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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 238)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

FINANCIAL HIGHLIGHTS

	2012	2011	*Changes*
	RMB'million	*RMB'million*	*%*
Revenue	**338.0**	332.0	+1.8%
Gross profit	**230.7**	222.2	+3.8%
Profit attributable to ordinary equity holders	**71.1**	88.4	–19.5%
Basic and diluted earnings per share (RMB cents)	**7.5**	9.0	–16.7%
Interim dividend per share (HK cents)	**5.0**	4.4	+13.6%
Gross profit margin	**68.3%**	66.9%	
Net profit margin	**21.0%**	26.6%	
Effective tax rate	**27.9%**	24.3%	

	As at 30 June 2012	As at 31 December 2011
Trade receivables turnover days	**71**	70
Trade payables turnover days	**75**	79
Inventory turnover days	**430**	325

The board (the "Board") of directors (the "Directors") of Evergreen International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2012 together with the comparative figures for the same period of last year, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2012

	Notes	**2012** *RMB'000* **(Unaudited)**	2011 *RMB'000* (Unaudited)
REVENUE	*4*	**337,969**	332,040
Cost of sales		**(107,262)**	(109,814)
Gross profit		**230,707**	222,226
Other income and gains	*4*	**21,597**	24,586
Selling and distribution costs		**(128,864)**	(104,174)
Administrative expenses		**(22,338)**	(21,087)
Other expenses		**(2,260)**	(4,775)
Finance costs	*6*	**(203)**	–
PROFIT BEFORE TAX	*5*	**98,639**	116,776
Income tax expense	*7*	**(27,536)**	(28,400)
PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**71,103**	88,376
OTHER COMPREHENSIVE INCOME:			
Exchange differences on translation of operations outside Mainland China		**1,005**	(11,024)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**72,108**	77,352
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*8*	**RMB7.5 cents**	RMB9.0 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2012

	Notes	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**37,482**	37,870
Goodwill		**1,880**	1,880
Deferred tax assets		**6,170**	6,589
Pledged deposits		**103,100**	–
Total non-current assets		**148,632**	46,339
CURRENT ASSETS			
Inventories	*10*	**228,731**	284,571
Trade receivables	*11*	**121,820**	144,661
Prepayments, deposits and other receivables		**182,398**	148,887
Held-to-maturity financial assets		**102,155**	–
Pledged deposits		**32,458**	10,000
Time deposits		**100,000**	100,000
Cash and cash equivalents		**716,259**	940,698
Total current assets		**1,483,821**	1,628,817
CURRENT LIABILITIES			
Trade and bills payables	*12*	**11,516**	127,576
Other payables and accruals		**76,165**	59,473
Interest-bearing bank borrowings		**29,491**	–
Tax payable		**36,102**	47,701
Total current liabilities		**153,274**	234,750
NET CURRENT ASSETS		**1,330,547**	1,394,067
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,479,179**	1,440,406
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**99,499**	–
Deferred tax liabilities		**217**	215
Total non-current liabilities		**99,716**	215
Net assets		**1,379,463**	1,440,191
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		**829**	829
Reserves		**1,378,634**	1,306,526
Proposed final and special final dividends		**–**	132,836
Total equity		**1,379,463**	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 address of the Company is 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 period, the Group was principally engaged in the manufacturing and trading of clothing and clothing accessories.

2.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

These condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements do not include all information and disclosures required in the Group's annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2011.

Significant accounting policies

Except as described below, the accounting policies adopted in the preparation of these condensed consolidated interim financial statements are the same as those used in the Group's annual consolidated financial statements for the year ended 31 December 2011. The Group has adopted the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's condensed consolidated 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 *Deferred Tax: Recovery of Underlying Assets*

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

In addition, the Group has applied the accounting policy for held-to-maturity investments during the period.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income in the income statement. The loss arising from impairment is recognised in the income statement in other expenses.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not early applied the following new and revised IFRSs, that have been issued but are not yet effective, in these unaudited condensed consolidated interim financial statements:

IFRS 1 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – 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 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 improvement to IFRSs 2009-2011 Cycle	Amendments to a number of IFRSs issued in June 2012[2]
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12: *Transition Guidance*[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 Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application, but is not in a position to state whether these new and revised IFRSs will 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 as follows:

- The clothing segment produces and trades menswear and other accessories.

