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 2012

FINANCIAL HIGHLIGHTS

	2012	2011	%
	RMB'million	*RMB'million*	*Change*
Revenue	**749.1**	757.4	–1.1%
Gross profit	**504.4**	495.1	+1.9%
Profit attributable to shareholders	**155.3**	190.1	–18.3%
Basic earnings per share *(RMB cents)*	**16.4**	19.7	–16.8%
Proposed dividends per share *(HK cents)*			
Final	**6.2**	8.6	–27.9%
Special final	**7.0**	8.6	–18.6%
Gross profit margin	**67.3%**	65.4%	
Net profit margin	**20.7%**	25.1%	
Effective tax rate	**27.2%**	25.2%	
Inventory turnover days	**431**	325	
Trade receivables turnover days	**71**	70	
Trade and bills payables turnover days	**123**	117	

The board (the "Board") of directors (the "Directors") of Evergreen International Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2012

	Notes	**2012** **RMB'000**	2011 RMB'000
REVENUE	*4*	**749,101**	757,411
Cost of sales		**(244,681)**	(262,338)
Gross profit		**504,420**	495,073
Other income and gains	*4*	**37,376**	47,984
Selling and distribution expenses		**(275,129)**	(242,614)
Administrative expenses		**(44,953)**	(45,731)
Other expenses		**(6,226)**	(480)
Finance costs	*6*	**(2,196)**	–
PROFIT BEFORE TAX	*5*	**213,292**	254,232
Income tax expense	*7*	**(58,040)**	(64,161)
PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**155,252**	190,071
OTHER COMPREHENSIVE INCOME/(LOSS):			
Exchange differences on translation of operations outside Mainland China		**1,249**	(15,706)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**156,501**	174,365
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*9*	**RMB16.4 cents**	RMB19.7 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	**2012** **RMB'000**	2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**36,508**	37,870
Other intangible assets		**3,698**	–
Goodwill		**1,880**	1,880
Deferred tax assets		**7,218**	6,589
Prepayments for non-current assets		**251,935**	–
Pledged deposits		**103,100**	–
Total non-current assets		**404,339**	46,339
CURRENT ASSETS			
Inventories	*10*	**293,984**	284,571
Trade receivables	*11*	**148,138**	144,661
Prepayments, deposits and other receivables		**150,458**	148,887
Time deposits		**100,000**	100,000
Pledged deposits		**34,996**	10,000
Cash and cash equivalents		**592,693**	940,698
Total current assets		**1,320,269**	1,628,817
CURRENT LIABILITIES			
Trade and bills payables	*12*	**37,947**	127,576
Other payables and accruals		**70,389**	59,473
Interest-bearing bank borrowings		**28,941**	–
Tax payable		**64,674**	47,701
Total current liabilities		**201,951**	234,750
NET CURRENT ASSETS		**1,118,318**	1,394,067
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,522,657**	1,440,406
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**97,643**	–
Deferred tax liabilities		**60**	215
Total non-current liabilities		**97,703**	215
Net assets		**1,424,954**	1,440,191
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		**829**	829
Reserves		**1,323,550**	1,306,526
Proposed final and special final dividends	*8*	**100,575**	132,836
Total equity		**1,424,954**	1,440,191

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 Clifton House, 75 Fort Street, P O Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal activity of the Company is investment holding.

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

2.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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 2012. 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.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements:

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*

The adoption of the revised IFRSs has had no significant financial effect on these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards — Government Loans*[2]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*[2]
IFRS 9	*Financial Instruments*[4]
IFRS 10	*Consolidated Financial Statements*[2]
IFRS 11	*Joint Arrangements*[2]
IFRS 12	*Disclosure of Interests in Other Entities*[2]
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 — *Transition Guidance*[2]
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) — *Investment Entities*[3]
IFRS 13	*Fair Value Measurement*[2]
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*[1]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits*[2]
IAS 27 (Revised)	*Separate Financial Statements*[2]
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*[2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[3]
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009–2011 Cycle	Amendments to a number of IFRSs issued in May 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

The adoption of these new and revised IFRSs upon initial application is not expected to have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of clothing and clothing accessories. For management purposes, the Group operates in one business unit and has one reportable operating segment, which is the clothing segment that produces and trades menswear 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 the People's Republic of China (the "PRC", "China" or "Mainland China") and most of the Group's identifiable non-current assets are located in the PRC, no geographical information is presented in accordance with IFRS 8 *Operating Segments*.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, 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, other income and gains is as follows:

