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EVERGREEN INTERNATIONAL HOLDINGS LIMITED
長興國際(集團)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 238)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2017	2016	Change
	RMB'million	*RMB'million*	%
Revenue	**162.6**	197.6	–17.7%
Gross profit	**93.6**	120.6	–22.4%
Loss attributable to ordinary equity holders of the Company	**(78.8)**	(38.7)	103.6%
Basic and diluted loss per share (RMB cents)	**(8.3)**	(4.1)	102.4%
Interim dividend per share (HK cents)	**19**	–	
Gross profit margin	**57.6%**	61.1%	
Net loss margin	**(48.5)%**	(19.6)%	
Effective tax rate	**(11.7)%**	6.0%	

	As at 30 June 2017	As at 31 December 2016
Inventory turnover days	**474**	455
Trade receivables turnover days	**82**	75
Trade payables turnover days	**32**	31

The board (the "Board") of directors (the "Directors") of Evergreen International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2017 together with the comparative figures for the same period of last year, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**162,560**	197,550
Cost of sales		**(68,924)**	(76,906)
Gross profit		**93,636**	120,644
Other income and gains	*4*	**13,164**	11,731
Selling and distribution expenses		**(110,534)**	(132,576)
Administrative expenses		**(31,643)**	(33,886)
Other expenses		**(23,479)**	(293)
Finance costs	*6*	**(11,675)**	(6,738)
LOSS BEFORE TAX	*5*	**(70,531)**	(41,118)
Income tax (expense)/credit	*7*	**(8,268)**	2,452
LOSS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**(78,799)**	(38,666)
OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:			
Exchange differences on translation of operations outside Mainland China		**10,781**	(7,469)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		**10,781**	(7,469)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(68,018)**	(46,135)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*8*	**RMB(8.3) cents**	RMB(4.1) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2017

	Notes	**30 June 2017 RMB'000 (Unaudited)**	31 December 2016 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**366,116**	379,481
Prepaid land lease payment		**45,605**	46,086
Goodwill		**1,880**	1,880
Other intangible asset		**3,996**	4,115
Long term lease prepayment		**63,387**	64,178
Available-for-sale investment		**36,800**	36,800
Deferred tax assets		**18,054**	18,157
Total non-current assets		**535,838**	550,697
CURRENT ASSETS			
Inventories	*10*	**169,602**	191,303
Trade receivables	*11*	**59,829**	86,888
Prepayments, deposits and other receivables		**49,699**	57,494
Tax recoverable		**2,856**	–
Time deposits		**–**	500,000
Pledged deposits		**–**	21,920
Cash and cash equivalents		**657,339**	120,252
Total current assets		**939,325**	977,857
CURRENT LIABILITIES			
Trade payables	*12*	**11,591**	12,968
Other payables and accruals		**41,489**	35,549
Interest-bearing bank and other borrowings		**217,810**	295,863
Tax payable		**1,803**	568
Total current liabilities		**272,693**	344,948
NET CURRENT ASSETS		**666,632**	632,909
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,202,470**	1,183,606
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**129,470**	50,910
Deferred tax liabilities		**7,591**	–
Total non-current liabilities		**137,061**	50,910
Net assets		**1,065,409**	1,132,696
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		**829**	829
Reserves		**1,064,580**	1,131,867
Total equity		**1,065,409**	1,132,696

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 26 June 2008 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The registered office address of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal activity of the Company is investment holding.

During the period, the Group was principally engaged in the manufacturing and trading of clothing and clothing accessories in the People's Republic of China (the "PRC").

In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Pacific Success Holdings Limited, which was incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

Basis of preparation

These unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2017 have been prepared in accordance 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 "Stock Exchange") (the "Listing Rules") and International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board.

They have been prepared under the historical cost convention, except for certain equity investment which has been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and basis of preparation used in the preparation of these unaudited interim condensed consolidated financial statements are the same as those used in the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") (which also include IASs and Interpretations) as disclosed in Changes in accounting policies below.

These unaudited interim condensed consolidated financial statements do not include all information and disclosures required in the Group's annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016.

Changes in accounting policies and disclosures

The Group has adopted the following revised IFRSs for the first time for the current period's condensed consolidated financial statements.

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in Annual Improvements 2014–2016 Cycle	*Disclosure of Interests in Other Entities*

The adoption of these revised IFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of clothing and clothing accessories. For management purposes, the Group operates in one business unit and has one reportable operating segment, which is the clothing segment that produces and trades menswear, children's wear and other accessories.

No operating segments have been aggregated to form the above reportable operating segment.

