

THEME

INTERIM REPORT 2011



Theme

Theme International Holdings Limited
(Incorporated in Bermuda with limited liability) (Stock Code: 990)

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Management Discussion and Analysis

Business Review

The principal activity of the Group is retailing garments through the operation of retail outlets and department store counters in Taiwan.

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

Financial Review

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

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

Management Discussion and Analysis

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

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

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

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

Charges on Assets

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

Contingent Liabilities

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

Exposure to Fluctuations in Exchange Rates

As at 30 June 2011, the Group's major assets and liabilities were denominated in the functional currencies of the respective group entities. The Group had no material exposure to foreign exchange fluctuation.

Management Discussion and Analysis

Liquidity and Financial Resources

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

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

Capital Expenditure

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

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

Human Resources

As at 30 June 2011, the Group had 13 employees in Hong Kong and 127 employees in Taiwan. Other than the competitive remuneration package offered to the employees, share options may also be granted to the selected employees based on the Group's performance. Details of the share options being granted and outstanding under the share option scheme are set out in the section "Share Option Scheme" on pages 21 and 22.

Future Prospect

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

By order of the Board of Directors

Wong Lik Ping

Chairman

Hong Kong, 16 August 2011

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 (collectively referred to as the “Group”) for the six months ended 30 June 2011 together with the comparative figures.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

	Notes	Six months ended 30 June	
		2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Revenue	3	57,104	52,104
Cost of sales		<u>(26,801)</u>	<u>(26,935)</u>
Gross profit		30,303	25,169
Other income		82	170
Selling and distribution expenses		(27,282)	(22,981)
Administrative expenses		(10,351)	(7,618)
Share-based compensation expense	13	<u>(24,824)</u>	<u>(9,969)</u>
Loss from operations and before taxation	6	(32,072)	(15,229)
Tax charge	5	<u>(28)</u>	<u>–</u>
Loss for the period attributable to owners of the Company		<u>(32,100)</u>	<u>(15,229)</u>
Other comprehensive income			
Exchange differences arising on translating foreign operations		<u>305</u>	<u>(3)</u>
Other comprehensive income for the period, net of tax		<u>305</u>	<u>(3)</u>
Total comprehensive income for the period		<u>(31,795)</u>	<u>(15,232)</u>
Loss per share	7		
Basic		<u>HK(0.87) cent</u>	<u>HK(0.42) cent</u>

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Financial Position

As at 30 June 2011

	Notes	30 June 2011 HK\$'000 (unaudited)	31 December 2010 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	<u>4,748</u>	<u>5,310</u>
Current assets			
Inventories		7,839	15,791
Trade receivables	10	7,898	8,563
Deposits, prepayments and other receivables		4,271	12,386
Bank balances and cash		<u>65,821</u>	<u>63,203</u>
		<u>85,829</u>	<u>99,943</u>
Current liabilities			
Trade payables	11	1,437	8,101
Other payables and accrued charges		25,008	25,975
Dividend payable		7	7
Tax payable		<u>10</u>	<u>84</u>
		<u>26,462</u>	<u>34,167</u>
Net current assets		<u>59,367</u>	<u>65,776</u>
Net assets		<u>64,115</u>	<u>71,086</u>
Capital and reserves			
Share capital	12	9,140	9,140
Reserves		<u>54,975</u>	<u>61,946</u>
Total equity		<u>64,115</u>	<u>71,086</u>

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Attributable to owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Share- based compensation reserve HK\$'000	Translation reserve HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	
At January 1, 2010 (audited)	8,965	-	-	(6,407)	10,154	12,712
Loss for the period	-	-	-	-	(15,229)	(15,229)
Exchange differences arising on translating foreign operations	-	-	-	(3)	-	(3)
Share-based compensation	-	-	9,969	-	-	9,969
Placing of shares	175	69,825	-	-	-	70,000
At June 30, 2010 (unaudited)	<u>9,140</u>	<u>69,825</u>	<u>9,969</u>	<u>(6,410)</u>	<u>(5,075)</u>	<u>77,449</u>
At January 1, 2011 (audited)	9,140	69,825	34,764	(5,215)	(37,428)	71,086
Loss for the period	-	-	-	-	(32,100)	(32,100)
Exchange differences arising on translating foreign operations	-	-	-	305	-	305
Share-based compensation	-	-	24,824	-	-	24,824
At June 30, 2011 (unaudited)	<u>9,140</u>	<u>69,825</u>	<u>59,588</u>	<u>(4,910)</u>	<u>(69,528)</u>	<u>64,115</u>

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Net cash from (used in) operating activities	4,250	(13,895)
Net cash used in investing activities	(1,937)	(595)
Net cash from financing activities	<u>—</u>	<u>70,000</u>
Net increase in cash and cash equivalents	2,313	55,510
Cash and cash equivalents at beginning of the period	63,203	16,887
Effect of foreign exchange rate changes	<u>305</u>	<u>(3)</u>
Cash and cash equivalents at end of the period, represented by bank balances and cash	<u>65,821</u>	<u>72,394</u>

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

1. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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

2. 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.

