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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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

	2011	2010	%
	RMB'million	*RMB'million*	*Change*
Revenue	**757.4**	600.1	+26.2%
Gross profit	**495.1**	385.4	+28.5%
Profit attributable to shareholders	**190.1**	153.0	+24.2%
Basic earnings per share (RMB cents)	**19.7**	23.2	-15.1%
Proposed dividends per share (HK cents)			
Final	**8.6**	7.5	+14.7%
Special final	**8.6**	–	N/A
Gross profit margin	**65.4%**	64.2%	
Net profit margin	**25.1%**	25.5%	
Effective tax rate	**25.2%**	13.1%	
Inventory turnover days	**325**	281	
Trade receivables turnover days	**70**	62	
Trade payables turnover days	**79**	66	

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 2011, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
REVENUE	3	**757,411**	600,131
Cost of sales		**(262,338)**	(214,712)
Gross profit		**495,073**	385,419
Other income and gains		**47,984**	7,098
Selling and distribution costs		**(242,614)**	(160,232)
Administrative expenses		**(45,731)**	(34,452)
Other expenses		**(480)**	(10,622)
Finance costs	4	**–**	(11,073)
PROFIT BEFORE TAX	5	**254,232**	176,138
Income tax expense	6	**(64,161)**	(23,137)
PROFIT FOR THE YEAR		**190,071**	153,001
Attributable to:			
Owners of the Company		**190,071**	153,001
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic			
– For profit for the year	7	**RMB19.7 cents**	RMB23.2 cents
PROFIT FOR THE YEAR		**190,071**	153,001
OTHER COMPREHENSIVE INCOME:			
Exchange differences on translation of foreign operations		**(15,706)**	(9,883)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**174,365**	143,118
Attributable to:			
Owners of the Company		**174,365**	143,118

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Notes	**2011** **RMB'000**	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**37,870**	23,029
Goodwill		**1,880**	1,880
Deferred tax assets		**6,589**	7,928
Total non-current assets		**46,339**	32,837
CURRENT ASSETS			
Inventories	*9*	**284,571**	198,772
Trade receivables	*10*	**144,661**	149,444
Prepayments, deposits and other receivables		**148,887**	63,106
Time deposits		**100,000**	–
Pledged deposits		**10,000**	–
Cash and cash equivalents		**940,698**	1,138,041
Total current assets		**1,628,817**	1,549,363
CURRENT LIABILITIES			
Trade and bills payables	*11*	**127,576**	40,308
Other payables and accruals		**59,473**	51,642
Tax payable		**47,701**	23,532
Total current liabilities		**234,750**	115,482
NET CURRENT ASSETS		**1,394,067**	1,433,881
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,440,406**	1,466,718
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**215**	77
Total non-current liabilities		**215**	77
Net assets		**1,440,191**	1,466,641
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**829**	857
Reserves		**1,306,526**	1,403,906
Proposed final and special final dividends	*8*	**132,836**	61,878
Total equity		**1,440,191**	1,466,641

Notes:

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 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 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") 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

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2011. 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.

Total comprehensive income within a subsidiary is 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.

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:

	Group	
	2011	2010
	RMB'000	*RMB'000*
Sale of goods	**757,411**	600,131

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 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	
	2011	2010
	RMB'000	*RMB'000*
Interest on bank loans and other loans wholly repayable within five years	**–**	2,752
Interest on convertible bonds	**–**	8,321
	–	11,073

5. PROFIT BEFORE TAX

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

	Group	
	2011	2010
	RMB'000	*RMB'000*
Cost of inventories sold	**262,338**	214,712
Depreciation	**13,790**	7,163
Operating lease rental expense:		
– Minimum lease payments	**17,715**	16,348
– Contingent rents	**122,276**	71,793
	139,991	88,141
Auditors' remuneration	**1,944**	1,530
Employee benefit expense (excluding directors' remuneration)		
– Wages and salaries	**57,555**	34,625
– Pension scheme contributions	**5,478**	3,295
	63,033	37,920
Write-down of inventories to net realisable value*	**459**	3,966
Loss on disposal of items of property, plant and equipment*	**19**	7
Donations*	**–**	6,245

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

6. 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 operate.