	2012 *RMB'000*	2011 *RMB'000*
Revenue		
Sale of goods	**749,101**	757,411
Other income and gains		
Bank interest income	**35,843**	31,259
Gains on sale of raw materials	**101**	357
Compensation income	**771**	1,400
Foreign exchange gains, net	**–**	14,271
Others	**661**	697
	37,376	47,984

5. PROFIT BEFORE TAX

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

	2012 *RMB'000*	2011 *RMB'000*
Cost of inventories sold	**244,681**	262,338
Depreciation	**23,004**	13,790
Operating lease rental expense:		
Minimum lease payments	**16,478**	17,715
Contingent rents	**143,369**	122,276
	159,847	139,991
Auditors' remuneration	**2,082**	1,944
Employee benefit expense (excluding directors' remuneration)		
Wages and salaries	**72,432**	57,555
Pension scheme contributions	**7,975**	5,478
	80,407	63,033
Write-down of inventories to net realisable value*	**2,279**	459
Donations*	**3,180**	–
Foreign exchange losses, net*	**696**	–
Loss on disposal of items of property, plant and equipment*	**–**	19

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

6. FINANCE COSTS

	Group 2012	2011
	2012	2011
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**2,196**	–

7. INCOME TAX

	2012	2011
	RMB'000	*RMB'000*
Group		
Current — Mainland China	**58,098**	61,780
Current — Hong Kong	**410**	897
Current — Macau	**316**	–
Deferred	**(784)**	1,484
Total tax charge for the year	**58,040**	64,161

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 2012 and 2011 since the applicable profits tax is zero.

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2012.

Macau profits tax has been provided at the rates ranging from 0% to 12% (2011: 0%–12%) depending on the extent of estimated assessable profits arising in Macau during the year ended 31 December 2012.

The income tax provision of the Group in respect of its operations in Mainland China has been provided at the rate of 25% (2011: 25%) on the taxable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

8. DIVIDENDS

	2012	2011
	RMB'000	*RMB'000*
Interim — RMB4.1 cents (2011: RMB3.7 cents) per ordinary share	**38,902**	35,173
Proposed final — RMB5.0 cents (2011: RMB7.0 cents) per ordinary share	**47,441**	66,418
Proposed special final — RMB5.6 cents (2011: RMB7.0 cents) per ordinary share	**53,134**	66,418
	139,477	168,009

The proposed final dividend and special final dividend for the year ended 31 December 2012 are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. 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 948,825,763 (2011: 966,285,892) in issue during the year ended 31 December 2012.

The calculation of basic earnings per share is based on:

	2012	2011
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**155,252**	190,071

	2012	2011
	'000	*'000*
Shares		
Number of ordinary shares in issue during the year	**948,826**	982,197
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	**948,826**	966,286

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2012 and 2011 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the years.

10. INVENTORIES

	Group	
	2012	2011
	RMB'000	*RMB'000*
Raw materials	**9,064**	5,475
Work in progress	**5,299**	8,183
Finished goods	**279,621**	270,913
	293,984	284,571

The amount of the write-down of inventories to net realisable value recognised for the year ended 31 December 2012 was RMB2,279,000 (2011: write back of inventories of RMB5,515,000).

11. TRADE RECEIVABLES

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

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

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

	Group	
	2012	2011
	RMB'000	*RMB'000*
Within 1 month	**125,037**	125,702
1 to 3 months	**11,847**	12,095
3 to 6 months	**8,947**	5,717
6 months to 1 year	**2,190**	661
Over 1 year	**117**	486
	148,138	144,661

12. TRADE AND BILLS PAYABLES

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

	Group	
	2012	2011
	RMB'000	*RMB'000*
Within 1 month	**9,015**	14,609
1 to 3 months	**14,065**	33,235
3 to 6 months	**13,771**	75,672
6 months to 1 year	**236**	1,826
Over 1 year	**860**	2,234
	37,947	127,576

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 RMB20,022,000 (2011: RMB50,000,000), which are non-interest-bearing and settled on terms of six months. The bills payables are secured by the pledged deposits of RMB2,584,000 (2011: RMB10,000,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In 2012, as the global economy continued to be volatile and uncertain, there was increasing concern on the slowdown of the economic growth in the PRC. In the midst of the complicated economic environment and the risk of economic slowdown, the Chinese government carried out a series of policies and plans with an aim to strengthen and improve the domestic economy. In particular, the Chinese government reduced interest rates for the first time since 2008 and also loosened controls on lending and deposit rates.

