Theme International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 990)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

CHAIRMAN'S STATEMENT

Turnover of the Group for the year 2008 was HK$303 million, down 4.5% as compared with 2007. Net loss attributable to shareholders for the year was HK$32.7 million as compared with that of HK$25.8 million recorded in last year. The Board did not recommend the payment of a final dividend for the year.

The restructuring programme in 2008 did not improve the Group's performance as originally planned. One of the factors responsible for the substantial operating loss of around HK$10 million was caused by our agency distribution arrangement. Negotiations are currently under way between the Group and the counter party in a bid to address the issue speedily.

As the ongoing business showed little improvement, we made an one-off impairment loss of HK$9.3 million in respect of the carrying value of the goodwill and trademark of our brand "CSLR".

Given the unsatisfactory result in our remedial measures taken in the prior year, the Group will continue its efforts in strengthening its management capability by providing intensive training, focusing, in particular, on nurturing an efficient management team for future development. In coping with the rapidly changing market, we are determined to introduce corrective measure to ensure a fast recovery. We will strive to achieve our stated goal despite major challenges lying ahead.

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 audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 together with the comparative figures for the year ended 31 December 2007 are set out as follows: -

Consolidated Income Statement

For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenue	*3*	**302,793**	316,938
Cost of sales		**(141,259)**	(143,523)
Gross profit		**161,534**	173,415
Other income		**7,655**	16,381
Selling and distribution expenses		**(129,343)**	(135,925)
Administrative expenses		**(59,711)**	(70,478)
Gain on disposal of a jointly controlled entity		**1,456**	-
Share of loss of jointly controlled entities		**-**	(1,456)
Allowance for an amount due from a jointly controlled entity		**(3,326)**	-
Impairment loss of intangible asset		**(9,300)**	-
Finance costs	*5*	**(1,188)**	(7,132)
Loss before taxation		**(32,223)**	(25,195)
Taxation charge	*6*	**(453)**	(608)
Loss for the year attributable to the shareholders of the Company	*7*	**(32,676)**	(25,803)
			(restated)
Loss per share	*8*	**HK(3.65) cent**	HK(3.89) cent

Consolidated Balance Sheet

At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-Current Assets			
Property, plant and equipment		**50,457**	47,161
Intangible assets		**-**	10,300
Prepaid lease payments		**35,708**	34,331
Investments in associates		**-**	-
Investments in joint controlled entities		**-**	544
Available-for-sale investments		**675**	675
Derivative financial instruments		**419**	-
Deferred taxation		**1,795**	1,656
		89,054	94,667
Current Assets			
Inventories		**49,495**	75,131
Trade receivables	*10*	**32,908**	37,668
Deposits, prepayments and other receivables		**22,268**	35,203
Amounts due from fellow subsidiaries		**21,829**	16,338
Amounts due from jointly controlled entities		**17,713**	8,993
Derivative financial instruments		**1,878**	-
Bank balances and cash		**25,057**	37,906
		171,148	211,239
Current Liabilities			
Trade payables	*11*	**23,854**	24,543
Other payables and accrued charges		**37,657**	44,354
Amount due to fellow subsidiary		**387**	-
Amount due to an associate		**594**	596
Amount due to a jointly controlled entity		**17,713**	-
Taxation		**1,401**	2,751
Bank borrowings		**1,149**	29,654
		82,755	101,898
Net Current Assets		**88,393**	109,341
Total Assets Less Current Liabilities		**177,447**	204,008
Capital And Reserves			
Share capital		**8,965**	89,645
Reserves		**168,482**	113,563
Equity attributable to equity holders of the Company		**177,447**	203,208
Minority interests		**-**	800
Total Equity		**177,447**	204,008

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 the following amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) - INT 11	HKFRS 2 - Group and treasury share transactions
HK(IFRIC) - INT 12	Service concession arrangements
HK(IFRIC) - INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

