THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 990)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 together with the comparative figures for the corresponding period in 2013 as follows:–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	**2014** *HK$'000*	2013 *HK$'000*
Revenue	*3*	**77,492**	87,274
Cost of sales		**(34,296)**	(37,880)
Gross profit		**43,196**	49,394
Other income, gain and loss		**(151)**	(263)
Selling and distribution expenses		**(44,040)**	(48,506)
Administrative expenses		**(21,258)**	(15,881)
Share of loss of a joint venture		**–**	(33)
Loss before taxation		**(22,253)**	(15,289)
Income tax expense	*5*	**–**	(52)
Loss for the year attributable to owners of the Company	*6*	**(22,253)**	(15,341)
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit retirement plans		**71**	178
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**795**	137
Total other comprehensive income		**866**	315
Total comprehensive expense for the year attributable to owners of the Company		**(21,387)**	(15,026)
Loss per share	*8*		
Basic and diluted		**HK(0.61) cent**	HK(0.42) cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**4,621**	4,209
Interest in a joint venture		**–**	–
Loan to a joint venture		**–**	–
		4,621	4,209
Current assets			
Inventories		**9,434**	9,395
Trade receivables	9	**3,205**	7,807
Deposits, prepayments and other receivables		**5,170**	4,764
Bank balances and cash		**25,221**	29,712
		43,030	51,678
Current liabilities			
Trade payables	10	**17,377**	19,022
Other payables and accrued charges		**4,261**	24,439
Dividend payable		**7**	7
Tax payable		**–**	26
Loans from a shareholder		**35,000**	–
		56,645	43,494
Net current (liabilities) assets		**(13,615)**	8,184
Total assets less current liabilities		**(8,994)**	12,393
Capital and reserves			
Share capital		**9,140**	9,140
(Deficit) reserves		**(18,134)**	3,253
Equity attributable to owners of the Company		**(8,994)**	12,393

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance (Cap. 622).

As at 31 December 2014, the Group has net liabilities of HK$8,994,000 and net current liabilities of HK$13,615,000.

The directors of the Company have therefore given careful consideration to the future liquidity of the Group when preparing the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, due to the following reasons:

(i) On 6 February 2015, the Company entered into a placing agreement with a placing agent to place 730,000,000 new shares of the Company at a price of HK$0.161 per placing share. The placing has been completed on 24 February 2015 with net proceeds of approximately HK$114 million; and

(ii) A shareholder of the Company has agreed to provide financial support to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future.

As a result of the measures described above, the directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC)-Int 21	Levies

The application of these new and revised 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.

New and revised HKFRSs in issued but not yet effective

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 2010-2012 cycle[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[5]
HKFRS 9	Financial instruments[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[5]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[5]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[5]
HKFRS 15	Revenue from contracts with customers[4]
Amendments to HKAS 1	Disclosure initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[5]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[1]
Amendments to HKAS 27	Equity method in separate financial statements[5]

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 July 2014 with limited exceptions.
4 Effective for annual periods beginning on or after 1 January 2017.
5 Effective for annual periods beginning on or after 1 January 2016.

The directors of the Company anticipate that the application of these 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 external customers, less discounts and sales related tax, for the year.

4. SEGMENT INFORMATION

Information is reported to the executive 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 reportable segment, i.e. retailing of garments.

In addition to the reportable segment (i.e. retailing of garments), the Group established a subsidiary, 中山市合萬石材科技有限公司 ("中山合萬") in the PRC in 2013, which has entered into a trial production stage during the year ended 31 December 2014, and does not meet any of the quantitative thresholds for determining reporting segment.

The segment revenue of HK$77,492,000 (2013: HK$87,274,000) represents the consolidated revenue of the Group for the year. The segment loss is reported as HK$8,051,000 (2013: HK$7,484,000) which represented loss before taxation excluding corporate administrative expenses incurred by the Group amounting to HK$14,202,000 (2013: HK$7,772,000). No profit or loss is shared from a joint venture during the year ended 31 December 2014 while loss of a joint venture of HK$33,000 was shared last year.

Revenue was derived from external customers of retailing business located in Taiwan for both years.

5. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
Tax charge comprises:		
Current tax charge	–	52

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. No provision for Taiwan profits tax in current year as the Company and its subsidiaries have no assessable profit arising in Taiwan.