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

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

4. REVENUE, OTHER INCOME AND GAINS

Revenue, 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:

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**337,969**	332,040
Other income and gains		
Bank interest income	**21,132**	14,261
Gain from sale of raw materials	**133**	–
Compensation income	**1**	11
Foreign exchange gains, net	**–**	10,115
Others	**331**	199
	21,597	24,586

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**107,262**	109,814
Depreciation	**10,200**	6,083
Operating lease rental expense:		
Minimum lease payments	**6,671**	8,089
Contingent rents	**63,964**	52,856
	70,635	60,945
Employee benefit expense:		
Wages and salaries	**40,220**	30,990
Pension scheme contributions	**3,841**	2,438
	44,061	33,428
Write-down/(write-back) of inventories to net realisable value *	**(71)**	3,426
Donations*	**582**	355
Foreign exchange losses, net*	**1,720**	–

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

6. FINANCE COSTS

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans:		
wholly repayable within five years	**203**	–

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Mainland China	**26,865**	25,907
Current – Hong Kong	**251**	707
Deferred	**420**	1,786
Total tax charge for the period	**27,536**	28,400

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

No profits tax has been provided for Cayman Islands and British Virgin Islands profits both in 2012 and 2011 since the applicable profits tax rate 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 period.

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 period.

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 period, based on the existing legislation, interpretations and practices in respect thereof.

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

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 in issue during the period.

The calculation of basic earnings per share is based on:

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**71,103**	88,376

	Number of shares Six months ended 30 June	
	2012	2011
	'000	*'000*
Shares		
Number of ordinary shares in issue during the period	**948,826**	982,197
Effects of shares repurchased and cancelled on 26 May 2011	**–**	(1,777)
Effects of shares repurchased and cancelled on 14 June 2011	**–**	(970)
Weighted average number of ordinary shares	**948,826**	979,450

9. DIVIDEND

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interim dividend declared and payable of RMB4.1 cents per ordinary share (six months ended 30 June 2011: interim dividend of RMB3.7 cents per ordinary share)	**38,902**	35,350

The interim dividend proposed after 30 June 2012 has not been recognised as a liability in the condensed consolidated statement of financial position.

The 2011 proposed final and special final dividends of RMB132,836,000 were approved by shareholders at the annual general meeting on 4 June 2012 and were paid in June 2012.

10. INVENTORIES

	30 June 2012 *RMB'000* **(Unaudited)**	31 December 2011 *RMB'000* (Audited)
Raw materials	**13,897**	5,475
Work in progress	**8,720**	8,183
Finished goods	**206,114**	270,913
	228,731	284,571

11. TRADE RECEIVABLES

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

	30 June 2012 *RMB'000* **(Unaudited)**	31 December 2011 *RMB'000* (Audited)
Within 1 month	**97,023**	125,702
1 to 3 months	**17,687**	12,095
3 to 6 months	**5,462**	5,717
6 months to 1 year	**1,420**	661
Over 1 year	**228**	486
	121,820	144,661

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.

12. TRADE AND BILLS PAYABLES

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

	30 June 2012 *RMB'000* **(Unaudited)**	31 December 2011 *RMB'000* (Audited)
Within 1 month	**5,855**	14,609
1 to 3 months	**2,340**	33,235
3 to 6 months	**733**	75,672
6 months to 1 year	**1,304**	1,826
Over 1 year	**1,284**	2,234
	11,516	127,576

Trade and bills 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 and bills payables approximate to their fair values.

Included in trade and bills payables as at 31 December 2011 were bills payable of RMB50,000,000, which were non-interest-bearing and settled on terms of six months. The bills payable were secured by the pledged deposits of RMB10,000,000 as at 31 December 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2012, as the global economic environment continued to be complicated and volatile, there was growing concern over the slowing growth in the People's Republic of China (the "PRC" or "China"). In view of the risk of economic slowdown, the China government implemented a series of policies in order to expand domestic demand. The China government also cut interest rate for the first time since 2008 and loosened controls on bank's lending and deposit rates, exerting efforts to avoid a deepening slowdown as Europe's debt crisis continued to threaten the growth of global economy.

According to the National Bureau of Statistics of China, the gross domestic product ("GDP") of China for the first half of 2012 amounted to RMB22.7 trillion, representing a year-on-year increase of 7.8%. However, the economic growth slowed to 7.6% in the second quarter of 2012, which was the lowest since 2009. Amid increasing concerns and uncertainties over economic growth in China, the consumer sentiment was weakened during the period.

