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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL HIGHLIGHTS

	2010 *RMB'million*	2009 *RMB'million*	*Changes*
Revenue	**600.1**	409.0	+46.7%
Gross profit	**385.4**	247.9	+55.5%
Gross profit margin	**64.2%**	60.6%	+3.6 ppt
Operating profit	**190.7**	138.0	+38.3%
Operating profit margin	**31.8%**	33.7%	-1.9 ppt
Profit attributable to shareholders	**153.0**	104.9	+45.8%
Basic earnings per share (RMB) - cents			
Profit attributable to shareholders/weighted average number of ordinary shares	**23.2**	17.5	+32.6%
Proposed final dividend payout ratio	**40%**	–	
Proposed final dividend per share (HK) – cents	**7.5**	–	

The board of directors (the "Board") of Evergreen International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2010 (the "Reporting Year") together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Notes	**2010** *RMB'000*	2009 *RMB'000*
REVENUE	*3*	**600,131**	409,013
Cost of sales		**(214,712)**	(161,141)
Gross profit		**385,419**	247,872
Other income and gains		**7,098**	2,067
Selling and distribution costs		**(160,232)**	(89,079)
Administrative expenses		**(34,452)**	(20,842)
Other expenses		**(10,622)**	(3,000)
Finance costs	*4*	**(11,073)**	(6,065)
PROFIT BEFORE TAX	*5*	**176,138**	130,953
Income tax expense	*6*	**(23,137)**	(26,035)
PROFIT FOR THE YEAR		**153,001**	104,918
Attributable to:			
Owners of the Company		**153,001**	104,918
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic			
– For profit for the year	*8*	**RMB23.2 cents**	RMB17.5 cents
PROFIT FOR THE YEAR		**153,001**	104,918
OTHER COMPREHENSIVE INCOME:			
Exchange differences on translation of foreign operations		**(9,883)**	(77)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**143,118**	104,841
Attributable to:			
Owners of the Company		**143,118**	104,841

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Notes	31 December 2010 RMB'000	31 December 2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**23,029**	9,647
Goodwill		**1,880**	1,880
Deferred tax assets		**7,928**	4,708
Total non-current assets		**32,837**	16,235
CURRENT ASSETS			
Inventories	*9*	**198,772**	131,642
Trade receivables	*10*	**149,444**	55,668
Prepayments, deposits and other receivables		**63,106**	111,863
Due from directors		**–**	650
Due from related parties		**–**	71
Pledged deposits		**–**	43,980
Cash and cash equivalents		**1,138,041**	21,850
Total current assets		**1,549,363**	365,724
CURRENT LIABILITIES			
Trade payables	*11*	**40,308**	37,472
Other payables and accruals		**51,642**	32,468
Interest-bearing bank and other borrowings		**–**	93,994
Due to a director		**–**	22,768
Tax payable		**23,532**	13,466
Total current liabilities		**115,482**	200,168
NET CURRENT ASSETS		**1,433,881**	165,556
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,466,718**	181,791
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**77**	7,866
Total non-current liabilities		**77**	7,866
Net assets		**1,466,641**	173,925
EQUITY			
Issued capital		**857**	–
Reserves		**1,403,906**	173,925
Proposed final dividend	*7*	**61,878**	–
Total equity		**1,466,641**	173,925

Notes:

1. GENERAL

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 of the Company is located at Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands. The principal activity of the Company is investment holding.

During the Reporting Year, the Group principally engaged in the manufacturing and trading of clothing and clothing accessories.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board (the "IASB").

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000"), except when otherwise indicated.

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests (formerly known as minority interests), prior to 1 January 2010, were accounted for using the parent entity extension method, whereby the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

3. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue is as follows:

	2010	2009
	RMB'000	*RMB'000*
Sale of goods	**600,131**	409,013

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 as follows:

- The clothing segment producing and trading menswear and other accessories.

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

As over 90% of the Group's revenue is derived from customers based in Mainland China and most of the Group's identifiable assets and liabilities are located in Mainland China, no geographical information is presented in accordance with IFRS 8 Operating Segments.