No profits tax has been provided for Cayman Islands and British Virgin Islands profits both in 2011 and 2010 since the applicable profits tax is zero.

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2011.

Macau profits tax has been provided at the rates ranging from 0% to 12% depending on the extent of estimated assessable profits arising in Macau during the year ended 31 December 2011.

The income tax provision of the Group in respect of its operations in Mainland China has been provided at the rate of 25% (2010: 25%) on the taxable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

Pursuant to 穗天國稅四減[2007]161號 – 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.

	2011	2010
	RMB'000	*RMB'000*
Group		
Current – Mainland China		
Charge for the year	**61,780**	31,379
Current – Hong Kong		
Charge for the year	**897**	263
Deferred	**1,484**	(8,505)
Total tax charge for the year	**64,161**	23,137

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

	2011		2010	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**254,232**		176,138	
Tax at the statutory tax rate	**63,558**	**25.00**	44,035	25.00
Lower tax rate enacted by local authorities	**4,022**	**1.58**	(16,589)	(9.42)
Effect of withholding tax at 5% on the distributable profits of the Group's Mainland China subsidiaries	**–**	**–**	(5,361)	(3.04)
Effect of withholding tax at 10% on the bank interests income of the Group's Hong Kong subsidiaries	**901**	**0.36**	–	–
Income not subject to tax	**(5,904)**	**(2.32)**	(977)	(0.55)
Expenses not deductible for tax	**32**	**0.01**	600	0.34
Tax losses not recognised	**1,552**	**0.61**	1,429	0.81
Tax charge at the Group's effective rate	**64,161**	**25.24**	23,137	13.14

7. 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 966,285,892 (2010: 658,106,535) in issue during the year ended 31 December 2011.

The calculation of basic earnings per share is based on:

	2011	2010
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**190,071**	153,001

The weighted average number of shares in issue during the year ended 31 December 2010 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

	2011	2010
	'000	*'000*
Shares		
Number of ordinary shares in issue during the year	**982,197**	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
Effects of shares repurchased and cancelled on 26 May 2011	**(5,515)**	–
Effects of shares repurchased and cancelled on 14 June 2011	**(6,012)**	–
Effects of shares repurchased and cancelled on 28 July 2011	**(1,913)**	–
Effects of shares repurchased and cancelled on 9 September 2011	**(2,144)**	–
Effects of shares repurchased and cancelled on 26 October 2011	**(327)**	–
Weighted average number of ordinary shares	**966,286**	658,107

8. DIVIDENDS

	2011	2010
	RMB'000	*RMB'000*
Interim dividend – RMB3.7 cents (2010: RMB6.4 cents) per ordinary share	**35,173**	38,647
Proposed final dividend – RMB7.0 cents (2010: RMB6.3 cents) per ordinary share	**66,418**	61,878
Proposed special final dividend – RMB7.0 cents (2010: Nil) per ordinary share	**66,418**	–
	168,009	100,525

The proposed final and special final dividends for the year ended 31 December 2011 are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. INVENTORIES

	Group	
	2011	2010
	RMB'000	*RMB'000*
Raw materials	**5,475**	9,134
Work in progress	**8,183**	31,917
Finished goods	**270,913**	157,721
	284,571	198,772

The amount of the write-down of inventories to net realisable value recognised as a reverse of expense for the year ended 31 December 2011 was RMB5,515,000 (2010: expense of RMB9,924,000).

10. TRADE RECEIVABLES

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

	Group	
	2011	2010
	RMB'000	*RMB'000*
Within 1 month	**125,702**	92,684
1 to 3 months	**12,095**	38,528
3 to 6 months	**5,717**	17,840
6 months to 1 year	**661**	185
Over 1 year	**486**	207
	144,661	149,444

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 AND BILLS PAYABLES

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

	Group	
	2011	2010
	RMB'000	*RMB'000*
Within 1 month	**14,609**	16,073
1 to 3 months	**33,235**	12,715
3 to 6 months	**75,672**	8,517
6 months to 1 year	**1,826**	1,283
Over 1 year	**2,234**	1,720
	127,576	40,308

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.