According to the National Bureau of Statistics of China, the gross domestic product ("GDP") of China in 2012 increased at a rate of 7.8% on a year-on-year basis and reached RMB51.9 trillion, which represented the slowest rate of economic growth since 1999. The consumer sentiment was adversely affected by the unfavorable economic climate. Notwithstanding that the total retail sales of consumer goods in China in 2012 amounted to RMB20.7 trillion, representing an increase of 14.3% compared to last year, the growth rate was 2.8 percentage points lower than that of last year. The total retail sales of consumer goods realised in urban area amounted to RMB17.9 trillion representing a year-on-year increase of 14.3%, which was 2.9 percentage points lower than that of last year. In particular, the total sales of garments, footwear, hats and knitwear amounted to RMB977.8 billion, representing a year-on-year increase of 18.0%. However, the growth rate was a significant 6.2 percentage points lower than 24.2% in 2011.

In view of the challenging environment, the Group continued to monitor the changes in the market and strategically adjust its development strategy to deal with the turbulent market conditions. During the year, the Group further increased resources in strengthening the direct retail business through its self-operated retail stores network, adjusted its store opening plan prudently, enhanced operation efficiency of retail and distribution network and improved marketing strategy for brand equity in order to achieve a sustainable and healthy growth of the Group in the long run.

Financial Review

During the year ended 31 December 2012, the Group recorded an aggregate turnover of approximately RMB749,101,000 (2011: RMB757,411,000), representing a mild decrease of approximately 1.1% compared to last year. Gross profit for the year increased from RMB495,073,000 for the year ended 31 December 2011 to RMB504,420,000 for the year ended 31 December 2012, representing a year-on-year increase of about 1.9%. Gross profit margin also improved from 65.4% for the year ended 31 December 2011 to 67.3% for the year ended 31 December 2012. Profit attributable to ordinary equity holders of the Company for the year ended 31 December 2012 however decreased by about 18.3% to approximately RMB155,252,000 (2011: RMB190,071,000) and net profit margin for the year ended 31 December 2012 also decreased by 4.4 percentage points from 25.1% to 20.7%. The decrease in profit and net profit margin was mainly resulted from the decrease in sales to distributors offsetted by the increase in sales from self-operated stores, and also the increase in selling and distribution expenses directly attributable to self-operated stores operation. The increase in selling and distribution expenses was in line with the increase in turnover generated from self-operated stores.

Turnover

	2012		2011		Change
	RMB'000	***% of turnover***	*RMB'000*	*% of turnover*	*(%)*
V.E. DELURE					
Self-operated stores	**382,136**	**51.0%**	346,026	45.7%	10.4%
Distributors	**199,862**	**26.7%**	238,817	31.5%	–16.3%
Corporate sales	**12,517**	**1.7%**	12,954	1.7%	–3.4%
	594,515	**79.4%**	597,797	78.9%	–0.5%
TESTANTIN					
Self-operated stores	**85,666**	**11.4%**	56,791	7.5%	50.8%
Distributors	**39,157**	**5.2%**	63,126	8.3%	–38.0%
	124,823	**16.6%**	119,917	15.8%	4.1%
Licensed brands	**29,763**	**4.0%**	39,697	5.3%	–25.0%
	749,101		757,411		–1.1%

The total turnover of the Group for the year ended 31 December 2012 decreased by 1.1% to approximately RMB749,101,000 (2011: RMB757,411,000). The decrease in turnover was mainly resulted from the growth in sales by self-operated stores, offsetted by the slowdown in sales to distributors and decrease in sales from licensed brands.

Turnover of the Group for the year ended 31 December 2012 comprised sales from self-operated stores of about RMB467,802,000 (2011: RMB402,817,000), sales to distributors of RMB239,019,000 (2011: RMB301,943,000), corporate sales of RMB12,517,000 (2011: RMB12,954,000) and sales from the licensed brands business of RMB29,763,000 (2011: RMB39,697,000).

