

[For Immediate Release]



## Evergreen International Holdings Limited Announces Interim Results 2012

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**Net Profit Amounted to RMB 71.1 Million  
Proposed Interim Dividend of HKD5.0 cents per Share**

### Financial Highlights:

RMB million	For the six months ended 30 June		
	2012	2011	Change (%)
Revenue	<b>338.0</b>	332.0	+1.8%
Gross profit	<b>230.7</b>	222.2	+3.8%
Gross profit margin	<b>68.3%</b>	66.9%	+1.4ppt
Profit attributable to shareholders	<b>71.1</b>	88.4	-19.5%
Basic earnings per share (RMB cents)	<b>7.5</b>	9.0	-16.7%
Interim dividend per share (HK cents)	<b>5.0</b>	4.4	+13.6%
Interim dividend payout ratio	<b>54.7%</b>	41.2%	+13.5ppt

(28 August 2012 – Hong Kong) **Evergreen International Holdings Limited** (“Evergreen Intl” or the “Company”, together with its subsidiaries, the “Group”; stock code: 238), one of the leading menswear enterprises and brands operators in the PRC covering the middle-upper to high-end segments of the menswear market, is pleased to announce its unaudited interim results for the six months ended 30 June 2012.

During the six months ended 30 June 2012, the Group recorded an aggregate turnover of approximately RMB337,969,000 (1H2011: 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 to RMB230,707,000, representing an increase of about 3.8%, and gross profit margin improved from 66.9% to 68.3%. However, profit attributable to shareholders of the Company for the period decreased by about 19.5% to approximately RMB71,103,000 (1H2011: RMB88,376,000). The decrease in net profit was mainly resulted from the decrease in sales to distributors for the franchised stores, and the increase in selling and distribution expenses directly attributable to self-operated stores operation.

In light of the interim results, Mr. Chan Yuk Ming, Chairman and Executive Director of Evergreen Intl, commented, “Amid increasing concerns and uncertainties over economic growth in China, the consumer sentiment was weakened during the period. 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.”

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The sales from V.E. DELURE, TESTANTIN and licensed brands business for the six months ended 30 June 2012 represented about 78.3% (1H2011: 79.9%), 17.1% (1H2011: 12.9%) and 4.6% (1H2011: 7.2%) of the total turnover of the Group, respectively. During the period under review, the Group's two proprietary brands, V.E. DELURE and TESTANTIN, have generated RMB264.7 million and RMB57.8 million in revenue respectively, representing a slight decrease of 0.29% and a significant increase of 35.3% respectively. Self-operated stores of V.E. DELURE sold 75,066 units of apparel products with an ASP of RMB2,197, while TESTANTIN sold 26,819 units of apparel products with an ASP of RMB1,339. In the first half of 2012, V.E. DELURE and TESTANTIN recorded same store sales growth (SSSG) for the self-operated business of 6.6% and 8.5% respectively.

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% (1H2011: 52.4%) of the total turnover. On the other hand, the aggregate sales to distributors for the franchised stores recorded a decrease of 19.6% as compared to the same period of last year and accounted for about 30.3% (1H2011:38.4%) of the total turnover.

As at 30 June 2012, the Group had a total of 445 stores in 33 provinces and autonomous regions, covering 196 cities in China. 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.

Moreover, the number of TESTANTIN self-operated stores increased from 44 to 57 whilst the number of franchised stores decreased from 77 to 74. During the period, the Group made progress in expanding sales network of TESTANTIN in high-tier cities by opening its first self-operated store in Beijing and Shanghai.

The 2012 Fall/Winter V.E. DELURE and TESTANTIN 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% to RMB156.1 million as compared to that of last year while delivery of the orders commenced in August 2012. The 2013 SPRING/SUMMER V.E. DELURE and TESTANTIN collections sales fair was held in July 2012. The total order amount from franchised stores operated by the distributors of the Group increased by 10% to RMB110.6 million as compared to that of last year and delivery of the orders will commence in January 2013.

Mr. Chan concluded, "Given the complicated and volatile economic environment, worsening debt crisis in Europe and declining consumer sentiment, the outlook of economic growth remains uncertain. Looking forward, 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, most importantly, focus our efforts on enhancing the brand image and expand our retail network prudently. In view of the risk of economic slowdown, the PRC government implemented a series of policies in order to expand domestic demand. Thus, we remain confident of China's high-end menswear market in the long run, and will plan to open 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. To conclude, 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."

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#### **About Evergreen International Holdings Limited**

Evergreen is one of the leading menswear enterprises and brands operators in the PRC that currently owns and manages V.E. DELURE and TESTANTIN, targeting the high-end business formal and casual menswear market and the middle-upper fashion casual menswear market respectively. The Group's strategy is to open self-operated stores in key cities, while penetrating into the markets of slower development through distributors. To cope with business expansion and raise operating efficiency, the Group has strategically used a combination of self-operated retail stores as well as distributors of various degrees to cater to different stages of development and target markets for each of its brands. As at 30 June 2012, the Group has 97 distributors with a total of 195 self-operated stores and 250 franchised stores in 33 provinces and autonomous regions, covering 196 cities.

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