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THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 990)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

The board of directors (the "Board") of Theme International Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively as the "Group") for the year ended 31 December 2010 together with the comparative figures for the corresponding period in 2009 as follows:–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTES	2010 HK$'000	2009 HK$'000
Continuing operations			
Revenue	3	**94,620**	89,593
Cost of sales		**(41,298)**	(39,944)
Gross profit		**53,322**	49,649
Other income		**556**	324
Selling and distribution expenses		**(47,971)**	(43,714)
Administrative and other expenses		**(53,405)**	(8,668)
Loss before taxation		**(47,498)**	(2,409)
Tax charge	5	**(84)**	(1,795)
Loss for the year from continuing operations	6	**(47,582)**	(4,204)
Discontinued operations			
Loss for the year from discontinued operations		–	(18,006)
Loss for the year attributable to owners of the Company		**(47,582)**	(22,210)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTES	2010 HK$'000	2009 HK$'000
Other comprehensive income			
Exchange differences arising on translating foreign operations			
Exchange differences arising during the year		**1,192**	1,288
Reclassification adjustments relating to foreign operations disposed of during the year		–	(6,510)
		1,192	(5,222)
Cash flow hedges			
Loss on fair value changes on cash flow hedges		–	(935)
Reclassification adjustments to profit or loss		–	(246)
Reclassification adjustments relating to foreign operations disposed of during the year		–	(1,116)
		–	(2,297)
Other comprehensive income for the year		**1,192**	(7,519)
Total comprehensive income for the year		**(46,390)**	(29,729)
Loss per share	*8*		
From continuing and discontinued operations			
Basic		**HK(1.31) cents**	HK(0.62) cent
From continuing operations			
Basic		**HK(1.31) cents**	HK(0.12) cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	NOTES	**2010** **HK$'000**	2009 *HK$'000*
Non-current assets			
Property, plant and equipment		**5,310**	1,911
Current assets			
Inventories		**15,791**	12,626
Trade receivables	*9*	**8,563**	7,539
Deposits, prepayments and other receivables		**12,386**	4,738
Bank balances and cash		**63,203**	16,887
		99,943	41,790
Current liabilities			
Trade payables	*10*	**8,101**	4,157
Other payables and accrued charges		**25,975**	26,821
Dividend payable		**7**	11
Tax payable		**84**	–
		34,167	30,989
Net current assets		**65,776**	10,801
Total assets less current liabilities		**71,086**	12,712
Capital and reserves			
Share capital	*11*	**9,140**	8,965
Reserves		**61,946**	3,747
Equity attributable to owners of the Company		**71,086**	12,712

NOTES

1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

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 "Stock Exchange") and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC)-Int 17	Distributions of non-cash assets to owners
HK-Int 5	Presentation of financial statements-Classification by the borrower of a term loan that contains a repayment on demand clause

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior annual periods.

New and revised HKFRSs affecting presentation and disclosure only

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures-Transfers of financial assets[3]
HKFRS 9	Financial instruments[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKAS 24 (as revised in 2009)	Related party disclosures[6]
HKAS 32 (Amendments)	Classification of rights issues[7]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a minimum funding requirement[6]
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 July 2010.
[3] Effective for annual periods beginning on or after 1 July 2011.
[4] Effective for annual periods beginning on or after 1 January 2013.
[5] Effective for annual periods beginning on or after 1 January 2012.
[6] Effective for annual periods beginning on or after 1 January 2011.
[7] Effective for annual periods beginning on or after 1 February 2010.

HKFRS 9 "Financial instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Currently, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and that the application of the new Standard will not have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities.

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 consolidated financial statements.

3. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to outsider customers, less discounts and sales related tax, from continuing operations for the year.

4. SEGMENT INFORMATION

Information was reported to the directors of the Company, being the chief operating decision makers, for the purpose of resource allocation and assessment of segment performance. The Group currently has only one segment, i.e. the retailing business.

The segment revenue derived from the continuing operations was HK$94,620,000 (2009: HK$89,593,000) and segment result derived from the continuing operations was loss HK$1,220,000 (2009: profit of HK$2,822,000) (excluding corporate administrative expenses incurred by the Company of HK$46,278,000 (2009: HK$5,231,000)).

For the year ended 31 December 2009, the segment revenue derived from the discontinued operations was HK$149,811,000 and segment result derived from the discontinued operations was loss HK$46,855,000.