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2010	2009
	RMB'000	*RMB'000*
Interest on bank loans and other loans wholly repayable within five years	**2,752**	6,064
Interest on convertible bonds	**8,321**	–
Interest on finance leases	**–**	1
	11,073	6,065

5. PROFIT BEFORE TAXATION

Profit Before Tax

The Group's profit before tax is arrived at after charging:

	2010	2009
	RMB'000	*RMB'000*
Cost of inventories sold	**214,712**	161,141
Depreciation	**7,163**	4,360
	221,875	165,501
Operating lease rental expense:		
– Minimum lease payments	**16,348**	13,598
– Contingent rents	**71,793**	39,123
	88,141	52,721
Auditors' remuneration	**1,530**	150
Employee benefit expense (excluding directors' remuneration):		
– Wages and salaries	**34,625**	19,807
– Pension scheme contributions	**3,295**	1,887
	37,920	21,694
Provision against slow-moving and obsolete inventories*	**3,966**	1,768
Loss on disposal of items of property, plant and equipment*	**7**	272
Donations*	**6,245**	697

* The items are included in "Other expenses" in the consolidated statement of comprehensive income.

6. TAXATION

Income Tax

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.

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the Reporting Year.

The income tax provision of the Group in respect of its operations in Mainland China has been provided at the rate of 25% (2009: 25%) on the taxable profits for the periods, based on the existing legislation, interpretations and practices in respect thereof.

Pursuant to 穗天國稅四減2007161號一減免稅批准通知書，Guangdong Evergreen Garment Co., Ltd.(長興(廣東)服飾有限公司) was exempted from corporate income tax for the two years ended 31 December 2007 and thereafter was entitled to a 50% reduction in the applicable tax rate for the three years ended 31 December 2010.

	2010	2009
	RMB'000	*RMB'000*
Group:		
Current – Mainland China		
Charge for the year	**31,379**	21,449
Current – Hong Kong		
Charge for the year	**263**	–
Deferred	**(8,505)**	4,586
Total tax charge for the year	**23,137**	26,035

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Group – 2010

	2010		2009	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**176,138**		130,953	
Tax at the statutory tax rate	**44,035**	**25.00**	32,738	25.00
Lower tax rate enacted by local authority	**(16,589)**	**(9.42)**	(12,965)	(9.91)
Effect of withholding tax at 5% on the distributable profits of the Group's Mainland China subsidiaries	**(5,361)**	**(3.04)**	5,578	4.26
Income not subject to tax	**(977)**	**(0.55)**	(1)	–
Expenses not deductible for tax	**600**	**0.34**	193	0.15
Tax losses utilised from previous periods	**–**	**–**	(239)	(0.18)
Tax losses not recognised	**1,429**	**0.81**	731	0.56
Tax charge at the Group's effective rate	**23,137**	**13.14**	26,035	19.88

7. DIVIDEND

	2010	2009
	RMB'000	*RMB'000*
Interim dividend – RMB6.4 cents (2009: RMB9.1 cents) per ordinary share	**38,647**	54,621
Proposed final dividend – RMB6.3 cents (2009: Nil) per ordinary share	**61,878**	–
	100,525	54,621

The Board of Directors recommended the payment of a final dividend of HK7.5 cents (equivalent to approximately RMB6.3 cents) per ordinary share for the Reporting Year. Dividend payout ratio is approximately 40%, which is consistent with that stated in the prospectus of the Company dated 22 October 2010 of not less than 30% of the Company's annual net profit attributable to the owners of the Company.

The proposed final dividend for the Reporting Year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company and the weighted average number of shares of 658,106,535 (2009: 600,000,000) in issue during the year.

The calculation of basic earnings per share is based on:

	2010	2009
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**153,001**	104,918

The weighted average number of shares in issue during the years ended 31 December 2010 and 2009 is based on the assumption that 600,000,000 shares were in issue as if the shares issued at the date the Company became the holding company of the Group were outstanding throughout the entire period presented.

Weighted average number of ordinary shares

	2010	2009
	'000	*'000*
Capitalisation upon legal establishment	**600,000**	600,000
Effect of shares issued upon placing and public offering on 4 November 2010	**37,608**	–
Effect of shares issued upon conversion of convertible bonds on 4 November 2010	**17,484**	–
Effect of shares issued upon exercise of the over-allotment option on 1 December 2010	**3,015**	–
Weighted average number of ordinary shares	**658,107**	600,000

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2010 and 2009 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the years.