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

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

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKAS 1 (Revised)	Presentation of financial statements [2]
HKAS 23 (Revised)	Borrowing costs [2]
HKAS 27 (Revised)	Consolidated and separate financial statements [3]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [2]
HKAS 39 (Amendment)	Eligible hedged items [3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate [2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [2]
HKFRS 3 (Revised)	Business combinations [3]
HKFRS 7 (Amendments)	Improving disclosures about financial instruments [2]
HKFRS 8	Operating segments [2]
HK(IFRIC) - INT 9 & HKAS 39 (Amendments)	Embedded derivatives [4]
HK(IFRIC) - INT 13	Customer loyalty programmes [5]
HK(IFRIC) - INT 15	Agreements for the construction of real estate [2]
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation [6]
HK(IFRIC) - INT 17	Distribution of non-cash assets to owners [3]
HK(IFRIC) - INT 18	Transfer of assets from customers [7]

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
[2] Effective for annual periods beginning on or after 1 January 2009.
[3] Effective for annual periods beginning on or after 1 July 2009.
[4] Effective for annual periods ending on or after 30 June 2009.
[5] Effective for annual periods beginning on or after 1 July 2008.
[6] Effective for annual periods beginning on or after 1 October 2008.
[7] Effective for transfers on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in a the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Revenue

Revenue 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:

	2008	2007
	HK$'000	HK$'000
Sales of goods	**272,758**	298,123
Subcontracting fee income	**30,035**	18,815
	302,793	316,938

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**	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	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	**15,479**	27,545	**185,903**	178,458	**95,110**	103,308	**6,301**	7,627	**-**	-	**302,793**	316,938
Inter-segment sales	**17,972**	20,563	**68,023**	68,455	**-**	-	**-**	-	**(85,995)**	(89,018)	**-**	-
	33,451	48,108	**253,926**	246,913	**95,110**	103,308	**6,301**	7,627	**(85,995)**	(89,018)	**302,793**	316,938
Segment results	**(7,185)**	341	**(21,342)**	(3,346)	**(4,218)**	(14,479)	**173**	46			**(32,572)**	(17,438)
Interest income											**81**	831
Gain on disposal of jointly controlled entities											**1,456**	-
Share of loss of jointly controlled entities	**-**	-	**-**	(1,456)	**-**	-	**-**	**-**			**-**	(1,456)
Finance costs											**(1,188)**	(7,132)
Loss before taxation											**(32,223)**	(25,195)
Taxation charge											**(453)**	(608)
Loss for the year											**(32,676)**	(25,803)

Inter-segment sales are charged at prevailing market rates.

Consolidated balance sheet

	Hong Kong and Macau		PRC		Taiwan		Singapore		Consolidated	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS										
Segment assets	**9,507**	19,666	**160,285**	186,318	**22,169**	31,629	**1,170**	2,182	**193,131**	239,795
Investments in jointly controlled entities	-	-	**-**	544	-	**-**	-	**-**	**-**	544
Unallocated corporate assets									**67,071**	65,567
Total assets									**260,202**	305,906
LIABILITIES										
Segment liabilities	**13,861**	10,577	**45,984**	47,988	**1,959**	10,181	**94**	151	**61,898**	68,897
Unallocated corporate liabilities									**20,857**	33,001
Total liabilities									**82,755**	101,898

