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 2013

FINANCIAL HIGHLIGHTS

	2013	2012	Change
	RMB'million	*RMB'million*	%
Revenue	**372.7**	338.0	+10.3%
Gross profit	**251.5**	230.7	+9.0%
Operating profit	**78.2**	77.2	+1.2%
Profit attributable to ordinary equity holders	**61.2**	71.1	–13.9%
Basic and diluted earnings per share *(RMB cents)*	**6.5**	7.5	–13.3%
Interim dividend per share *(HK cents)*	**4.5**	5.0	–10.0%
Gross profit margin	**67.5%**	68.3%	
Operating profit margin	**21.0%**	22.8%	
Net profit margin	**16.4%**	21.0%	
Effective tax rate	**28.0%**	27.9%	

	As at 30 June 2013	As at 31 December 2012
Inventory turnover days	**454**	431
Trade receivables turnover days	**75**	71
Trade and the bills payables turnover days	**102**	123

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 2013 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 2013

	Notes	**2013** ***RMB'000*** **(Unaudited)**	2012 *RMB'000* (Unaudited)
REVENUE	*4*	**372,652**	337,969
Cost of sales		**(121,187)**	(107,262)
Gross profit		**251,465**	230,707
Other income and gains	*4*	**9,164**	21,597
Selling and distribution expenses		**(151,561)**	(128,864)
Administrative expenses		**(23,296)**	(22,338)
Other expenses, net		**1,567**	(2,260)
Finance costs	*6*	**(2,303)**	(203)
PROFIT BEFORE TAX	*5*	**85,036**	98,639
Income tax expense	*7*	**(23,835)**	(27,536)
PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**61,201**	71,103
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Exchange differences on translation of operations outside Mainland China		**1,644**	1,005
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**62,845**	72,108
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*9*	**RMB6.5 cents**	RMB7.5 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2013

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**34,047**	36,508
Other intangible asset		**3,640**	3,698
Goodwill		**1,880**	1,880
Deferred tax assets		**5,898**	7,218
Prepayments for non-current assets		**400,595**	251,935
Pledged deposits		**100,000**	103,100
Total non-current assets		**546,060**	404,339
CURRENT ASSETS			
Inventories	*10*	**317,821**	293,984
Trade receivables	*11*	**164,159**	148,138
Prepayments, deposits and other receivables		**193,398**	150,458
Time deposits		**–**	100,000
Pledged deposits		**110,944**	34,996
Cash and cash equivalents		**537,844**	592,693
Total current assets		**1,324,166**	1,320,269
CURRENT LIABILITIES			
Trade and bills payables	*12*	**99,093**	37,947
Other payables and accruals		**49,234**	70,389
Interest-bearing bank borrowings		**295,046**	28,941
Tax payable		**39,570**	64,674
Total current liabilities		**482,943**	201,951
NET CURRENT ASSETS		**841,223**	1,118,318
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,387,283**	1,522,657
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**–**	97,643
Deferred tax liabilities		**59**	60
Total non-current liabilities		**59**	97,703
Net assets		**1,387,224**	1,424,954
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		**829**	829
Reserves		**1,386,395**	1,323,550
Proposed final and special final dividends		**–**	100,575
Total equity		**1,387,224**	1,424,954

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 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 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 interim condensed consolidated financial statements of the Group for the six months ended 30 June 2013 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board.

These interim condensed consolidated 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 2012.

Significant accounting policies

Except as described below, the accounting policies adopted in the preparation of these interim condensed consolidated financial statements are the same as those used in the Group's annual consolidated financial statements for the year ended 31 December 2012. 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 — Government Loans*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 — *Transition Guidance*
IFRS 13	*Fair Value Measurement*
IAS 1 Amendments	Amendments to IAS 1 Presentation of Financial Statements *— Presentation of Items of Other Comprehensive Income*
IAS 19 (Amendments)	Amendments to IAS19 *Employee Benefits*
IAS 27 (Revised)	*Separate Financial Statements*
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009–2011 Cycle	Amendments to a number of IFRSs issued in May 2012