In the first half of 2012, the total retail sales of consumer goods in China amounted to RMB9.8 trillion, representing an increase of 14.4% compared to the same period of last year. The total retail sales of consumer goods realised in urban area and rural area amounted to RMB8.5 trillion and RMB1.3 trillion, respectively, representing an increase of 14.3% and 14.5%, respectively, compared to the same period of last year. However, the growth rates were 2.6 percentage points and 1.7 percentage points lower than that in the first half of 2011, respectively. In particular, the total sales of garments, footwear, hats and knitwear amounted to RMB453.8 billion, representing an increase of 16.9% compared to the same period of last year. However, the growth rate was 7.0 percentage points lower than that of 23.9% in the first half of 2011.

In addition, although inflation pressure in China started to ease during the first half of 2012, operating expenses including rentals, wages and salaries, and major raw materials costs continued to soar during the period, which deepened the pressure in operation under the current challenging environment. Under the current circumstances, the Group strategically adjusted its development strategy, increased resources in strengthening the direct retail business through its self-operated stores, enhanced marketing strategy for brand building and improved operation efficiency and business infrastructure, in order to build a solid business foundation for a prudent, healthy and sustainable growth of the Group in a long term basis.

FINANCIAL REVIEW

During the six months ended 30 June 2012, the Group recorded an aggregate turnover of approximately RMB337,969,000 (2011: RMB332,040,000), representing an increase of approximately 1.8% compared to the same period of last year. Gross profit for the period increased from RMB222,226,000 for the six months ended 30 June 2011 to RMB230,707,000, representing an increase of about 3.8%, and gross profit margin improved from 66.9% for the six months ended 30 June 2011 to 68.3%. However, profit attributable to ordinary equity holders of the Company for the period decreased by about 19.5% to approximately RMB71,103,000 (2011: RMB88,376,000) and net profit margin for the period decreased by 5.6% from 26.6% for the six months ended 30 June 2011 to 21.0%. The decrease in profit and net profit margin was mainly resulted from the decrease in sales to distributors and the increase in selling and distribution expenses directly attributable to self-operated stores operation.

Turnover

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
V.E. DELURE		
Self-operated stores	**180,260**	151,690
Distributors	**83,495**	106,995
Corporate sales	**969**	6,811
	264,724	265,496
TESTANTIN		
Self-operated stores	**38,835**	22,251
Distributors	**18,968**	20,477
	57,803	42,728
Licensed brands	**15,442**	23,816
	337,969	332,040

The total turnover of the Group for the six months ended 30 June 2012 increased by 1.8% to approximately RMB337,969,000 (2011: RMB332,040,000). The sales from ***V.E. DELURE, TESTANTIN*** and licensed brands business for the six months ended 30 June 2012 represented about 78.3% (2011: 79.9%), 17.1% (2011: 12.9%) and 4.6% (2011: 7.2%) of the total turnover of the Group, respectively.

Turnover of the Group for the six months ended 30 June 2012 comprised sales from self-operated stores of about RMB219,095,000 (2011: RMB173,941,000), sales to distributors of RMB102,463,000 (2011: RMB127,472,000), corporate sales of RMB969,000 (2011: RMB6,811,000) and sales from the licensed brands business of RMB15,442,000 (2011: RMB23,816,000).

The aggregate sales from self-operated stores for the six months ended 30 June 2012 achieved an increase of 26.0% as compared to the same period of last year, and accounted for about 64.8% (2011: 52.4%) of the total turnover, which was mainly resulted from the strategic shift to self-operated stores business under the current adverse conditions during the period. On the other hand, the aggregate sales to distributors for the six months ended 30 June 2012 recorded a decrease of 19.6% as compared to the same period of last year and accounted for about 30.3% (2011: 38.4%) of the total turnover.