Other information

	Hong Kong and Macau		PRC		Taiwan		Singapore		Consolidated	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	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	-	**-**	**567**	518	-	**-**	-	**-**	**567**	518
Amortisation of intangible assets	-	**-**	**1,000**	1,000	-	**-**	-	**-**	**1,000**	1,000
Additions to property, plant and equipment	**-**	748	**16,645**	15,403	**2,190**	1,513	**3**	10	**18,838**	17,674
Depreciation of property, plant and equipment	**1,205**	1,672	**12,607**	5,821	**3,328**	4,005	**47**	121	**17,187**	11,619
Loss on disposal of property, plant and equipment	**89**	554	**19**	160	**189**	689	**147**	-	**444**	1,403
Gain on derivative hedge instruments transferred from equity	**-**	**-**	**1,786**	-	-	**-**	-	**-**	**1,786**	-
(Write back) allowance for obsolete inventories	**(863)**	821	**2,007**	2,381	**(4,180)**	4,883	**(84)**	39	**(3,120)**	8,124
Allowance for bad and doubtful debts	**-**	196	**651**	721	-	**-**	-	**-**	**651**	917
Impairment loss of intangible assets	**-**	-	**9,300**	-	-	**-**	-	**-**	**9,300**	-
Allowance for an amount due from a jointly controlled entity	**3,326**	-	**-**	-	-	**-**	-	**-**	**3,326**	-

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	
	2008	2007
	HK$'000	*HK$'000*
Fashion	**298,552**	306,685
Uniform	**4,241**	10,253
	302,793	316,938

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**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Fashion	**192,033**	230,253	**18,838**	17,673
Uniform	**1,098**	9,542	**-**	1
	193,131	239,795	**18,838**	17,674

5. Finance Costs

	2008	2007
	HK$'000	HK$'000
Bank charges	**563**	423
Interest on:		
Bank loans, overdrafts and other borrowings wholly repayable within five years	**625**	4,181
Amount due to immediate holding company wholly repayable within five years	**-**	2,528
	1,188	7,132

6. Taxation Charge

	2008	2007
	HK$'000	HK$'000
Tax charge comprises:		
Current tax charge		
PRC and other jurisdictions	**299**	2,494
Under (over) provision in prior years		
PRC and other jurisdictions	**277**	(1,668)
Deferred taxation	**(123)**	(218)
	453	608

No provision for Hong Kong Profits Tax has been made for both periods as the Company and its subsidiaries have no assessable profit arising in Hong Kong.

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

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

Dongguan Yihao Fashions Limited ("Dongguan Yihao") is recognised as a "Production Foreign Enterprise". In accordance with the "Notice of the State Tax Bureau of the Ministry of Finance Regarding Certain Preferential Treatment Policies on Enterprise Income Tax", Dongguan Yihao was subject to income tax at a tax rate of 24%. As Dongguan Yihao is a foreign-invested enterprise operating in the PRC and is entitled to an exemption from PRC income tax for the two years starting from its first profit-marking year, followed by 50% tax relief for the next three years. Dongguan Yihao started its profit in the year ended 31 December 2007 and it has been exempted from PRC income tax for year 2007 and year 2008.

Taxation for other PRC subsidiaries was calculated at a tax rate of 33% in 2007.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law"). On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for certain subsidiaries from 1 January 2008. The deferred tax has been adjusted in 2007 to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

For the year ended 31 December 2008, taxation for all PRC subsidiaries other than Dongguan Yihao is calculated at a tax rate of 25%.

7. Loss for the Year

	2008	2007
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting) :		
(Write back) allowance for obsolete inventories (including in cost of sales)	**(3,120)**	8,124
Allowance for bad and doubtful debts (included in administrative expenses)	**651**	917
Depreciation of property, plant and equipment	**17,187**	11,619
Amortisation of intangible assets	**1,000**	1,000
Amortisation of prepaid lease payments	**567**	518
Loss on disposal of property, plant and equipment	**444**	1,403

8. Loss Per Share

The calculation of basic loss per share for the year 31 December 2008 together with the comparative figures for 2007 are based on the following data:

	2008	2007
	HK$'000	HK$'000
Loss for the purpose of basic and diluted loss per share attributable to equity holders of the Company	**(32,676)**	(25,803)
	Number	Number (restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	**896,454,959**	662,694,870

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.

The calculation of basic loss per share attributable to the ordinary equity holders of the Company has been adjusted as a result of the Company's share consolidation and capital reduction.

9. Final Dividend

The Board did not recommend a final dividend for the year ended 31 December 2008 (2007 : Nil) to the shareholders.

