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 2014

FINANCIAL HIGHLIGHTS

	2014	2013	Change
	RMB'million	*RMB'million*	%
Revenue	**297.9**	372.7	-20.0%
Gross profit	**203.6**	251.5	-19.0%
Operating profit	**34.4**	78.2	-56.0%
Profit attributable to ordinary equity holders	**23.8**	61.2	-61.1%
Basic and diluted earnings per share *(RMB cents)*	**2.5**	6.5	-61.5%
Gross profit margin	**68.3%**	67.5%	
Operating profit margin	**11.6%**	21.0%	
Net profit margin	**8.0%**	16.4%	
Effective tax rate	**35.1%**	28.0%	

	As at 30 June 2014	As at 31 December 2013
Inventory turnover days	**618**	497
Trade receivables turnover days	**83**	81
Trade and bills payables turnover days	**97**	76

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 2014 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 2014

	Notes	**2014** ***RMB'000*** **(Unaudited)**	2013 *RMB'000* (Unaudited)
REVENUE	*4*	**297,946**	372,652
Cost of sales		**(94,333)**	(121,187)
Gross profit		**203,613**	251,465
Other income and gains	*4*	**9,631**	9,164
Selling and distribution expenses		**(134,429)**	(151,561)
Administrative expenses		**(26,526)**	(23,296)
Other expenses, net		**(8,222)**	1,567
Finance costs	*6*	**(7,385)**	(2,303)
PROFIT BEFORE TAX	*5*	**36,682**	85,036
Income tax expense	*7*	**(12,879)**	(23,835)
PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**23,803**	61,201
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Available-for-sale investments:			
Changes in fair value		**436**	–
Exchange differences on translation of operations outside Mainland China		**(4,912)**	1,644
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**(4,476)**	1,644
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**19,327**	62,845
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*9*	**RMB2.5 cents**	RMB6.5 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2014

	Notes	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**360,884**	364,113
Prepayments for non-current assets		**68,000**	68,000
Available-for-sale investments		**51,071**	–
Goodwill		**1,880**	1,880
Other intangible asset		**3,682**	3,592
Deferred tax assets		**8,679**	7,096
Pledged deposits		**100,000**	–
Total non-current assets		**594,196**	444,681
CURRENT ASSETS			
Inventories	10	**304,820**	339,597
Trade receivables	11	**112,702**	159,606
Prepayments, deposits and other receivables		**140,550**	104,213
Pledged deposits		**109,460**	207,718
Cash and cash equivalents		**569,847**	619,747
Total current assets		**1,237,379**	1,430,881
CURRENT LIABILITIES			
Trade and bills payables	12	**42,171**	59,016
Other payables and accruals		**33,356**	40,527
Interest-bearing bank borrowings		**369,408**	365,560
Tax payable		**12,475**	42,198
Total current liabilities		**457,410**	507,301
NET CURRENT ASSETS		**779,969**	923,580
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,374,165**	1,368,261
Net assets		**1,374,165**	1,368,261
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		**829**	829
Reserves		**1,373,336**	1,358,914
Proposed final dividend		**–**	8,518
Total equity		**1,374,165**	1,368,261

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.

In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Pacific Success Holdings Limited, which was incorporated in the British Virgin Islands.

These unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2014 were approved and authorised for issue in accordance with a resolution of the Board on 28 August 2014.

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 2014 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 are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

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 2013.

Significant accounting policies

The Group has adopted the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's condensed consolidated financial statements.

IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) — *Investment Entities*
IAS 32 Amendments	Amendments to IAS 32 *Presentation — Offsetting Financial Assets and Financial Liabilities*
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement — Amended by Novation of Derivatives and Continuation of Hedge Accounting*
IFRIC 21	*Levies*

The adoption of these new and revised IFRSs has had no significant financial effect on these unaudited 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*[4]
IFRS 9, IFRS 7 and IAS 39 Amendments	Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39[4]
IFRS 11 Amendments	Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*[2]
IFRS 14	*Regulatory Deferral Accounts*[2]
IFRS 15	*Revenue from Contracts with Customers*[3]
IAS 16 and IAS 41 Amendments	Amendments to IAS 16 and IAS 41 Bearer Plants[2]
IAS 16 and IAS 38 Amendments	Amendments to IAS 16 and IAS 38 Clarification of *Acceptable Methods of Depreciation and Amortisation*[2]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits — Defined Benefit Plans: Employee Contributions*[1]
IAS 27 Amendments	Amendments to IAS 27 *Equity Method in Separate Financial Statements*[2]
IFRSs Amendments	*Annual Improvements to IFRSs 2010–2012 Cycle*[1]
IFRSs Amendments	*Annual Improvements to IFRSs 2011–2013 Cycle*[1]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018