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

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 interim condensed consolidated financial statements:

IFRS 9	*Financial Instruments*[2]
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) — *Investment Entities*[1]
IAS 32 Amendments	Amendments to IAS 32 *Presentation — Offsetting Financial Assets and Financial Liabilities*[1]
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets — Amended by Recoverable* Amount Disclosures for Non-Financial Assets[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement — Amended by Novation of Derivatives and Continuation of Hedge Accounting*[1]
IFRIC 21	*Levies*[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 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, 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 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	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**372,652**	337,969
Other income and gains		
Bank interest income	**8,016**	21,132
Foreign exchange gains, net	**710**	–
Gains on sale of raw materials	**21**	133
Others	**417**	332
	9,164	21,597

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**121,187**	107,262
Depreciation	**10,571**	10,200
Operating lease rental expense:		
Minimum lease payments	**11,050**	6,671
Contingent rents	**77,542**	63,964
	88,592	70,635
Employee benefit expense:		
Wages and salaries	**43,416**	40,220
Pension scheme contributions	**4,522**	3,841
	47,938	44,061
Write-back of inventories provisions*	**(3,366)**	(71)
Donations*	**1,700**	582
Loss on disposal of items of property, plant and equipment*	**89**	–
Foreign exchange differences, net	**(710)**	1,720*

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

6. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans wholly repayable within five years	**2,303**	203

7. INCOME TAX

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current — Mainland China	**22,139**	26,865
Current — Hong Kong	**114**	251
Current — Macau	**262**	–
Deferred	**1,320**	420
Total tax charge for the period	**23,835**	27,536

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 for the six months ended 30 June 2012 and 2013 since the applicable profits tax rate is zero.

The income tax provision of the Group in respect of its operations in Mainland China has been provided at the rate of 25% (2012: 25%) on the taxable profits for the six months ended 30 June 2013, based on the existing legislation, interpretations and practices in respect thereof.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2012 and 2013.

Macau profits tax has been provided at the rates ranging from 0% to 12% (2012: 0% to 12%) depending on the extent of estimated assessable profits arising in Macau during the six months ended 30 June 2013.

8. DIVIDEND

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interim dividend declared and payable of RMB3.6 cents (2012: RMB4.1 cents) per ordinary share	**34,158**	38,902

The interim dividend proposed after 30 June 2013 has not been recognised as a liability in the condensed consolidated statement of financial position.

The 2012 proposed final and special final dividends of RMB100,575,000 were approved by shareholders at the annual general meeting on 6 June 2013 and were distributed in June 2013.

9. 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	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**61,201**	71,103

	Number of shares Six months ended 30 June	
	2013	2012
Shares		
Number of ordinary shares in issue during the period	**948,825,763**	948,825,763

10. INVENTORIES

	30 June	31 December
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Raw materials	**22,326**	9,064
Work in progress	**36,911**	5,299
Finished goods	**258,584**	279,621
	317,821	293,984

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.

11. TRADE RECEIVABLES (CONTINUED)

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

	30 June 2013 *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
Within 1 month	**120,176**	125,037
1 to 3 months	**33,607**	11,847
3 to 6 months	**5,616**	8,947
6 months to 1 year	**4,591**	2,190
Over 1 year	**169**	117
	164,159	148,138

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 2013 *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
Within 1 month	**47,852**	9,015
1 to 3 months	**17,522**	14,065
3 to 6 months	**32,318**	13,771
6 months to 1 year	**523**	236
Over 1 year	**878**	860
	99,093	37,947

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 are bills payable of RMB25,542,000 (31 December 2012: RMB20,022,000, which are non-interest-bearing and settled on terms of six months. The bills payable are secured by the pledged deposits of RMB7,844,000 (31 December 2012: RMB2,584,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2013, the economic growth in the People's Republic of China (the "PRC" or "China") continued to slow down and the retail sector remained weak.