Included in trade and bills payables are bills payables of RMB50,000,000 (2010: Nil), which are non-interest-bearing and settled on terms of six months. The bills payables are secured by the pledged deposits of RMB10,000,000 (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The global economy remained volatile throughout the year of 2011 given the uncertainty in its outlook, unresolved debt crisis in Europe and the United States, increasing commodity prices and inflation pressure. Nonetheless, China succeeded in maintaining steady economic growth by implementing various measures to boost domestic demand. In 2011, China's gross domestic product ("GDP") reached RMB47.2 trillion, representing a year-on-year growth of 9.2%. In the face of the teetering global economy, China's domestic economy and social development maintained steady and relatively fast growth, resulted in a promising commencement of the "Twelfth Five-year" period.

According to the National Bureau of Statistics of China, the total retail sales of consumer products reached RMB18.1 trillion in 2011, representing a year-on-year growth of 17.1%. Among which, urban and rural areas recorded retail sales of consumer products of RMB15.7 trillion and RMB2.4 trillion, representing a year-on-year growth of 17.2% and 16.7% respectively. Sales of clothing and accessories and knitting and textile products accounted for RMB795.5 billion, representing a year-on-year growth of 24.2%. The fast growing consumer market of the Mainland China has become the new growth driver for the apparel industry.

During the year, China was still in the midst of accelerating urbanization whilst income per capita maintained steady growth and the appreciation of RMB stimulated purchasing power, hence driving high-end consumption and the continuous high growth in the retail industry. It is expected that during the upcoming "Twelfth Five-year" period, given the constant rise in domestic demand and spending power, the pursue for branded and chic commodities will boom, leading the high-end apparel market into a golden era.

Business Review

Driven by the continued growth of the domestic consumption and retail industry, together with the Group's solid business foundation and extensive market experience, satisfactory performance and development was achieved despite the uncertainty in global economy during the year.

During the year, the Group recorded a turnover of approximately RMB757,411,000 (2010: RMB600,131,000), representing a year-on-year growth of 26.2%. Profit attributable to shareholders amounted to approximately RMB190,071,000 (2010: RMB153,001,000), representing an increase of 24.2% compared to last year.

The Group's two proprietary brands, business formal and casual menswear brand ***V.E. DELURE*** and contemporary and chic casual menswear brand ***TESTANTIN***, both achieved desirable same store sales growth of 18.5% and 10.7%, respectively.

The Group's major raw material costs continued to soar in 2011, and the increase in wages also intensified the production cost pressure. Leveraging on the advantages and influences of our brands, the Group maintained a relatively steady gross profit margin through the increasing business from the self-operated store operation and the implementation of effective cost control measures.

Proprietary Brands

The Group currently owns two proprietary brands targeting different customer bases in the middle-upper to high-end market segments, catering to consumers with different needs, tastes and consumption patterns and covering 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"; while our ***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

Number of stores by region

Region	**2011**	2010
Central PRC	**34**	33
North Eastern PRC	**43**	31
Eastern PRC	**70**	62
North Western PRC	**46**	35
Northern PRC	**72**	58
South Western PRC	**61**	42
Southern PRC	**91**	61
Hong Kong, Macau	**5**	3
	422	325

V.E. DELURE

City tier	**2011**	2010
First-tier	**26**	21
Second-tier	**88**	77
Third-tier	**142**	112
Fourth-tier	**45**	30
	301	240

TESTANTIN

City tier	**2011**	2010
First-tier	**8**	6
Second-tier	**31**	17
Third-tier	**58**	42
Fourth-tier	**24**	20
	121	85

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

In line with its business expansion strategies and to improve operating efficiency, the Group continued to optimize the retail and sales network based on the demand in various products and different target markets. The Group has strategically used a combination of self-operated retail stores as well as distributors model of various degrees based on different development stages and target markets of each brand. Self-operated retail stores enable the Group to create direct contact with target customers, so as 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 its retail network rapidly with lower capital expenditure, and the distributors have a profound understanding of the low-tier markets, therefore we believe exploring these markets through distributors is a more cost-effective way.

