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THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 990)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

The board of directors (the "Directors") of Theme International Holdings Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively as the "Group") for the six months ended 30 June 2011 together with the comparative figures for the corresponding period in 2010 as follows:–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2011

		Six months ended 30 June	
	Notes	**2011**	2010
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**57,104**	52,104
Cost of sales		**(26,801)**	(26,935)
Gross profit		**30,303**	25,169
Other income		**82**	170
Selling and distribution expenses		**(27,282)**	(22,981)
Administrative expenses		**(10,351)**	(7,618)
Share-based compensation expense	*5*	**(24,824)**	(9,969)
Loss from operations and before taxation	*7*	**(32,072)**	(15,229)
Tax charge	*6*	**(28)**	–
Loss for the period attributable to owners of the Company		**(32,100)**	(15,229)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2011

		Six months ended 30 June	
	Notes	**2011**	2010
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Other comprehensive income			
Exchange differences arising on translating foreign operations		**305**	(3)
Other comprehensive income for the period, net of tax		**305**	(3)
Total comprehensive income for the period		**(31,795)**	(15,232)
Loss per share	*8*		
Basic		**HK(0.87) cent**	HK(0.42) cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2011

	Notes	**30 June 2011** **HK$'000** **(unaudited)**	31 December 2010 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**4,748**	5,310
Current assets			
Inventories		**7,839**	15,791
Trade receivables	*9*	**7,898**	8,563
Deposits, prepayments and other receivables		**4,271**	12,386
Bank balances and cash		**65,821**	63,203
		85,829	99,943
Current liabilities			
Trade payables	*10*	**1,437**	8,101
Other payables and accrued charges		**25,008**	25,975
Dividend payable		**7**	7
Tax payable		**10**	84
		26,462	34,167
Net current assets		**59,367**	65,776
Net assets		**64,115**	71,086
Capital and reserves			
Share capital		**9,140**	9,140
Reserves		**54,975**	61,946
Total equity		**64,115**	71,086

NOTES:

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").

The unaudited condensed consolidated financial statements has been reviewed by the audit committee of the Company.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at their fair values.

The unaudited condensed consolidated financial statements has been prepared in accordance with the accounting policies and method of comparatives used in the annual financial statements of the Company for the year ended 31 December 2010 (the "2010 Annual Financial Statements"), except for the adoption of the new or amended Hong Kong Financial Reporting Standards ("HKFRSs"), which include individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("INT") as disclosed below. The unaudited condensed consolidated financial statements does not include all the information and disclosures required in the 2010 Annual Financial Statements, and should be read in conjunction with the 2010 Annual Financial Statements.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the HKICPA which are effective for the Group's financial period beginning on 1 January 2011.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC)-INT 14 (Amendments)	Prepayments of a minimum funding requirement
HK(IFRIC)-INT 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented.

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

HKFRS 7 (Amendments)	Disclosure – Transfers of financial assets[1]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[2]

HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012.
[4] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of assessing the potential impact of these new and revised standards, amendments or interpretations but is not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial positions are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

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 operations for the period.

4. SEGMENT INFORMATION

The chief operating decision maker of the Company is the board of directors of the Company. The internal report present only one operating segment, which is the retailing business, to the decision maker for the purpose of allocating resources.

The segment revenue of HK$57,104,000 (2010: HK$52,104,000) and segment result of the loss before taxation of HK$1,444,000 (2010: loss before taxation of HK$351,000) (excluding corporate administrative expenses and share-based compensation expense incurred by the Company of HK$30,656,000 (2010: HK$14,878,000) in total).

5. SHARE BASED COMPENSATION EXPENSE

During the six months ended 30 June 2011, no options were granted.

On 15 April 2010, the Company granted 180,000,000 options to certain of its directors, employees and other eligible participants at the exercise price of HK$1.70 per share with 2 years vesting period. The closing share price at date of grant on 15 April 2010 was HK$1.63.

On 21 June 2010, the Company granted 20,000,000 options to a director at the exercise price of HK$1.70 per share with 2 years vesting period. The closing share price at date of grant on 21 June 2010 was HK$1.17.

The options outstanding at 30 June 2011 had exercise prices of HK$1.7 and a weighted average remaining contractual life of 8.75 years.