Amid increasing concerns and uncertainties over economic growth in China, the consumer sentiment continued to weaken during the period. According to the National Bureau of Statistics of China, the Consumer Confidence Index fell to 99.0 in May 2013. The gross domestic product ("GDP") of China for the first half of 2013 amounted to RMB24,800.9 billion, representing a year-on-year increase of 7.6%. Notwithstanding, the economic growth slowed to 7.5% in the second quarter of 2013 and the growth rate was 0.2 percentage points lower than that in the first half of 2012.

In the first half of 2013, the total retail sales of consumer goods in China amounted to RMB11,076.4 billion, representing an increase of 12.7% compared to the same period of last year. The total retail sales of consumer goods realised in urban area and rural area amounted to RMB9,578.9 billion and RMB1,497.5 billion, respectively, representing an increase of 12.5% and 14.3%, respectively, compared to the same period of last year. However, the growth rates were 1.8 percentage points and 0.2 percentage points lower than that in the first half of 2012, respectively. In particular, the total sales of garments, footwear, hats and knitwear in the first half of 2013 amounted to RMB541.5 billion, representing an increase of 11.9% compared to the same period of last year. However, the growth rate was 5.0 percentage points lower than that of 16.9% in the first half of 2012.

In addition, operating expenses including rentals, wages and salaries, and major raw materials costs continued to surge during the period, which further increased the pressure of retail operators under the current challenging environment. Under the current circumstances, the Group increased resources in strengthening the direct retail business through its self-operated stores, enhanced marketing strategy for brand building, provided the distributors with extensive training 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. The Group has made a concerted effort to cope with the market challenges and managed to achieve a mild increase of turnover as compared to the same period of last year. Notwithstanding, there was a decrease in the profit attributable to ordinary equity holders of the Company mainly attributable to the decrease in non-operating bank interest income.

Financial Review

During the six months ended 30 June 2013, the Group recorded an aggregate turnover of approximately RMB372,652,000 (2012: RMB337,969,000), representing an increase of approximately 10.3% compared to the same period of last year. Gross profit for the period increased from RMB230,707,000 for the six months ended 30 June 2012 to RMB251,465,000, representing an increase of about 9.0%, and gross profit margin slightly decreased from 68.3% for the six months ended 30 June 2012 to 67.5%. Profit attributable to ordinary equity holders of the Company for the period decreased by about 13.9% to approximately RMB61,201,000 (2012: RMB71,103,000) and net profit margin for the period decreased by 4.6 percentage points from 21.0% for the six months ended 30 June 2012 to 16.4%. The decrease in profit and net profit margin was mainly attributable to the decrease in non-operating bank interest income as a result of the decrease in average cash and bank balances.

Turnover

	Six months ended 30 June				
	2013		2012		Change
	RMB'000	***% of turnover***	*RMB'000*	*% of turnover*	*%*
V.E. DELURE					
Self-operated stores	**188,698**	**50.6%**	180,260	53.3%	4.7%
Distributors	**104,958**	**28.2%**	83,495	24.7%	25.7%
Corporate sales	**2,737**	**0.7%**	969	0.3%	182.5%
	296,393	**79.5%**	264,724	78.3%	12.0%
TESTANTIN					
Self-operated stores	**46,171**	**12.4%**	38,835	11.5%	18.9%
Distributors	**17,837**	**4.8%**	18,968	5.6%	–6.0%
	64,008	**17.2%**	57,803	17.1%	10.7%
Licensed brands	**12,251**	**3.3%**	15,442	4.6%	–20.7%
	372,652		337,969		10.3%

The total turnover of the Group for the six months ended 30 June 2013 increased by 10.3% to approximately RMB372,652,000 (2012: RMB337,969,000). The increase in turnover was mainly attributable to the increase in sales by self-operated stores of both ***V.E. DELURE*** and ***TESTANTIN*** and the rebound of sales to distributors of ***V.E. DELURE***, offsetted by the slowdown in sales to distributors of ***TESTANTIN*** and the decrease in sales from licensed brands.