9 INVENTORIES

	Group	
	2010	2009
	RMB'000	*RMB'000*
Raw materials	**9,134**	4,720
Work in progress	**31,917**	5,618
Finished goods	**157,721**	121,304
	198,772	131,642

The amount of the provision of inventories recognised as an expense for the year ended 31 December 2010 was RMB9,924,000 (2009: RMB1,768,000).

10. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the end of the Reporting Year, based on the invoice date, is as follows:

	Group	
	2010	2009
	RMB'000	*RMB'000*
Within 1 month	**92,684**	39,679
1 to 3 months	**38,528**	14,623
3 to 6 months	**17,840**	1,084
6 months to 1 year	**185**	282
Over 1 year	**207**	–
	149,444	55,668

The Group's trading terms with its customers 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.

11. TRADE PAYABLES

An aged analysis of the trade and bills payables as at the end of the Reporting Year, based on the invoice date, is as follows:

	Group	
	2010	2009
	RMB'000	*RMB'000*
Within 1 month	**16,073**	10,346
1 to 3 months	**12,715**	15,272
3 to 6 months	**8,517**	10,047
6 months to 1 year	**1,283**	632
Over 1 year	**1,720**	1,175
	40,308	37,472

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

China's economy continued its growth momentum from 2009. Growth in certain sectors could be upheld while some overheated areas had been suppressed with the overall economy maintaining a rapid growth, the pattern of China's economic growth had changed after the global financial tsunami occurred in late 2008. Furthermore, the guiding principles of the "Twelfth Five-Year Plan" have clearly identified the need for establishing a long-term effective mechanism to expand domestic demand, aiming to gradually transform the economic structure from export-oriented to domestic-oriented. Such policy has created a favorable operating environment and growth potential for the retail industry.

According to the statistics from the National Bureau of Statistics of China, total retail sales of consumer products reached RMB15,500 billion in 2010, representing a year-on-year growth of 18.4%. Among which, sales of clothing and accessories and knitting and textile products accounted for RMB587.4 billion, representing a year-on-year growth of 24.8%. The fast growing consumer market of the Mainland China has become the new growth driver for the garment industry.

Moreover, other factors including a quick increase in middle-class wealthy population in the Mainland China due to the acceleration of urbanization and the continuous rise in income, and rise in purchasing power as a result of the appreciation of Chinese currency have driven the expansion of high-end garment consumer market.

Business review

During the Reporting Year, leverage on our extensive market experience, segmented marketing strategy and extensive sales network, the Group successfully captured the opportunities from the rapid growing domestic consumer market, and recorded satisfactory results. During the Reporting Year, the Group recorded a turnover of approximately RMB600,131,000 (2009: RMB409,013,000), representing a year-on-year growth of approximately 46.7%, mainly attributable to the increase in average selling price and sales volume, and the gross profit margin was up to 64.2%. Net profit attributable to shareholders amounted to approximately RMB153,001,000 (2009: RMB104,918,000), representing an increase of approximately 45.8% compared to the corresponding period of last year.

Proprietary Brands

The Group now owns two proprietary brands targeting different customer bases in the middle-upper to high-end market segments. Our dual brands cater to consumers with different needs, tastes and consumption patterns and cover two fast growing segments in the menswear market of the People's Republic of China (the "PRC"): our ***V.E.DELURE*** brand offers business formal and casual menswear and accessories targeting affluent and successful men with a brand theme of "Love"; ***TESTANTIN*** brand 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".

Retail and Distribution Network

The Group has strategically used a combination of self-operated retail stores as well as distributors model of various degrees to cater to different stages of development and different target markets for each of our brands.

Self-operated retail stores enable the Group to create direct contact with target customers, thereby allowing the Group to optimize its marketing efforts to customers and to directly instill in the customers the brand image and atmosphere that the Group created and expressed. The use of distributors allows the Group to expand our retail network rapidly with lower capital expenditure requirements as compared to self-operated retail stores. In addition, the distributors have a better understanding of the less developed areas. To explore these markets through distributors is a more cost-effective way.

The Group's strategy is to open self-operated stores in high-tier cities, while penetrating into the market of low-tier cities through distributors.

As at 31 December 2010, the Group had 114 self-operated stores and 214 distributors stores.