The Group's current strategy for sales network expansion 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 2011, the Group had 97 distributors, comprising a total of 171 self-operated stores and 251 franchised stores in 30 provinces and autonomous regions and covering 191 cities in China. The Group aims to achieve a net increase of 105 stores for the year of 2012.

Number of stores by business model

V.E. DELURE

	2011	2010
Self-operated stores	**127**	92
Franchised stores	**174**	148
	301	240

TESTANTIN

	2011	2010
Self-operated stores	**44**	19
Franchised stores	**77**	66
	121	85

In 2011, ***V.E. DELURE*** self-operated stores increased from 92 to 127, with the new stores mainly located in high-tier cities, while franchised stores increased from 148 to 174, with the new stores mainly located in low-tier cities. The number of new ***V.E. DELURE*** self-operated stores is more than that of new franchised stores, which is in line with the Group's store opening strategy to increase the proportion of self-operated stores in order to enhance ***V.E. DELURE***'s brand image and operating efficiency.

TESTANTIN has opened 25 self-operated stores and 11 franchised stores to reach a total of 44 and 77 stores respectively in 2011. The growth rate in number of self-operated stores is faster than that of franchised stores. This is because the Group believes ***TESTANTIN***'s brand image should be further enhanced in order to facilitate future growth strategically. As such, the Group increased ***TESTANTIN*** self-operated stores in higher-tier cities during the year, as a stepping stone to enhance brand influence in the second- and third-tier cities. The Group has also carried out re-branding initiatives for ***TESTANTIN***, such as adopting a new logo and renovating stores layout.

In the long run, ***TESTANTIN*** adopted the strategy of using a mixed business model of opening self-operated stores in higher-tier cities and franchised stores in lower-tier cities.

Sales Fair

The 2012 Spring and Summer collections sales fair was held in July 2011. The total order amount from franchised stores increased by 34% as compared to that of last year. Delivery of the orders commenced in January 2012.

The 2012 Fall and Winter collections sales fair was completed in February 2012. The total order amount from franchised stores increased by 22% as compared to that of last year. Delivery of the orders will commence in August 2012.

Inventory

The Group has an effective inventory management system. Featuring a distribution model comprising only one layer without sub-distributors, the Group's distributors structure is simpler than that of other operators, enabling the Group to closely monitor the business performance and inventory of each franchised store. Furthermore, distributors' orders are broken down proportionally into the first batch of order placed at the sales fair and the second batch of order placed following the commencement of the season's sales. This arrangement reduces the Group's risk associated with distributors' inventory in a more effective manner. During the year, the Group's inventory turnover days increased, which was mainly due to increase in inventories as a result of the increase in number of self-operated stores and increase in inventories to prepare for the early Chinese New Year holidays.

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***. Aside from product quality, the Group also pays much attention to the long-term development of its brands. The Group's various marketing and promotion activities not only strengthen the brand recognition and value, but also publicize their themes.

For the year ended 31 December 2011, the Group's total expenditure in marketing and promotion amounted to approximately RMB25,857,000 (2010: RMB23,837,000), accounting for approximately 3.4% of the total turnover. The Group will strive to maintain the ratio not exceeding 5%, while promoting our brands in a cost effective approach.

During the year, the Group continued to actively carry out regular advertising and promotion activities through various channels, such as advertisements in fashion magazines, promotion activities in the internet and other media, and publish of large advertising billboard in airport, highway and well-known department stores. In addition, the first brand magazine of ***V.E. DELURE*** was published and distributed during the year whilst special editions were tailored made to prime department stores and VIP members.

The Group considers stores as one of the important channels to promote and enhance brand image. During the year, the two brands continued to carry out retail shop image upgrade work, broaden the display space, to further enhance its high-end brand image in order to more effectively promote the brands and attract more customers.

