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Interim Report  
2006

T h e m e

**Theme International Holdings Limited**

(Incorporated in Bermuda with limited liability) (Stock Code: 990)

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## CEO'S Statement

### Results

The Group's turnover for the first half of 2006 was HK\$136 million, representing an increase of 11.2% from the corresponding period of 2005. The unaudited net loss for the period was HK\$3.3 million. The loss before taxation for the period was HK\$2.04 million, of which HK\$2.03 million loss was attributable to the uniform business while retail business was break even.

### Retail Business

The turnover of the retail business in the PRC for the first half of 2006 was not satisfactory as expected. The Group shall strictly improve the management and reinforce staff trainings. The Group held a series of promotional activities in the first half of 2006, during which a number of franchise contracts were successfully signed with certain outstanding and proactive agents at provincial and municipal level. Franchised retail outlets, which target at a number of 75, will be established in different provinces and cities in the second half of 2006. The number of own-shop will also be gradually expanded in Shanghai, Beijing and Guangzhou, with the aim of bringing the total number of own-shop to 65 by the end of the year.

Our products were sold at a deeper discount in Taiwan due to its social instability. Profits decreased although turnover recorded a mild increase. In light of the uncertainties in Taiwan, the Group is conservative but optimistic in reducing the operating costs and inventory level. Leveraging on the talented management team in Taiwan, we believe they will overcome the difficult situation and provide the Group with further growth.

Our management has reduced the size of the uniform business, which was loss-making, reduced its employee headcount as well as lowered its other operating expenses in order to achieve break even. With the target of relatively large clients and mainly of ladies fashion, the remaining staff will capitalize on the Group's strength in order to capture profits for the uniform business.

The Group completed the acquisition of the brand "CSLR". The business of CSLR has been incorporated into the Group's business since 1 July. With its elegant designs, the market of such brand targets at mature ladies. Leveraging on the experience of the aggressive, young and energetic management team of CSLR, the management is fully confident in the promotion of the brand "CSLR" by attaining our goals as well as capitalizing on Theme's strong and high-quality production management and computerized modern logistics management, which will enhance the competitiveness of the product quality and management. It is believed that CSLR will grow with Theme.

## CEO'S Statement

In July, the Group acquired properties situated at the first and second floor, aggregated 3,300 square metres, of Hanggang Fuchun Commercial Building (杭鋼富春商務大廈) at Shennan Road, Shenzhen, PRC, for its headquarter office, including CSLR, in the PRC. Such properties can provide sufficient spaces for future development as well as for rental purpose, which generate considerable returns to the Group.

## Conclusion

Although competitions are still fierce in the major markets we developed in the PRC, our staffs are fully confident in and endeavored to continue the expansion of the sales network of Theme and CSLR with the aim of maximizing our profits. I would like to thank our shareholders, banks and partners for their continuous support to us.

### **Hui Yip Wing**

*Vice Chairman and CEO*

Hong Kong, 13 September 2006

## Management Discussion and Analysis

### Results

Turnover increased to HK\$136 million for the first half year of 2006, a rise of 11.2% when compared with the corresponding period of 2005. Net loss attributable to shareholders was HK\$3.3 million for the six-month period, compared to a loss attributable to shareholders of HK\$4.9 million for the last corresponding period.

### Review of Operations

The segmental operating profit and loss is as follows:

	Turnover Six months ended 30 June		Contribution Six months ended 30 June	
	2006 HK\$'000 (Unaudited)	2005 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)	2005 HK\$'000 (Unaudited)
Retailing				
Hong Kong & Macau	11,103	10,225	1,016	(15)
Taiwan	67,973	65,288	3,486	8,464
People's Republic of China	49,607	35,600	8,465	889
Singapore	3,641	3,008	288	186
	<u>132,324</u>	<u>114,121</u>	<u>13,255</u>	<u>9,524</u>
Uniform	<u>3,590</u>	<u>8,086</u>	<u>(2,030)</u>	<u>(3,101)</u>
	<u>135,914</u>	<u>122,207</u>	<u>11,225</u>	<u>6,423</u>
Less: Corporate Overhead			<u>(10,663)</u>	<u>(9,538)</u>
Operating Profit/(Loss)			<u>562</u>	<u>(3,115)</u>

The retail section continued to show improvement. Turnover for retail increased by 16% and contribution for retail before corporate overhead increased by 39%. A small operating profit, before finance costs, was recorded after the loss incurred by the uniform section.