In Aggregate

	As at 31 December 2010		As at 31 December 2009	
	Self-operated	**Distributors**	Self-operated	Distributors
Region				
Central PRC	**7**	**26**	4	24
North Eastern PRC	**11**	**20**	7	19
Eastern PRC	**12**	**50**	7	47
North Western PRC	**6**	**29**	4	24
Northern PRC	**18**	**40**	16	32
South Western PRC	**22**	**20**	9	16
Southern PRC	**35**	**29**	22	27
Hong Kong	**3**	**–**	3	–
	114	**214**	72	189

V.E. DELURE

At the beginning of the Reporting Year		Net Changes in number of stores during the Reporting Year		At the end of the Reporting Year		
Self-operated	Distributors	Self-operated	Distributors	Self-operated	Distributors	Total
59	138	33	10	92	148	240

TESTANTIN

At the beginning of the Reporting Year		Net Changes in number of stores during the Reporting Year		At the end of the Reporting Year		
Self-operated	Distributors	Self-operated	Distributors	Self-operated	Distributors	Total
11	51	8	15	19	66	85

Most of the self-operated stores of the Group are located in department stores and mid-to-high end shopping malls. The sales strategy of the Group is to increase the number of self-operated stores, particularly focusing on those directly-managed stores in key markets with stronger purchasing power. Self-operated stores can enhance our brand value and further strengthen our brand image. Marketing our products through self-operated stores can impress our customers with the brand image and shopping ambience created and presented in our stores. In addition, self-operated stores can provide our customers with high-quality and standardized services.

As at 31 December 2010, the Group had 90 distributors operating in 24 provinces and autonomous regions, with the coverage of 134 cities. The franchised business model enables us to expand the retail network in a short time with a lower capital expenditure than self-operated stores. As to the management of the distributors, the Group has completed the on-line connection for 64 distributors stores. Management can get the real-time operation data through the Enterprise Resources Planning (ERP) system and the upgraded database management system, which was further enhancing the inventory control and financial management. The Group expected all distributors stores to be connected to our ERP system within 18 months.

Sales Fair

In order to showcase the new apparel design for the new season, the Group organizes two sales fairs every year. The Group held sales fair in March and August 2010 for the 2010 fall/winter and 2011 spring/summer seasons, respectively.

In the sales fair in March 2010, the sales orders increased by 33% compared to that of the previous year, and the 2010 fall/winter products started delivery in August 2010. As a result of its brands becoming more popular, the Group achieved outstanding results in the sales fair in August 2010 for the 2011 spring/summer season with sales orders increased by 60% compared to that a year ago, which was mainly attributable to an increase in volume and steady rise in selling prices.

Marketing and promotion

The Group has a dedicated marketing team, responsible for the execution and organization of the marketing and promotional activities of V.E. DELURE and TESTANTIN. The Group has the exclusive sponsorships of formal attire of the PRC national table tennis team and badminton team. Both sponsorships will end in 2015. The Group has been inviting elite athletes to participate in appropriate promotional events and charity activities.

During the Reporting Year, the Group collaborated with national table tennis team and famous shopping malls to organize a series of torch relay fund raising events namely "迪萊愛心火炬傳遞籌款活動" in cities including Suzhou, Xiamen, Changchun, Guangzhou and Chengdu. Such charity activities not only can deliver the Group's brand message, but also can promote our image as a social responsible enterprise.

In order to enhance the Group's brand image, the Group has engaged Guangzhou Oltrefrontiera Trading Co., Ltd (廣州市奧蘭拉商貿有限公司) to assist in product display, aiming to promote our brand more effectively and attract more customers.

During the Reporting Year, the Group's total expenditure in marketing and promotion amounted to approximately RMB23,837,000 (2009: RMB9,673,000), accounting for 4% of the total turnover. The Group will try its best to maintain the ratio not exceeding 5%, in a way to promote our products, stimulate sales, and enhance our image in a cost effective approach.

Product design and development

The Group always believes that the fashion-conscious and customized design for customers is crucial to success. Customers nowadays pursuit products with higher quality, comfortable cutting and unique style. Only with the leading product design and development capability can make our Group become the forerunner in such market environment.

The Group has a design team of 13 staff in Guangzhou's headquarters. The Group is in the process to target talented and experienced designers in order to further increase the Group's competitive advantages in the menswear market.