Compared with the ***V.E. DELURE*** brand launched in 2000, the younger ***TESTANTIN*** brand is still at its early development stage. Therefore, the Group designed a series of activities specifically for building ***TESTANTIN***'s brand reputation, stimulating patronage and establishing customer loyalty in 2011. Currently, the Group collaborated with a well-known and heavyweight international contemporary art media to commence a project incorporating the artwork created by internationally recognized artists, as well as working with domestic artists to jointly create artwork featuring the unique elements of ***TESTANTIN***, which will in turn be applied to the brand's products, enabling more consumers to appreciate the essence of our brand – "New Youth of Arts".

In addition, the Group has also organized a series of ***V.E. DELURE*** VIP membership activities, including "2011 ***V.E. DELURE*** VIP members Equestrian Family Carnival" (迪萊VIP馬術親子嘉年華) held in Nanning in July 2011, as well as "***V.E. DELURE*** VIP Dinner" and "***V.E. DELURE*** VIP Thank You Event" organized in Guangzhou and Nanning, respectively, in December 2011. These activities received enthusiastic responses and participation by the customers and their families, which boosted our sales activities and branding promotion.

Meanwhile, the Group is the exclusive sponsor of the formal attire of the PRC national table tennis team and badminton team, both of which last till 2015. The Group has been inviting elite athletes to participate in appropriate promotional and charity events.

Aside from standard promotional and publicity activities such as media advertising, the Group initiated charity activities such as the "Evergreen International Chinese Art Journey" (長興國際中國藝術之旅). By connecting renowned and newly emerged artists across the country through events such as art exhibitions, the Group encouraged and fostered the development of Chinese arts. Meanwhile, the Group has always been concerned with the education of disadvantaged children. By assisting the new generation of the disadvantaged groups to commence art study, the Group gave them hope into the future. In 2011, the Group started the first stop of "Evergreen International Chinese Art Journey" (長興國際中國藝術之旅) in Chengdu, Sichuan.

In December 2011, the Group cooperated with 5 Colours Foundation and Yellow House, an organization offering assistance in education, in setting up the Group's first art studio with the theme of "Love without Bound" ("愛無界"美術室) for the children in Yingxiu to learn art, and create a platform of building their way of life. These types of charity events not only demonstrated the Group's brand message of "love and care" (愛的經營、愛的精神、愛的和諧), but also further promoted our corporate image as a social responsible enterprise.

Product Design and Development

Due to factors such as accelerating urbanization 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 as fashionable and innovative apparel products attract consumers, they provide the Group with a better pricing capability.

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

The Group is always seeking experienced design talents to bring in fresh inspiration for innovation to further diversify its product portfolio and increase our competitiveness. For the year ended 31 December 2011, the Group's design team at the Guangzhou headquarters expanded from 13 staff to 20 staff, which is led by an experienced supervisor with over ten years of design experience in the industry.

Financial review
Breakdown of Turnover by Sales Region

V.E. DELURE	**2011**	2010
	RMB'000	*RMB'000*
Central PRC	**56,531**	52,436
North Eastern PRC	**36,450**	31,434
Eastern PRC	**79,817**	70,498
North Western PRC	**61,648**	38,903
Northern PRC	**136,653**	105,974
South Western PRC	**69,928**	44,830
Southern PRC	**142,060**	117,037
Hong Kong, Macau	**14,710**	4,798
	597,797	465,910

TESTANTIN	**2011**	2010
	RMB'000	*RMB'000*
Central PRC	**2,465**	2,745
North Eastern PRC	**10,990**	7,196
Eastern PRC	**14,383**	13,795
North Western PRC	**13,566**	6,551
Northern PRC	**7,574**	8,586
South Western PRC	**23,800**	23,274
Southern PRC	**35,141**	33,226
Hong Kong, Macau	**11,998**	9,838
	119,917	105,211

Revenue generated from the sale of ***V.E. DELURE*** brand products in the Eastern, Northern and Southern PRC accounted for 60.0% (2010: 63.0%) of the total brand revenue, which was mainly attributable to the location of our ***V.E. DELURE*** retail stores in major cities such as Shanghai, Beijing and Guangzhou, where the Group targeted ***V.E. DELURE*** customers, who are relatively more affluent with strong purchasing power.