Turnover of the Group for the six months ended 30 June 2013 comprised sales from self-operated stores of about RMB234,869,000 (2012: RMB219,095,000), sales to distributors of RMB122,795,000 (2012: RMB102,463,000), corporate sales of RMB2,737,000 (2012: RMB969,000) and sales from the licensed brands business of RMB12,251,000 (2012: RMB15,442,000).

The aggregate sales from self-operated stores for the six months ended 30 June 2013 achieved an increase of 7.2% as compared to the same period of last year, and accounted for about 63.0% (2012: 64.8%) of the total turnover, which was mainly resulted from the increased efforts in 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 2013 recorded an increase of 19.8% as compared to the same period of last year and accounted for about 33.0% (2012: 30.3%) of the total turnover, which was contributed by the rebound of sales to distributors of ***V.E. DELURE*** during the period.

Turnover by Region

	Six months ended 30 June				
	2013		2012		Change
	RMB'000	***% of turnover***	*RMB'000*	*% of turnover*	*%*
V.E. DELURE					
Central China	**21,247**	**7.2%**	20,648	7.8%	2.9%
North Eastern China	**31,126**	**10.5%**	22,578	8.5%	37.9%
Eastern China	**41,175**	**13.9%**	37,261	14.1%	10.5%
North Western China	**31,252**	**10.5%**	25,392	9.6%	23.1%
Northern China	**64,998**	**21.9%**	64,043	24.2%	1.5%
South Western China	**33,503**	**11.3%**	27,241	10.3%	23.0%
Southern China	**64,607**	**21.8%**	59,214	22.4%	9.1%
Hong Kong, Macau	**8,485**	**2.9%**	8,347	3.1%	1.7%
Total	**296,393**		264,724		12%

	Six months ended 30 June				
	2013		2012		Change
	RMB'000	***% of turnover***	*RMB'000*	*% of turnover*	*%*
TESTANTIN					
Central China	**2,254**	**3.5%**	962	1.7%	134.3%
North Eastern China	**8,056**	**12.6%**	5,441	9.4%	48.1%
Eastern China	**6,731**	**10.5%**	7,662	13.2%	–12.2%
North Western China	**9,372**	**14.6%**	11,453	19.8%	–18.2%
Northern China	**4,864**	**7.6%**	3,770	6.5%	29.0%
South Western China	**7,814**	**12.2%**	7,217	12.5%	8.3%
Southern China	**15,898**	**24.9%**	12,992	22.5%	22.4%
Hong Kong, Macau	**9,019**	**14.1%**	8,306	14.4%	8.6%
Total	**64,008**		57,803		10.7%

The sales from ***V.E. DELURE*** in the Eastern, Northern and Southern China for the six months ended 30 June 2013 accounted for 57.6% (2012: 60.6%) 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 North Eastern, South Western, Southern and North Western China for the six months ended 30 June 2013 accounted for 64.3% (2012: 64.2%) 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	
	2013	2012
	RMB'000	*RMB'000*
V.E. DELURE		
Apparel[1]	**177,059**	164,927
Accessories[2]	**11,639**	15,333
	188,698	180,260
TESTANTIN		
Apparel[1]	**42,961**	35,918
Accessories[2]	**3,210**	2,917
	46,171	38,835

	Six months ended 30 June	
	2013	2012
	Unit sold	Unit sold
	pcs	*pcs*
Sales Volume		
V.E. DELURE		
Apparel[1]	**85,121**	75,066
Accessories[2]	**19,941**	23,725
TESTANTIN		
Apparel[1]	**35,060**	26,819
Accessories[2]	**11,628**	9,616

	Six months ended 30 June	
	2013	2012
	RMB	*RMB*
Average Selling Price		
V.E. DELURE		
Apparel[1]	**2,080**	2,197
Accessories[2]	**584**	646
TESTANTIN		
Apparel[1]	**1,225**	1,339
Accessories[2]	**276**	303

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 increased by 13.0% during the period to approximately RMB121,187,000 (2012: RMB107,262,000). 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 RMB20,758,000 or 9.0%, from RMB230,707,000 to RMB251,465,000 for the six months ended 30 June 2013.