As all of the Group's revenue is derived from customers based in the PRC and all of the Group's identifiable non-current assets are located in the PRC, no geographical information is presented in accordance with IFRS 8 *Operating Segments*.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**162,560**	197,550
Other income and gains		
Bank interest income	**10,981**	4,819
Investment income	**1,855**	–
Foreign exchange gains	**–**	6,473
Others	**328**	439
	13,164	11,731

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**68,924**	76,906
Depreciation	**13,618**	16,862
Recognition of prepaid land lease payment	**481**	160
Amortisation of long term lease prepayment	**791**	791
Operating lease rental expense:		
Minimum lease payments	**13,582**	11,762
Contingent rents	**39,677**	56,660
	53,259	68,422
Employee benefit expense:		
Wages and salaries	**32,547**	38,127
Pension scheme contributions	**3,089**	4,109
Equity-settled share option expense	**731**	1,235
Equity-settled share award expense	**–**	1,171
	36,367	44,642
Write-down of inventories*	**9,566**	–
Foreign exchange differences, net	**10,350***	(6,473)
Impairment of trade receivables*	**3,327**	–
Gain on disposal of items of property, plant and equipment	**–**	(36)

* *These items are included in "Other expenses" in the interim condensed consolidated statement of profit or loss and other comprehensive income.*

6. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank and other borrowings	**11,675**	6,738

7. INCOME TAX

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current — Charge for the period		
Mainland China	**9**	1,174
Hong Kong	**565**	–
Deferred	**7,694**	(3,626)
Total tax charge/(credit) for the period	**8,268**	(2,452)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

No profits tax has been provided for profits derived from the Cayman Islands and the British Virgin Islands in both the six months ended 30 June 2017 and 2016 since the applicable profits tax rate was zero.

The income tax provision of the Group in respect of its operations in Mainland China has been provided at the rate of 25% on the taxable profits for the six months ended 30 June 2017 and 2016, based on the existing legislation, interpretations and practices in respect thereof.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2017 and 2016.

No provision for Macau profits tax has been made as the Group had no assessable profits arising in Macau during the six months ended 30 June 2017 and 2016.

Deferred tax provision of RMB7,591,000 has been made in respect of withholding tax calculated at 5% on the distributable profit of the Group's subsidiaries in Mainland China during the six months ended 30 June 2017 (the six months ended 30 June 2016: nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue of 948,799,763 (six months ended 30 June 2016: 945,615,307) during the six months ended 30 June 2017, which reflects the shares held for the share award plan of the Company (the "Share Award Plan") during the period.

The calculation of the diluted loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares under the share option scheme.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2017 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amounts presented.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Continued)

The calculation of basic and diluted loss per share is based on:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**78,799**	38,666

	Number of Shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue	**948,825,763**	948,825,763
Weighted average number of shares held for the Share Award Plan	**(26,000)**	(3,210,456)
Adjusted weighted average number of ordinary shares in issue used in the basic loss per share calculation	**948,799,763**	945,615,307
Effect of dilution — weighted average number of ordinary shares: Share options	**551,613**	333,422
Adjusted weighted average number of ordinary shares in issue used in the diluted loss per share calculation	**949,351,376**	945,948,729

9. DIVIDEND

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interim dividend declared and payable of RMB16 cents (2016: nil) per ordinary share	151,812	–

The interim dividend proposed after 30 June 2017 has not been recognised as a liability in the condensed consolidated statement of financial position.

10. INVENTORIES

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Raw materials	**5,957**	6,469
Work in progress	**4,180**	2,906
Finished goods	**159,465**	181,928
	169,602	191,303

11. TRADE RECEIVABLES

Retail sales are made in cash or by credit card and sales through department stores are generally collectible within one month to three months. Sales to distributors are mainly on credit. The credit period is generally one month, extending up to three months. The Group grants longer credit periods to those long standing customers with good payment history.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the period, based on the invoice date and net of provision, is as follows:

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 month	**28,807**	56,627
1 to 3 months	**5,482**	11,654
3 to 6 months	**9,530**	9,717
6 months to 1 year	**11,401**	3,442
Over 1 year	**4,609**	5,448
	59,829	86,888

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the period, based on the invoice date, is as follows:

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 month	**4,009**	3,978
1 to 3 months	**3,562**	3,254
3 to 6 months	**1,373**	3,096
6 months to 1 year	**1,175**	598
Over 1 year	**1,472**	2,042
	11,591	12,968

Trade payables of the Group are non-interest-bearing and are normally settled on terms of three months, extending to longer periods with those long standing suppliers. The carrying amounts of the trade payables approximate to their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2017, the economy in the People's Republic of China (the "PRC", "Mainland China" or "China") continued to be complicated and volatile. According to the National Bureau of Statistics of China, the gross domestic product ("GDP") for the first half of 2017 amounted to RMB38.1 trillion, representing an increase of 6.9% compared to the same period of last year.

The total retail sales of consumer goods in China amounted to RMB17.2 trillion, representing an increase of 10.4% compared to the same period of last year. The total retail sales of consumer goods realised in urban area and rural area amounted to RMB14.8 trillion and RMB2.5 trillion, respectively, representing an increase of 10.1% and 12.3%, respectively, compared to the same period of last year. The growth rates were 0.1 percentage points lower and 1.3 percentage points higher than that in the first half of 2016, respectively. In particular, the total sales of garments, footwear, hats and knitwear in the first half of 2017 amounted to RMB0.7 trillion, representing an increase of 7.3% compared to the same period of last year. The growth rate was 0.3 percentage points higher than that of 7.0% in the first half of 2016.

