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

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

CHAIRMAN'S STATEMENT

The turnover of the Group was HK$317 million for 2007, an increase of 10% when compared with 2006. As of 31 December 2007, the net loss attributable to shareholders was HK$25.8 million. The Board of Directors does not recommend a final dividend.

The disappointing performance of Theme in the past year was primarily due to over aggressive and untimely market development resulted from the incorrect marketing strategies adopted by the senior management in the PRC market, particularly the problems in the inefficient management of sale and purchase of garments, causing deeper discount offered and excessive inventory required to be written off. Our loss in Taiwan was further widened by the unstable political situation in 2007.

In view of the buoyant stock market, the Group successfully raised HK$179 million in August 2007, resulting in a significant improvement in our financial position. As a result of the increased capital, we implemented major reforms in the Group's business. Apart from replacing senior management staff in the second half of the year, we also actively dealt with the problem of excessive inventory. We are planning to adjust and optimize our management and coordination in market research, production, sale and inventory in order to respond more quickly to the changing market trend. With a view to gaining a larger market share, we have also formulated a new set of market development strategies. The Group is undergoing a radical transformation, which has already achieved initial result. We are confident that the Group will be able to turnaround in 2008.

I would like to express my sincere appreciation to all staff for their dedication and my gratitude to the stakeholders for their unfailing support. With the new business strategy, we are confident in the Group's future and will use our best endeavors to improve the results of the Group.

RESULTS

The Board of Directors (the “Board”) of Theme International Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 together with the comparative figures for the year ended 31 December 2006 are set out as follows: -

Consolidated Income Statement
For the year ended 31 December 2007

	Notes	**2007** *HK$'000*	2006 *HK$'000*
REVENUE	*3*	**316,938**	287,107
Cost of sales		**(143,523)**	(93,944)
Gross profit		**173,415**	193,163
Other income		**16,381**	7,692
Selling and distribution expenses		**(135,925)**	(128,094)
Administrative expenses		**(70,478)**	(73,359)
Share of loss of jointly controlled entities		**(1,456)**	-
Finance costs	*5*	**(7,132)**	(6,100)
LOSS BEFORE TAXATION		**(25,195)**	(6,698)
Taxation (charge) credit	*6*	**(608)**	117
LOSS FOR THE YEAR		**(25,803)**	(6,581)
LOSS PER SHARE	*7*		
Basic		**HK (0.39) cent**	HK (0.1) cent
Diluted		**N/A**	HK (0.1) cent

Consolidated Balance Sheet
At 31 December 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**47,161**	40,468
Intangible assets		**10,300**	11,300
Prepaid lease payments		**34,331**	29,500
Investments in associates		**-**	-
Investments in joint controlled entities		**544**	-
Available-for-sale investments		**675**	675
Deferred taxation		**1,656**	1,440
		94,667	83,383
CURRENT ASSETS			
Inventories		**75,131**	64,200
Trade receivables	*9*	**37,668**	28,300
Deposits, prepayments and other receivables		**35,203**	26,994
Amounts due from fellow subsidiaries		**16,338**	3,673
Amounts due from jointly controlled entities		**8,993**	-
Bank balances and cash		**37,906**	29,216
		211,239	152,383
CURRENT LIABILITIES			
Trade payables	*10*	**24,543**	23,767
Other payables and accrued charges		**44,354**	40,639
Amount due to immediate holding company		**-**	3,872
Amounts due to fellow subsidiaries		**-**	2,237
Amount due to an associate		**596**	599
Taxation		**2,751**	2,181
Bank borrowings		**29,654**	17,323
		101,898	90,618
NET CURRENT ASSETS		**109,341**	61,765
TOTAL ASSETS LESS CURRENT LIABILITIES		**204,008**	145,148
NON-CURRENT LIABILITIES			
Bank borrowings		**-**	44,500
Amount due to immediate holding company		**-**	49,000
		-	93,500
NET ASSETS		**204,008**	51,648

	2007 HK$'000	2006 HK$'000
CAPITAL AND RESERVES		
Share capital	**89,645**	50,167
Convertible notes	**-**	66,220
Reserves	**113,563**	(65,539)
Equity attributable to equity holders of the Company	**203,208**	50,848
Minority interests	**800**	800
TOTAL EQUITY	**204,008**	51,648

Notes to Consolidated Financial Statements

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Companies Ordinance.

