Theme

THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 990)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

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 2013 together with the comparative figures for the corresponding period in 2012 as follows:–

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
		HK$'000	*HK$'000*
	Notes	**(unaudited)**	(unaudited)
Revenue	*3*	**44,709**	44,032
Cost of sales		**(22,004)**	(22,503)
Gross profit		**22,705**	21,529
Other income		**77**	306
Selling and distribution expenses		**(24,110)**	(23,374)
Administrative expenses		**(8,251)**	(8,794)
Share-based compensation expense		**–**	(14,885)
Share of loss of a jointly controlled entity		**(32)**	(1,593)
Loss before taxation		**(9,611)**	(26,811)
Income tax expense	*5*	**–**	–
Loss for the period attributable to owners of the Company	*6*	**(9,611)**	(26,811)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – CONTINUED

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
		HK$'000	*HK$'000*
	Notes	**(unaudited)**	(unaudited)
Other comprehensive income			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translating foreign operations		**207**	162
Total comprehensive expense for the period attributable to owners of the Company		**(9,404)**	(26,649)
Loss per share	*7*		
Basic and diluted		**HK(0.26) cents**	HK(0.73) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	**30 June 2013**	31 December 2012
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment		**3,491**	4,024
Interest in a jointly controlled entity		**–**	–
Loan to a jointly controlled entity		**–**	9,993
		3,491	14,017
Current assets			
Inventories		**8,319**	16,178
Trade receivables	*8*	**8,390**	9,644
Deposits, prepayments and other receivables		**4,254**	4,795
Bank balances and cash		**35,111**	25,978
		56,074	56,595
Current liabilities			
Trade payables	*9*	**20,228**	19,726
Other payables and accrued charges		**21,315**	23,424
Dividend payable		**7**	7
Tax payable		**–**	36
		41,550	43,193
Net current assets		**14,524**	13,402
Total assets less current liabilities		**18,015**	27,419
Capital and reserves			
Share capital		**9,140**	9,140
Reserves		**8,875**	18,279
Equity attributable to owners of the Company		**18,015**	27,419

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 have been reviewed by the audit committee of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards issued by the HKICPA which are effective for the Group's financial period beginning on 1 January 2013.

HKFRSs (Amendments)	Annual improvements to HKFRSs 2009-2011 Cycle
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interest in other entities: transition guidance
HKAS 1 (Amendments)	Presentation of items of other comprehensive income
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

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. 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 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 Group's "condensed consolidated statement of comprehensive income" is renamed as "condensed consolidated statement of profit or loss and other comprehensive income" and presentation of items of other comprehensive income has been modified accordingly.

2. PRINCIPAL ACCOUNTING POLICIES - continued

The application of other new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed 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 period.

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$44,709,000 (2012: HK$44,032,000) and segment loss of HK$5,457,000 (2012: loss of HK$6,238,000) (excluding the corporate administrative expenses of HK$4,122,000 (2012: HK$4,095,000), share-based compensation expense and share of loss of a jointly controlled entity) for the six months ended 30 June 2013 are shown in the condensed consolidated statement of profit or loss and other comprehensive income.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax charge	**–**	–

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. The profit tax rate prevailing in Taiwan was 17%.

6. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging/(crediting):		
(Write-back)/allowance for obsolete inventories	**(382)**	2,769
Depreciation of property, plant and equipment	**1,386**	1,716
Loss on disposal of property, plant and equipment	**35**	228
Net foreign exchange loss (gain)	**178**	(135)
Operating lease rentals for rented premises (including contingent rents *(note a)*)	**11,190**	11,362
Directors' emoluments *(note b)*	**1,410**	5,179
Other staff costs *(note c)*	**8,862**	12,021

Notes:

(a) 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.

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

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

7. 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:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Losses		
Loss for the purpose of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	**(9,611)**	(26,811)
	'000	*'000*
Number of shares		
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.

8. TRADE RECEIVABLES

The Group allows credit period 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 2013	31 December 2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 90 days	**8,378**	9,644
91 to 180 days	**12**	–
	8,390	9,644

9. 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 2013	31 December 2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 90 days	**10,869**	8,846
91 to 180 days	**3,738**	7,711
181 to 360 days	**4,684**	3,169
Over 360 days	**937**	–
	20,228	19,726

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. The garment retailing business remains stable for the six months ended 30 June 2013 with revenue of approximately HK$44 million.