The premium menswear industry is facing intense competition. Due to the vast development of e-Commerce in China, more customers have switched their shopping behavior from traditional retail stores to online shopping. This has adversely affected our performance especially in department stores. In view of the challenging economic and market environment, the Group continued to adjust its strategies in response to the changes in the market in order to enhance the demand from customers who purchased for their own use. During the period, the Group continued to invest resources in online retail platform, refining marketing strategy in brand building, reinforcing customer loyalty by organising marketing events, consolidating the network of self-operated retail stores and closing under-performing retail stores. It also organised various training to its staff and strived to improve operational efficiency and business infrastructure. Such efforts were aimed at maintaining the Group's financial position at a healthy level to achieve a sustainable development of the Group in the long run. On the other hand, the Group has been actively looking for other investment opportunities so as to diversify its income and returns.

Financial Review

During the six months ended 30 June 2017, the Group recorded an aggregate turnover of approximately RMB162,560,000 (six months ended 30 June 2016: RMB197,550,000), representing a decrease of approximately 17.7% compared to the same period of last year. Gross profit for the period decreased from RMB120,644,000 for the six months ended 30 June 2016 to RMB93,636,000, representing a decrease of about 22.4%, and gross profit margin decreased from 61.1% for the six months ended 30 June 2016 to 57.6% for the same period of 2017. The Group recorded a loss attributable to ordinary equity holders of the Company of RMB78,799,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB38,666,000) and net loss margin for the six months ended 30 June 2017 of 48.5% as compared to a net loss margin of 19.6% for the six months ended 30 June 2016. The loss was mainly attributable to (i) the decrease in revenue in our proprietary brands of menswear segment; (ii) foreign exchange loss; (iii) non-cash write-down of inventories for children's wear; and (iv) impairment of trade receivables.

Turnover

	Six months ended 30 June				
	2017		2016		Change
	RMB'000	***% of turnover***	*RMB'000*	*% of turnover*	*%*
Proprietary brands-Menswear					
Self-operated stores	**98,177**	**60.4%**	139,412	70.6%	–29.6%
Distributors	**18,573**	**11.4%**	30,233	15.3%	–38.6%
	116,750	**71.8%**	169,645	85.9%	–31.2%
Licensed brands	**45,810**	**28.2%**	27,905	14.1%	64.2%
	162,560		197,550		–17.7%

The total turnover of the Group for the six months ended 30 June 2017 decreased by 17.7% to approximately RMB162,560,000 (six months ended 30 June 2016: RMB197,550,000). The decrease in turnover was mainly due to the decrease in sales of menswear as the Group continued to close underperforming stores and offered more discounts to customers to boost the sales of the products, in particularly the aged products, amidst the overall weak and sluggish retail market.

Turnover of the Group for the six months ended 30 June 2017 comprised sales from self-operated stores of about RMB98,177,000 (six months ended 30 June 2016: RMB139,412,000), sales to distributors of RMB18,573,000 (six months ended 30 June 2016: RMB30,233,000) and sales from the licensed brands business of RMB45,810,000 (six months ended 30 June 2016: RMB27,905,000).

The aggregate sales from self-operated stores for the six months ended 30 June 2017 decreased by 29.6% as compared to the same period of last year, and accounted for about 60.4% (six months ended 30 June 2016: 70.6%) of the total turnover under the current challenging retail environment. The aggregate sales to distributors for the six months ended 30 June 2017 also decreased by 38.6% as compared to the same period of last year and accounted for about 11.4% (six months ended 30 June 2016: 15.3%) of the total turnover, as the distributors remained uncertain and cautious towards the retail market in the PRC.

Turnover by Region

	Six months ended 30 June				
	2017		2016		Change
	RMB'000	***% of turnover***	*RMB'000*	*% of turnover*	*%*
Menswear					
Central China	**7,929**	**6.8%**	10,888	6.4%	–27.2%
North Eastern China	**5,164**	**4.4%**	10,575	6.2%	–51.2%
Eastern China	**12,449**	**10.7%**	23,107	13.6%	–46.1%
North Western China	**17,543**	**15.0%**	22,602	13.3%	–22.4%
Northern China	**20,794**	**17.8%**	29,476	17.4%	–29.5%
South Western China	**17,958**	**15.4%**	23,564	13.9%	–23.8%
Southern China	**31,831**	**27.3%**	45,926	27.1%	–30.7%
Hong Kong and Macau	**3,082**	**2.6%**	3,507	2.1%	–12.1%
Total	**116,750**		169,645		–31.2%

The sales in the South Western, Northern and Southern China for the six months ended 30 June 2017 accounted for 60.5% (six months ended 30 June 2016: 58.4%) of the total revenue generated by menswear, which was mainly attributable to the fact that ***V.E. DELURE*** retail stores were located in major cities such as Shanghai, Beijing and Guangzhou, where the targeted ***V.E. DELURE*** customers are relatively more affluent with strong purchasing power.