The fair value of options granted in 2010 was determined using the Black-Scholes Option Pricing Model. Significant inputs into the calculation included an expected volatility of 38.74% to 49.43%, estimated weighted average expected life of 3 years, risk-free interest rate of 0.18% to 2.02%, dividend yield of 0% and estimated employees' turnover rate of 0%. The expected volatility was determined with reference to the historical volatility based on 520-week weekly return on the Company's closing price. The expected volatility reflects the assumption that the historical volatility is indicative of future share market price trends, which may also not necessarily be the actual outcome. The risk-free interest rate was determined with reference to the corresponding period of Hong Kong Exchange Fund Notes interest rate at the date of options granted.

The fair value of the options granted in 2010, measured at the date of grant, totalled approximately HK$99,297,300. As the options vest after two years from the dates of grant, the amounts are recognised as share-based compensation expense in profit or loss over 2 years from the date of grant. An amount of HK$24,824,000 (2010:HK$9,969,000) has been charged as share based compensation expense in profit or loss during the period. The corresponding amount has been credited share based compensation reserve.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

6. TAX CHARGE

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax charge	**28**	–

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. The Hong Kong corporate profits tax rate was 16.5%.

Taxation arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions. The profit tax rate prevailing in Taiwan was 17%.

7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Allowance for obsolete inventories	**2,874**	1,586
Depreciation of property, plant and equipment	**1,434**	600
Operating lease rentals in respect of rented premises	**4,563**	3,989
Contingent rents *(note a)*	**8,641**	7,632
Directors' emoluments *(note b)*	**7,007**	3,881
Other staff costs *(note c)*	**13,787**	9,703

Notes:

(a) Contingent rents are determined based on a certain percentage of the gross sales of the relevant shops when the sales meet certain specified levels.

(b) Directors' emoluments include fees, remuneration, retirement benefits scheme contributions and share-based compensation expense.

(c) Other staff costs include salaries, allowances, retirement benefits scheme contributions and share-based compensation expense.

8. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss attributable to owners of the Company	**(32,100)**	(15,229)
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**3,655,820**	3,585,153

No diluted loss per share for the six months ended 30 June 2011 and 2010 has been presented as the Company had no potential shares outstanding during the periods under review. No shares available for issue under the Share Option Scheme as at 30 June 2011 and 2010. The earliest date for the exercise of the granted share options is 15 April 2012.

9. TRADE RECEIVABLES

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

The aging 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:

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 90 days	**7,898**	8,563

10. TRADE PAYABLES

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

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 90 days	**1,437**	8,101

11. CAPITAL COMMITMENTS

The Group had the following capital commitments as at the balance sheet date:

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Contracted, but not provided for	**20,000**	–

In accordance with the joint venture agreement dated 29 April 2011, the Group has committed to provide shareholder's loan of HK$20,000,000 to Crown Age Investments Limited, a jointly controlled entity of the Group, for setting up a company in the PRC for carrying out of the synthetic jade stone floor panels business.

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.

As mentioned in the annual report of the Company for the year 2010, the Group will leverage on the network and experience of the management of the Company to look for more business and investment opportunities to diversify the business of the Group with an objective to broaden its income source and to enhance the long-term growth potential of the Group. In view of the increase in gross domestic product per capita and the total sales of floor panels in People's Republic of China (the "PRC") in recent years, the Company is optimistic about the prospect of the flooring industry in the PRC. On 29 April 2011, Billion Team Investments Limited, a wholly owned subsidiary of the Company, has entered into a joint venture agreement (the "JV Agreement") with Ultra Stamina Limited and Mr. Liu Wen to establish a joint venture company (the "JV Company") incorporated in Hong Kong with limited liability. Pursuant to the JV Agreement, the JV Company shall then establish a wholly owned subsidiary incorporated in the PRC ("PRC Company") with limited liability with a proposed registered capital of HK$40 million. The PRC Company is proposed to principally carry out the business of design, assembling, processing and sales of premium wedge-shaped synthetic jade stone floor panels and related premium synthetic jade stone decoration products. The JV Company, namely Crown Age Investments Limited ("Crown Age"), has been establised in May 2011. The PRC Company is still in the process of incorporation and the synthetic jade stone floor panels business is expected to be commenced in late 2011. Apart from the synthetic jade stone floor panels business, the directors of the Group will continue to look for more business and investment opportunities to improve the financial performance of the Group.

Financial Review

Revenue, loss after taxation and loss per share of the Group for the six months ended 30 June 2011 and 2010 were summarized as follows:

	Revenue		**Loss after taxation**		**Loss per share**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*		
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Total Operations	**57,104**	52,104	**(32,100)**	(15,229)	**HK(0.87)cent**	HK(0.42)cent

The Taiwan economy has continued to improve in the first half of the year 2011. The Group has continued to make effort in improving the revenue by 9.6% to HK$57.1 million for the six months ended 30 June 2011 from HK$52.1 million for the corresponding period in 2010.

