**655**	2,181
		126,682	90,618
NET CURRENT ASSETS		**45,998**	61,765
TOTAL ASSETS LESS CURRENT LIABILITIES		**133,473**	145,148
NON-CURRENT LIABILITIES			
Bank borrowings		**38,860**	44,500
Loan from immediate holding company		**49,000**	49,000
		87,860	93,500
NET ASSETS		**45,613**	51,648

CAPITAL AND RESERVES		
Share capital	**59,764**	50,167
Convertible notes	**-**	66,220
Reserves	**(14,951)**	(65,539)
Equity attributable to equity holders of the Company	**44,813**	50,848
Minority interests	**800**	800
TOTAL EQUITY	**45,613**	51,648

Notes to Condensed Consolidated Financial Statements

1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. Principal accounting policies

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis.

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2006.

In the current interim period, the Group has applied, for the first time, new Hong Kong Financial Reporting Standards ("HKFRSs") (which also included HKASs and Interpretations) issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2007. The adoption of the new HKFRSs had no material effect on how the results for the current and/or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

Potential impact arising from the recently issued Accounting Standards

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the application of these HKFRSs will have no material impact on the financial statements of the Group.

HKFRS 8	Operating Segments[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HK(IFRIC)-INT 11	HKFRS 2 – Group and Treasury Share Transactions[2]
HK(IFRIC)-INT 12	Service Concession Arrangements[3]

[1] Effective for accounting periods beginning on or after 1 January 2009.
[2] Effective for accounting periods beginning on or after 1 March 2007.
[3] Effective for accounting periods beginning on or after 1 January 2008.

3. Segment information

	Turnover		Loss before taxation	
	Six months ended 30 June		Six months ended 30 June	
	2007	2006	**2007**	2006
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
By geographical area:				
Hong Kong & Macau	**11,594**	14,518	**891**	(1,646)
Taiwan	**53,014**	67,973	**(6,003)**	(1,992)
People's Republic of China	**87,007**	49,782	**1,078**	4,206
Singapore	**4,011**	3,641	**(467)**	(6)
	155,626	135,914	**(4,501)**	562
Finance costs			**(4,308)**	(2,603)
Loss before taxation			**(8,809)**	(2,041)
By principal activity:				
Retailing	**153,021**	132,324		
Uniform	**2,605**	3,590		
	155,626	135,914		

4. Finance costs

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and amount due to immediate holding company wholly repayable within five years	**3,827**	2,438
Bank charges	**481**	165
	4,308	2,603

5. Loss before taxation

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss before taxation for the period is arrived at after charging:		
Depreciation	**6,606**	5,598
Amortisation of intangible assets	**500**	-
Amortisation of prepaid lease payments	**234**	-

6. Taxation

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax – Other jurisdiction	**(1,713)**	1,286

No Hong Kong profits tax have been provided for the six months ended 30 June 2007 (Six months ended 30 June 2006 : Nil) as the Group had no assessable profit arising in Hong Kong during the period. Taxes on profits arising elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. Loss per share

The calculation of basic and diluted loss per share for the six months ended 30 June 2007 together with the comparative figures for 2006 is based on the following data:

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share attributable to equity holders of the Company	**(7,096)**	(3,327)
	Number	Number
Weighted average number of ordinary shares for the purpose of basic loss per share including ordinary shares that will be issued upon the conversion of mandatory convertible notes from the beginning of the date the contract was entered into	**5,976,366,398**	5,976,366,398

8. Interim dividend

The Board did not declare an interim dividend to shareholders for the six months ended 30 June 2007 (Six months ended 30 June 2006: Nil).

9. Trade receivables

An aged analysis of the trade receivables as at the balance sheet date is as follows:

	30 June 2007 (Unaudited) ***HK$'000***	31 December 2006 (Audited) *HK$'000*
Current to 90 days	**22,440**	27,217
91 to 180 days	**3,910**	630
181 to 360 days	**374**	453
	26,724	28,300

The Group allows an average credit period ranging from 30 to 90 days to its trade customers.

10. Trade payables

An aged analysis of the trade payables as at the balance sheet date is as follows:

	30 June 2007 (Unaudited) ***HK$'000***	31 December 2006 (Audited) *HK$'000*
Current to 90 days	**15,904**	14,053
91 to 180 days	**860**	947
181 to 360 days	**190**	5,303
Over 360 days	**3,363**	3,464
	20,317	23,767

MANAGEMENT DISCUSSION AND ANALYSIS

Results

Turnover increased to HK$156 million for the first half year of 2007, a rise of 14.5% when compared with the corresponding period of 2006. Net loss attributable to shareholders was HK$7.1 million for the six-month period, compared to a loss attributable to shareholders of HK$3.3 million for the last corresponding period.