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 and strengthening cost control, the Group managed to record a mild decrease in gross profit margin of 0.8 percentage points from 68.3% to 67.5% for the six months ended 30 June 2013.

Other Income and Gains

During the period, other income and gains mainly consisted of bank interest income of RMB8,016,000 (2012: RMB21,132,000).

Selling and Distribution Expenses

For the six months ended 30 June 2013, selling and distribution expenses primarily represented rental and concessionaire commission to shopping malls and department stores of approximately RMB77,542,000 (2012: RMB68,705,000), advertising and promotion expenses of approximately RMB13,371,000 (2012: RMB11,735,000), and staff costs of approximately RMB34,562,000 (2012: RMB31,755,000). During the period, the total selling and distribution expenses represented about 40.7% (2012: 38.1%) of the total turnover, representing an increase of 2.6 percentage points, which was mainly due to the increase in the rental and concessionaire commission to shopping malls and department stores and increase in staff costs as a result of the increase in sales from self-operated stores.

Administrative Expenses

For the six months ended 30 June 2013, administrative expenses increased from RMB22,338,000 to RMB23,296,000, representing an increase of RMB958,000 or 4.3% as compared to the same period of last year. During the period, administrative expenses accounted for 6.3% (2012: 6.6%) of turnover, which was comparable to the same period of last year.

Finance Costs

Finance costs for the six months ended 30 June 2013 mainly represented interest expenses on interest-bearing bank borrowings.

Effective Tax Rate

During the period, the effective tax rate of the Group amounted to 28.0% (2012: 27.9%) mainly because of tax losses incurred in operations in Hong Kong.

Profit Attributable to Ordinary Equity Holders of the Company

Profit attributable to ordinary equity holders of the Company decreased by about 13.9% from approximately RMB71,103,000 for the six months ended 30 June 2012 to RMB61,201,000 for the six months ended 30 June 2013. Basic earnings per share decreased from RMB7.5 cents for the six months ended 30 June 2012 to RMB6.5 cents for the six months ended 30 June 2013 and net profit margin decreased from 21.0% for the six months ended 30 June 2012 to 16.4% for the six months ended 30 June 2013. Decrease in profit attributable to ordinary equity holders of the Company and net profit margin was mainly because of the decrease in non-operating bank interest income as a result of decrease in average cash and bank balances.

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 1.5% and 1.0%, respectively, for the first half of 2013.

Retail and Distribution Network

Number of stores of proprietary brands by region

	As at 30 June 2013	As at 31 December 2012
Central China	**32**	29
North Eastern China	**42**	43
Eastern China	**70**	74
North Western China	**49**	47
Northern China	**72**	73
South Western China	**76**	71
Southern China	**87**	90
Hong Kong, Macau	**5**	5
	433	432

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 slowdown of economic growth and weak consumer sentiment, the Group prudently adjusted the store opening plan according to the prevailing market circumstances and consolidated stores with low efficiency.

As at 30 June 2013, the Group had a total of 433 stores in 33 provinces and autonomous regions, covering 192 cities in China. There were 148 self-operated stores of ***V.E. DELURE*** in 57 cities in China whilst there were 64 self-operated stores of ***TESTANTIN*** in 29 cities in China.

In addition, the total number of distributors of the Group amounted to 100, which operated 161 franchised stores of ***V.E. DELURE*** in 118 cities and 60 franchised stores of ***TESTANTIN***, in 54 cities, respectively.