The gross profit margin has increased to 53.1% for the six months ended 30 June 2011 from 48.3% for the corresponding period in 2010. Affected by the increase in the selling and distribution expenses and administrative expenses, the loss from operations has increased to HK$7.25 million (excluding the share-based expense of approximately HK$24.8 million) for the six months ended 30 June 2011 as compared with HK$5.26 million for the corresponding period in 2010.

The share-based compensation expense of approximately HK$24.8 million was charged to profit and loss for the six months ended 30 June 2011 as compared with HK$9.97 million for the corresponding period in 2010 which was accounted for under HKFRS2. With the inclusion of the share-based compensation expense, the Group recorded loss from operations of HK$32.1 million for the six months ended 30 June 2011 as compared with HK$15.2 million for the corresponding period in 2010.

The loss per share increased from HK0.42 cent for the corresponding period in 2010 to HK0.87 cent for the six months ended 30 June 2011.

Charges on Assets

As at 30 June 2011, none of the Group's assets was charged or subject to any encumbrance.

Contingent Liabilities

As at 30 June 2011, the Group had no material contingent liabilities.

Exposure to Fluctuations in Exchange Rates

As at 30 June 2011, 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 30 June 2011, the Group had no bank and other borrowings.

As at 30 June 2011, the current ratio was 3.2. Based on the current cash position and available banking facilities, the Group should have sufficient liquidity to meet its operational needs.

Capital Expenditure

During the period, additions to the Group's property, plant and equipment amounted to HK$1,937,000 (2010: HK$595,000)

As at 30 June 2011, the Group has a capital expenditure commitment of providing shareholder's loan of HK$20,000,000 to Crown Age Investments Limited for setting up a PRC Company to carry out the synthetic jade stone floor panels business.

Human Resources

As at 30 June 2011, the Group had 13 employees in Hong Kong and 127 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.

Events after the End of the Interim Period

As disclosed in the announcement of the Company dated 29 April 2011, Billion Team Investments Limited ("Billion Team"), a directly wholly owned subsidiary of the Company, entered into a joint venture agreement ("JV Agreement") with Ultra Stamina Limited ("Ultra Stamina") and Mr. Liu Wen ("Mr. Liu), one of the directors and ultimate beneficial shareholders of Ultra Stamina. Billion Team and Ultra Stamina have agreed to establish a jointly-controlled entity in Hong Kong, namely Crown Age Investments Limited ("Crown Age"), with issued and paid-up capital of HK$100. Under the terms of the JV Agreement, Crown Age shall then establish a wholly owned subsidiary in the PRC (the "PRC Company"), with a proposed registered capital of HK$40,000,000. Billion Team and Ultra Stamina will provide shareholders' loans of HK$20,000,000 each to Crown Age in proportion to their respective shareholdings of 50% each in Crown Age for setting up the PRC Company. The principal business of the PRC Company is to carry out the design, assembling, processing and sales of premium wedge-shaped synthetic jade stone floor panels and related premium synthetic jade stone decoration products.

The Company had provided a shareholder's loan of HK$20,000,000 to Crown Age in late July 2011 in accordance with the terms of JV Agreement. As at the date of this report, Crown Age is still in the process of incorporating the PRC Company.

INTERIM DIVIDEND

The Board did not recommend an interim dividend for the six months ended 30 June 2011 (2010: Nil) to the shareholders.

FUTURE PROSPECTS

The Group will continue its principal business of retailing of garments in Taiwan and will strive to improve its performance. At the same time, the Group will diversify its business and income stream by carrying out the business of premium wedge-shaped synthetic jade stone floor panels and related premium synthetic jade stone decoration products. The Board and the management of the Company believe that in order to achieve sustainable financial growth for the Group and to maximize shareholder's value, it is in the best interests of the Company to explore further business opportunities in other industries.

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

During the six months ended 30 June 2011, the Company had not redeemed any of its securities. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's securities during the six months ended 30 June 2011.

COMPLIANCE WITH 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 period for the six months ended 30 June 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company has made specific enquiries with all directors of the Company and each of them confirmed that they have complied with the Model Code during the six months ended 30 June 2011.

AUDIT COMMITTEE AND FINANCIAL INFORMATION

The audit committee of the Company, which comprises three independent non-executive directors of the Company, has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2011.

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 interim report for 2011 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, 16 August 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. Huang Bin and Mr. Qiao Weibing 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.