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

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs had no material effect on how the Group's results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-INT 11	HKFRS 2: Group and Treasury Share Transactions[3]
HK(IFRIC)-INT 12	Service Concession Arrangements[4]
HK(IFRIC)-INT 13	Customer Loyalty Programmes[5]
HK(IFRIC)-INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirement and Their Interaction[4]

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

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. Revenue

Revenue, which is also turnover of the Group, represents the amounts received and receivable for goods sold by the Group to outsider customers, less discounts and sales related tax and subcontracting fee income for the year, and is analysed as follows:

	2007	2006
	HK$'000	HK$'000
Sales of goods	**298,123**	270,368
Subcontracting fee income	**18,815**	16,739
	316,938	287,107

4. Segment Information

The directors report the geographical segments as the Group's primary segment information.

Geographical segments

The following table provides an analysis of the Group's sales by location of markets:

Consolidated income statement

	Hong Kong and Macau		People's Republic of China ("PRC")		Taiwan		Singapore		Elimination		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue												
External sales	**27,545**	26,961	**178,458**	128,768	**103,308**	124,382	**7,627**	6,996	**-**	–	**316,938**	287,107
Inter-segment sales	**20,563**	42,504	**68,455**	84,283	**-**	-	**-**	-	**(89,018)**	(126,787)	**-**	-
	48,108	69,465	**246,913**	213,051	**103,308**	124,382	**7,627**	6,996	**(89,018)**	(126,787)	**316,938**	287,107
Segment results	**341**	(3,878)	**(3,346)**	10,285	**(14,479)**	(6,991)	**46**	(152)			**(17,438)**	(736)
Interest income											**831**	138
Share of loss of jointly controlled entities	**-**	-	**(1,456)**	-	**-**	-	**-**	-	**-**	-	**(1,456)**	-
Finance costs											**(7,132)**	(6,100)
Loss before taxation											**(25,195)**	(6,698)
Taxation (charge) credit											**(608)**	117
Loss for the year											**(25,803)**	(6,581)

Inter-segment sales are charged at prevailing market rates.

Consolidated balance sheet

	Hong Kong and Macau		PRC		Taiwan		Singapore		Consolidated	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS										
Segment assets	**19,666**	14,344	**186,318**	142,906	**31,629**	41,276	**2,182**	2,236	**239,795**	200,762
Investments in jointly controlled entities	**-**	**-**	**544**	**-**	**-**	**-**	**-**	**-**	**544**	-
Unallocated corporate assets									**65,567**	35,004
Total assets									**305,906**	235,766
LIABILITIES										
Segment liabilities	**10,577**	12,624	**47,988**	42,398	**10,181**	12,042	**151**	177	**68,897**	67,241
Unallocated corporate liabilities									**33,001**	116,877
Total liabilities									**101,898**	184,118

Other information

	Hong Kong and Macau		PRC		Taiwan		Singapore		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amortisation of prepaid lease payments	**–**	–	**518**	112	**–**	–	**–**	–	**518**	112
Amortisation of intangible assets	**–**	–	**1,000**	500	**–**	–	**–**	–	**1,000**	500
Additions to property, plant and equipment	**748**	3,179	**15,403**	24,150	**1,513**	5,890	**10**	134	**17,674**	33,353
Depreciation of property, plant and equipment	**1,672**	1,496	**5,821**	5,276	**4,005**	5,542	**121**	163	**11,619**	12,477
Loss (gain) on disposal of property, plant and equipment	**554**	–	**160**	(69)	**689**	359	**–**	–	**1,403**	290
Allowance (write back) for obsolete inventories	**821**	68	**2,381**	2,744	**4,883**	(1,511)	**39**	(52)	**8,124**	1,249
Allowance (write back) for bad and doubtful debts	**196**	(152)	**721**	–	**–**	–	**–**	–	**917**	(152)

Business segments

For management purposes, the Group is currently organised into two operating business – manufacturing, retailing and trading of garments ("Fashion") and manufacturing and trading of uniforms ("Uniform").