Number of stores of proprietary brands by city tier

	As at 30 June 2013	As at 31 December 2012	Changes
V.E. DELURE			
Self-operated stores			
First-tier	**23**	21	+2
Second-tier	**77**	75	+2
Third-tier	**43**	42	+1
Fourth-tier	**5**	5	–
	148	143	+5
Franchised stores			
First-tier	**–**	–	–
Second-tier	**17**	19	-2
Third-tier	**102**	103	-1
Fourth-tier	**42**	42	–
	161	164	-3
	309	307	+2
TESTANTIN			
Self-operated stores			
First-tier	**12**	12	–
Second-tier	**35**	34	+1
Third-tier	**15**	15	–
Fourth-tier	**2**	–	+2
	64	61	+3
Franchised stores			
First-tier	**–**	–	–
Second-tier	**3**	4	-1
Third-tier	**38**	41	-3
Fourth-tier	**19**	19	–
	60	64	-4
	124	125	-1
TOTAL	**433**	432	+1

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 2013, the number of ***V.E. DELURE*** self-operated stores increased from 143 to 148. The new self-operated stores opened mainly located in second-tier and third-tier cities. Franchised stores operated by the distributors of the Group decreased from 164 to 161. As at 30 June 2013, the total area of retail outlets of self-operated stores of ***V.E. DELURE*** was approximately 23,337 square meters (31 December 2012: 21,680 square meters), representing an increase of 7.6% as compared to the total area of retail outlets of self-operated stores as at 31 December 2012.

In the first half of 2013, the number of ***TESTANTIN*** self-operated stores increased from 61 to 64 whilst the number of franchised stores decreased from 64 to 60. As at 30 June 2013, the total area of retail outlets of self-operated stores of ***TESTANTIN*** was approximately 7,594 square meters (31 December 2012: 7,113 square meters), representing an increase of 6.8% as compared to the total area of retail outlets of self-operated stores as at 31 December 2012.

Sales Fair

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 commenced in August 2013.

V.E. DELURE and ***TESTANTIN*** 2014 Spring and Summer collections sales fair was held in July 2013. The total order amount from franchised stores operated by the distributors of the Group decreased by 3% as compared to that of last year, mainly because the distributors remained uncertain and cautious towards the retail market. Delivery of the orders will commence in January 2014.

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 431 days to 454 days, which was mainly due to the increase in the balance of raw materials and work in progress of an aggregate amount of RMB44,874,000. The balance of finished goods decreased from RMB279,621,000 as at 31 December 2012 to RMB258,584,000 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 2013, the total expenditure of the Group in marketing and promotion activities amounted to approximately RMB13,371,000 (2012: RMB11,735,000), which accounts for approximately 3.6% (2012: 3.5%) 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 promote the brands more effectively 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 March 2013, ***V.E. DELURE*** sponsored the ITTF World Team Classic table tennis competition, which was held in Guangzhou with top players in the world participated in this one of the top three international table tennis competition.

In addition, during the period, the Group continued to collaborate with China national table tennis team and famous shopping malls to organize various charity activities. Such charity activities not only strengthened the brand equity of the Group but also promoted the corporate image of the Group as a social responsible enterprise.

Product Design and Development

Due to the 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***, which were led by experienced chief supervisors with substantial design experience in the industry.

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 454 days for the six months ended 30 June 2013, representing an increase of 23 days as compared to 431 days for the year ended 31 December 2012. The increase in inventory turnover days was mainly due to the increase in the balance of raw materials and work in progress of an aggregate amount of RMB44,874,000.

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 75 days for the six months ended 30 June 2013 which was comparable to 71 days for the year ended 31 December 2012.

Trade and bills payables represented payables to suppliers and outsourced manufacturers. Trade and bills payables turnover days decreased from 123 days for the year ended 31 December 2012 to 102 days for the six months ended 30 June 2013.

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 2013, the unused proceeds were deposited in licensed banks in Hong Kong and Mainland China.