In the PRC, the performance was improved with turnover increased by 39%. Our own shops number increased from 39 in December 2005 to 41 in June 2006. We adjusted the number of franchise shops from 38 in December 2005 to 34 in June 2006.

In Taiwan, we have maintained our retail shop network with 57 shops, same as last year-end. The market was soft and competition was keen. The contribution was decreased due to a deeper discount offered during the period.



## Management Discussion and Analysis

The market in Hong Kong remained tough. The number of retail shops was 6 in June 2006, compared to 5 at last year-end, and HK\$1 million operating profit was recorded for the period.

In Singapore, turnover was increased by 21% and the contribution is slightly increased.

### Liquidity and Financial Resources

At 30 June 2006, the aggregate loan amount and interests due to High Fashion International Limited ("High Fashion") was about HK\$51 million.

As of the balance sheet date, a total of about HK\$37 million banking facilities were granted to the Group, of which about HK\$23 million was utilized. There are no other material borrowings as of the balance sheet date. There are no charges on the Group's assets. The Group also has no borrowings at fixed interest rates.

The Group's receivables were mainly denominated in Hong Kong dollars, Renminbi and New Taiwan dollars. The entire bank borrowing and other borrowing were either denominated in Hong Kong dollars or Renminbi. The Group considers that its foreign exchange risk is not significant.

As at 30 June 2006, the current ratio was 1.25. Based on the current cash position, the available banking facilities and the support from holding company, the Group should have sufficient liquidity to meet its operational needs.

### Human Resource

As of 30 June 2006, the total number of employees of the Group including factory workers was about 1,500. Other than the competitive remuneration package offered to the employees, share options may also be granted to selected employees based on the Group's performance. The Group has granted no options during the period.

### Post Balance Sheet Event

On 20 July 2006, the Group entered into acquisition agreements with an independent third party for the acquisition of the office space in Hanggang Fuchun Commercial Building in Shenzhen at a total consideration of about HK\$46 million.

### General

The Group had no material contingent liabilities as of the balance sheet date. There was no material capital expenditure during the period.



## Condensed Consolidated Financial Statements

The Board of Directors (the "Board") of Theme International Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2006 together with the comparative figures.

### Condensed Consolidated Income Statement

		Six months ended 30 June	
	Notes	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
TURNOVER	3	135,914	122,207
Cost of sales		<u>(47,997)</u>	<u>(48,466)</u>
Gross profit		87,917	73,741
Other income		1,693	531
Selling and distribution expenses		(55,873)	(47,820)
Administrative expenses		(33,175)	(29,567)
Finance costs	4	<u>(2,603)</u>	<u>(1,623)</u>
LOSS BEFORE TAXATION	5	(2,041)	(4,738)
Taxation	6	<u>(1,286)</u>	<u>(188)</u>
LOSS FOR THE PERIOD		<u><b>(3,327)</b></u>	<u><b>(4,926)</b></u>
Attributable to:			
Equity holders of the Company		(3,327)	(4,926)
Minority interests		<u>-</u>	<u>-</u>
		<u><b>(3,327)</b></u>	<u><b>(4,926)</b></u>
LOSS PER SHARE	7		
Basic		<u><b>(0.06 cent)</b></u>	<u><b>(0.08 cent)</b></u>
Diluted		<u><b>(0.06 cent)</b></u>	<u><b>(0.08 cent)</b></u>