Financial Analysis

Revenue analysis by geographical location and brand is as follows:

V.E. DELURE	**2010** ***RMB million***	2009 *RMB million*	**TESTANTIN**	**2010** ***RMB million***	2009 *RMB million*
Central PRC	**52.5**	22.9		**2.8**	4.0
Eastern PRC	**70.5**	59.6		**13.6**	16.5
North Eastern PRC	**31.4**	28.0		**7.2**	8.9
North Western PRC	**38.9**	20.5		**6.6**	6.4
Northern PRC	**106.0**	69.9		**8.6**	6.6
South Western PRC	**44.8**	17.2		**23.3**	8.0
Southern PRC	**117.0**	77.3		**33.2**	24.9
Hong Kong	**4.8**	5.6		**9.9**	10.3
Total	**465.9**	301.0		**105.2**	85.6

Revenue generated from the sale of V.E. DELURE brand products in the Eastern, Northern and Southern PRC, in the aggregate, amounted to 63.0% (2009 : 68.7%) of the total revenue attributable to the V.E. DELURE brand, primarily because the majority of our V.E. DELURE retail stores were located in major cities such as Shanghai, Beijing and Guangzhou where the Group target V.E. DELURE customers, who are relatively more affluent and possess strong purchasing power, are located.

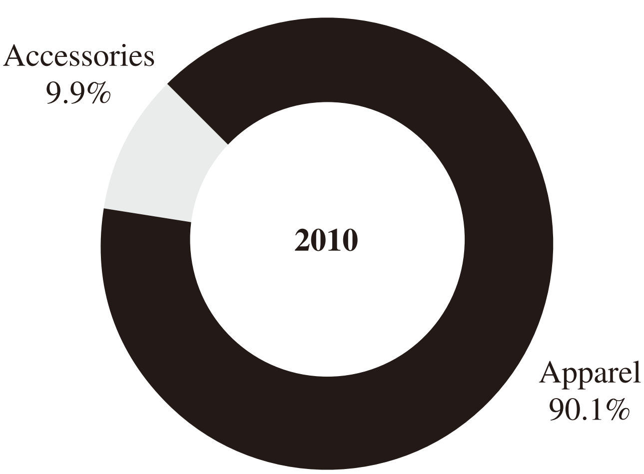
For TESTANTIN brand products in the Eastern, South Western and Southern PRC, in the aggregate, amounted to 66.6% (2009: 57.7%) of the total revenue attributable to the TESTANTIN brand because most of TESTANTIN retail stores opened in tier two and tier three cities in these geographical regions.

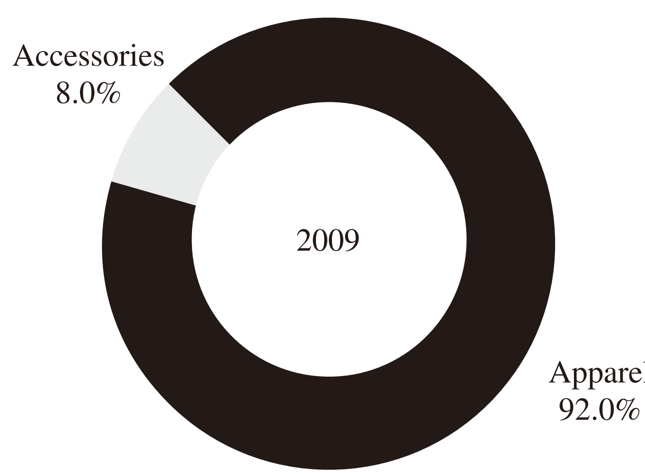
Revenue Breakdown by Product

The following table sets out the contribution to the revenue by product segments, namely apparels and accessories for the Reporting Year:

	2010		2009	
	Apparel ***(RMB'000)***	**Accessories** ***(RMB'000)***	Apparel *(RMB'000)*	Accessories *(RMB'000)*
V.E. Delure	**440,853**	**25,057**	288,167	12,848
Testantin	**97,899**	**7,312**	81,728	3,894
Cartier	**—**	**26,629**	—	15,488
Harmont & Blaine	**2,244**	**137**	6,352	536
	540,996	**59,135**	376,247	32,766
Total		**600,131**		409,013

During the Reporting Year, revenue was increased by 46.7% as compared with the corresponding period of last year. It was mainly due to the increase in average selling prices and expansion of the self-operated stores and distributors stores network, the increased recognition of our brands in the market and cold weather in China boosted the Group's revenue.