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 yet 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	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**297,946**	372,652
Other income and gains		
Bank interest income	**9,387**	8,016
Foreign exchange gains, net	**–**	710
Gains on sale of raw materials	**41**	21
Others	**203**	417
	9,631	9,164

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**94,333**	121,187
Depreciation	**10,749**	10,571
Operating lease rental expense:		
Minimum lease payments	**9,721**	11,050
Contingent rents	**62,682**	77,542
	72,403	88,592
Employee benefit expense:		
Wages and salaries	**46,627**	43,416
Pension scheme contributions	**4,633**	4,522
	51,260	47,938
Write-down/(Write-back) of inventories provisions*	**7,631**	(3,366)
Donations*	**–**	1,700
Loss on disposal of items of property, plant and equipment*	**–**	89
Foreign exchange gains, net	**–**	(710)
Foreign exchange losses, net*	**562**	–

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

6. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans wholly repayable within five years	**7,385**	2,303

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current — Mainland China	**14,329**	22,139
Current — Hong Kong	**33**	114
Current — Macau	**100**	262
Deferred	**(1,583)**	1,320
Total tax charge for the period	**12,879**	23,835

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 both the six months ended 30 June 2013 and 2014 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% (2013: 25%) on the taxable profits for the six months ended 30 June 2014, based on the existing legislation, interpretations and practices in respect thereof.

Hong Kong profits tax has been provided at the rate of 16.5% (2013:16.5%) 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% (2013: 0% to 12%) depending on the extent of estimated assessable profits arising in Macau during the period.

8. DIVIDEND

No interim dividend was proposed for the six months ended 30 June 2014 (six months ended 30 June 2013: RMB34,158,000).

The 2013 proposed final dividend of RMB8,518,000 was approved by shareholders at the annual general meeting of the Company held on 12 June 2014 and was distributed in June 2014.

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

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company, and the adjusted weighted average number of shares in issue of 942,412,113 (six month ended 30 June 2013: 948,825,763) during the six months ended 30 June 2014, which reflects the shares held for the share award plan of the Company (the "Share Award Plan") during the period.

The calculation of basic earnings per share is based on:

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**23,803**	61,201

	2014	2013
Shares		
Weighted average number of ordinary shares in issue	**946,389,763**	948,825,763
Weighted average number of shares purchased for the Share Award Plan	**(3,977,650)**	–
Adjusted weighted average number of ordinary shares in issue used in the basic earnings per share calculation	**942,412,113**	948,825,763

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2014 and 2013 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the periods.

10. INVENTORIES

	30 June	31 December
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Raw materials	**13,453**	11,558
Work in progress	**4,897**	3,108
Finished goods	**286,470**	324,931
	304,820	339,597

11. TRADE RECEIVABLES

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

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

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

	30 June 2014 *RMB'000* **(Unaudited)**	31 December 2013 *RMB'000* (Audited)
Within 1 month	**73,516**	104,026
1 to 3 months	**27,270**	21,534
3 to 6 months	**9,266**	29,368
6 months to 1 year	**1,513**	4,179
Over 1 year	**1,137**	499
Total	**112,702**	159,606

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 2014 *RMB'000* **(Unaudited)**	31 December 2013 *RMB'000* (Audited)
Within 1 month	**2,447**	7,108
1 to 3 months	**10,948**	16,605
3 to 6 months	**21,882**	32,746
6 months to 1 year	**5,335**	1,721
Over 1 year	**1,559**	836
	42,171	59,016

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.

Included in trade and bills payables are bills payable of RMB18,918,000 (31 December 2013: RMB13,872,000), which are non-interest-bearing and settled on terms of six months. The bills payable are secured by the pledged deposits amounting to RMB9,460,000 (31 December 2013: RMB4,618,000). The carrying amounts of the trade and bills payables approximate to their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2014, the economy in the People's Republic of China (the "PRC", "Mainland China" or "China") started to stabilise. The government of the PRC also continued to execute various measures to restructure and reform the economy in Mainland China. According to the National Bureau of Statistics of China, the gross domestic product ("GDP") of China for the first half of 2014 recorded an year-on-year increase of 7.4%. Notwithstanding, the retail market remained weak and sluggish during the period.