Revenue generated from ***TESTANTIN*** brand products in the Eastern, South Western and Southern PRC accounted for 61.1% (2010: 66.8%) of the total brand revenue, as most of the ***TESTANTIN*** retail stores are situated in the second-tier and third-tier cities of these regions.

Breakdown of Turnover by Product

During the year, total turnover increased by 26.2%, which was mainly due to the expansion of the self-operated stores and franchised stores network, the enhanced recognition of our brands in the market and the increase in selling volume.

	2011		2010	
	Apparel	**Accessories**	Apparel	Accessories
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
V.E. DELURE	**559,125**	**38,672**	440,853	25,057
TESTANTIN	**114,452**	**5,465**	97,899	7,312
Licensed brands	**761**	**38,936**	2,244	26,766
	674,338	**83,073**	540,996	59,135
Total		**757,411**		600,131

Breakdown of Revenue, Units Sold and Average Selling Price ("ASP") by Product Segments of the Group's Self-operated Stores (Apparel and Accessories)

		2011			2010		
		Revenue	**Units sold**	**ASP**	Revenue	Units sold	ASP
		RMB'000	***pcs***	***RMB***	*RMB'000*	*pcs*	*RMB*
V.E. DELURE	Apparel[(1)]	**323,070**	**157,264**	**2,054**	226,085	117,652	1,922
	Accessories[(2)]	**22,956**	**94,285**	**243**	6,423	26,922	239
TESTANTIN	Apparel[(1)]	**53,232**	**47,483**	**1,121**	27,758	26,074	1,065
	Accessories[(2)]	**3,559**	**12,462**	**286**	2,306	8,228	280

Notes:

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

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

As a result of the increase in demand for the products of the Group and the increase in brand awareness, the ASP of the ***V.E. DELURE*** and ***TESTANTIN*** apparel products in the self-operated stores increased by 6.9% and 5.3% respectively, during the year.

Gross Profit Margin

Despite the Group's major raw material costs continued to soar during the year and the increase in wages also intensified the production cost pressure, by leveraging on the advantages and influences of our brands, as well as the increasing business proportion from self-operated store operation and strengthening of cost-effective control, the Group maintained a relatively steady gross profit margin level of 65.4% in 2011 compared to 64.2% in 2010.

Other Income and Gains

During the year, other income and gains mainly consisted of bank interest income and net foreign exchange gains of RMB31,259,000 (2010: RMB2,375,000) and RMB14,271,000 (2010: RMB2,761,000), respectively.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of rental fees for retail stores, advertising and promotional expenses, staff costs of the Group and other costs related to sales and distribution. During the year, the Group recorded concessionaire commission paid to shopping malls and department stores of approximately RMB122,276,000 (2010: RMB71,793,000), advertising and promotional expenses of approximately RMB25,857,000 (2010: RMB23,837,000), and staff costs of approximately RMB48,593,000 (2010: RMB30,422,000). During the year, the Group's selling and distribution expenses accounted for approximately 32.0% of the total turnover, representing an increase of 5.3 percentage point compared to that of last year, which was mainly due to the increase in concessionaire commission and staff costs.

Finance Costs

Finance costs for the year ended 31 December 2010 consisted primarily of interest expenses on interest-bearing bank and other borrowings and interest expenses related to the redeemable convertible bonds. The Group had repaid all interest-bearing bank and other borrowings in July 2010, and the redeemable convertible bonds were fully converted in November 2010.

Effective Tax Rate

During the year, the effective tax rate for the Group increased from 13.1% to 25.2% as the Group is subject to the standard PRC Enterprise Income Tax at 25% from 2011 while it was eligible for a tax deduction last year.

Profit Attributable to Shareholders

Profit from operating activities attributable to shareholders increased by 24.2% to RMB190,071,000 (2010: RMB153,001,000). Basic earnings per share decreased from RMB23.2 cents in 2010 to RMB19.7 cents in 2011 as a result of issue of new shares.