Turnover by Product (self-operated stores only)

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Menswear		
Apparel(1)	**94,134**	133,799
Accessories(2)	**4,043**	5,613
	98,177	139,412

	Six months ended 30 June	
	2017	2016
	Unit sold (pcs)	*Unit sold (pcs)*
Sales Volume		
Menswear		
Apparel(1)	**108,693**	121,143
Accessories(2)	**16,380**	21,746

	Six months ended 30 June	
	2017	2016
	RMB	*RMB*
Average Selling Price		
Menswear		
Apparel(1)	**866**	1,104
Accessories(2)	**247**	258

Notes:

(1) Apparel products include, among others, suits, jackets, pants, coats, shirts and polo-shirts.

(2) Accessories products include, among others, ties, cuff-links, pens and leather products.

Cost of Sales

The cost of sales of the Group decreased by 10.4% during the six months ended 30 June 2017 to approximately RMB68,924,000 (six months ended 30 June 2016: RMB76,906,000), which was in line with the decrease in sales volumes of the menswear products during the period. During the period, the Group continued to outsource the production process of most of the apparel and accessories products. The Group also purchased products under the licensed brand, ***CARTIER*** and purchased children's wear and accessories from the Group's licensed international fashion brands. The Group performed sampling, packaging and post-finish processing of the apparel products produced by outsourced manufacturers, and manufactured a small portion of the apparel products in its own plant.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by RMB27,008,000 or 22.4%, from approximately RMB120,644,000 for the six months ended 30 June 2016 to approximately RMB93,636,000 for the same period of 2017.

During the six months ended 30 June 2017, due to the implementation of various measures to boost the sales of aged inventories and as a result of weak consumer sentiment, more discounts were granted to the customers, which resulted in a decrease of 3.5 percentage points in gross profit margin from 61.1% for the six months ended 30 June 2016 to 57.6 % for the same period of 2017.

Other Income and Gains

During the six months ended 30 June 2017, other income and gains mainly consisted of bank interest income of RMB10,981,000 (six months ended 30 June 2016: RMB4,819,000).

Selling and Distribution Expenses

For the six months ended 30 June 2017, selling and distribution expenses primarily represented concessionaire commission to shopping malls and department stores of approximately RMB39,677,000 (six months ended 30 June 2016: RMB56,660,000), advertising and promotion expenses of approximately RMB7,327,000 (six months ended 30 June 2016: RMB5,824,000), and staff costs of approximately RMB26,611,000 (six months ended 30 June 2016: RMB30,075,000). During the six months ended 30 June 2017, the total selling and distribution expenses represented about 68.0% (six months ended 30 June 2016: 67.1%) of the total turnover, representing a slight increase of 0.9 percentage points.

Administrative Expenses

For the six months ended 30 June 2017, administrative expenses decreased from RMB33,886,000 for the six months ended 30 June 2016 to RMB31,643,000, representing a decrease of RMB2,243,000 or 6.6% as compared to the same period of last year. The decrease in administrative expenses was mainly due to the decrease in legal and professional fees. During the six months ended 30 June 2017, administrative expenses accounted for 19.5% (six months ended 30 June 2016: 17.2%) of turnover.

Finance Costs

Finance costs for the six months ended 30 June 2017 mainly represented interest expenses on interest-bearing bank and other borrowings.

Effective Tax Rate

During the six months ended 30 June 2017, the effective tax rate of the Group amounted to -11.7% (six months ended 30 June 2016: 6.0%).

Loss Attributable to Ordinary Equity Holders of the Company

The Group recorded a loss attributable to ordinary equity holders of the Company of RMB78,799,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: loss attributable to ordinary equity holder of the Company of RMB38,666,000) and net loss margin for the six month ended 30 June 2017 of 48.5% as compared to a net loss margin of 19.6% for the six month ended 30 June 2016. Basic and diluted loss per share of RMB8.3 cents was recorded for the six months ended 30 June 2017 (six months ended 30 June 2016: basic and diluted loss per share of RMB4.1 cents). The loss was mainly attributable to (i) the decrease in revenue; (ii) foreign exchange loss; (iii) non-cash write-down of inventories for children's wear; and (iv) impairment of trade receivables.

Business Review

Proprietary Brands

The Group currently operates two proprietary brands in the menswear market of China to cater to consumers with different needs, tastes and consumption patterns. ***V.E. DELURE*** offers business formal and casual menswear and accessories targeting affluent and successful men with a brand theme of "Love"; while ***TESTANTIN*** offers contemporary and chic casual menswear and accessories targeting a younger and more fashion conscious age group with a brand theme of "artistic expression and simplicity".

The Group's two proprietary brands, ***V.E. DELURE*** and ***TESTANTIN***, recorded an overall negative same store sales growth for the self-operated stores business of 17.6% for the first half of 2017.