Use of Proceeds (Continued)

Use of fund raised

	Percentage to total amount	Net proceeds *RMB'million*	Utilised amount (as at 30 June 2013) *RMB'million*	Unutilised amount (as at 30 June 2013) *RMB'million*
Expansion and improvement of retail network	45%	457.8	441.0	16.8
Developing independent lines of branded apparels and accessories under ***V.E. DELURE*** brand	10%	101.7	49.2	52.5
Acquisitions or licensing of additional brands	20%	203.5	–	203.5
Marketing and promotion activities	7%	71.2	46.2	25.0
Upgrade of ERP system and database management system	5%	50.9	21.6	29.3
Hiring international design talent and design consultant firms, expanding the Group's existing design team and establishing the Group's own research and design centre	5%	50.9	1.0	49.9
General working capital	8%	81.4	58.3	23.1
	100%	1,017.4	617.3	400.1

Liquidity and Financial Resources

As at 30 June 2013, the Group had cash and cash equivalents of RMB537,844,000 (31 December 2012: RMB592,693,000). In addition, the Group had pledged deposits and time deposits of RMB210,944,000 (31 December 2012: RMB138,096,000) and nil (31 December 2012: RMB100,000,000), respectively. As at 30 June 2013, the Group had interest-bearing bank borrowings of an aggregate amount of RMB295,046,000 (31 December 2012: RMB126,584,000), which were denominated in RMB and Hong Kong dollars, repayable within one year or on demand and interest-bearing from 3.15% to 6.00% per annum and variable rate of 1.3 % above Hong Kong Interbank Offered Rate or London Interbank Offered Rate or bank's cost of funds per annum. The gearing ratio, calculated as total bank borrowings divided by equity attributable to the shareholders of the Company, amounted to 21.3% (31 December 2012: 8.9%).

Contingent Liabilities

As at 30 June 2013, the Group had no material contingent liabilities.

Pledge of Assets

As at 30 June 2013, pledged deposits of RMB210,944,000 (31 December 2012: RMB138,096,000) were pledged as securities for the bank borrowings and bank acceptance bills (31 December 2012: bank borrowings and bank acceptance bills) of the Group.

Significant Investment Held and Major Acquisition

On 19 February 2013, the Group entered into a series of agreements to purchase certain office properties (the "Property") in Guangzhou for a consideration of approximately RMB87,501,000. The Property will be used by the Group as its headquarters, design centre and showroom for the Group's products. For details, please refer to the announcement and the circular of the Company dated 19 February 2013 and 12 March 2013, respectively.

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 2013, no option has been granted by the Company.

As at 30 June 2013, the total number of full-time employees of the Group was 1,290. The total staff costs for the six months ended 30 June 2013 amounted to approximately RMB47,938,000 (2012: RMB44,061,000).

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 risk of continuing slowdown in economic growth in China, the outlook of retail sector in the second half of 2013 remains uncertain and challenging.

The sustained low consumer confidence is likely to further impact the retail sector and create challenges to retail operators in Mainland China. 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 sustainable growth in the long run. The continual urbanization, the increase in people's income and the pursuit for better quality products also remain as the solid foundation of menswear sector in the market.

As one of the leading menswear enterprises and brands operator in the PRC, the Group will appropriately adjust its strategy in response to the market conditions in order to maintain the advantageous position in China's high-end menswear market in the long run. The Group will continue to enhance the brand equity and expand its retail network prudently. With respect to strengthening the brand equity of ***V.E. DELURE*** and ***TESTANTIN***, the Group will focus particularly on the sustainable development in a long term basis and the increase and retention of VIP customers. Various specific marketing initiatives will continuously be organised to strengthen the brand recognition and value of the brands.

Despite the challenging business environment, the Group will expand and enhance its retail network prudently to prepare for the long term development. The Group plans to open approximately 28 new retail stores in the second half of 2013, of which approximately 8 are self-operated stores with the remaining 20 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, the pursuit for higher quality products by consumers and the continuous expansion of domestic demand underlined by the government policies, it is believed that the menswear market will grow healthily. 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 HK4.5 cents (equivalent to approximately RMB3.6 cents) per ordinary share for the six months ended 30 June 2013. The interim dividend will be payable on or before 4 October 2013 to shareholders whose names appear on the register of members of the Company on 19 September 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 18 September 2013 to Thursday, 19 September 2013, 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, 17 September 2013.

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

In the opinion of the Directors, during the six months ended 30 June 2013, the Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 14 to the Listing Rules.

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 2013 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.

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 2013 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, 27 August 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 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.