The aggregate sales from self-operated stores for the year ended 31 December 2012 achieved a steady increase of 16.1% as compared to last year, and accounted for 62.4% (2011: 53.2%) of the total turnover, which was mainly attributed to the tactical strategy shift to self-operated stores business under the challenging environment during the year. On the other hand, the aggregate sales to distributors for the year ended 31 December 2012 recorded a decrease of 20.8% as compared to last year and accounted for about 31.9% (2011: 39.9%) of the total turnover, which mainly reflected that the distributors remained uncertain and cautious towards the overall consumer market in the PRC.

Turnover by Sales Region

	2012 RMB'000	2011 RMB'000		2012 RMB'000	2011 RMB'000
V.E. DELURE			***TESTANTIN***		
Central PRC	**48,734**	56,531	Central PRC	**2,185**	2,465
North Eastern PRC	**53,874**	36,450	North Eastern PRC	**12,582**	10,990
Eastern PRC	**77,877**	79,817	Eastern PRC	**14,111**	14,383
North Western PRC	**65,745**	61,648	North Western PRC	**19,481**	13,566
Northern PRC	**131,526**	136,653	Northern PRC	**8,792**	7,574
South Western PRC	**69,609**	69,928	South Western PRC	**20,569**	23,800
Southern PRC	**128,603**	142,060	Southern PRC	**30,282**	35,141
Hong Kong, Macau	**18,547**	14,710	Hong Kong, Macau	**16,821**	11,998
Total	**594,515**	597,797	Total	**124,823**	119,917

The sales from ***V.E. DELURE*** in the Eastern, Northern and Southern PRC for the year ended 31 December 2012 accounted for 56.9% (2011: 60.0%) of the total brand revenue, which was mainly attributable to the location of ***V.E. DELURE*** retail stores in major cities such as Shanghai, Beijing, Tianjin and Guangzhou, where targeted ***V.E. DELURE*** customers are relatively more affluent with strong purchasing power.

The sales from ***TESTANTIN*** in the Eastern, South Western, Southern and North Western PRC for the year ended 31 December 2012 accounted for 67.7% (2011: 72.5%) 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.

Turnover by Product (self-operated stores only)

	2012 RMB'000	2011 RMB'000
V.E. DELURE		
Apparel(1)	**356,639**	323,070
Accessories(2)	**25,497**	22,956
	382,136	346,026
TESTANTIN		
Apparel(1)	**80,379**	53,232
Accessories(2)	**5,287**	3,559
	85,666	56,791

	2012 Unit sold *pcs*	2011 Unit sold *pcs*
Sales Volume		
V.E. DELURE		
Apparel(1)	**174,465**	157,264
Accessories(2)	**106,234**	94,285
TESTANTIN		
Apparel(1)	**73,815**	47,483
Accessories(2)	**18,895**	12,462

	2012 *RMB*	2011 *RMB*
Average Selling Price		
V.E. DELURE		
Apparel(1)	**2,044**	2,054
Accessories(2)	**240**	243
TESTANTIN		
Apparel(1)	**1,089**	1,121
Accessories(2)	**280**	286

Notes:

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

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

Gross Profit

Despite the major raw material costs continued to soar and the increase in wages increased the pressure on cost of production, the Group maintained a relatively steady gross profit margin of 67.3% (2011: 65.4%) for the year ended 31 December 2012, which was attributable to the increased revenue contribution by self-operated store business and outsourcing of the majority of the production process to quality suppliers.

Other Income and Gains

During the year, other income and gains mainly represented bank interest income of RMB35,843,000 (2011: RMB31,259,000).

Selling and Distribution Expenses

Selling and distribution expenses primarily represented rental and concessionaire commission to shopping malls and department stores of self-operated stores of approximately RMB143,369,000 (2011: RMB122,276,000), advertising and promotion expenses of approximately RMB21,809,000 (2011: RMB25,857,000), and staff costs of approximately RMB63,610,000 (2011: RMB48,593,000). During the year, the total selling and distribution expenses represented about 36.7% (2011: 32.0%) and 58.8% (2011: 60.2%) of the total turnover and the turnover of sales from self-operated stores, respectively. The increase in selling and distribution expenses was generally in line with the increase in turnover of sales from self-operated stores.

Rental and concessionaire commission to shopping malls and department stores of self-operated stores accounted for approximately 30.6% of sales from self-operated stores for the year ended 31 December 2012, which was comparable to that of 30.4% for the year ended 31 December 2011.