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

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

Condensed Consolidated Financial Statements

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

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

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

HKFRS 7 (Amendments)	Disclosure – Transfers of financial assets ¹
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ⁴
HKFRS 11	Joint Arrangements ⁴
HKFRS 12	Disclosure of Interests in Other Entities ⁴
HKFRS 13	Fair Value Measurement ⁴
HKAS 1 (Revised)	Presentation of Financial Statements ³
HKAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets ²
HKAS 19 (2011)	Employee Benefits ⁴
HKAS 27 (2011)	Separate Financial Statements ⁴
HKAS 28 (2011)	Investments in Associates and Joint Ventures ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

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

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 from operations for the period.

4. Segment Information

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

The segment revenue of HK\$57,104,000 (2010: HK\$52,104,000) and segment result of the loss before taxation of HK\$1,444,000 (2010: loss before taxation of HK\$351,000) (excluding corporate administrative expenses and share-based compensation expense incurred by the Company of HK\$30,656,000 (2010: HK\$14,878,000) in total) are shown in the consolidated statement of comprehensive income on page 5).

5. Tax Charge

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax charge	<u>28</u>	<u>—</u>

No provision for Hong Kong Profits Tax has been made for both periods as the Company and its subsidiaries have no assessable profit arising in Hong Kong. The Hong Kong corporate profits tax rate was 16.5%.

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

Condensed Consolidated Financial Statements

6. Loss for the Period

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

Notes:

- (a) Contingent rents are determined based on a certain percentage of the gross sales of the relevant shops when the sales meet certain specified levels.
- (b) Directors' emoluments include fees, remuneration, retirement benefits scheme contributions and share-based compensation expense.
- (c) Other staff costs include salaries, allowances, retirement benefits scheme contributions and share-based compensation expense.

Condensed Consolidated Financial Statements

7. Loss Per Share

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

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

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

8. Interim Dividend

No dividends were paid, declared or proposed during the period. The directors do not recommend the payment of an interim dividend (2010: Nil).

9. Movements in Property, Plant and Equipment

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

Condensed Consolidated Financial Statements

10. Trade Receivables

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

The aging analysis of trade receivables, net of allowance for bad and doubtful debts, presented based on the invoice date at the end of the reporting period is stated as follows:

	30 June 2011 HK\$'000 (unaudited)	31 December 2010 HK\$'000 (audited)
Within 90 days	<u>7,898</u>	<u>8,563</u>

11. Trade Payables

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

	30 June 2011 HK\$'000 (unaudited)	31 December 2010 HK\$'000 (audited)
Within 90 days	<u>1,437</u>	<u>8,101</u>

Condensed Consolidated Financial Statements

12. Share Capital

	Number of shares of HK\$0.0025 each		Amount	
	30 June 2011 '000	31 December 2010 '000	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Authorised:				
Ordinary shares	200,000,000	200,000,000	500,000	500,000
Issued and fully paid:				
At the beginning of the period/year	3,655,820	3,585,820	9,140	8,965
Placing of shares (<i>note a</i>)	<u> -</u>	<u> 70,000</u>	<u> -</u>	<u> 175</u>
At the end of the period/year	<u> 3,655,820</u>	<u> 3,655,820</u>	<u> 9,140</u>	<u> 9,140</u>

Note:

- (a) On 18 June 2010, the Company entered into a subscription agreement with Sonic Way Limited ("Sonic Way"), pursuant to which Sonic Way has agreed to subscribe and the Company has agreed to allot and issue 70,000,000 shares in the share capital of the Company of HK\$0.0025 each at the subscription price of HK\$1.00 each (the "Subscription"). On June 25, 2010, the Company issued and allotted 70,000,000 shares to Sonic Way under the general mandate granted to the Directors at the annual general meeting of the Company held on 3 June 2010.

Condensed Consolidated Financial Statements

13. Share based compensation expense

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

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

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

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

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

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

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

Condensed Consolidated Financial Statements

14. Capital Commitments

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

	30 June	31 December
	2011	2010
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Contracted, but not provided for	<u>20,000</u>	<u>—</u>

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

15. Related Party Transactions

Except as disclosed elsewhere in the financial statements, the following transactions for the period ended 30 June 2011 and 2010 were carried out with the related parties.

- (i) The total emoluments payable to key management personnel during the period ended 30 June 2011 and 2010 were HK\$4,547,000 and HK\$2,968,000 respectively.
- (ii) Mr. Wong Lik Ping, the shareholder and sole director of Golden Bright Energy Limited (substantial shareholder of the Company), has provided the Company an interest-free loan of HK\$10 million for general working capital on 5 January 2010. The Company has repaid the shareholder loan in June 2010. No shareholder loan was provided during the period ended 30 June 2011.

Condensed Consolidated Financial Statements

16. Events after the End of the Interim Period

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

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

Other Information

Code on Corporate Governance Practices

The Company has complied with all the code provisions set out in Appendix 14 Code on Corporate Governance Practices (the “Code”) of the Listing Rules throughout the period for the six months ended 30 June 2011.