The following table provides an analysis of the Group's sales by business segments:

	Revenue by business segments	
	2007	2006
	HK$'000	*HK$'000*
Fashion	**306,685**	278,137
Uniform	**10,253**	8,970
	316,938	287,107

The following is an analysis of the carrying amount of segment assets at the balance sheet date, and additions to property, plant and equipment during the year which is analysed by business segments:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Fashion	**230,253**	199,096	**17,673**	33,353
Uniform	**9,542**	1,666	**1**	–
	239,795	200,762	**17,674**	33,353

5. Finance Costs

	2007 HK$'000	2006 HK$'000
Bank charges	**423**	317
Interest on:		
Bank loans, overdrafts and other borrowings wholly repayable within five years	**4,181**	1,911
Amount due to immediate holding company wholly repayable within five years	**2,528**	3,872
	7,132	6,100

6. Taxation (Charge) Credit

	2007 HK$'000	2006 HK$'000
Tax (charge) credit comprises:		
Current tax charge		
PRC and other jurisdictions	**(2,494)**	(986)
Over(under)provision in prior years		
PRC and other jurisdictions	**1,668**	(266)
Deferred taxation	**218**	1,369
	(608)	117

Hong Kong profits tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

7. Loss Per Share

The calculation of basic loss per share for the year 31 December 2007 together with the comparative figures for 2006 are based on the following data:

	2007 HK$'000	2006 HK$'000
Loss for the purpose of basic and diluted loss per share attributable to equity holders of the Company	**(25,803)**	(6,581)
	Number	Number
Weighted average number of ordinary shares for the purpose of basic loss per share	**6,626,948,707**	5,016,658,804

No diluted loss per share has been presented for both years because the conversion of the mandatory convertible notes would reduce the loss per share.

8. Final Dividend

The Board does not recommend a final dividend for the year ended 31 December 2007 (2006 : Nil) to the shareholders.

9. Trade Receivables

The Group allows credit periods range from 30 days to 90 days to its trade customers.

The ageing analysis of trade receivables net of allowance for bad and doubtful debts is stated as follows:-

	2007	2006
	HK$'000	HK$'000
Within 90 days	**28,066**	27,217
91 to 180 days	**7,225**	630
181 to 360 days	**1,801**	453
Over 360 days	**576**	-
	37,668	28,300

10. Trade Payables

The following is an aged analysis of the trade payables at the balance sheet date:

	2007	2006
	HK$'000	HK$'000
Within 90 days	**17,908**	14,053
91 to 180 days	**-**	947
181 to 360 days	**3,255**	5,303
Over 360 days	**3,380**	3,464
	24,543	23,767

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue for the year of 2007 was HK$317 million, representing an increase of 10% when compared to HK$287 million for 2006.

Net loss attributable to shareholders was HK$25.8 million for the year, as a result of a HK$19.7 million drop in gross profit, compared to a net loss attributable to shareholders of HK6.6 million for last year.

Review of Operation

In the People's Republic of China ("PRC"), despite revenue increase by 41%, gross profit margin dropped from 71% to 57%. The main reasons for the margin drop were over-inventory, garments being sold at a much deeper discount in 2007 and further provision being made for excessive inventory.

Loss in Taiwan rose to HK$14.5 million for the year. Continuous unstable social environment resulted in a revenue fall by 17% and a drop of 33% in gross profit in Taiwan.