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 325 days as at 31 December 2011, representing an increase of 44 days as compared to that of last year. The inventory balance increased from RMB198,772,000 as at 31 December 2010 to RMB284,571,000 as at 31 December 2011. The increase of inventory was mainly due to increase in inventories as a result of the increase in number of self-operated stores and the increase in inventories for 2011 Fall/Winter seasons to prepare for the early Chinese New Year holidays.

The Group's trade receivables represented 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. Although the average number of trade receivables turnover days increased by 8 days to 70 days during the year, the trade receivables balance decreased from RMB149,444,000 as at 31 December 2010 to RMB144,661,000 as at 31 December 2011.

Trade payables represented payables to long-standing suppliers, such as raw material suppliers and outsourced manufacturers. As at 31 December 2011, the Group's average number of trade payables turnover days increased by 13 days to 79 days, mainly as a result of longer payment period.

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 RMB1,017.4 million (equivalent to approximately HK$1,167.0 million) (after deducting the underwriting commission and relevant expenses). As at 31 December 2011, the unused proceeds were deposited in licensed banks in Hong Kong and Mainland China.

Use of fund raised

	Percentage to total amount	Net proceeds	Utilized amount (as at 31 December 2011)	Unutilized amount (as at 31 December 2011)
		RMB million	*RMB million*	*RMB million*
Expansion and improvement of our retail network	45%	457.8	160.4	297.4
Developing independent lines of branded apparels and accessories under our ***V.E. DELURE*** brand	10%	101.7	–	101.7
Acquisitions or licensing of additional brands	20%	203.5	–	203.5
Marketing and promotion activities	7%	71.2	7.2	64.0
Upgrade of ERP system and database management System	5%	50.9	0.6	50.3
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	0.8	50.1
General working capital	8%	81.4	–	81.4
	100%	1,017.4	169.0	848.4

Liquidity and Financial Resources

During the year, the Group maintained a healthy liquidity position. The Group was financed by internal resources. The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables as well as trade and other payables. As at 31 December 2011, cash and cash equivalents, net current assets and total assets less current liabilities amounted to RMB940,698,000 (2010: RMB1,138,041,000), RMB1,394,067,000 (2010: RMB1,433,881,000) and RMB1,440,406,000 (2010: RMB1,466,718,000), respectively, and there were no interest-bearing bank and other borrowings.

During the year, the total capital expenditure incurred by the Group was approximately RMB28,932,000 (2010: RMB20,527,000).

Contingent Liabilities

As at 31 December 2011, the Group had no material contingent liabilities.

Pledge of Assets

As at 31 December 2011, time deposits of RMB10,000,000 (2010: Nil) were pledged for bank acceptance bills.

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 increase our cost of sales, thus having an 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 when 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 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 2011, no options have been granted by the Company.

As at 31 December 2011, the Group employed 1,147 full-time staff. During the year, the staff cost of the Group was approximately RMB63,033,000 (2010: RMB37,920,000). 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.

Prospects

Given the unresolved debt crisis in Europe and the United States, the outlook of global economic growth in 2012 remained uncertain. China, as the country leading from the way out of global recession, is facing challenges as well, thus setting a target of gross domestic product (GDP) growth in 2012 at 7.5%, which is 0.5 percentage points lower than the target in 2011. It is the first time in eight years for China to set target of GDP growth lower than 8% to comply with the economic growth target of 7% proposed under the "Twelfth Five-year Plan", and is expected that China will accelerate the transformation of economic development model.

Nonetheless, there are favourable factors. With preventing economy downturn as the main objective of the Chinese government's policy this year, expanding domestic demand, especially the consumption demand, will be fundamental for steady and long-term development in China's economy. Therefore, China's continual urbanization and constant rise in national consumption capability coupled with consumers' pursuit for better quality and chic products will push consumption towards the sunny side and become the key contributor to China's GDP growth.

To continue with market expansion and maintain our advantageous position in China's high-end menswear market, the Group will continuously enhance our brand reputation and expand its retail network.