Administrative Expenses

Administrative expenses decreased from RMB45,731,000 for the year ended 31 December 2011 to RMB44,953,000 for the year ended 31 December 2012, representing a decrease of 1.7% as compared to last year because of the tightened cost control measures under the current challenging business environment. During the year, administrative expenses accounted for 6.0% (2011: 6.0%) of turnover, which was comparable to last year.

Finance Costs

Finance costs for the year ended 31 December 2012 mainly consisted of interest expenses on interest-bearing bank borrowings.

Effective Tax Rate

During the year, the effective tax rate of the Group increased from 25.2% to 27.2% which was mainly because of tax losses incurred in Hong Kong operation.

Profit Attributable to Ordinary Equity Holders of the Company

Profit attributable to ordinary equity holders of the Company decreased by about 18.3% from approximately RMB190,071,000 for the year ended 31 December 2011 to RMB155,252,000 for the year ended 31 December 2012. Basic earnings per share decreased from RMB19.7 cents to RMB16.4 cents and net profit margin decreased from 25.1% to 20.7%. Decrease in profit attributable to ordinary equity holders of the Company and net profit margin was mainly because of the decrease in sales to distributors offsetted by the increase in turnover from self-operated stores and the increase in selling and distribution expenses directly attributable to self-operated stores operation.

Business Review

Proprietary Brands

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

The Group's two proprietary brands, ***V.E. DELURE*** and ***TESTANTIN***, recorded steady same store sales growth for the self-operated stores business of 7.0% and 8.5%, respectively, during the year.

Retail and Distribution Network

Number of stores of proprietary brands by region

	2012	2011
Central PRC	**29**	34
North Eastern PRC	**43**	43
Eastern PRC	**74**	70
North Western PRC	**47**	46
Northern PRC	**73**	72
South Western PRC	**71**	61
Southern PRC	**90**	91
Hong Kong, Macau	**5**	5
	432	422

During the year, the Group continued to optimise its retail and sales network based on the demand in different target market regions. The Group has strategically used a mixed business model of opening self-operated stores in high-tier cities and franchised stores by distributors in low-tier cities. Operating self-operated stores enables the Group to create direct contact and interaction with target customers, optimise its marketing efforts to customers and directly instill in the customers the brand image and philosophy of the Group. Engaging distributors to operate franchised stores allows the Group to expand its retail network quickly, leverage the profound understanding and experience of the distributors in local markets in which they operated, and penetrate into fragmented menswear market in these cities with lower capital expenditure.

In view of the slowdown of economic growth and weak consumer sentiment, the Group prudently adjusted the store opening plan in response to the challenging market circumstances and consolidated low efficiency stores.

As at 31 December 2012, the Group had a total of 432 stores in 33 provinces and autonomous regions, covering 197 cities in China. There were 143 self-operated stores of ***V.E. DELURE*** in 57 cities in China whilst there were 61 self-operated stores of ***TESTANTIN*** in 31 cities in China.

In addition, the total number of distributors of the Group amounted to 103, which operated 164 franchised stores of ***V.E. DELURE*** in 120 cities and 64 franchised stores of ***TESTANTIN***, in 62 cities, respectively.

Number of stores of proprietary brands by city tier

	2012 ***(number of stores)***	2011 *(number of stores*	Changes *(number of stores*
V.E. DELURE			
Self-operated stores			
First-tier	**21**	26	–5
Second-tier	**75**	64	+11
Third-tier	**42**	33	+9
Fourth-tier	**5**	4	+1
	143	127	+16
Franchised stores			
First-tier	**–**	–	–
Second-tier	**19**	24	–5
Third-tier	**103**	109	–6
Fourth-tier	**42**	41	+1
	164	174	–10
	307	301	6
TESTANTIN			
Self-operated stores			
First-tier	**12**	8	+4
Second-tier	**34**	24	+10
Third-tier	**15**	10	+5
Fourth-tier	**–**	2	–2
	61	44	+17

	2012 (number of stores)	2011 (number of stores	Changes (number of stores
Franchised stores			
First-tier	**–**	–	–
Second-tier	**4**	7	–3
Third-tier	**41**	48	–7
Fourth-tier	**19**	22	–3
	64	77	–13
	125	121	+4
TOTAL	**432**	422	+10

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 2012, the number of ***V.E. DELURE*** self-operated stores increased from 127 to 143. The new self-operated stores are mainly located in second-tier and third-tier cities in China. Franchised stores operated by the distributors of the Group decreased from 174 to 164. It is in line with the Group's shift of strategic focus to increase the proportion of self-operated stores in order to enhance the brand image of ***V.E. DELURE*** by direct contact with the target consumers and long term profit quality.