Turnover by Region

V.E. DELURE	**Six months ended 30 June** **2012** *RMB'000*	2011 *RMB'000*	***TESTANTIN***	**Six months ended 30 June** **2012** *RMB'000*	2011 *RMB'000*
Central PRC	**20,648**	24,549	Central PRC	**962**	1,444
North Eastern PRC	**22,578**	14,686	North Eastern PRC	**5,441**	4,014
Eastern PRC	**37,261**	38,275	Eastern PRC	**7,662**	5,787
North Western PRC	**25,392**	26,880	North Western PRC	**11,453**	3,573
Northern PRC	**64,043**	56,428	Northern PRC	**3,770**	2,640
South Western PRC	**27,241**	34,891	South Western PRC	**7,217**	5,952
Southern PRC	**59,214**	64,845	Southern PRC	**12,992**	13,904
Hong Kong, Macau	**8,347**	4,942	Hong Kong, Macau	**8,306**	5,414
Total	**264,724**	265,496	Total	**57,803**	42,728

The sales from ***V.E. DELURE*** in the Eastern, Northern and Southern PRC for the six months ended 30 June 2012 accounted for 60.6% (2011: 60.1%) 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 and Guangzhou, where the Group targeted ***V.E. DELURE*** customers, who are relatively more affluent with strong purchasing power.

The sales from ***TESTANTIN*** in the Eastern, South Western, Southern and North Western PRC for the six months ended 30 June 2012 accounted for 68.0% (2011: 68.4%) 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)

	Six months ended 30 June **2012** *RMB'000*	2011 *RMB'000*
V.E. DELURE		
Apparel(1)	**164,927**	148,059
Accessories(2)	**15,333**	3,631
	180,260	151,690
TESTANTIN		
Apparel(1)	**35,918**	21,000
Accessories(2)	**2,917**	1,251
	38,835	22,251

	Six months ended 30 June	
	2012	2011
	Unit sold	*Unit sold*
	pcs	*pcs*
Sales Volume		
V.E. DELURE		
Apparel(1)	**75,066**	71,028
Accessories(2)	**23,725**	15,418
TESTANTIN		
Apparel(1)	**26,819**	16,296
Accessories(2)	**9,616**	5,837

	2012	2011
	RMB	*RMB*
Average Selling Price		
V.E. DELURE		
Apparel(1)	**2,197**	2,085
Accessories(2)	**646**	236
TESTANTIN		
Apparel(1)	**1,339**	1,289
Accessories(2)	**303**	214

Notes:

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

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

Cost of Sales

The cost of sales of the Group decreased by 2.3% during the period to approximately RMB107,262,000 (2011: RMB109,814,000). During the period, the Group continued to outsource the production process of most of the apparel and accessories products. The Group also purchased products under the licensed brand business, *CARTIER*. The Group performed sampling, packaging and post-finish processing of the apparel products produced by outsourced manufacturers, and manufactured a small portion of the apparel products in its own plant.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by RMB8,481,000 or 3.8%, from RMB222,226,000 to RMB230,707,000 for the six months ended 30 June 2012.

During the period, the major raw material costs continued to soar and the increase in wages also intensified the production cost pressure. By leveraging on the advantages and influences of the brands of the Group, the increased contribution of revenue from self-operated store operation and strengthening cost control, the Group maintained a relatively steady gross profit margin level of 68.3% for the six months ended 30 June 2012, as compared to 66.9% for the same period of last year.

Other Income and Gains

During the period, other income and gains mainly consisted of bank interest income of RMB21,132,000 (2011: RMB14,261,000).

Selling and Distribution Expenses

For the six months ended 30 June 2012, selling and distribution expenses primarily represented rental and concessionaire commission to shopping malls and department stores of self-operated stores of approximately RMB68,705,000 (2011: RMB59,369,000), advertising and promotion expenses of approximately RMB11,735,000 (2011: RMB8,538,000), and staff costs of approximately RMB31,755,000 (2011: RMB22,883,000). During the period, the total selling and distribution expenses represented about 38% (2011: 31%) of the total turnover, representing an increase of 7 percentage points, which was mainly due to the increase in the concessionaire commission and increase in staff costs as a result of the increase in sales from self-operated stores.

Rental and concessionaire commission to shopping malls and department stores of self-operated stores accounted for approximately 31.4% of sales from self-operated stores for the six months ended 30 June 2012, which was comparable to that of 34.1% for the six months ended 30 June 2011.

Administrative Expenses

For the six months ended 30 June 2012, administrative expenses increased from RMB21,087,000 to RMB22,338,000, representing an increase of RMB1,251,000 or 5.9% as compared to the same period of last year. During the period, administrative expenses accounted for 6.6% (2011: 6.4%) of turnover, which was comparable to the same period of last year.

