THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 990)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

The board of directors (the "Directors") 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 2012 together with the comparative figures for the corresponding period in 2011 as follows:–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	**2012** *HK$'000*	2011 *HK$'000*
Revenue	3	**89,762**	99,730
Cost of sales		**(45,133)**	(43,212)
Gross profit		**44,629**	56,518
Other income		**990**	150
Selling and distribution expenses		**(48,473)**	(51,341)
Administrative expenses		**(31,160)**	(69,142)
Share of loss of a jointly controlled entity		**(9,220)**	(787)
Loss before taxation		**(43,234)**	(64,602)
Income tax expense	6	**(52)**	(79)
Loss for the year attributable to owners of the Company	5	**(43,286)**	(64,681)
Other comprehensive income (expense)			
Exchange differences arising on translating foreign operations		**135**	(368)
Total comprehensive expense for the year attributable to owners of the Company		**(43,151)**	(65,049)
Loss per share	8		
Basic and diluted		**HK(1.18) cents**	HK(1.77) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	NOTES	**2012**	2011
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**4,024**	6,091
Interest in a jointly controlled entity		**–**	–
Loan to a jointly controlled entity		**9,993**	19,213
		14,017	25,304
Current assets			
Inventories		**16,178**	13,445
Trade receivables	*9*	**9,644**	7,611
Deposits, prepayments and other receivables		**4,795**	5,095
Amount due from a related company		**–**	3,800
Bank balances and cash		**25,978**	38,436
		56,595	68,387
Current liabilities			
Trade payables	*10*	**19,726**	12,323
Other payables and accrued charges		**23,424**	25,641
Dividend payable		**7**	7
Tax payable		**36**	35
		43,193	38,006
Net current assets		**13,402**	30,381
Total assets less current liabilities		**27,419**	55,685
Capital and reserves			
Share capital		**9,140**	9,140
Reserves		**18,279**	46,545
Equity attributable to owners of the Company		**27,419**	55,685

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 amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 12	Deferred tax: Recovery of underlying assets; and
Amendments to HKFRS 7	Financial instruments: Disclosures – Transfers of financial assets.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[2]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
Amendments to HKAS 1	Presentation of items of other comprehensive income[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[2]
HK(IFRIC)-INT 20	Stripping costs in the production phase of a surface mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2014.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 July 2012.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

HKFRS 11 replaces HKAS 31 "Interests in joint ventures" and HK(SIC)-INT 13 "Jointly controlled entities-Non-monetary contributions by venturers". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. Other than the application of the disclosure standard of HKFRS 12, the application of the other four standards is not expected to have material impact on the amounts reported in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 "Presentation of items of other comprehensive income" introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis-the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the Group for annual period beginning on 1 January 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied.

The directors of the Company anticipate that the application of the other new and revised HKFRSs 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, for the year.

4. SEGMENT INFORMATION

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

The segment revenue of HK$89,762,000 (2011: HK$99,730,000) represents the consolidated revenue of the Group for the year. The segment loss is reported as HK$10,931,000 (2011: HK$5,447,000) which represented loss before taxation excluding corporate administrative expenses incurred by the Group amounting to HK$23,083,000 (2011: HK$58,368,000) and share of loss of a jointly controlled entity of HK$9,220,000 (2011: HK$787,000).

Revenue was derived from external customers of Taiwan for both years.

5. LOSS FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Cost of inventories recognised as expenses (included net provision for allowance of HK$1,784,000 (2011: net write back of allowance of HK$97,000) for obsolete inventories *(note a)*)	**45,133**	43,212
Depreciation of property, plant and equipment	**3,259**	2,897
Net foreign exchange (gain) loss	**(823)**	230
Auditor's remuneration	**889**	890
Operating lease rentals in respect of rented premises	**9,844**	9,979
Contingent rents *(note b)*	**13,393**	14,863
Loss on disposal of property, plant and equipment	**220**	–
Directors' remuneration	**7,382**	13,896
Other staff costs		
Salaries and allowances	**18,830**	20,294
Retirement benefits scheme contributions	**947**	1,029
Share-based compensation expenses	**2,305**	7,229
	22,082	28,552

Notes:

(a) Excess obsolete inventory provisions were written back when the relevant inventories were sold.