The total area of retail outlets of self-operated stores of ***V.E. DELURE*** was approximately 21,680 square meters (2011: 18,065 square meters), representing an increase of 20.0%.

In 2012, the number of ***TESTANTIN*** self-operated stores increased from 44 to 61 whilst the number of franchised stores decreased from 77 to 64. It is in line with the focus of the Group in opening self-operated stores to enhance the brand image of ***TESTANTIN*** by direct contact with the target consumers to facilitate future growth and to consolidate inefficient stores. The Group increased ***TESTANTIN*** self-operated stores in high-tier cites during the year, as a stepping stone to enhance brand influence in the second-tier and third-tier cities in China.

The total area of retail outlets of self-operated stores of ***TESTANTIN*** was approximately 7,113 square meters (2011: 4,804 square meters), representing an increase of 48.1%. In 2012, the Group expanded sales network of ***TESTANTIN*** in high-tier cites by opening its first ***TESTANTIN*** store in Beijing and Shanghai, respectively.

Sales Fair

V.E. DELURE and ***TESTANTIN*** 2013 Spring and Summer Collections Sales Fair was held in July 2012. The total order amount from franchised stores operated by the distributors of the Group increased by 16% as compared to that of last year. Delivery of the orders has commenced in January 2013.

V.E. DELURE and ***TESTANTIN*** 2013 Fall and Winter Collections Sales Fair was held in March 2013. The total order amount from franchised stores operated by the distributors of the Group increased by 7% as compared to that of last year. Delivery of the orders will commence in August 2013.

Inventory Management

The Group has an effective inventory management system. In particular, the Group has adopted a flat distributor model comprising only one layer of distributors without any sub-distributor, which enables the Group to closely monitor the business performance and inventory of each franchised store and distributor. Moreover, orders made by the distributors are broken down proportionally into the first batch of order placed at the sales fair and the supplemental order placed following the commencement of the season. During the year, the inventory turnover days of the Group increased from 325 days to 431 days, which was mainly due to the increase in number of self-operated stores from 171 to 204 and lower rate of same store sales growth.

Marketing and Promotion

The Group has a dedicated marketing team, which is responsible for the execution and organisation of the marketing and promotional activities of ***V.E. DELURE*** and ***TESTANTIN***. The Group pays much attention to the long-term development of its brands. The marketing and promotion activities of the Group not only strengthen the brand recognition and value, but also publicise its brand theme.

In 2012, the total expenditure of the Group in marketing and promotion activities amounted to approximately RMB21,809,000 (2011: RMB25,857,000), accounting for approximately 2.9% (2011: 3.4%) of the total turnover of the Group. The Group budgeted to maintain the ratio less than 5% whilst promoting the brands effectively.

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 on the internet and other media, and large advertising billboards in airport, highway and well-known department stores.

The Group considers stores as one of the important channels to promote and enhance brand image. During the year, ***V.E. DELURE*** and ***TESTANTIN*** continued to carry out store image upgrade work, broaden the display space, which further enhanced its brand equity in order to enhance the brand image.

Moreover, the Group is the exclusive sponsor of the formal attire of the China national table tennis team and badminton team till 2015. The Group has arranged charity and promotion events participated by elite and well-known athletes. In April 2012, V.E. DELURE also sponsored the 25th Table Tennis Asia Cup 2012, which was held in Guangzhou with top Asian players participated in the competition.

In May 2012, the Group collaborated with China national badminton team and well-known shopping malls to organise ***V.E. DELURE*** Torch Relay Love Journey ("迪萊火炬傳遞愛心之旅") in Wuhan. Since the launch of this meaningful journey in 2006, the Group has organised this charity event in many cities and the event held in Wuhan marked the ninth station of the journey. ***V.E. DELURE*** Torch Relay Love Journey ("迪萊火炬傳遞愛心之旅") will continue to take place in other cities in China, with an aim to gather social force to participate in the charity activities. Such charity activities not only demonstrated the business philosophy of the Group but also promoted the corporate image of the Group as a social responsible enterprise.

Product Design and Development

Amid the continual urbanisation and the increasing disposable income of consumers, there is a consumption trend in pursuing products with superior materials, suitable cutting and unique style. While consumers have abundant product choices, the Group fully understands that fashionable and innovative apparel products not only attract consumers, but also provide the Group with a better pricing capability.