Finance Costs

Finance costs for the six months ended 30 June 2012 mainly represented interest expenses on interest-bearing bank borrowings.

Effective Tax Rate

During the period, the effective tax rate of the Group increased from 24.3% to 27.9% 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 19.5% from approximately RMB88,376,000 for the six months ended 30 June 2011 to RMB71,103,000 for the six months ended 30 June 2012. Basic earnings per share decreased from RMB9.0 cents to RMB7.5 cents and net profit margin decreased from 26.6% to 21.0%. 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 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*** offers business formal and casual menswear and accessories targeting affluent and successful men with a brand theme of "Love"; while ***TESTANTIN*** offers contemporary and chic casual menswear and accessories targeting a younger and more fashion conscious age group with a brand theme of "artistic expression and simplicity".

The Group's two proprietary brands, ***V.E. DELURE*** and ***TESTANTIN***, recorded same store sales growth for the self-operated stores business of 6.6% and 8.5%, respectively, for the first half of 2012.

Retail and Distribution Network

Number of stores of proprietary brands by region

	As at 30 June 2012	As at 31 December 2011
Central PRC	**34**	34
North Eastern PRC	**41**	43
Eastern PRC	**77**	70
North Western PRC	**50**	46
Northern PRC	**71**	72
South Western PRC	**69**	61
Southern PRC	**98**	91
Hong Kong, Macau	**5**	5
	445	422

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

In view of the risk of slowing economic growth, the Group actively and properly adjusted the store opening plan according to the prevailing market circumstances, consolidated low efficiency stores and revised the target of net increase in stores in the second half of 2012 to 55.

As at 30 June 2012, the Group had a total of 445 stores in 33 provinces and autonomous regions, covering 196 cities in China. There were 138 self-operated stores of ***V.E. DELURE*** in 52 cities in China whilst there were 57 self-operated stores of ***TESTANTIN*** in 28 cities in China.

In addition, the total number of distributors of the Group amounted to 97, which operated 176 franchised stores of ***V.E. DELURE*** in 125 cities and 74 franchised stores of ***TESTANTIN***, in 62 cities, respectively.

Number of stores of proprietary brands by city tier

	As at 30 June 2012	As at 31 December 2011	Changes
V.E. DELURE			
Self-operated stores			
First-tier	**23**	26	–3
Second-tier	**71**	64	7
Third-tier	**38**	33	5
Fourth-tier	**6**	4	2
	138	127	11
Franchised stores			
First-tier	**–**	–	–
Second-tier	**19**	24	–5
Third-tier	**111**	109	2
Fourth-tier	**46**	41	5
	176	174	2
	314	301	13

	As at 30 June 2012	As at 31 December 2011	Changes
TESTANTIN			
Self-operated stores			
First-tier	**11**	8	3
Second-tier	**28**	24	4
Third-tier	**16**	10	6
Fourth-tier	**2**	2	–
	57	44	13
Franchised stores			
First-tier	**–**	–	–
Second-tier	**5**	7	–2
Third-tier	**46**	48	–2
Fourth-tier	**23**	22	1
	74	77	–3
	131	121	10
TOTAL	**445**	422	23

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 the first half of 2012, the number of ***V.E. DELURE*** self-operated stores increased from 127 to 138. The new self-operated stores opened mainly located in second-tier and third-tier cities. Franchised stores operated by the distributors of the Group increased from 174 to 176, 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 strategic shift of focus to increase the proportion of self-operated stores in order to enhance the brand image of ***V.E. DELURE*** and long term profit quality.

The total area of retail outlets of self-operated stores of ***V.E. DELURE*** was approximately 20,082 square meters (31 December 2011: 18,065 square meters), representing an increase of 11.2%.

In the first half of 2012, the number of ***TESTANTIN*** self-operated stores increased from 44 to 57 whilst the number of franchised stores decreased from 77 to 74. The focus in the first half of 2012 was the opening of self-operated stores in order to enhance the brand image of ***TESTANTIN*** to facilitate future growth strategically. As such, the Group increased ***TESTANTIN*** self-operated stores in high-tier cites during the period, 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 6,261 square meters (31 December 2011: 4,804 square meters), representing an increase of 30.3%. In the first half of 2012, the Group made progress in expanding 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*** 2012 Fall and Winter collections sales fair was held in February 2012. The total order amount from franchised stores operated by the distributors of the Group increased by 15% as compared to that of last year. Delivery of the orders commenced in August 2012.