The Group has set up 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 in 2012 and the machineries have satisfactorily test-run in the first half of 2013. However, the joint venture company has not yet commenced the normal business operation for the time being because the joint venture partners are now evaluating the future prospectus of floor panels market and setting the appropriate business strategy and development of the joint venture company. The Board expects the normal business operation would be commenced in the second half of 2013.

The Group will continue to look for more business and investment opportunities to improve the financial performance of the Group and maximize the shareholders' investment value.

Financial Review

Revenue, loss after taxation and loss per share of the Group for the six months ended 30 June 2013 and 2012 were summarized as follows:

	Revenue		Loss after taxation		Loss per share	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*		
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
From Operations	**44,709**	44,032	**(9,611)**	(26,811)	**HK(0.26) cents**	HK(0.73) cents

The revenue of the Group remained stable at approximately HK$44 million for both of the interim periods ended 30 June 2012 and 2013. The gross profit margin has slightly improved to 50.8% for the six months ended 30 June 2013 from 48.9% for the six months ended 30 June 2012.

The share options granted under the Company's share option scheme in 2010 were vested in 2012 and there was no share-based compensation expense for the six month ended 30 June 2013 (2012: HK$14.9 million).

The joint venture company has expensed most of the pre-operating expenses, research and development cost and testing cost in 2012 and then, the Group recorded HK$1.6 million for the share of loss of jointly controlled entity for the six months ended 30 June 2012. However, the joint venture company does not incurred any major expenses during the six months ended 30 June 2013 because the normal operation has not yet commenced. Hence, the Group's share of the loss of jointly controlled entity has decreased to HK$ 32,000 for the six months ended 30 June 2013.

Due to the lack of the share-based compensation expense and the drop of the share of the loss of the jointly controlled entity in 2013, the financial performance of the Group has improved. The loss of the Group reduced to HK$9.6 million for the six months ended 30 June 2013 from HK$26.8 million for the six months ended 30 June 2012.

The loss per share decreased to HK$0.26 cents for the six months ended 30 June 2013 from HK$0.73 cents for the corresponding period in 2012.

Charges on Assets

As at 30 June 2013, none of the Group's assets was charged or subject to any encumbrance.

Contingent Liabilities

As at 30 June 2013, the Group had no material contingent liabilities.

Exposure to Fluctuations in Exchange Rates

As at 30 June 2013, 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 2013, the Group had no bank and other borrowings.

As at 30 June 2013, the current ratio was 1.3. 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$982,000 (2012:HK$1,028,000).

As at 30 June 2013, the Group has no material capital expenditure commitment.

Human Resources

As at 30 June 2013, the Group had 5 employees in Hong Kong and 124 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.

INTERIM DIVIDEND

The Directors of the Company did not recommend an interim dividend for the six months ended 30 June 2013 (Six months ended 30 June 2012: Nil) to the shareholders.

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' investment value.

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

During the six months ended 30 June 2013, 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 2013.

CORPORATE GOVERNANCE PRACTICES

Save and except for Code Provisions A.6.7, E.1.2 and A.2.1 as detailed below, the Company has complied with all the Code Provisions and to certain extent of the recommended best practices set out in the Corporate Governance Code contained in Appendix 14 (the "CG Code") of the Listing Rules throughout the period for the six months ended 30 June 2013.

Under Code Provision A.6.7 of the CG Code, the independent non-executive directors and non-executive directors should attend general meetings of the Company. Mr. Kee Wah Sze (independent non-executive director) and Mr. Huang Bin (non-executive director) were absent from the annual general meeting ("2013 AGM") held on 8 May 2013 due to other business commitments.

Under Code Provision E.1.2 of the CG Code, the Chairman of the Board should attend the annual general meeting. The Chairman of the Board was unable to attend the 2013 AGM due to business commitments.

Under Code Provision A.2.1, the role of chairman and chief executive (the "CEO") should be separate and should not be performed by the same individual. Since the resignation of CEO on 28 February 2013, the role of chief executive officer is temporarily handled by the Chairman. However, the Board considers that it is appropriate and in the best interests of the Company at the present stage. The Board believes that Mr. Wong Lik Ping is able to maintain the continuity of the Company's policies and the stability of the Company's operations. The effectiveness of the corporate planning and implementation of corporate strategies and decisions will not be affected. The Board would segregate the roles of the Chairman and CEO when a new candidate is appointed as chief executive officer.

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 2013.

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 2013.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM 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 2013 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, 22 August 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.