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

The Group also targeted on experienced design talents to bring in fresh inspiration for innovation to diversify its product portfolio and enhance its competitiveness. The Group has experienced, innovative and independent design teams for ***V.E. DELURE*** and ***TESTANTIN***, respectively, which were led by chief supervisors with substantial design experience in the industry.

Working Capital Management

Finished goods represented a significant portion of the inventories of the Group. The Group performed specific review on finished goods regularly. For slow-moving and obsolete inventories, the Group made specific provision for inventories with the net realisable value lower than its carrying value.

Inventory turnover days was 431 days for the year ended 31 December 2012, representing an increase of 106 days as compared to inventory turnover days of 325 days for the year ended 31 December 2011. The increase in inventory turnover days was mainly due to the increase in number of self-operated stores, increased revenue contribution by self-operated stores business and lower rate of same store sales growth.

Trade receivables represented the receivables for goods sold to the distributors for franchised stores and the receivables from department stores and shopping malls for self-operated stores. Trade receivables turnover days was 71 days for the year ended 31 December 2012 which was comparable to 70 days for the year ended 31 December 2011.

Trade and bills payables represented payables to suppliers and outsourced manufacturers. Trade and bills payables turnover days increased from 117 days for the year ended 31 December 2011 to 123 days for the year ended 31 December 2012.

Use of Proceeds

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 4 November 2010. Net proceeds from the global offering were approximately RMB1,017.4 million (equivalent to approximately HK$1,167.0 million), after deducting the underwriting commission and relevant expenses. As at 31 December 2012, the unused proceeds were deposited in licensed banks in Hong Kong and Mainland China.

Use of fund raised

	Percentage to total amount	**Net proceeds** *RMB'million*	**Utilised amount (as at 31 December 2012)** *RMB'million*	**Unutilised amount (as at 31 December 2012)** *RMB'million*
Expansion and improvement of retail network	45%	457.8	424.9	32.9
Developing independent lines of branded apparels and accessories under ***V.E. DELURE*** brand	10%	101.7	19.3	82.4
Acquisitions or licensing of additional brands	20%	203.5	–	203.5
Marketing and promotion activities	7%	71.2	14.4	56.8
Upgrade of ERP system and database management system	5%	50.9	1.7	49.2
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	1.0	49.9
General working capital	8%	81.4	31.0	50.4
	100%	1017.4	492.3	525.1

Liquidity and Financial Resources

As at 31 December 2012, the Group had cash and cash equivalents of RMB592,693,000 (2011: RMB940,698,000). In addition, the Group had pledged deposits and time deposits of RMB138,096,000 (2011: RMB10,000,000) and RMB100,000,000 (2011: RMB100,000,000), respectively. As at 31 December 2012, the Group had interest-bearing bank borrowings of an aggregate amount of RMB126,584,000 (2011: Nil), which were denominated in Hong Kong dollars, repayable within two years and interest-bearing at 3.15% per annum and variable rate of 2.3% below Hong Kong dollar Best Lending Rate per annum. The gearing ratio, calculated as total bank borrowings divided by equity attributable to the shareholders of the Company, amounted to 8.9% (2011: Nil).

Contingent Liabilities

As at 31 December 2012, the Group had no material contingent liabilities.

Pledge of Assets

As at 31 December 2012, pledged deposits of RMB138,096,000 (2011: RMB10,000,000) were pledged as securities for the bank borrowings and bank acceptance bills (2011: bank acceptance bills) of the Group.

Exchange Risk

The Group conducts business primarily in Hong Kong and Mainland China with most of the transactions denominated and settled in Hong Kong dollars and Renminbi. The Group purchases some raw materials and outsourced products in Euros and U.S. dollars. Depreciation of Renminbi against these foreign currencies would increase the cost of sales of the Group, resulting in an impact on the results of operations of the Group.

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

Employee's Benefits

The Group offered its staff competitive remuneration schemes and training and development opportunities. The Group also provided in-house sales and services coaching in order to develop human capital. In addition, discretionary bonuses 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 2012, no option has been granted by the Company.

As at 31 December 2012, the total number of full-time employees of the Group was 1,239. The total staff costs for the year ended 31 December 2012 amounted to approximately RMB80,407,000 (2011: RMB63,033,000).