Review of Operations

The segmental operating profit and loss is as follows:

	Turnover		Contribution	
	Six months ended 30 June		Six months ended 30 June	
	2007	2006	**2007**	2006
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Region				
Hong Kong & Macau	**11,594**	14,518	**1,504**	(752)
Taiwan	**53,014**	67,973	**(2,394)**	3,486
People's Republic of China	**87,007**	49,782	**7,005**	8,203
Singapore	**4,011**	3,641	**(193)**	288
	155,626	135,914	**5,922**	11,225
Less : Corporate Overhead			**(10,423)**	(10,663)
Operating Profit / (Loss)			**(4,501)**	562

Despite the turnover increased by 14.5%, the unsatisfactory performance was mainly affected by the political unrest of Taiwan region. An operating loss of 2.4 million, before finance costs, was recorded compared with a small operating profit in last corresponding period.

In the PRC, turnover was increased after the acquisition of the brand "CSLR". The performance of "CSLR" was achieved as plan, while the result of Theme shops was not satisfactory. After the acquisition of "CSLR", our shops number in the PRC increased from 75 in June 2006 to 218 in June 2007, of which "CSLR" has 90 shops.

In Taiwan, we have adjusted our retail shop network to 53 shops from 57 shops in June 2007. Under the unstable retail market situation in Taiwan, a deeper discount offered caused a loss contribution during the period.

The market in Hong Kong was tough. The number of retail shops reduced from 5 at last year-end to 4 in June 2007, and HK$1.5 million operating profit was recorded for the period.

In Singapore, turnover was increased by 10% and a small operating loss is recorded.

Liquidity and Financial Resources

At 30 June 2007, the aggregate loan amount and interests due to High Fashion International Limited ("High Fashion") was about HK$55 million, which was fully repaid in August 2007. As of the balance sheet date, a total of about HK$131 million banking facilities were granted to the Group, of which about HK$85 million was utilized. There are no other material borrowings as of the balance sheet date. There are no charges on the Group's assets. The Group also has no borrowings at fixed interest rates.

The Company announced to make an open offer of new shares on the basis of one new share for every two existing shares in July 2007. It was completed in August 2007 and raised approximately HK$176 million net proceeds after expenses.

The Group's receivables were mainly denominated in Hong Kong dollars, Renminbi and New Taiwan dollars. The entire bank borrowing and other borrowing were either denominated in Hong Kong dollars or Renminbi. The Group considers that its foreign exchange risk is not significant.

As at 30 June 2007, the current ratio was 1.4, with the capital injection by open offer, the current ratio would be substantially improved. Based on the current cash position, the available banking facilities and the new capital by open offer, the Group should have sufficient liquidity to meet its operational needs.

Human Resource

As of 30 June 2007, the total number of employees of the Group including factory workers was about 1,900. 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. The Group has granted no options during the period.

Post Balance Sheet Event

On 20 July 2007, the Company announced to make an open offer of new shares on the basis of one new share for every two existing shares; it raises approximately HK$176 million net proceeds after expenses. The prospectus of the open offer dated 13 August 2007 was delivered to the shareholders. All subscription monies have been received as at end of August 2007.

General

The Group had no material contingent liabilities as of the balance sheet date. There was no material capital expenditure during the period.

INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 June 2007 (Six months ended 30 June 2006: Nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in Appendix 14 Code on Corporate Governance Practices of the Listing Rules throughout the accounting period for the six months ended 30 June 2007.

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

During the six months ended 30 June 2007, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

REVIEW OF ACCOUNT

Disclosure of financial information in this report complies with Appendix 16 of the Listing Rules.

The Audit Committee assisted by independent professional accounting firm has reviewed the accounting principles and practices adopted by the Group and in the course has discussed with the management and internal auditor the internal controls and financial reporting matters related to the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2007.

PUBLICATION OF INTERIM REPORT

This announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkex.com.hk) and the Company (http://www.theme.com.hk).

The 2007 Interim Report of the Company will be dispatched to the shareholders of the Company as well as published on the aforesaid websites in due course.

MEMBERS OF THE BOARD

As at the date of this announcement, the Board comprises of (1) executive directors: Mr. Lam Foo Wah and Ms. So Siu Hang, Patricia; and (2) independent non-executive directors: Mr. Mak Kam Sing, Mr. Wong Shiu Hoi, Peter and Mr. Leung Hok Lim.

By Order of the Board
Theme International Holdings Limited
Lam Foo Wah
Chairman

Hong Kong, 6 September 2007