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 will commence in January 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 distribution network, without any sub-distributor, which enables the Group to closely monitor the business performance and inventory of each franchised store and distributor. Moreover, orders made by the distributors are distributed proportionally into the first batch of order placed at the sales fair and the supplemental order placed following the commencement of the season. During the period, the inventory turnover days of the Group increased from 325 days to 430 days, which was mainly due to the increase in number of self-operated stores and lower same store sales growth. Notwithstanding, the inventory balance decreased from RMB284,571,000 as at 31 December 2011 to RMB228,731,000 as at 30 June 2012.

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. Various marketing and promotion activities of the Group not only strengthen the brand recognition and value, but also publicise its brand theme.

In the first half of 2012, the total expenditure of the Group in marketing and promotion activities amounted to approximately RMB11,735,000 (2011: RMB8,538,000), accounting for approximately 3.5% (2011: 2.6%) of the total turnover of the Group. The Group will strive to maintain the ratio not exceeding 5% whilst promoting the brands in an effective approach.

During the period, 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 large advertising billboard 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 period, ***V.E. DELURE*** and ***TESTANTIN*** continued to carry out store 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.

Moreover, 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. In April 2012, ***V.E. DELURE*** sponsored the 25th Table Tennis Asia Cup 2012, which was held in Guangzhou with top Asian players participated in the competition.

In addition, in May 2012, the Group collaborated with China national badminton team and famous 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 journey in 2006, the Group has organised this charity event in many cities in China and the event held in Wuhan was the ninth station of the journey. As an enduring vision and plan, ***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 delivered the brand image of the Group but also promoted the corporate image of the Group as a social responsible enterprise.

Product Design and Development

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

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

The Group also targeted on experienced design talents to bring in fresh inspiration for innovation to further diversity product portfolio and increase competitiveness. The Group has experienced innovative and independent design teams for ***V.E. DELURE*** and ***TESTANTIN***, respectively, which were led by experienced chief supervisors with substantial design experience in the industry. During the six months ended 30 June 2012, the total headcount of the design teams of the Group increased from 20 to 22.

Working Capital Management

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

Inventory turnover days was 430 days as at 30 June 2012, representing an increase of 105 days as compared to inventory turnover days of 325 days as at 31 December 2011. Notwithstanding, the inventory balance decreased from RMB284,571,000 as at 31 December 2011 to RMB228,731,000 as at 30 June 2012. The increase in inventory turnover days was mainly due to the increase in number of self-operated stores and lower 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 as at 30 June 2012 which was comparable to 70 days as at 31 December 2011.

Trade payables represented payables to suppliers and outsourced manufacturers. Trade payables turnover days slightly decreased from 79 days as at 31 December 2011 to 75 days as at 30 June 2012.

Use of Proceeds

The shares of the Company were listed on the Main Board of the Stock Exchange on 4 November 2010. Net proceeds from the global offering were approximately RMB1,017.4 million (equivalent to approximately HK$1,167.0 million), after deducting the underwriting commission and relevant expenses. As at 30 June 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**	**Utilised amount (as at 30 June 2012)**	**Unutilised amount (as at 30 June 2012)**
		RMB'million	*RMB'million*	*RMB'million*
Expansion and improvement of retail network	45%	457.8	350.5	107.3
Developing independent lines of branded apparels and accessories under ***V.E. DELURE*** brand	10%	101.7	15.0	86.7
Acquisitions or licensing of additional brands	20%	203.5	–	203.5
Marketing and promotion activities	7%	71.2	9.5	61.7
Upgrade of ERP system and database management system	5%	50.9	1.6	49.3

	Percentage to total amount	Net proceeds *RMB'million*	Utilised amount (as at 30 June 2012) *RMB'million*	Unutilised amount (as at 30 June 2012) *RMB'million*
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	–	81.4
	100%	1,017.4	377.6	639.8

Liquidity and Financial Resources

As at 30 June 2012, the Group had cash and cash equivalents of RMB716,259,000 (31 December 2011: RMB940,698,000). In addition, the Group had pledged deposits, time deposits and held-to-maturity financial assets of RMB135,558,000 (31 December 2011: RMB10,000,000), RMB100,000,000 (31 December 2011: RMB100,000,000) and RMB102,155,000 (31 December 2011: Nil), respectively. As at 30 June 2012, the Group had interest-bearing bank borrowings of an aggregate amount of RMB128,990,000 (31 December 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 9.4% (31 December 2011: Nil).