Prospects

Given a slowdown in the domestic consumer market in Mainland China, the outlook of retail sector remains challenging and uncertain. In addition, although inflation pressure in Mainland China started to ease, there are risks that operating costs including material costs, labour costs and rental expenses continue to surge, adding additional pressure to retailers in the region under the challenging environment. However, as the Chinese government continued to drive domestic consumption to support economic growth, the domestic consumption will remain as the key contributor to GDP growth and achieve healthy and steady growth in the long term. This will also be supported by the continual increase in people's income and the pursuit for better quality products by middle to upper class population.

Under the current slowed and challenging business environment, the Group will execute prudent and responsive business strategy to maintain the advantageous position in the high-end menswear market in Mainland China. The Group will continue to enhance the brand equity and expand its retail network prudently. With respect to strengthening the brand image of ***V.E. DELURE*** and ***TESTANTIN***, the Group will focus on the long-term and sustainable development and the increase and retention of VIP customers. Various specific advertising and promotion activities will continuously be launched to strengthen the competitiveness of the brands.

In November 2012 and February 2013, the Group entered into a series of agreements to purchase certain office properties in a brand new commercial building in Guangzhou. The construction of the building is expected to complete by August 2013. The Group is currently renting its headquarters office in Guangzhou. The office properties will be used as the headquarters, design centre and showroom to accommodate its expanding business operation of the Group. With the expansion of the business of the Group, the Group needs a larger space in a convenient location in Guangzhou to be used as its headquarters office. The building is strategically located in a newly developed prime commercial area and is easily accessible by public transport, providing an ideal location for the headquarters office of the Group. The acquisition of the office properties is in line with the long-term development strategy of the Group as well as the corporate and brand image of the Group which will strengthen the market position and business development of the Group in the long term. For details, please refer to the announcements of the Company, dated 2 November 2012 and 19 February 2013, and the circular of the Company dated 12 March 2013.

Despite the challenging business environment, the Group will continue to expand and enhance its retail network prudently. The Group plans to increase approximately 50 new retail stores in 2013, of which approximately 28 are self-operated stores with the remaining 22 being franchised stores. In the long run, the Group is confident in the steady and healthy growth of menswear market in China, especially the mid-end to high-end segments. With the growing people's income, pursuit for higher quality products by consumers and the accelerating urbanization, it is expected that the domestic consumption will continue to grow healthily. As a result, by providing consumers with quality, prestigious as well as classic menswear products, the Group is still confident in the steady and sustainable growth of menswear sector in the long term.

DIVIDENDS

The Board of the Company has proposed the payment of a final dividend of HK6.2 cents (equivalent to approximately RMB5.0 cents) per ordinary share and a special final dividend of HK7.0 cents (equivalent to approximately RMB5.6 cents) per ordinary share for the year ended 31 December 2012. 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 Thursday, 6 June 2013 ("2013 AGM"), will be paid on or about 24 June 2013 to the shareholders whose names appear on the register of members of the Company on 18 June 2013.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of shareholders to attend and vote at the 2013 AGM, the register of members of the Company will be closed from Tuesday, 4 June 2013 to Thursday, 6 June 2013, both days inclusive. In order to qualify for attending and voting at the 2013 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 Monday, 3 June 2013.

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, 14 June 2013 to Tuesday, 18 June 2013, 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, 13 June 2013.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2012.

CORPORATE GOVERNANCE

On 1 April 2012, the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") ("Former CG Code") was amended and renamed as Corporate Governance Code and Corporate Governance Report ("New CG Code"). The Company has complied with the code provisions as set out in the New CG Code with effect from 1 April 2012.

In the opinion of the Directors of the Company, the Company has complied with the code provisions set out in the Former CG Code and New CG Code during the year ended 31 December 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct for dealings in securities of the Company by Directors. Specific enquiry has been made to all the Directors and all the Directors have confirmed that they have complied with the Model Code throughout the year.

No incident of non-compliance of the written guidelines governing the securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company by the employees was noted by the Company during the year.

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 Mr. Cheng King Hoi, Andrew, all are independent non-executive Directors of the Company. The annual results of the Group for the year ended 31 December 2012 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 2013 AGM of the Company will be held on Thursday, 6 June 2013, and the notice of AGM will be published and dispatched in the manner as required by the Listing Rules in due course.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.evergreen-intl.com.

The 2012 annual report will also be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.evergreen-intl.com and will be despatched to the shareholders of the Company.

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

Hong Kong, 25 March 2013

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