6. LOSS FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Cost of inventories recognised as expenses (included net reversal of allowance of HK$729,000 (2013: HK$3,652,000) for obsolete inventories (note a))	**34,296**	37,880
Depreciation of property, plant and equipment	**2,582**	2,839
Auditor's remuneration	**916**	880
Operating lease rentals in respect of rented premises	**9,869**	9,189
Contingent rents (note b)	**11,238**	12,931
Loss on disposal of property, plant and equipment	**101**	9
Directors' remuneration	**2,337**	2,672
Other staff costs		
Salaries and allowances	**19,784**	16,708
Retirement benefits scheme contributions	**963**	1,012
	20,747	17,720

Notes:

(a) Excess obsolete inventory provisions were reversed 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.

7. DIVIDENDS

No dividend was proposed during the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period (2013: 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:

	2014	2013
	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)	**(22,253)**	(15,341)

	2014	2013
	'000	*'000*
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

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**3,205**	7,807

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 (2013: 60 days).

The following 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:

	2014	2013
	HK$'000	*HK$'000*
Within 60 days	**3,205**	7,807

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.

In determining the recoverability of the trade receivables, the Group considers any changes in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that no allowance for bad and doubtful debts is required. No allowance for bad and doubtful debts are provided for trade receivables during the year and at the end of the reporting period.

As at 31 December 2014 and 2013, no balances of the Group's trade receivables are past due at the end of the reporting period.

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:

	2014	2013
	HK$'000	*HK$'000*
Within 90 days	**3,160**	5,033
91 to 180 days	**346**	6,376
181 to 360 days	**6,297**	7,236
Over 360 days	**7,574**	377
	17,377	19,022

CHAIRMAN'S STATEMENT

During the year of 2014, the global economy continues to grow slowly, the economy of Taiwan as a whole was still lacking power to grow. As a result of slowdown in the demand and fierce price competition, the revenue of the Group decreased to approximately HK$77.5 million for the year ended 31 December 2014 from approximately HK$87.3 million for the year ended 31 December 2013.

On the other hand, our Group also entered into the real estate market with a new type of environmental materials in mainland China by operating through a joint venture company which was incorporated in August 2011 and a subsidiary company which was incorporated in December 2013. The joint venture company recorded a low profit as it had a relatively short track record period and the subsidiary company recorded a loss as it was operated on a trial production basis in 2014.

The loss of the Group for the year of 2014 increased than that of 2013 due to the decrease in revenue of garment retailing business, an increased payment to certain experienced staffs who mainly responsible in exploring new business opportunities for the Group and the payment of professional fees for the new projects.

As mentioned in the announcement published by the Company on 19 November 2014, the Company terminated the Memorandum of Understanding ("MOU") with an American vendor as the Company anticipates that the vendor requires considerable time to prepare the relevant materials and implement the reorganization.

In 2015, the Group will continue to improve the financial performance of the Group by further applying the cost effective measures and actively exploring other suitable opportunities to diversify its business. As at the day of this report, the Group is in the process of making application for the money lending licence. The Group will try its best effort to achieve a financial growth for the Group to maximize shareholders' value.

Subsequent to the period under review, the Company completed the placing of 730,000,000 new shares under the general mandate ("Placing"). The Company intends to apply a majority of the net proceeds from the Placing to develop the money lending business that the Group is tapping into in order to diversify its business and improving the overall performance of the Group. We believe that the Placing represents a good opportunity to broaden the shareholders' base and the capital base of the Company.

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 garment retailing business through the operation of retail outlets and department store counters in Taiwan.

The revenue of the garment retailing business decreased by around 11% for the year ended 31 December 2014 to approximately HK$77.5 million compare with 2013.

The Group also participated in other business activities by operating through a joint venture company and a subsidiary company which focus in designing, assembling, processing and sales of a new type of environmental building materials. The joint venture company is located in northern China region and the subsidiary company is located in southern China region. During the year of 2014, the joint venture company recorded a low profit and the subsidiary company recorded a loss as it was operated on a trial production basis.

The Group has been actively exploring other suitable opportunities to diversify its business. The Group will try its best effort to achieve a financial growth for the Group to maximize shareholders' value. The Group is in the process of making application for the money lending licence.