The following table sets out a breakdown of our revenue, units sold and the average selling price of our V.E. DELURE and TESTANTIN in self-operated stores by product segments, namely apparel and accessories, during the Reporting Year:

		2010			2009		
		Revenue	**Units sold**	**Average selling price**	Revenue	Units sold	Average selling price
		RMB million	***pcs***	***RMB***	*RMB million*	*pcs*	*RMB*
V.E. DELURE	Apparel[1]	**226**	**117,652**	**1,922**	131	77,985	1,680
	Accessories[2]	**6.4**	**26,922**	**239**	6.4	11,910	541
TESTANTIN	Apparel[1]	**27.8**	**26,074**	**1,065**	19.1	20,286	944
	Accessories[2]	**2.3**	**8,228**	**280**	2.0	6,520	304

Note:

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

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

The average selling prices of the apparel products of our V.E. DELURE and TESTANTIN in self-operated stores were increased by 14.4 % and 12.8% respectively because of the increase in demand of our products in the PRC and the enhanced recognition of our brands in the market.

The average selling prices of the accessory products of our V.E. DELURE and TESTANTIN in self-operated stores were dropped by 55.8 % and 7.9% respectively. It was due to many accessory products sold in the Reporting Year were low value items (for examples, socks, underpants, the etc).

Gross Profit Margin

Gross profit margin for the Group in 2010 was 64.2%, representing an increase of 3.6 percentage points compared to 60.6% in 2009. The increase was mainly attributable to the enhancement in customers' brand loyalty, allowing the Group to increase the retail price for apparel. In addition, the increase in the number of self-operated stores having higher gross profit margin also improved the overall gross profit margin.

Other Income

During the Reporting Year, other income primarily consisted of foreign exchange gains, bank interest income and other miscellaneous income. For the Reporting Year, the Group recorded foreign exchange gain of approximately RMB2,761,000 (2009: RMB393,000), bank interest income of approximately RMB2,375,000 (2009: RMB188,000) and other miscellaneous income of approximately RMB1,962,000 (2009: RMB1,486,000).

Selling and Distribution Costs

Selling and distribution costs primarily consisted of rental fees for retail stores, advertising and promotional expenses, staff costs for our sales and marketing staffs, and other costs related to sales and distribution. For the Reporting Year, the concessionaire commission paid to shopping malls and department stores was approximately RMB71,793,000 (2009: RMB39,123,000), and the advertising and promotional expense was approximately RMB23,837,000(2009: RMB9,673,000). Such expenses included media advertising expenses, promotional event expenses, sales fair and fashion show expenses and renovation subsidies to distributors.

Operating Profit

Operating profit for the Reporting Year increased by 38.3% to RMB190,735,000 (2009: RMB137,951,000), but operating profit margin decreased from 33.7% to 31.8% mainly attributable to higher advertising and promotional expense for the enhancement of brand awareness and higher employee expenses for adjusted employee benefits.

Finance Cost

During the Reporting Year, finance costs consisted primarily of interest expenses on interest-bearing bank and other borrowings of RMB2,752,000 (2009: RMB6,064,000) interest expenses related to the redeemable convertible bonds of RMB8,321,000 (2009: Nil). For the Reporting Year, the Group recorded the finance costs amounted to approximately RMB11,073,000 (2009: RMB6,065,000). The Group had repaid all interest-bearing bank and other borrowing in July 2010, and the redeemable convertible bonds were fully converted in November 2010.

Effective Tax Rate

The effective tax rate for the Group decreased from 19.9% in 2009 to 13.1% in 2010, which was mainly attributable to the decrease of deferred tax liability for the undistributed profit of 2009 and 2010 from the Group's Mainland subsidiaries during the Reporting Year.

Profit Attributable to Shareholders

Profit from operating activities attributable to shareholders increased by 45.8% to approximately RMB153,001,000 (2009: RMB104,918,000). Its ratio to revenue slightly dropped from 25.6% in 2009 to 25.5% in 2010. Basic earnings per share for the Group increased from RMB17.5 cents in 2009 to RMB23.2 cents in 2010.

Working Capital Management

A substantial part of our inventories was finished goods. Our management performs specific reviews on finished goods regularly. For slow-moving and obsolete inventories, our management makes specific provisions for inventories with the net realizable value lower than its carrying value. The number of inventory turnover days was 281 days as of the end of 2010 (2009: 251 days). The increase in number of inventory turnover day was resulted from the year ended balance of inventory surged from RMB131,642,000 to RMB198,772,000. The increase of inventory was due to 41 new self-operated stores opened during the Reporting Year, which required additional inventory of RMB32,489,000, purchased more popular fabrics and semi-finished products accounted RMB30,713,000 as a measure to control cost, the start-up inventory for opening a new Cartier store and had a net increment of RMB3,928,000.