## Condensed Consolidated Financial Statements

### Condensed Consolidated Balance Sheet

		<b>30 June 2006 (Unaudited) HK\$'000</b>	31 December 2005 (Audited) HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>18,189</b>	19,640
Interest in associates		-	-
Available-for-sale investments		<b>675</b>	675
Deferred taxation		<b>1,869</b>	1,844
		<b>20,733</b>	22,159
<b>CURRENT ASSETS</b>			
Inventories		<b>45,961</b>	49,495
Trade receivables	9	<b>21,462</b>	27,122
Deposits, prepayments and other receivables		<b>29,812</b>	14,067
Amounts due from fellow subsidiaries		<b>10,510</b>	7,210
Bank balances and cash		<b>39,831</b>	28,988
		<b>147,576</b>	126,882
<b>CURRENT LIABILITIES</b>			
Trade payables	10	<b>12,277</b>	17,154
Other payables and accrued charges		<b>23,794</b>	23,620
Taxation		<b>1,307</b>	3,116
Amount due to immediate holding company	11	<b>50,914</b>	49,000
Amounts due to fellow subsidiaries		<b>4,206</b>	444
Amount due to an associate		<b>600</b>	602
Other loans		<b>1,923</b>	-
Bank borrowings		<b>23,064</b>	1,750
		<b>118,085</b>	95,686
<b>NET CURRENT ASSETS</b>		<b>29,491</b>	31,196
<b>NET ASSETS</b>		<b>50,224</b>	53,355
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>50,167</b>	50,167
Convertible notes		<b>66,220</b>	66,220
Reserves		<b>(66,963)</b>	(63,832)
Equity attributable to equity holders of the Company		<b>49,424</b>	52,555
Minority interests		<b>800</b>	800
<b>TOTAL EQUITY</b>		<b>50,224</b>	53,355



## Condensed Consolidated Financial Statements

### Condensed Consolidated Statement of Changes in Equity (Unaudited)

Attributable to equity holders of the Company

	Share capital HK\$'000	Share premium account HK\$'000	Contri- buted surplus HK\$'000	Share- holder's contri- bution HK\$'000	Exchange reserve HK\$'000	Accumu- lated losses HK\$'000	Convertible notes HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2006	50,167	846,922	34,503	45,000	(13,050)	(977,207)	66,220	52,555	800	53,355
Exchange realignment	-	-	-	-	196	-	-	196	-	196
Loss for the period	-	-	-	-	-	(3,327)	-	(3,327)	-	(3,327)
<b>At 30 June 2006</b>	<b>50,167</b>	<b>846,922</b>	<b>34,503</b>	<b>45,000</b>	<b>(12,854)</b>	<b>(980,534)</b>	<b>66,220</b>	<b>49,424</b>	<b>800</b>	<b>50,224</b>
At 1 January 2005	50,167	846,922	34,503	45,000	(10,194)	(973,176)	66,220	59,442	800	60,242
Exchange realignment	-	-	-	-	39	-	-	39	-	39
Loss for the period	-	-	-	-	-	(4,926)	-	(4,926)	-	(4,926)
<b>At 30 June 2005</b>	<b>50,167</b>	<b>846,922</b>	<b>34,503</b>	<b>45,000</b>	<b>(10,155)</b>	<b>(978,102)</b>	<b>66,220</b>	<b>54,555</b>	<b>800</b>	<b>55,355</b>

## Condensed Consolidated Financial Statements

### Condensed Consolidated Cash Flow Statement

	Six months ended 30 June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Net cash from/(used in) operating activities	1,010	(7,338)
Net cash (used in)/from investing activities	(13,597)	507
Net cash from/(used in) financing activities	23,237	(3,305)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	10,650	(10,136)
Cash and cash equivalents at beginning of period	28,988	64,973
Effect of foreign exchange rate changes, net	193	55
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<b>39,831</b>	<b>54,892</b>
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Bank balances and cash	<b>39,831</b>	<b>54,892</b>
	<hr/>	<hr/>

## Condensed Consolidated Financial Statements

### Notes to Condensed Consolidated Financial Statements

#### 1. Basis of preparation

The condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("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").