The segment assets and liabilities of the reatailing business are analysed as follows:

Reconciliation of segment assets

	2010	2009
	HK$'000	*HK$'000*
Segment assets	**46,314**	42,980
Unallocated assets:		
Property, plant and equipment	**1,154**	80
Deposit, prepayments and other receivables	**590**	557
Bank balances and cash	**57,195**	84
	105,253	43,701

Reconciliation of segment liabilities

	2010	2009
	HK$'000	*HK$'000*
Segment liabilities	**32,858**	29,407
Unallocated liabilities:		
Accrued charges for corporate expenses	**1,302**	1,571
Dividend payable	**7**	11
	34,167	30,989

Geographical information

The total revenue of continuing operations and discontinued operations derived from external customers of different geographical locations are analysed as follows:

	2010	2009
	HK$'000	*HK$'000*
Taiwan	**94,620**	89,593
Hong Kong and Macau	**–**	18,780
PRC	**–**	128,285
Singapore	**–**	2,746
	94,620	239,404

5. TAX CHARGE

	2010	2009
	HK$'000	*HK$'000*
Tax charge comprises:		
Current tax charge	**84**	–
Deferred tax	**–**	1,795
	84	1,795

No provision for Hong Kong Profits Tax has been made for both years 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. During the year ended 31 December 2010, the profit tax rate prevailing in Taiwan was reduced from 20% to 17% (2009: 25% to 20%).

6. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2010	2009
	HK$'000	*HK$'000*
Loss for the year from continuing operations has been arrived at after charging (crediting):		
Cost of inventories recognised as expenses (including write back of allowance for obsolete inventories)	**41,298**	39,944
Depreciation of property, plant and equipment	**1,835**	2,231
Net foreign exchange gain	**(345)**	(77)
Auditor's remuneration	**782**	933
Operating lease rentals in respect of rented premises	**7,555**	5,829
Contingent rents	**14,551**	12,925
Loss on disposal of property, plant and equipment	**1**	109
Directors' remuneration	**10,953**	633
Other staff costs		
Salaries and allowances	**17,011**	14,300
Retirement benefits scheme contributions	**970**	734
	17,981	15,034

7. DIVIDENDS

Pursuant to the shareholders' approval at the special general meeting dated 28 October, 2009, a special dividend of HK$0.1506 per share was approved and declared to the holders of the ordinary shares of HK$0.01 each in the issued share capital of the Company. The aggregate amount of special dividends paid by the Company for the year ended 31 December 2009 was HK$135,006,000.

8. LOSS PER SHARE

From continuing and discontinued operations

The calculation of basic loss per share attributable to the owners of the Company is based on the loss for the year attributable to owners of the Company of HK$47,582,000 (2009:HK$22,210,000) and the weighted average number of ordinary shares of 3,622,258,000 (2009: 3,585,820,000). (The calculation of basic loss per share attributable to the owners of the Company for 2009 has been adjusted as a result of the Company's share subdivision.)

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to the owners of the Company is based on the loss from continuing operations of HK$47,582,000 (2009:HK$4,204,000) and the denominators detailed above.

From discontinued operations

For the year ended 31 December 2009, basic loss per share from the discontinued operations is HK0.50 cent per share, based on the loss for the year from the discontinued operations of HK$18,006,000 and the denominators detailed above for basic loss per share.

Diluted loss per share for the year ended 31 December 2010 was not presented as the impact of the exercise of the share options was anti-dilutive.

9. TRADE RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**8,563**	7,900
Less: Allowance for bad and doubtful debts	**–**	(361)
	8,563	7,539

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

The ageing analysis of trade receivables, net of allowance for bad and doubtful debts, presented based on the invoice date at the end of the reporting period is stated as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 90 days	**8,563**	7,527
91 to 180 days	**–**	12
	8,563	7,539

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

10. TRADE PAYABLES

The following is an ageing analysis of the trade payables presented based on the invoice date at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
Within 90 days	**8,101**	4,157

11. SHARE CAPITAL

	Number of shares	**Amount**
	'000	*HK$'000*
Ordinary shares		
Authorised:		
At 1 January 2009	50,000,000	500,000
Increase by way of share subdivision *(note a)*	150,000,000	–
At 31 December 2009 and 2010	200,000,000	500,000
Issued and fully paid:		
At 1 January 2009	896,455	8,965
Increase by way of share subdivision *(note a)*	2,689,365	–
At 31 December 2009	3,585,820	8,965
Placing of shares *(note b)*	70,000	175
At 31 December 2010	3,655,820	9,140

Notes:

(a) Pursuant to the shareholders' approval at the special general meeting dated 29 December 2009, each of the then-existing issued and unissued shares of HK$0.01 each in the share capital of the Company was subdivided into four subdivided shares of HK$0.0025 each ("Subdivided Share"). Immediately upon the share subdivision becoming effective, the authorised share capital of the Company became HK$500,000,000 divided into 200,000,000,000 Subdivided Shares, of which 3,585,819,836 Subdivided Shares were in issue and fully paid.