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

6. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
Tax charge comprises:		
Current tax charge	**52**	79

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.

The profit tax rate prevailing in Taiwan is 17% for both years.

7. DIVIDENDS

No dividend was proposed during the year ended 31 December 2012, nor has any dividend been proposed since the end of the reporting period (2011: nil).

8. LOSS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	**(43,286)**	(64,681)

	2012	2011
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,655,820**	3,655,820

Diluted loss per share does not assume the exercise of the Company's share options as the exercise of the Company's share options would result in a decrease in loss per share.

9. TRADE RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**9,644**	7,611

Trade receivables from third parties mainly represent receivables from department stores in relation to the collection of sales proceeds from concessionaire sales of merchandise to customers. The average credit period granted to the department stores is 60 days.

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 which approximated the respective revenue recognition dates.

	2012	2011
	HK$'000	*HK$'000*
Within 60 days	**9,644**	7,611

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 debtor.

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:

	2012	2011
	HK$'000	*HK$'000*
Within 90 days	**8,846**	8,129
91 to 180 days	**7,711**	4,194
181 days to 360 days	**3,169**	–
	19,726	12,323

CHAIRMAN'S STATEMENT

In 2012, the global economy remained uncertain, as consumers and businesses alike waited for clear directions on a range of economic risks, from the US deficit to the Euro zone crisis. Impacted by the global economic conditions, growth in many Asian markets has slowed down. The conditions of Taiwan retail business remained grim in 2012. Given the economic growth in Taiwan was as lower than expected at the beginning of 2012 and uncertainties in the employment markets, domestic demand and private consumption were weak. Consumer spending was also affected by high inflation. Due to the abovementioned reasons, customers were more conscious about their spending on non-essential items. Furthermore, there was an influx of numerous international fast fashion brands to Taiwan and the Group had to compete with all these brands. The Group has contended with several challenges, including increasingly demanding, value conscious customers and cut-throat competition.

As a result of the slowdown of domestic demand and fierce price competition, the revenue of the Group has decreased by 10% in 2012 and the profit margin has dropped to 49.7% in 2012 from 56.7% in 2011. The segment loss attributable to the Taiwan business has increased to HK$10.9 million in 2012 from HK$5.4 million in 2011. On the other hand, as the share options granted under the Company's share option scheme in 2010 were vested in 2012, the share-based competition expenses decreased, the loss of the Group being reduced to HK$43.3 million in 2012 from HK$64.7 million in 2011.

The Group has established a joint venture company in 2011 with the proposed principal business of design, assembling, processing and sales of premium wedge-shaped synthetic jade stone floor panels and related premium jade decoration products. The construction of the production plant was completed and the custom-made machineries were delivered from a Japanese manufacturer to the Group in late 2012. Upon satisfactory completion of the test running, the joint venture company will commence its normal business operation.

The performance of our joint venture business on synthetic jade floor panels relies highly on the prosperity of the real estate market in the PRC. In view that the home prices are increasing again, the PRC government has announced a series of property control policies to cool down the real estate market. In early March 2013, the PRC Government has announced the "Five Regulations" relating to real estate sector. We believe the "Five Regulations" would have a serious impact on real estate sector and related industries such as steel and construction materials. The risk for joint venture business has increased and impairment loss has been provided for joint venture investment. Taking into account the impairment loss, the Group shared the loss of joint controlled entity of HK$9.2 million this year.

The Group will be sensitive to consumer needs and preferences, be flexible in building the sales networks and be nimble in dealing with fierce competition, in order to strengthen the business of retailing of garment in Taiwan. In addition to the premium synthetic jade stone floor business, the Group 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 shareholders' value.

I would like to take this opportunity to express my deepest gratitude to all the shareholders, my fellow directors, management team and staff to 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.