#### 2. Principal accounting policies

The condensed financial statements have been prepared under the historical cost basis.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA, which are effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006 respectively. The adoption of the new standards, amendments and interpretations had no material effect on how the results for the current and/or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

#### *Potential impact arising from the recently issued Accounting Standards*

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital disclosures <sup>1</sup>
HKFRS 7	Financial instruments: Disclosures <sup>1</sup>
HK(IFRIC)-INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies <sup>2</sup>
HK(IFRIC)-INT 8	Scope of HKFRS 2 <sup>3</sup>
HK(IFRIC)-INT 9	Reassessment of embedded derivatives <sup>4</sup>

<sup>1</sup> Effective for accounting periods beginning on or after 1 January 2007.

<sup>2</sup> Effective for accounting periods beginning on or after 1 March 2006.

<sup>3</sup> Effective for accounting periods beginning on or after 1 May 2006.

<sup>4</sup> Effective for accounting periods beginning on or after 1 June 2006.

## Condensed Consolidated Financial Statements

### 3. Segment information

	Turnover		Loss before taxation	
	Six months ended 30 June		Six months ended 30 June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
By principal activity:				
Retailing	132,324	114,121	2,592	(14)
Uniform	3,590	8,086	(2,030)	(3,101)
	<u>135,914</u>	<u>122,207</u>	<u>562</u>	<u>(3,115)</u>
Finance costs			(2,603)	(1,623)
Loss before taxation			<u>(2,041)</u>	<u>(4,738)</u>
By geographical area:				
Hong Kong & Macau	14,518	16,980		
Taiwan	67,973	65,288		
People's Republic of China	49,782	36,931		
Singapore	3,641	3,008		
	<u>135,914</u>	<u>122,207</u>		

### 4. Finance costs

	Six months ended 30 June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years	2,438	1,564
Bank charges	165	59
	<u>2,603</u>	<u>1,623</u>

## Condensed Consolidated Financial Statements

### 5. Loss before taxation

Loss before taxation for the period is arrived at after charging:

	Six months ended 30 June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Depreciation	<u>5,598</u>	<u>4,484</u>

### 6. Taxation

	Six months ended 30 June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Current tax – Other jurisdiction	<u>1,286</u>	<u>188</u>

No Hong Kong profits tax have been provided for the six months ended 30 June 2006 (Six months ended 30 June 2005: Nil) as the Group had no assessable profit arising in Hong Kong during the period. Taxes on profits arising elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

### 7. Loss per share

The calculation of basic and diluted loss per share for the period ended 30 June 2006 together with the comparative figures for 2005 are based on the following data:

	Six months ended 30 June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Loss for the purpose of basic and diluted loss per share attributable to equity holders of the Company	<u>(3,327)</u>	<u>(4,926)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares for the purpose of basic loss per share including ordinary shares that will be issued upon the conversion of a mandatory convertible notes from the beginning of the date the contract was entered into	<u>5,976,366,398</u>	<u>5,976,366,398</u>

### 8. Interim dividend

The Board did not declare the payment of an interim dividend for the six months ended 30 June 2006 to the shareholders (six months ended 30 June 2005: Nil).

## Condensed Consolidated Financial Statements

### 9. Trade receivables

An aged analysis of the trade receivables as at the balance sheet date is as follows:

	<b>30 June 2006 (Unaudited) HK\$'000</b>	31 December 2005 (Audited) HK\$'000
Current to 90 days	21,303	24,302
91 to 180 days	122	2,163
181 to 360 days	27	657
Over 360 days	10	–
	<b>21,462</b>	<b>27,122</b>

The Group allows an average credit period of 30 to 60 days to its trade debtors.

### 10. Trade payables

An aged analysis of the trade payables as at the balance sheet date is as follows:

	<b>30 June 2006 (Unaudited) HK\$'000</b>	31 December 2005 (Audited) HK\$'000
Current to 90 days	7,973	13,856
91 to 180 days	776	4
181 to 360 days	173	66
Over 360 days	3,355	3,228
	<b>12,277</b>	<b>17,154</b>

### 11. Amount due to immediate holding company

The loan amount of HK\$49 million was unsecured and interest bearing at Hong Kong Prime Rate, which will be repayable by 31 December 2006.