The profit/loss analysis by region is as follows:

	Revenue		Contribution	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Retail, Wholesale & Manufacturing of fashion				
PRC	**178,297**	126,495	**(3,047)**	10,988
Taiwan	**103,308**	124,382	**(14,472)**	(7,390)
Hong Kong	**13,782**	16,139	**306**	(1,902)
South East Asia	**11,298**	11,121	**1,483**	492
	306,685	278,137	**(15,730)**	2,188
Others	**10,253**	8,970	**(2,333)**	(2,786)
Total	**316,938**	287,107	**(18,063)**	(598)

Selling and distribution expenses increased by 6% partly due to the increase in retail sales revenue by 14% and the increase in rental expenses.

There was a slight decrease in administrative expenses of 4% because of the reduction in corporate overhead in relation to staff cost, promotion and offices expenses upon merger of Theme and Cslr.

Liquidity and Financial Resources

In view of the buoyant stock market, the Group launched an open offer of the shares in August 2007 and raised a total of HK$179 million, which served to improve the overall financial position and enhance the competitiveness of the Group.

In August 2007, the aggregate loan of HK$49 million due to immediate holding company, Navigation Limited was fully repaid out of the proceeds of open offer.

Bank loan reduced from HK$61.8 million in 2006 to HK$29.6 million in 2007 as of the balance sheet date, after repayment of the bank loan had been made in October 2007 from the proceeds of open offer.

The Group's receivables were mainly denominated in Hong Kong dollar, Renminbi and New Taiwan dollar. The entire bank borrowings were either denominated in Renminbi or Hong Kong Dollar. The Group considers that its foreign exchange risk is not material.

Interest expenses increased by 17% due to the increase in interest rate in PRC, but it is expected the interest expenses would come down significantly in 2008 as most of the loan was repaid before the balance sheet date.

As at 31 December 2007, the current ratio was 2.07. Based on the current cash position and available banking facilities, the Group should have sufficient liquidity to meet its operational needs.

Human Resources

As of 31 December 2007, the total number of employees of the Group including factory workers was about 2,000. Other than the competitive remuneration package offered to the employees, share options may also be granted to the selected employees based on the Group's performance. The Group did not grant any options during the year.

General

The Group had no material contingent liabilities as of the balance sheet date. The major capital expenditure during the year was the acquisition of its office premises and equipment total HK$17.5 million. Except for the above, there was no material capital expenditure during the year. Through enhancing working efficiencies, the management of Theme continued to reduce corporate administrative expenses. Also a strict control on stock purchasing and discount policies can improve the gross profit margin.

FINAL DIVIDEND

The Board did not recommend a final dividend for the year ended 31 December 2007 (2006 : Nil) to the shareholders.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 10 June 2008 to Friday, 13 June 2008, both days inclusive, during which period no transfer of shares will be registered. In order to establish the identity of the shareholders who are entitled to attend and vote at the annual general meeting of the Company to be held on Friday, 13 June 2008, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's sub-registrar and transfer agent in Hong Kong, Computershare Hong Kong Investor Services Limited of Rooms 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by not later than 4:00 p.m. on Friday, 6 June 2008.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in Appendix 14 Code on Corporate Governance Practices (the "Code") of the Listing Rules throughout the year ended 31 December 2007, except for the following deviation.

Under the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Lam Foo Wah is the Chairman and Chief Executive Officer ("CEO") of the Company. The Board considers that the function of the Chairman and CEO in the Company's strategic planning and development process are overlapping and it may not be for the benefit of the Company to have separate individuals occupying these two offices in the condition of the Group and its stage of development.

AUDIT COMMITTEE AND FINANCIAL INFORMATION

The Company has an Audit Committee which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The terms of reference of the Audit Committee were duly revised in accordance with the provisions set out in the Code.

The audit committee, which comprises three independent non-executive directors of the Company, has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2007.

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

During the year ended 31 December 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.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

The 2007 annual report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

MEMBERS OF THE BOARD

As at the date of this announcement, the Board of the Company 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
Lam Foo Wah
Chairman

Hong Kong, 8 April 2008