In addition, the Group has established a joint venture company in 2011 with proposed principal business of design, assembling, processing and sales of premium wedge-shaped synthetic jade stone floor panels and related premium jade decoration products. The plant has already completed and the machineries have currently under test-running. The joint venture company will commence the normal business operation in the second quarter of 2013.

Financial Review

Revenue, loss for the year and loss per share of the Group for the year ended 31 December 2012 and 2011 were summarized as follows:

	Revenue		**Loss for the year**		**Loss per share**	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*		
From operations	**89,762**	99,730	**(43,286)**	(64,681)	**HK(1.18) cents**	HK(1.77) cents

Impacted by the global economic conditions, growth in many Asian markets has slowed down. The conditions of Taiwan retail business remained grim in 2012. Given the economic growth in Taiwan was as lower than expected at the beginning of 2012 and uncertainties in the employment markets, domestic demand and private consumption were weak. Consumer spending was also affected by high inflation. Due to the abovementioned reasons, customers were more conscious about their spending on non-essential items. Furthermore, there was an influx of numerous international fast fashion brands to Taiwan and the Group had to compete with all these brands. The Group has contended with several challenges, including increasingly demanding, value conscious customers and cut-throat competition.

As a result of the slowdown of domestic demand and fierce price competition, the revenue of the Group has decreased by 10% in 2012 and the profit margin has dropped to 49.7% in 2012 from 56.7% in 2011. The segment loss attributable to the Taiwan business has increased to HK$10.9 million in 2012 from HK$5.4 million in 2011. On the other hand, as the share options granted under the Company's share option scheme in 2010 were vested in 2012, the share-based competition expenses decreased, the loss of the Group being reduced to HK$43.3 million in 2012 from HK$64.7 million in 2011.

The Group has established a joint venture company in 2011 with the proposed principal business of design, assembling, processing and sales of premium wedge-shaped synthetic jade stone floor panels and related premium jade decoration products. The construction of the production plant was completed and the custom-made machineries were delivered from a Japanese manufacturer to the Group in late 2012. Upon satisfactory completion of the test running, the joint venture company will commence its normal business operation.

The performance of our joint venture business on synthetic jade floor panels relies highly on the prosperity of the real estate market in the PRC. In view that the home prices are increasing again, the PRC government has announced a series of property control policies to cool down the real estate market. The risk for joint venture business has increased and impairment loss has been provided for Joint venture investment. Taking into account the impairment loss, the Group shared the loss of joint controlled entity of HK$9.2 million this year.

The basic and diluted loss per share decreased from HK1.77 cents for the year ended 31 December 2011 to HK1.18 cents for the year ended 31 December 2012.

Charges on Assets

As at 31 December 2012, none of the Group's assets was charged or subject to any encumbrance.

Contingent Liabilities

As at 31 December 2012, the Group had no material contingent liabilities.

Exposure to Fluctuations in Exchange Rates

As at 31 December 2012, 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 2012, the Group had no bank and other borrowings.

As at 31 December 2012, the current ratio was 1.31. Based on the current cash position and available banking facilities, the Group should have sufficient liquidity to meet its operational needs.

Capital Expenditure

The total capital expenditure of the Group for 2012 was approximately HK$1.2 million for addition of furniture, fixtures and office equipment (2011: HK$23.8 million comprising the addition of furniture, fixtures and office equipment of HK$3.8 million and a loan to a jointly controlled entity amounted to HK$20 million).

As at 31 December 2012, the Group has no material capital expenditure commitments.

Human Resources

As at 31 December 2012, the Group had 13 employees in Hong Kong and 119 permanent 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

No dividend was proposed during the year ended 31 December 2012, nor has any dividend been proposed since the end of the reporting period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6 May 2013 to 8 May 2013 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for entitlement to attend and vote at the forthcoming annual general meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 3 May 2013.

FUTURE PROSPECTS

The Group will strive to improve the financial performance of the retailing garment business in Taiwan and accelerate the commencement of business operation of the joint venture company. The Group 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 to maximize shareholders' value.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

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 the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) contained in Appendix 14 (the "CG Code") of the Listing Rules throughout the accounting year ended 31 December 2012.

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 2012.

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 2012 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, 18 March 2013

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