The Group's trade receivables represent the receivables for goods sold to our distributors and also the receivables from department stores or shopping malls in respect of our self-operated stores. The number of debtors' turnover days is equal to the average trade receivables divided by revenue and multiplied by 365 days. Average trade receivables are equal to trade receivables at the beginning of the year plus trade receivables at the end of the year and divided by two. Average number of debtors' turnover days is 62 days, which is the same as that in 2009.

Trade payables represented payables to long-standing suppliers, such as raw material suppliers and outsourced manufacturers. The number of creditors' turnover days is equal to the average trade payables divided by cost of sales and multiplied by 365 days. Average trade payables are equal to the trade payables at the beginning of the year plus trade payables at the end of the year and divided by two. Average number of creditors' turnover days is 66 days, remaining close to the level of 65 days in 2009.

Use of Proceeds

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 4 November 2010 (the "Listing Date"). Net proceeds from the global offering were approximately HK$1,167,000,000 (after deducting the underwriting commission and relevant expenses). As at 31 December 2010, the unused proceeds were deposited in licensed banks in Hong Kong and Mainland China.

Use of fund raised	Percentage to total amount	Net proceeds (HK$ million)	Utilized amount (as at 31 December 2010) (HK$ million)	Unutilized amount (as at 31 December 2010) (HK$ million)
Expansion and improvement of our retail network	45%	525.2	19.9	505.3
Developing independent lines of branded apparels and accessories under our V.E. DELURE brand	10%	116.7	—	116.7
Acquisitions or licensing of additional brands	20%	233.4	—	233.4
Marketing and promotion activities	7%	81.7	—	81.7
Upgrade of ERP system and database management system	5%	58.3	0.5	57.8
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%	58.3	—	58.3
General working capital	8%	93.4	—	93.4
		1,167	20.4	1,146.6

Prospects

With the rapid development of China's economy, Chinese consumers tend to pursuit fashionable products with better quality. Therefore, the Group is confident in the future development of China's menswear market.

According to Frost & Sullivan's forecast, the compound annual growth rate of the retail revenue of the menswear market in China is 15.8% from 2009 to 2013, indicating that the menswear market in China is full of growth momentum. Such a fast growing menswear market is attributable to (1) the annual disposable income per capita of urban household increases and drives stronger purchasing power of customers; (2) as there are more products available to customers, it is normal for them to buy apparels of better design and quality of different brands; and (3) prominent design and brand value of menswear products grow customers' needs.

The Group will continue to expand and improve the sales network with the focus on self-operated stores opening in prestigious department stores or shopping malls. Moreover, the Group's expansion strategy is to open self-operated stores in the prime locations in the first and second tier cities and flagship stores to further enhance the brand awareness for V.E. DELURE, and to open self-operated stores in the strategic prime locations to explore the second, third and fourth tier cities for TESTANTIN. At the beginning of 2011, after discussion with the sales team, the Group has decided the target number and locations of the new self-operated stores to be set up in every region for the year. We expect that those major department stores and shopping malls will review the shop floor plan after the major holiday periods. The Group is confident in entering into the new tenancy agreements with them. The Group also plans to open specialty stores for leather and footwear products to enrich the product lines of our brands to lift its revenue.

Regarding the distributors store opening plan, the Group reviewed the target number of new stores with the distributors in the 2011 autumn/winter sales fair held in February 2011, and invited new distributors to participate in the sales fair. The Group plans to open about 152 new retail stores in 2011 of which about 59 are self-operated stores with the balance of about 93 are distributors stores. Overall, it is expected that the Group's stores will be operated across 30 provinces in China.