Retail and Distribution Network

Number of stores of proprietary brands by region

	As at 30 June 2017	As at 31 December 2016
Central China	**15**	20
North Eastern China	**12**	18
Eastern China	**18**	25
North Western China	**24**	24
Northern China	**31**	35
South Western China	**20**	26
Southern China	**32**	39
Hong Kong and Macau	**2**	2
	154	189

In line with its previous years' business strategies, the Group continued to optimise the retail and sales network based on the demand from different target market segments. The Group has strategically used a mixed business model of opening self-operated stores in high-tier cities and franchised stores by distributors in low-tier cities. Opening self-operated stores enables the Group to directly contact and interact with target customers, so as to optimise its marketing efforts to customers and to directly instill in the customers the brand image and atmosphere that the Group intended to create and express. Engaging distributors to open franchised stores allows the Group to expand its retail network quickly, leverage the profound understanding and experience of the distributors in local markets in which they operated, and penetrate into fragmented menswear market in these cities with lower capital expenditure.

In view of the challenging retail environment and weak consumer sentiment, the Group adopted a more prudent approach in business development and strategically adjusted the store opening plan in response to the challenging market conditions and retail environment and consolidated stores which had been operated with low efficiency.

As at 30 June 2017, the Group had a total of 154 stores in 26 provinces and autonomous regions, covering 92 cities in China. There were 63 self-operated stores in 25 cities in China.

In addition, the total number of distributors of the Group amounted to 91, which operated franchised stores of ***V.E. DELURE*** in 68 cities.

Number of stores of proprietary brands by city tier

	As at 30 June 2017	As at 31 December 2016	Changes
Self-operated stores			
First-tier	**16**	18	–2
Second-tier	**34**	46	–12
Third-tier	**11**	19	–8
Fourth-tier	**2**	3	–1
	63	86	–23
Franchised stores			
First-tier	**–**	–	–
Second-tier	**16**	17	–1
Third-tier	**55**	63	–8
Fourth-tier	**20**	23	–3
	91	103	–12
	154	189	–35

First-tier cities: Beijing, Shanghai, Guangzhou, Hong Kong and Macau
Second-tier cities: provincial capital cities excluding Beijing, Shanghai and Guangzhou
Third-tier cities: prefecture-level cities other than provincial capital cities
Fourth-tier cities: county-level cities

As at 30 June 2017, the number of menswear self-operated stores decreased from 86 as at 31 December 2016 to 63 as a result of the consolidation of inefficient stores. Franchised stores operated by the distributors of the Group decreased from 103 as at 31 December 2016 to 91 as at 30 June 2017. As at 30 June 2017, the total area of self-operated stores was approximately 10,887 square meters (31 December 2016: 14,740 square meters), representing a decrease of 26.1% as compared to the total area of self-operated stores as at 31 December 2016.

Licensed International Brands

Apart from licensed brand business of ***CARTIER***, the Group commenced the new business segment of high-end children's wear and accessories products in August 2014. As at 30 June 2017, the Group has secured distribution rights for the following 9 international fashion brands:

Brand portfolio

Brands	**Territories**
Diesel Kids	Mainland China, Hong Kong
Dsquared2	Mainland China, Macau
Fendi Kids	Mainland China, Macau
Kenzo Kids	Hong Kong
Paul Smith Junior	Mainland China, Hong Kong
Roberto Cavalli Junior	Mainland China, Hong Kong, Macau
Sonia Rykiel Paris	Mainland China, Hong Kong
Simonetta	Mainland China, Hong Kong, Macau
Trussardi Junior	Mainland China, Hong Kong

As at the date of this announcement, the Group has 9 mono-brand retail stores in Hong Kong, Macau and Mainland China.

In addition, to cater to the consumer appetite and preference, especially those of the growing number of middle-class couples, the Group has invented and launched its new lifestyle concept store, ***Kissocool***. This new concept store served as a one-stop platform offering children's wear and accessories from prestigious international brands and created a leisure shopping environment with recreational, entertainment and snack zones for customers. The Group is dedicated to enhancing the ultimate shopping experiences by catering to the desires of each family member under a relaxing shopping environment. This, in turn, can foster a more comprehensive and loyal customer base. The Group believes ***Kissocool*** will further strengthen the brand image and attract more brand owners to establish strategic partnerships. The Group has 6 ***Kissocool*** concept stores in the PRC and Hong Kong as at the date of this announcement.