## Condensed Consolidated Financial Statements

### 12. Related party transactions

The Group had the following material transactions with related parties during the period:

	Notes	Six months ended 30 June	
		2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Interest expenses payable to the holding company	(i)	1,914	1,464
Rental charge to a fellow subsidiary	(ii)	210	210
Subcontracting fee income received from fellow subsidiaries	(iii)	8,209	3,492

Notes:

- (i) Interest expenses were payable to the holding company on the loan advance of HK\$49 million (30 June 2005: HK\$55 million) bearing interest at Hong Kong Prime rate.
- (ii) Rental charges were payable to a subsidiary of the ultimate holding company with reference to the prevailing market rate of the office premise.
- (iii) Subcontracting fee income receivable from subsidiaries of the ultimate holding company were charged in the normal course of business and at a consideration decided between parties with reference to the prevailing market price.

### 13. Contingent liability

As at 30 June 2006, there was no material contingent liability (31 December 2005: Nil).

### 14. Post Balance Sheet Event

On 20 July 2006, an indirect wholly-owned subsidiary of the Company, entered into ten acquisition agreements with an independent third party for the acquisition of the Units 01 – 05 on the first floor and Units 02, 03, 05, 08 and 10 on the second floor of 杭鋼富春商務大廈 (Hanggang Fuchun Commercial Building) at 深圳市福田區深南路 (Shennan Road, Futian District, Shenzhen, PRC) at a total consideration of RMB47,451,430 (approximately HK\$46,070,000).

## Other Information

### Interim dividend

The Board did not declare the payment of an interim dividend for the six months ended 30 June 2006 (six months ended 30 June 2005: Nil) to the shareholders.

### Code on Corporate Governance Practices

The Company has complied with all the code provisions set out in Appendix 14 Code on Corporate Governance Practices of the Listing Rules throughout the accounting period for the six months ended 30 June 2006.

### Model Code For Securities Transactions By Directors

For the six months period to 30 June 2006, 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.

The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the six months ended 30 June 2006, and they all confirmed that they have fully complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

### Purchase, Sale or Redemption of the Listed Securities of the Company

During the six months ended 30 June 2006, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

### Review of Account

Disclosure of financial information in this report complies with Appendix 16 of the Listing Rules.

The Audit Committee assisted by an independent professional accounting firm has reviewed the accounting principles and practices adopted by the Group and in the course has discussed with the management, internal auditor as well as external auditor the internal controls and financial reporting matters related to the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2006.

### Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2006, the interests and short positions of the directors, chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO), the Model Code contained in the Listing Rules and which have been recorded in the register maintained by the Company pursuant to Section 352 of the SFO, were as follows:

#### (i) Long Positions in the Company's Shares and Underlying Shares

Name of director	Capacity	Nature of interest	Number of ordinary shares held	Number of underlying shares held	Percentage of the Company's share capital	
					Total	
Lam Foo Wah	Interest of controlled corporation	Corporate	3,762,494,100 (Note 1)	959,707,594 (Note 2)	4,722,201,694	94.13%



## Other Information

### Notes:

- The 3,762,494,100 shares of the Company are registered in the name of Navigation Limited which is an indirect wholly-owned subsidiary of High Fashion International Limited ("High Fashion"), representing approximately 75% of the issued share capital of the Company. Pursuant to the SFO, Mr Lam Foo Wah is deemed to have the corporate interest in 3,762,494,100 ordinary shares of the Company as a result of his shareholding of 41.73% in High Fashion.
- Navigation Limited owned approximately HK\$66 million convertible notes that can be converted into 959,707,594 new shares of the Company. Pursuant to the SFO, Mr Lam Foo Wah is deemed to have the corporate interest in 959,707,594 underlying shares of the Company as a result of his shareholding of 41.73% in High Fashion.

### (ii) Long Positions in the Company's Debentures

Mr Lam Foo Wah is deemed to have an interest in HK\$66 million convertible notes which are beneficially owned by Navigation Limited, an indirect wholly-owned subsidiary of High Fashion.