Model Code for Securities Transactions by Directors

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

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

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

Review of Account

The Audit Committee of the Company has reviewed the Group’s unaudited condensed consolidated financial information and interim report for the six months ended 30 June 2011.

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

As at 30 June 2011, the long positions 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 long positions and short positions which any such director and chief executive was taken or deemed to have under such provisions of the SFO), the model code for securities transactions by directors of listed issuers (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:

Other Information

(i) Long Positions in the Company's Shares

Name of director	Capacity	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Mr. Wong Lik Ping	Interests of a controlled corporation (<i>Note</i>)	2,269,112,096	62.07%

Note: 2,269,112,096 ordinary shares are held by Golden Bright Energy Limited, a company incorporated in the British Virgin Islands whose entire issued share capital is held by Mr. Wong Lik Ping. Mr. Wong Lik Ping is the sole director of Golden Bright Energy Limited.

(ii) Options to subscribe for ordinary shares (HK\$0.0025 each) of the Company:

The directors have been granted unlisted options under the Company's share option scheme, details of which are set out in the section "Share Option Scheme" below.

Save as disclosed above, as at 30 June 2011, the directors, chief executives of the Company nor their associates had or was deemed to have any long positions 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.

Substantial Shareholder

Save as disclosed in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures", as at 30 June 2011, no person had an interest in the shares or short position and underlying shares of the Company which fall to be disclosed to the Company pursuant to the provision of 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.

Other Information

Share Option Scheme

At the special general meeting of the Company held on 29 December 2009, the equity holders of the Company approved the adoption of a new option scheme (the "Scheme") to give the directors the power to implement and administer the Scheme with effect from the date of passing of the resolution. The Scheme was designed to reward and provide incentives to, and strengthen the Group's business relationship with the prescribed classes of participants, including but not limited to eligible employees and directors of any member of the Group, who contributed to the development of the Group. The Scheme is enforceable for a period of 10 years ending 28 December 2019, after which no further options are to be granted.

At 30 June 2011, the option holders of the Company had the following interests in unlisted options to subscribe for shares of the Company granted under the Scheme. The vesting period of the options is two years from the date of grant and the options are then exercisable within a period of the following eight years. Each option gives the option holder the right to subscribe for one ordinary share of HK\$0.0025 each. No options were granted during the period ended 30 June 2011 (2010: 200,000,000) share options. Save as disclosed, no outstanding options were exercised, cancelled or lapsed under the Scheme during the period.

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Other Information

The following table disclose movements in the Company's share options during the period:

Directors	No. of share options at the beginning of the period	No. of share options granted during the period	No. of share options exercised during the period	No. of share options outstanding at the end of period	Grant date	Exercise Period	Exercise Price
Mr. Wong Lik Ping	3,000,000	-	-	3,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Mr. Cheung Wing Hong Shannon	20,000,000	-	-	20,000,000	21 June 2010	21 June 2012–20 June 2020	HK\$1.7
Mr. Ma Chi Shing	13,000,000 (Note)	-	-	13,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Mr. Huang Bin	3,000,000	-	-	3,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Mr. Qiao Weibing	3,000,000	-	-	3,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Mr. Kee Wah Sze	3,000,000	-	-	3,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Mr. Chan Pat Lam	3,000,000	-	-	3,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Mr. To Yan Ming Edmond	3,000,000	-	-	3,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Sub-total	51,000,000	-	-	51,000,000			
Other Employees	27,000,000	-	-	27,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Others	122,000,000	-	-	122,000,000	15 April 2010	15 April 2012–14 April 2020	HK\$1.7
Total	<u>200,000,000</u>	<u>-</u>	<u>-</u>	<u>200,000,000</u>			

Note: 10,000,000 share options were granted to Mr. Ma Chi Shing and 3,000,000 share options were granted to his spouse.

Apart from the Company's share option scheme, during the six months ended 30 June 2011, 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.

Corporate Information

DIRECTORS

Executive Directors

Mr. Wong Lik Ping (*Chairman*)

Mr. Cheung Wing Hong, Shannon
(*Chief Executive Officer*)

Mr. Ma Chi Shing

Non-executive Directors

Mr. Huang Bin

Mr. Qiao Weibing

Independent Non-executive Directors

Mr. Kee Wah Sze

Mr. Chan Pat Lam

Mr. To Yan Ming, Edmond

Audit Committee

Mr. To Yan Ming, Edmond (*Chairman*)

Mr. Kee Wah Sze

Mr. Chan Pat Lam

Remuneration Committee

Mr. To Yan Ming, Edmond (*Chairman*)

Mr. Kee Wah Sze

Mr. Chan Pat Lam

COMPANY SECRETARY

Ho Pui San Jenny

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Tsun & Partners

LEGAL ADVISERS ON BERMUDA LAW

Conyers Dill & Pearman

Corporate Information

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE & PRINCIPAL PLACE OF BUSINESS

12th Floor, Kwan Chart Tower
6 Tonnochy Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

The Bank of Bermuda Limited
6 Front Street
Hamilton HM11
Bermuda

SUB-REGISTRAR & 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

STOCK CODE

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WEBSITE

www.990.com.hk