Details of our shop locations by brand for children's wear and accessories are as follows:

Brands	**Shops Location**
Diesel Kids	Hong Kong Sogo Causeway Bay ***(Kissocool)*** China Shanghai Kerry Centre ***(Kissocool)*** China Hangzhou MixCity ***(Kissocool)*** China Guangzhou La Perle ***(Kissocool)***
Dsquared2	The Promenade Shops, Galaxy Macau China Qingdao Hisense Plaza ***(Kissocool)*** China Shanghai Kerry Centre ***(Kissocool)*** China Hangzhou MixCity ***(Kissocool)*** China Guangzhou La Perle ***(Kissocool)***
Fendi Kids	The Promenade Shops, Galaxy Macau China Shenzhen MixCity China Hangzhou MixCity China Qingdao Hisense Plaza ***(Kissocool)*** China Shanghai Kerry Centre ***(Kissocool)*** China Guangzhou La Perle ***(Kissocool)***
Kenzo Kids	Hong Kong Sogo Causeway Bay
Paul Smith Junior	Hong Kong Sogo Causeway Bay ***(Kissocool)*** China Hangzhou MixCity ***(Kissocool)*** China Qingdao Hisense Plaza ***(Kissocool)*** China Shanghai Kerry Centre ***(Kissocool)*** China Guangzhou La Perle ***(Kissocool)***
Roberto Cavalli Junior	Hong Kong Sogo Causeway Bay ***(Kissocool)*** Hong Kong Kowloon Bay International Trade & Exhibition Centre Emax ***(Kissocool)*** The Promenade Shops, Galaxy Macau China Chengdu IFS China Hangzhou MixCity China Qingdao Hisense Plaza ***(Kissocool)*** China Shanghai Kerry Centre ***(Kissocool)*** China Guangzhou La Perle ***(Kissocool)***
Sonia Rykiel Paris	Hong Kong Sogo Causeway Bay ***(Kissocool)*** Hong Kong Kowloon Bay International Trade & Exhibition Centre Emax ***(Kissocool)*** China Qingdao Hisense Plaza ***(Kissocool)*** China Shanghai Kerry Centre ***(Kissocool)*** China Hangzhou MixCity ***(Kissocool)*** China Guangzhou La Perle ***(Kissocool)***

Brands	Shops Location
Simonetta	Hong Kong Sogo Causeway Bay ***(Kissocool)*** Hong Kong Kowloon Bay International Trade & Exhibition Centre Emax ***(Kissocool)*** The Promenade Shops, Galaxy Macau China Qingdao Hisense Plaza ***(Kissocool)*** China Shanghai Kerry Centre ***(Kissocool)*** China Hangzhou MixCity ***(Kissocool)*** China Guangzhou La Perle ***(Kissocool)***
Trussardi Junior	Hong Kong Sogo Causeway Bay ***(Kissocool)*** Hong Kong Kowloon Bay International Trade & Exhibition Centre Emax ***(Kissocool)*** China Qingdao Hisense Plaza ***(Kissocool)*** China Shanghai Kerry Centre ***(Kissocool)*** China Hangzhou MixCity ***(Kissocool)***) China Guangzhou La Perle ***(Kissocool)***

For the six months ended 30 June 2017, the Group's high-end children's wear and accessories product segment recorded a revenue of RMB24,145,000 and a net loss of RMB12,460,000, as the business is still in investment stage.

Sales Fair

V. E. DELURE 2017 Fall and Winter collections sales fair was held in February 2017. The total orders from franchised stores operated by the distributors of the Group decreased by 7% as compared to that of last year. Delivery of the orders commenced in July 2017.

V. E. DELURE 2018 Spring and Summer collections sales fair was held in July 2017. The total orders from franchised stores operated by the distributors of the Group decreased by 28% as compared to that of last year, mainly because the distributors remained uncertain and cautious towards the retail market. Delivery of the orders will commence in January 2018.

Inventory Management

The Group has an effective inventory management system. In particular, the Group has adopted a flat distributor model comprising only one layer of distribution network, without any sub-distributor, which enables the Group to closely monitor the business performance and inventory of each franchised store and distributor. Moreover, orders made by the distributors are distributed proportionally into the first batch of order placed at the sales fair and the supplemental order placed following the commencement of the season. The inventory turnover days of the Group increased from 455 days as at 31 December 2016 to 474 days as at 30 June 2017. The inventory balance decreased from RMB191,303,000 as at 31 December 2016 to RMB169,602,000 as at 30 June 2017. The Group will continue to implement a series of measures to speed up the process to sell the aged inventories.

Marketing and Promotion

The Group has a dedicated marketing team to organise and execute the marketing and promotional activities of its products. The Group focuses on the long-term development of its brands. Various types of marketing and promotional activities of the Group not only strengthen the brand recognition and value, but also advocates its brand theme.

In the first half of 2017, the total expenditure of the Group in advertising and promotional activities amounted to approximately RMB7,327,000 (six months ended 30 June 2016: RMB5,824,000), which accounted for approximately 4.5% (six months ended 30 June 2016: 2.9%) of the total turnover of the Group. The Group will strive to maintain the ratio within 5% whilst promoting the brands in an effective approach.

During the period, the Group organised regular advertising and promotional activities through various channels, such as advertisements in fashion magazines, promotional activities through the internet and other media, and large advertising billboard in airport and well-known department stores.

The Group treats its retail stores as one of the important channels to promote and enhance brand equity. During the period, the Group continued to upgrade store image, enhance the display area to further promote its high-end brand image in order to attract customers more effectively.