(b) On 18 June 2010, the Company entered into a subscription agreement with Sonic Way Limited ("Sonic Way"), pursuant to which Sonic Way has agreed to subscribe and the Company has agreed to allot and issue 70,000,000 shares of HK$0.0025 each in the share capital of the Company at the subscription price of HK$1.00 each. On 25 June 2010, the Company issued and allotted 70,000,000 shares to Sonic Way under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 3 June 2010.

CHAIRMAN'S STATEMENT

In 2010, Taiwan's economy has emerged from the global recession. It is slowly recovering from the global financial crisis and is growing steadily.

As the general economy improved, the revenue for the year 2010 was approximately HK$94.6 million, representing an increase of 5.6% when compared with HK$89.6 million for the year of 2009. However, the loss for the year of 2010 increased from HK4.2 million in 2009 to HK$47.6 million. The significant increase in loss was mainly because of share-based compensation expense. In 2010, Theme International Holdings Limited (the "Company", and together with its subsidiaries, the "Group") has granted 200,000,000 share options to the directors, employees and other eligible participants under the share option scheme of the Company. The share-based compensation expense of approximately HK$34.8 million was charged to the profit and loss account.

The Group has looked for other business opportunities this year and has entered into a non-legally binding memorandum of understanding ("MOU") in relation to the proposed acquisition (the "Proposed Acquisition") of the Qinglong Manzu Autonomous County Shan Lan Zhang Zi Iron Ore Mine on 9 July 2010. However, as the parties to the MOU could not reach agreement on the major terms and conditions in respect of the Proposed Acquisition on or before the expiry date of the MOU, the Group had not entered into any sale and purchase agreement in relation to the Proposed Acquisition and has issued a written notice to the vendors to terminate the MOU on 20 January 2011.

The Group will continue to strengthen the business of retailing of garments in Taiwan. As there remains uncertainties in the recovery of Taiwan's economy, the Company will continue to look for more business and investment opportunities to diversify the business of the Group and achieve substantial and sustainable financial growth for the Group and to maximize shareholder's value.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The principal activity of the Group is retailing garments through the operation of retail outlets and department store counters in Taiwan.

Financial Review

Revenue, loss for the year and loss per share of the Group for the year ended 31 December 2010 and 2009 were summarized as follows:

	Revenue		Loss for the year		Loss per share	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*		
Continuing Operations	**94,620**	89,593	**(47,582)**	(4,204)	**HK(1.31)cent**	HK(0.12)cent
Discontinued Operations *(Note)*	**–**	149,811	**–**	(18,006)	**–**	HK(0.50)cent
Total Operations	**94,620**	239,404	**(47,582)**	(22,210)	**HK(1.31)cent**	HK(0.62)cent

Note: The operations in the PRC, Singapore, Hong Kong and Macau were discontinued on 28 October 2009.

The Taiwan economy is slowly recovering from the financial crisis. The revenue of the Group from the continuing operations increased by 5.6% to HK$94.6 million for the year ended 31 December 2010 from HK$89.6 million for the year ended 31 December 2009.

The loss from continuing operations has significantly increased to approximately HK$47.6 million for the year ended 31 December 2010 as compared with HK$4.2 million for the year ended 31 December 2009. The significant increase of the loss this year was attributable to the share-based compensation expense of approximately HK$34.8 million, the payment of directors' remuneration of approximately HK$4.5 million and the increase of the operating lease expenses by HK$3.4 million.

Due to the grant of 200,000,000 share options to the directors, employees and other eligible participants under the share option scheme of the Company, share-based compensation expense of approximately HK$34.8 million was charged to profit and loss during the year which was accounted for under HKFRS2.

Before 5 November 2009, only the directors' fees of the independent non-executive directors of the Company were charged to the Company, other directors' remuneration was borne by another entity. With the appointment of new management of the Company on or after 5 November 2009, the remuneration of all the directors and management are borne by the Company. This led to the increase in directors' emolument by HK$3.9 million (excluding share-based compensation expense).