### (iii) Long Positions in the Shares of Associated Corporations

(I) *High Fashion International Limited – Ultimate Holding Company of the Company*

Name of director	Notes	Capacity	Nature of interests	Number of ordinary shares held	Percentage of the associated corporation's issued capital (Note 3)
Lam Foo Wah	1, 2	Other interests	Other	139,433,986	41.73%
Hui Yip Wing		Interest of spouse	Family	2,652,007	0.79%
Wong Shing Loong, Raymond		Beneficial owner	Personal	2,960,000	0.89%

(II) *High Fashion Knitters Limited – Fellow Subsidiary of the Company*

Name of director	Note	Capacity	Nature of interests	Number of ordinary shares held	Percentage of the fellow subsidiary's issued capital
Lam Foo Wah	4	Interest of controlled corporations	Corporate	5,339,431	35.60%

### Notes:

- Mr Lam Foo Wah is deemed to have the corporate interest in 104,516,419 ordinary shares of High Fashion which are beneficially owned by Hinton Company Limited, the entire issued share capital of which is held under a related discretionary trust. Mr Lam is regarded as a founder of the trust.
- Mr Lam Foo Wah is deemed to have the corporate interest in 34,917,567 ordinary shares of High Fashion which are beneficially owned by High Fashion Charitable Foundation Limited, the entire issued share capital of which is held under a related discretionary trust. Mr Lam is regarded as a founder of the trust.
- The issued share capital of High Fashion is 334,151,550 shares as at 30 June 2006.
- These shares are held through three companies beneficially owned by Mr Lam Foo Wah.

## Other Information

Save as disclosed above, as at 30 June 2006, the directors, chief executive of the Company nor their associates had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which has been notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules. Furthermore, save as disclosed in the "Share Option Scheme" section below, at no time during the six months ended 30 June 2006 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### Share Option Scheme

Pursuant to the Company's share option scheme, there were no outstanding options at the beginning and at the end of the six months period ended 30 June 2006. No options were granted, exercised, cancelled or lapsed under the existing share option scheme during the period.

Apart from the Company's share option scheme, during the six months ended 30 June 2006, no rights were granted to the directors, chief executives of the Company, or any of their spouses or children under 18 years of age to subscribe for equity or debt securities of the Company.

### Substantial Shareholders

As at 30 June 2006, the following substantial shareholders, other than directors or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, have been recorded in the register kept by the Company pursuant to Section 336 of SFO:

#### Long Positions in the Company's Shares and Underlying Shares:

Name of shareholder	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Percentage of the Company's share capital
High Fashion International Limited ( <i>Note</i> )	Interest of controlled corporations	3,762,494,100	959,707,594	4,722,201,694	94.13%

*Note:* These interests have been disclosed as the interests of Mr Lam Foo Wah in the "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

Save as disclosed above, no person, other than the directors or chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, as at 30 June 2006, had registered an interest or short position in the shares, underlying shares and debentures of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## Corporate Information

Theme International Holdings Limited is incorporated in Bermuda with limited liability.

### Board of Directors

#### Executive Directors

Mr. Lam Foo Wah (*Chairman*)

Mr. Hui Yip Wing (*Vice Chairman and CEO*)

Mr. Wong Shing Loong, Raymond

#### Independent Non-Executive Directors

Professor Yeung Kwok Wing

Mr. Mak Kam Sing

Mr. Wong Shiu Hoi, Peter

### Audit Committee

Mr. Wong Shiu Hoi, Peter (*Chairman*)

Professor Yeung Kwok Wing

Mr. Mak Kam Sing

### Remuneration Committee

Mr. Mak Kam Sing (*Chairman*)

Professor Yeung Kwok Wing

Mr. Wong Shiu Hoi, Peter

### Head Office and Principal Place of Business

11th Floor, High Fashion Centre, 1-11 Kwai Hei Street,  
Kwai Chung, New Territories, Hong Kong

### Sub-Registrar and Transfer Agent in Hong Kong

Computershare Hong Kong Investor Services Limited

Rooms 1712-6, 17th Floor, Hopewell Centre,  
183 Queen's Road East, Wanchai, Hong Kong

### Company Website

[www.theme.com.hk](http://www.theme.com.hk)