The Group continues to be the exclusive sponsor of the formal attire of the PRC national table tennis team and badminton team and the sponsorship arrangement will last till 2020. In addition, the Group continues to supply the formal attire to the PRC men's and women's national soccer team and this arrangement will last till 2019.

Product Design and Development

Due to the factors such as accelerating urbanisation and the rise of the middle class, consumption demand in the PRC keeps rising. Consumers pursue products with superior materials, suitable cutting and unique style. While there are abundant product choices to consumers, the Group fully understands that fashionable and innovative apparel products not only attract consumers, but also provide the Group with a better pricing capability.

During the period, the Group continued its commitment to innovative product designs and strict quality control, and launched unique product portfolios for ***V.E. DELURE***.

The Group also recruited experienced design talents to bring in fresh inspiration for innovation to further diversity product portfolio and increase product competitiveness. The Group has experienced innovative and independent design teams for ***V.E. DELURE***, which were led by experienced chief supervisors with extensive design experience in the industry.

Working Capital Management

A substantial part of the inventories of the Group was finished goods. The Group performed specific review on finished goods regularly. For slow-moving and obsolete inventories, the Group made specific provision for inventories with the net realisable value lower than its carrying value.

Inventory turnover days was 474 days as at 30 June 2017, representing an increase of 19 days as compared to 455 days as at 31 December 2016.

Trade receivables represented the receivables for goods sold to the distributors for franchised stores and the receivables from department stores and shopping malls for self-operated stores. Trade receivables turnover days increased from 75 days as at 31 December 2016 to 82 days as at 30 June 2017.

Trade payables represented payables to suppliers and outsourced manufacturers. Trade payables turnover days was 32 days as at 30 June 2017 which was similar to 31 days as at 31 December 2016.

Use of Proceeds

The shares of the Company (the "Shares") were listed on the Main Board of the Stock Exchange on 4 November 2010. Net proceeds from the global offering were approximately RMB1,017.4 million (equivalent to approximately HK$1,167.0 million), after deducting the underwriting commission and relevant expenses. As at 30 June 2017, the unused proceeds were deposited in licensed banks in Hong Kong and Mainland China.

Use of fund raised

	Percentage to total amount	Net proceeds *RMB'million*	Utilised amount (as at 30 June 2017) *RMB'million*	Unutilised amount (as at 30 June 2017) *RMB'million*
Expansion and improvement of retail network	45%	457.8	457.8	–
Developing independent lines of branded apparels and accessories under ***V.E. DELURE*** brand	10%	101.7	101.7	–
Acquisitions or licensing of additional brands	20%	203.5	–	203.5
Marketing and promotional activities	7%	71.2	71.2	–
Upgrade of ERP system and database management system	5%	50.9	4.3	46.6
Hiring international design talent and design consultant firms, expanding the Group's existing design team and establishing the Group's own research and design centre	5%	50.9	6.3	44.6
General working capital	8%	81.4	81.4	–
	100%	1,017.4	722.7	294.7

Liquidity and Financial Resources

As at 30 June 2017, the Group had cash and cash equivalents of RMB657,339,000 (31 December 2016: cash and cash equivalents of RMB120,252,000, time deposits of RMB500,000,000 and pledged deposits of RMB21,920,000). As at 30 June 2017, the balance of aggregate principal of unlisted corporate bonds issued by the Company amounted to HK$187,600,000 (equivalent to approximately RMB162,987,000) which will mature on the date immediately following 12 months to 96 months after the first issue date unless early redemption requested by the Company. The bonds bear coupon rate ranging from 4.00% to 6.75% per annum, payable semi-annually in arrears. As at 30 June 2017, the interest-bearing bank and other borrowings amounted to RMB347,280,000 (31 December 2016: RMB346,773,000), which were denominated in RMB, Hong Kong dollars and Euros, with maturity from one year to eight years or on demand and bore effective interest rate ranging from 2.5% to 12.85% per annum (31 December 2016: 2.35% to 12.85% per annum). The gearing ratio is calculated by dividing net debt by the capital plus net debt. Net debt includes interest-bearing bank and other borrowings, trade payables, other payables and accruals less cash and cash equivalents. Capital represents equity attributable to ordinary equity holders of the Company. The gearing ratio was not applicable as at 30 June 2017 (31 December 2016: 19.5%).

Contingent Liabilities

As at 30 June 2017, the Group had no material contingent liabilities.

Pledge of Assets

As at 30 June 2017, deposits of nil (31 December 2016: RMB21,912,000) and certain buildings of carrying amount of approximately RMB259,700,000 (31 December 2016: RMB262,800,000) were pledged as security for the bank borrowings of the Group.

Exchange Risk

The Group conducts business primarily in Hong Kong and Mainland China with most of the transactions denominated and settled in Hong Kong dollars and Renminbi. The reporting currency of the Group is Renminbi. Nevertheless, the Group purchases some raw materials and outsourced products in Euros and depreciation of Renminbi against these foreign currencies may increase the cost of sales of the Group.