10. Trade Receivables

The Group allows credit periods of 90 days to most its trade customers.

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

	2008	2007
	HK$'000	HK$'000
Within 90 days	**26,764**	28,066
91 to 180 days	**2,717**	7,225
181 to 360 days	**2,550**	1,801
Over 360 days	**877**	576
	32,908	37,668

11. Trade Payables

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

	2008	2007
	HK$'000	HK$'000
Within 90 days	**16,450**	17,908
91 to 180 days	**967**	-
181 to 360 days	**1,158**	3,255
Over 360 days	**5,279**	3,380
	23,854	24,543

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue for the year of 2008 was HK$303 million, representing a decrease of 4.5% when compared with HK$317 million for 2007.

Net loss attributable to shareholders was HK$32.7 million for the year, including HK$9.3 million provision for impairment loss of intangible asset, compared with a net loss attributable to shareholders of HK25.8 million for last year.

Review of Operation

There was no improvement in the Group's performance in 2008. Whilst we had put in place stringent cost containment exercises vigorously, another identified principle factor responsible for the substantial operating loss was a distribution operation we have entered in year 2007, that a significant loss of around HK$10 million incurred. Negotiations are currently under way between the Group and the counter party in order to settle the issue in a decisive and speedy way.

As the ongoing operating result showed no positive progress, the Group reviewed the asset valuation to reflect its fair value. With a prudent approach, we took initiative to make an one-off impairment loss of HK$9.3 million in respect of the goodwill and trademark of our brand "CSLR" which was originally intended to amortize over a period of ten years.

The profit/loss analysis by region is as follows:

	Revenue		**Contribution**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Retail, wholesale & manufacturing of fashion				
People's Republic of China	**185,903**	178,458	**(27,346)**	(3,317)
Taiwan	**95,110**	103,308	**(4,208)**	(14,471)
Hong Kong & Macau	**15,479**	27,545	**(1,110)**	1,135
Singapore	**6,301**	7,627	**173**	46
	302,793	316,938	**(32,491)**	(16,607)
Gain on disposal of jointly controlled entities			**1,456**	**-**
Share of loss of jointly controlled entities			**-**	(1,456)
Operating loss			**(31,035)**	(18,063)

Liquidity and Financial Resources

As of the balance sheet date there was no borrowing from High Fashion International Limited. There was no charges on the Group's asset. The Group had no borrowings at fixed interest rates and had no long-term borrowings.

At 31 December 2008, The Group had HK$1.1 million bank borrowings, which was reduced from HK$29.6 million in 2007 and interest expenses were decreased from HK$6.7 million to HK$0.6 million correspondingly.

The Group's receivables were mainly denominated in Hong Kong dollar, Renminbi and New Taiwan dollar. The entire bank borrowings and other borrowing were either denominated in Hong Kong Dollar or Renminbi. The Group has booked forward contracts to hedge against the Renminbi fluctuation.

As at 31 December 2008, the current ratio was 2.4. 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 2008, 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 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 of the year was the acquisition of shop furniture & fixtures at HK$18 million. Except for the above, there was no material capital expenditure during the year.

FINAL DIVIDEND

The Board did not recommend a final dividend for the year ended 31 December 2008 (2007 : Nil) to the shareholders.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 10 June 2009 to Tuesday, 16 June 2009, 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 Tuesday, 16 June 2009, 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 Tuesday, 9 June 2009.

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 2008, except for the following deviation :

Code provision A.1.1

Under the code provision A.1.1 of the Code, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

In 2008, the Board meetings held three times a year. The Board believes that such arrangements were adequate to cover all major issues arising throughout the year ended 31 December 2008. In any event, all Directors were available for consultation by management from time to time during the year.

Code provision A.2.1

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 of the Company. The Board considers that the function of the Chairman and the Chief Executive Officer 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 2008.

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

During the year ended 31 December 2008, 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 The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

The 2008 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, 7 April 2009