Contingent Liabilities

As at 30 June 2012, the Group had no material contingent liabilities.

Pledge of Assets

As at 30 June 2012, pledged deposits of RMB135,558,000 (31 December 2011: RMB10,000,000) were pledged as securities for the bank borrowings (31 December 2011: bank acceptance bills) of the Group.

Exchange Risk

The Group conducts business primarily in Hong Kong and the 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 considers if there is a need to hedge against significant foreign currency exposure when necessary.

Employee's Benefits

The Group offered its staff competitive remuneration schemes and training and development opportunities. The Group also provided in-house sales and services coaching in order to develop human capital. In addition, discretionary bonuses 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 30 June 2012, no option has been granted by the Company.

As at 30 June 2012, the total number of full-time employees of the Group was 1,264. The total staff costs for the six months ended 30 June 2012 amounted to approximately RMB44,061,000 (2011: RMB33,428,000).

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

Prospects

Given the complicated and volatile economic environment, worsening debt crisis in Europe and declining consumer sentiment, the outlook of economic growth remains uncertain. In addition, although inflation pressure in Mainland China started to ease during the first half of 2012, operating costs including material costs, labour costs and rental expenses continued to surge, resulting in challenging environment to retailers in the region. In view of the risk of economic slowdown, the PRC government implemented a series of policies in order to expand domestic demand. In the first half of 2012, the PRC government also cut interest rate for the first time since 2008 and loosened controls on bank's lending and deposit rates, exerting efforts to avoid a deepening slowdown as Europe's debt crisis continued to threaten the growth of global economy.

Nevertheless, in order to achieve sustainable growth while ensuring stability, the PRC government continued to accelerate economic restructuring, improve people's living standards and boost domestic demand and balanced growth. The continual urbanisation and constant rise in national consumption capability coupled with consumers' pursuit for better quality products imply that domestic consumption will become the key contributor to GDP growth of Mainland China in the long run.

Despite the current sluggish consumer market, the Group will continue with market expansion prudently and maintain the advantageous position in China's high-end menswear market. The Group will continue to enhance the brand image and expand its retail network prudently. With respect to strengthening the brand image of ***V.E. DELURE*** and ***TESTANTIN***, the Group will particularly focus on the long term development and the increase and retention of VIP customers. Various specific marketing initiatives will continuously be organised to strengthen the brand recognition and value.

Meanwhile, the Group will continue to expand and enhance its retail network prudently. The Group plans to open approximately 55 new retail stores in the second half of 2012, of which approximately 25 are self-operated stores with the remaining 30 being franchised stores. In the long run, the Group is confident in the growth and development of menswear market in China, especially the mid-end to high-end segments. With the increasing national consumption power, pursuit for higher quality products by consumers and the continuous expansion of domestic demand underlined by the government policies, it is expected that the menswear market will continue to grow. As a result, by providing consumers with prestigious, contemporary as well as classic menswear products, the Group believes that it can capture the business opportunities so as to maintain its position as one of the leading high-end menswear brand operators in China.

INTERIM DIVIDEND

The Board of the Company has declared an interim dividend of HK5.0 cents (equivalent to approximately RMB4.1 cents) per ordinary share for the six months ended 30 June 2012. The interim dividend will be payable on or before 5 October 2012 to shareholders whose names appear on the register of members of the Company on 21 September 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 19 September 2012 to Friday, 21 September 2012, both days inclusive. In order to qualify for the interim dividend, all transfer documents together with the relevant share certificates should be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 18 September 2012.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

On 1 April 2012, the Code on Corporate Governance Practices as set out in Appendix 14 to 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, during the six months ended 30 June 2012, the Company has complied with the code provisions set out in the Former CG Code and New CG Code.

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 period.

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 period.

REVIEW OF INTERIM RESULTS

The Company has an audit committee (the "Audit Committee") which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and 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. The interim results of the Group for the six months ended 30 June 2012 have been reviewed and approved by the Audit Committee.

FORWARD LOOKING STATEMENTS

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The 2012 interim 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, 28 August 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 of the Company, and Mr Fong Wo, Felix, Mr Kwok Chi Sun, Vincent and Mr Cheng King Hoi, Andrew as the independent non-executive Directors of the Company.