Resulting from the gradual recovery of the Taiwan economy, the rental expense of the sales outlets and counters of the Group increased from HK$18.7 million in 2009 to HK$22.1 million in 2010.

Impacted by the above factors, the basic loss per share of the Group in respect of the continuing operations has increased from HK0.12 cent for the year ended 31 December 2009 to HK1.31 cent for the year ended 31 December 2010.

Charges on Assets

As at 31 December 2010, none of the Group's assets was charged or subject to any encumbrance.

Contingent Liabilities

As at 31 December 2010, the Group had no material contingent liabilities.

Exposure to Fluctuations in Exchange Rates

As at 31 December 2010, the Group's major assets and liabilities were denominated in the functional currencies of the respective group entities. The Group had no material exposure to foreign exchange fluctuation.

Liquidity and Financial Resources

As at 31 December 2010, the Group had no bank and other borrowings.

As at 31 December 2010, the Group's current ratio (current assets divided by current liabilities) was 2.9. Based on the current cash position, the Group should have sufficient liquidity to meet its operational needs.

The liquidity of the Group has significantly improved after the completion of the new shares placement in June 2010. The Company entered into a subscription agreement with Sonic Way on 18 June 2010 in relation to the subscription (the "Subscription") of 70,000,000 shares (the "Subscription Shares") of HK$0.0025 each in the share capital of the Company at HK$1.00 per Subscription Share. The Subscription was completed on 25 June 2010. The net proceeds raised from the Subscription is (i) for repayment of the Company's borrowings and payables (including an interest-free shareholder's loan of HK$10 million to the Company on 5 January 2010); and (ii) for general working capital and future strategic investments of the Group.

Capital Expenditure

The capital expenditure for the year was approximately HK$5.1 million, which was mainly for acquisition of shop furniture and fixtures. As at 31 December 2010, the Group has no material capital expenditure commitments.

Human Resources

As at 31 December 2010, the Group had 14 employees in Hong Kong and 182 employees in Taiwan. 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.

DIVIDEND

The Board did not recommend a final dividend for the year ended 31 December 2010 (2009: Nil) to the shareholders.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 19 May 2011 to Monday, 23 May 2011, 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 Monday, 23 May 2011, 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, Wanchai, Hong Kong for registration by not later than 4:30 p.m. on Wednesday, 18 May 2010.

FUTURE PROSPECTS

The Group will continue its principal business of retailing of garments in Taiwan and will strive to improve its performance. As there remains uncertainties in the recovery of Taiwan's economy, the Board and the management of the Company believe that in order to achieve sustainable financial growth for the Group and to maximize shareholders' value, it is in the best interests of the Company to explore business opportunities in other industries.

The Group will leverage on the network and experience of the management of the Company to look for more business opportunities to be brought to the Group and may consider diversifying the business of the Group with an objective to broaden its income source and to enhance the long-term growth potential of the Group. The Company will continue to look for more business and investment opportunities in other industries, including but not limited to energy and resources.

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

During the year ended 31 December 2010, the Company had not redeemed any of the Company's listed securities, and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions and to certain extent of the recommended best practices set out in Appendix 14 Code on Corporate Governance Practices of the Listing Rules throughout the accounting year ended 31 December 2010, except code provision A.2.1 on the separate roles of the chairman and chief executive officer during the period from 1 January 2010 to 20 June 2010 as described below.

Under the code provision A.2.1 of the Code, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. During 2010, from 1 January 2010 to 20 June 2010, the Company had no officer with the title of CEO and the role of CEO is temporarily performed by the Chairman. On 21 June 2010, the Company has appointed Mr. Cheung Wing Hong, Shannon as the CEO of the Company. Accordingly, the Company has separate individuals occupying these two offices.

AUDIT COMMITTEE AND FINANCIAL INFORMATION

The audit committee of the Company, 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 2010.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

The 2010 annual report of the Company will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Theme International Holdings Limited
MA CHI SHING
Director

Hong Kong, 25 March 2011

As at the date of this announcement, the Board comprises (i) Mr. Wong Lik Ping, Mr. Cheung Wing Hong Shannon and Mr. Ma Chi Shing as executive directors; (ii) Mr. Qiao Weibing and Mr. Huang Bin as non-executive directors; and (iii) Mr. Kee Wah Sze, Mr. Chan Pat Lam and Mr. To Yan Ming Edmond as independent non-executive directors.