Liquidity and Financial Resources

The Group's net cash proceeds from the initial public offer is about HK$1,167,000,000 (equivalent to RMB1,004,601,000). It is expected that the cash flow of the Group will remain strong in 2011, providing a stable source of fund required by existing projects. The Group is looking for potential strategic investment opportunities, with an aim to enhance our profitability. As at 31 December 2010, the total assets of the Group was approximately RMB1,582,200,000 (2009: RMB381,959,000), and there were no interest-bearing bank and other borrowings. On 29 April 2010, the Company, Pacific Success Holdings Limited, Mr. Chan Yuk Ming (the controlling shareholder and executive director of the Company) and Admiralfly Holdings Limited ("Admiralfly") entered into a subscription and sale and purchase agreement as supplemented by the amendment letter dated 25 May 2010 for, inter alia, purchasing redeemable convertible bonds (please refer to the prospectus of the Company dated 22 October 2010 for details), pursuant to which the Company would issue to Admiralfly the redeemable convertible bonds in the aggregate principal amount of US$25,000,000, carry interest at 2% per annum under any circumstances. On 4 November 2010, Admiralfly converted the redeemable convertible bonds in full and 110,021,763 shares of the Company were issued to Admiralfly. Therefore, the loan to assets ratio of the Group (calculated by dividing total interest-bearing bank and other borrowings by total assets) was zero (2009: 24.6%) as at 31 December 2010. For the year ended 31 December 2010, the total capital expenditure incurred by the Group was approximately RMB20,527,000 (2009: RMB4,008,000).

Contingent Liabilities

As at 31 December 2010, the Group had no material contingent liabilities.

Pledge of Assets

As at 31 December 2010, no assets of the Group were pledged as a security for the bank borrowings.

Exchange Risk

The Group conducts business primarily in Hong Kong and the PRC with most of our transactions denominated and settled in Hong Kong dollars and Renminbi. The Group purchases some of our raw materials and outsourcing products in Euros or U.S. dollars. Depreciation of Renminbi against these foreign currencies will therefore increase our cost of sales, thus will have impact on our results of operations.

We have not entered into any forward contracts to hedge against fluctuations in the exchange rate between Renminbi and Hong Kong dollars. However, our management monitors foreign exchange exposure regularly and will consider if there is a need to hedge against significant foreign currency exposure if necessary.

Employee's Benefits

The Group offers its staff competitive remuneration schemes and training and development opportunities. The Group also provides in-house sales and services coaching in order to develop our human capital. In addition, discretionary bonuses and share options will also be granted to eligible staff based on individual and the Group's performance as a means of rewarding and retaining high-calibre staff. Since the adoption of the share option scheme on 8 October 2010 and up to 31 December 2010, no options have been granted by the Company.

As at 31 December 2010, the Group employed 823 full-time staff. For the year ended 31 December 2010, the staff cost of the Group was approximately RMB37,920,000 (2009: RMB21,694,000). The Group has adopted a defined contribution retirement benefits scheme (MPF Scheme) for Hong Kong employees, and contributions are made based on a certain percentage of the employee's basic salary. The contributions will be charged to the profit or loss account when they become payable. In China, the Group is obligated to make monthly contributions to the social security fund, including retirement pension insurance, medical insurance, unemployment insurance, injury insurance and maternity insurance, for our employees in the PRC according to the relevant laws of the PRC.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended the payment of a final dividend of HK7.5 cents (equivalent to approximately RMB6.3 cents) per ordinary share for the Reporting Year. Subject to shareholders' approval of the payment of this final dividend at the forthcoming annual general meeting ("AGM") to be held on 23 May 2011, the final dividend will be paid on or about 13 June 2011 to shareholders whose names appear on the Register of Members of the Company on 23 May 2011.

The Register of Members of the Company will be closed from Thursday, 19 May 2011 to Monday, 23 May 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend and to attend and vote at the AGM to be held on Monday, 23 May 2011, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 18 May 2011.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Since the Listing Date of the Company and up to 31 December 2010, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Board has reviewed its corporate governance practices and ensures that the Company is in compliance with the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

In the opinion of the directors, the Company has fully complied with all the code provisions set out in the CG Code during the period from the Listing Date to 31 December 2010.

AUDIT COMMITTEE

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 internal controls. The Audit Committee comprises three members, namely Mr Kwok Chi Sun, Vincent (Chairman), Mr Fong Wo, Felix and Dr Ko Wing Man, all are independent non-executive directors of the Company. The annual results of the Group for the year ended 31 December 2010 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.

ANNUAL GENERAL MEETING

The 2011 AGM of the Company will be held on Monday, 23 May 2011, and the notice of AGM will be published and dispatched in the manner as required by the Listing Rules in due course.

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

Hong Kong, 18 March 2011

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, Dr Ko Wing Man and Mr Kwok Chi Sun, Vincent as the independent non-executive directors.