The Group has not entered into any foreign exchange contracts to hedge against the fluctuations in exchange rate between Renminbi and Hong Kong dollars. However, the Group monitors foreign exchange exposure regularly and considers if there is a need to hedge against significant foreign currency exposure when necessary.

Employee's Benefits

The Group offered its staff competitive remuneration schemes and training and development opportunities. The Group also provided in-house sales and services coaching in order to develop human capital. In addition, discretionary bonuses, share options and shares awards will be granted to eligible staff based on individual and the Group's performance as a means of rewarding and retaining high-calibre staff. Through the above policies, the Group strives to motivate and recognise its employees as the important assets of the Group.

During the period, the Group continued to organise various staff leisure, welfare and charity activities so as to help the staff maintain work-life balance and enhance a sense of belongings within the Group.

As at 30 June 2017, the total number of full-time employees of the Group was 569. The total staff costs for the six months ended 30 June 2017 amounted to approximately RMB36,367,000 (six months ended 30 June 2016: RMB44,642,000).

The Group has adopted a defined contribution retirement benefits scheme (MPF Scheme) for Hong Kong employees, and contributions were made based on a certain percentage of the employee's basic salary. The contributions were charged to the income statement when they became payable. In Mainland China, the Group made monthly contributions to the social security fund, including retirement pension insurance, medical insurance, unemployment insurance, injury insurance and maternity insurance, for the employees of the Group according to the relevant laws in the PRC.

Prospects

In view of the persistent economic restructuring and reform in China, the outlook of retail sector in the second half of 2017 still remains uncertain and tough. We expect the slower growth of apparel market and sluggish consumer sentiment in mainland China will continue to unfavourably affect our business.

In response to the challenging business and retail environment, the Group will enhance its retail network prudently to prepare for the long-term development. The Group plans to open approximately 4 new self-operated stores and 2 new franchised stores for menswear business in the second half of 2017. On the other hand, the Group will continue to consolidate inefficient stores in order to improve the overall operation efficiency. In addition, inventory control continued to be a key focus by the Group in times of weak retail environment. Our effort on inventory management in the first half of 2017 brought the stock level down from RMB191.3 million as at 31 December 2016 to RMB169.6 million as at 30 June 2017. The Group will continue to implement a series of measures including outlets, temporary promotional sales fair and online business platform to speed up the process of selling the aged inventories.

As at the date of this announcement, the Group has 9 retail stores and 6 ***Kissocool*** in Hong Kong, Macau and Mainland China for the children's wear and accessories products of high-end international fashion brands. The Group will adopt a cautiously optimistic view when it discusses with a number of shopping mall operators in China and extends its retail network in China.

Although we do not expect any imminent and significant improvement of industry environment, given that the macroeconomic environment in China remains positive, we believe there are still tremendous growth opportunity for us as consumer spending in China will continue to be fueled by the fast-growing middle-class. The Group will continue to look for other new investment opportunities in the apparel industry, accessory product industry and the online business industry for development and expansion.

INTERIM DIVIDEND

The Board of the Company has declared an interim dividend of HK19 cents (equivalent to approximately RMB16 cents) per ordinary share for the six months ended 30 June 2017. The interim dividend will be payable on 20 October 2017 to shareholders whose names appear on the register of members of the Company on 10 October 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 6 October 2017 to Tuesday, 10 October 2017, both days inclusive. In order to qualify for the interim dividend, all transfer documents together with the relevant share certificates should be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 4 October 2017.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2017.

CORPORATE GOVERNANCE

In the opinion of the Directors, during the six months ended 30 June 2017, the Company has complied with all the code provisions set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 code of conduct for dealings in securities of the Company by Directors. Specific enquiry has been made to all the Directors and all the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2017.

No incident of non-compliance of the written guidelines governing the securities transactions by employees who are likely to be in possession of inside information of the Company by the employees was noted by the Company during the six months ended 30 June 2017.

REVIEW OF INTERIM RESULTS

The Company has an audit committee (the "Audit Committee") which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and risk management and internal controls. The Audit Committee comprises three members, namely Mr Ng Wing Fai (Chairman), Mr Fong Wo, Felix and Mr Cheng King Hoi, Andrew, all are independent non-executive Directors. The interim results of the Group for the six months ended 30 June 2017 have been reviewed by the Audit Committee.

FORWARD LOOKING STATEMENTS

This announcement contains certain forward looking statements with respect to the financial condition, result of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.evergreen-intl.com.

The 2017 interim report will also be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.evergreen-intl.com and will be despatched to the shareholders of the Company in due course.

For and on behalf of the Board
Evergreen International Holdings Limited
Chan Yuk Ming
Chairman

Hong Kong, 25 August 2017

As at the date of this announcement, the Board comprises Mr Chan Yuk Ming, Mr Chen Yunan and Mr Chen Minwen as the executive Directors, and Mr Fong Wo, Felix, Mr Cheng King Hoi, Andrew and Mr Ng Wing Fai as the independent non-executive Directors.