With respect to strengthening our brand reputation, the Group particularly focuses on the long-term development and the retainment of VIP customers. Specific marketing initiatives were employed to strengthen the brand's recognition and value. The "***V.E. DELURE*** VIP Equestrian Family Carnival" (迪萊VIP馬術親子嘉年華) held in Nanning in July 2011 increased our VIP customers' understanding of our brand – "culture of the family". Launched in July 2011, the Group's "Evergreen International Chinese Art Journey" (長興國際中國藝術之旅) charity event not only delivered the brand's philosophy and value, but also further promoted the Group's corporate image as a social responsible enterprise. In December 2011, the Group established the first art studio named "Love without Bound" ("愛無界"美術室) in Wenchuan, Sichuan, providing a study-aided platform for children affected by the Sichuan earthquake to learn arts and create their own life path.

The Group will keep on expanding and enhancing its retail network, where ***V.E. DELURE*** self-operated stores and flagship outlets will be opened in major department stores or shopping malls located in the prime locations of first – and second-tier cities; while making foray into the second–, third – and fourth-tier cities by opening ***TESTANTIN*** self-operated stores at the prime strategic locations. The Group plans to open approximately 105 new retail stores in 2012, of which approximately 45 are self-operated stores with the remaining 60 being franchised stores.

Looking forward, the Group is confident in the development of China's menswear market. With the national consumption capability on the rise, consumers' pursuit for higher quality and chic products and the continued expansion of domestic demand underlined by the State policies, it is believed that the menswear market will continued to enjoy faster growth and development, which will be beneficial to the development of the middle to high-end menswear market. Riding on the back of these advantages, the Group can showcase the exceptional products of its brands, capturing bigger business opportunities while providing consumers with more prestigious, contemporary as well as classic apparel, so as to maintain our position as one of the leading high-end menswear brand operators in China.

DIVIDENDS

The Board of the Company has proposed the payment of a final dividend of HK8.6 cents (equivalent to approximately RMB7.0 cents) per ordinary share and a special final dividend of HK8.6 cents (equivalent to approximately RMB7.0 cents) per ordinary share for the year ended 31 December 2011. The proposed final dividend and special final dividend, if approved by the shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 4 June 2012 ("2012 AGM"), will be paid on or about 18 June 2012 to the shareholders whose names appear on the register of members of the Company on 12 June 2012.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of shareholders to attend and vote at the 2012 AGM, the register of members of the Company will be closed from Thursday, 31 May 2012 to Monday, 4 June 2012, both days inclusive. In order to qualify for attending and voting at the 2012 AGM, all transfer documents together with the relevant share certificates should be lodged for registration with 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, 30 May 2012.

In addition, for the purpose of determining the entitlement of shareholders to the proposed final dividend and special final dividend, the register of members of the Company will be closed from Friday, 8 June 2012 to Tuesday, 12 June 2012, both days inclusive. In order to qualify for the proposed final dividend and special final 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 Thursday, 7 June 2012.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2011, the Company repurchased a total of 33,371,000 shares of HK$0.001 each in the capital of the Company on the Stock Exchange, details of which are as follows:

Month of repurchase	**Number of shares repurchased**	**Lowest price paid per share** *HK$*	**Highest price paid per share** *HK$*	**Aggregate consideration (excluding expenses)** *HK$*
May 2011	20,164,000	3.75	4.47	84,882,640
July 2011	4,477,000	3.39	3.77	16,156,020
August 2011	6,924,000	2.28	2.64	17,663,017
September 2011	1,806,000	1.59	1.70	3,039,498
	33,371,000			121,741,175

The issued share capital of the Company was reduced by the nominal value of the repurchased shares which had been cancelled. The premium paid for the repurchases of the shares and related expenses totaling HK$124,914,990 were charged to the reserves.

The repurchases of shares were effected by the directors pursuant to the mandates to purchase shares of the Company obtained from passing of the written resolution of the Company's shareholders on 8 October 2010 and from the Company's shareholders at the annual general meeting held on 23 May 2011 respectively, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year end 31 December 2011.

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 year ended 31 December 2011.

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 2011 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 2012 AGM of the Company will be held on Monday, 4 June 2012, 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, 22 March 2012

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.