Financial Review

Revenue, loss for the year and loss per share of the Group for the year ended 31 December 2014 and 2013 are summarized as follows:

	Revenue		**Loss for the year**		**Loss per share**	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*		
From operations	**77,492**	87,274	**(22,253)**	(15,341)	**HK(0.61) cent**	HK(0.42) cent

The revenue of the Group decreased to approximately HK$77.5 million for the year ended 31 December 2014 from approximately HK$87.3 million for the year ended 31 December 2013. The gross profit margin decreased to approximately 56% for the year ended 31 December 2014 from approximately 57% for the same period in 2013.

The segment loss from the garment retailing business increased to HK$8,051,000 for the year ended 31 December 2014 from HK$7,484,000 for the year ended 31 December 2013. Due to the decrease in revenue from the garment retailing business, there is approximately 8% increase in loss.

In the year ended 31 December 2014, the joint venture company recorded a profit but still in a net liability position with accumulated losses and thus did not share any profit or loss to the Group (The joint venture company shared a loss of HK$33,000 to the Group in 2013).

The loss of the Group for the year ended 31 December 2014 increased to HK$22.3 million from HK$15.3 million for the year ended 31 December 2013 due to the decrease in revenue and the increase in the administrative expenses. The increase of the administrative expenses is mainly attributable to the increase of salary and bonuses payments to some experienced employees who mainly responsible in exploring the new projects to expand the business of the Group. In addition, the increase in administrative expense is also attributable to the payment of professional fees for the new projects.

The loss per share increased to HK0.61 cent for the year ended 31 December 2014 from HK0.42 cent for the year ended 31 December 2013.

Charges on Assets

As at 31 December 2014, none of the Group's assets was charged or subject to any encumbrance.

Contingent Liabilities

As at 31 December 2014, the Group had no material contingent liabilities.

Exposure to Fluctuations in Exchange Rates

As at 31 December 2014, 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 2014, there is an advance of unsecured in nature in the amount of HK$35,000,000 provided by a shareholder to the Company on an interest free basis and repayable on demand, the Group had no bank and other borrowings.

As at 31 December 2014, the current ratio was 0.76. Based on the current cash position, the Group should have sufficient liquidity to meet its operational needs. In addition, a shareholder of the Company has agreed to provide financial support to enable the Group to fully meet its financial obligations when they fall due in the foreseeable future.

Capital Expenditure

The total capital expenditure of the Group for 2014 was approximately HK$3.3 million for addition of furniture, fixtures and other equipment (2013: HK$3.1 million for the addition of furniture, fixtures and other equipment).

As at 31 December 2014, the Group has no material capital expenditure commitments.

Human Resources

As at 31 December 2014, the Group had 8 employees in Hong Kong and 119 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 2014, nor has any dividend been proposed subsequent to the end of the reporting period (2013: nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 April 2015 to 17 April 2015 (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 14 April 2015.

FUTURE PROSPECTS

In view of the highly competitive business environment in retailing garments and with reference to the past poor financial performance of the Group, the Company has been actively exploring other suitable opportunities to diversify its business. As at the date of this announcement, the Group is in the process of making application for the money lending licence.

In addition, the director is currently evaluating the performance of every single business unit of the Group and is planning to adjust its overall business strategy. The director aims at further reducing the operating losses of every loss making business units by various means in order to improve the overall financial performance of the Group.

On 24 February 2015, the Company completed the placing of 730,000,000 new shares under the general mandate. The Company intends to apply a majority of the net proceeds from the placing to develop the money lending business that the Group is tapping into and fund the general working capital of the Group.

The Group will continue to identify more business and investment opportunities to diversify its business and achieve a financial growth to maximize shareholders' investment 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 in 2014.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

Save and except for code provisions A.2.1, A.6.7 and E.1.2, 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 accounting year ended 31 December 2014.

AUDIT COMMITTEE AND FINANCIAL INFORMATION

The audit committee of the Company, which comprises four independent non-executive directors of the Company, has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2014.

EVENT AFTER THE REPORTING PERIOD

On 6 February 2015, the Company entered into a placing agreement with a placing agent to place 730,000,000 new shares of the Company at a price of HK$0.161 per placing share. The placing was completed on 24 February 2015 with net proceeds of approximately HK$114 million.

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 2014 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
LIU BING
Executive Director

Hong Kong, 27 February 2015

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