In the first half of 2014, the total retail sales of consumer goods in China amounted to RMB12,419.9 billion, representing an increase of 12.1% compared to the same period of last year. The total retail sales of consumer goods realised in urban area and rural area amounted to RMB10,725.3 billion and RMB1,694.6 billion, respectively, representing an increase of 12.0% and 13.2%, respectively, compared to the same period of last year. However, the growth rates were 0.5 percentage points and 1.1 percentage points lower than that in the first half of 2013, respectively. In particular, the total sales of garments, footwear, hats and knitwear in the first half of 2014 amounted to RMB588.6 billion, representing an increase of 10.0% compared to the same period of last year. However, the growth rate was 1.9 percentage points lower than that of 11.9% in the first half of 2013.

The operating environment of the retail sector, in particular in menswear industry, remained challenging. Market sentiment of consumers remained weak and provision of significant discounts in retail level are not uncommon in the market. Under the current weak market environment, the Group continued to adjust its business strategy in response to the market situation. The Group continued to invest resources in refining marketing strategy for brand building, reinforcing customer loyalty by organising marketing events, organised various training to its distributors and strived to improve operation efficiency and business infrastructure, in order to maintain a healthy financial position for sustainable development of the Group on a long-term basis.

Financial Review

During the six months ended 30 June 2014, the Group recorded an aggregate turnover of approximately RMB297,946,000 (2013: RMB372,652,000), representing a decrease of approximately 20.0% compared to the same period of last year. Gross profit for the period decreased from RMB251,465,000 for the six months ended 30 June 2013 to RMB203,613,000, representing a decrease of about 19.0%, and gross profit margin slightly improved from 67.5% for the six months ended 30 June 2013 to 68.3%. Profit attributable to ordinary equity holders of the Company for the period decreased by about 61.1% to approximately RMB23,803,000 (2013: RMB61,201,000) and net profit margin for the period decreased by 8.4 percentage points from 16.4% for the six months ended 30 June 2013 to 8.0%. The decrease in profit attributable to ordinary equity holders of the Company and net profit margin was mainly as a result of the decrease in revenue, increase in other expenses and increase in finance costs.

Turnover

	Six months ended 30 June				
	2014		2013		Change
	RMB'000	***% of turnover***	*RMB'000*	*% of turnover*	*%*
V.E. DELURE					
Self-operated stores	**158,936**	**53.3%**	188,698	50.6%	-15.8%
Distributors	**83,524**	**28.0%**	104,958	28.2%	-20.4%
Corporate sales	**3,064**	**1.1%**	2,737	0.7%	+12.0%
	245,524	**82.4%**	296,393	79.5%	-17.2%
TESTANTIN					
Self-operated stores	**33,875**	**11.4%**	46,171	12.4%	-26.6%
Distributors	**10,191**	**3.4%**	17,837	4.8%	-42.9%
	44,066	**14.8%**	64,008	17.2%	-31.2%
Licensed brands	**8,356**	**2.8%**	12,251	3.3%	-31.8%
	297,946		372,652		-20.0%

The total turnover of the Group for the six months ended 30 June 2014 decreased by 20.0% to approximately RMB297,946,000 (2013: RMB372,652,000). The decrease in turnover was mainly due to the decrease in sales of ***V.E. DELURE***, ***TESTANTIN*** and the licensed brands as a result of the overall weak and sluggish retail market.

Turnover of the Group for the six months ended 30 June 2014 comprised sales from self-operated stores of about RMB192,811,000 (2013: RMB234,869,000), sales to distributors of RMB93,715,000 (2013: RMB122,795,000), corporate sales of RMB3,064,000 (2013: RMB2,737,000) and sales from the licensed brands business of RMB8,356,000 (2013: RMB12,251,000).

The aggregate sales from self-operated stores for the six months ended 30 June 2014 decreased by 17.9% as compared to the same period of last year, and accounted for about 64.7% (2013: 63.0%) of the total turnover under the current challenging retail environment. The aggregate sales to distributors for the six months ended 30 June 2014 also decreased by 23.7% as compared to the same period of last year and accounted for about 31.5% (2013: 33.0%) of the total turnover.

Turnover by Region

	Six months ended 30 June				
	2014		2013		Change
	RMB'000	***% of turnover***	*RMB'000*	*% of turnover*	*%*
V.E. DELURE					
Central China	**22,684**	**9.2%**	21,247	7.2%	+6.8%
North Eastern China	**20,548**	**8.4%**	31,126	10.5%	-34.0%
Eastern China	**31,426**	**12.8%**	41,175	13.9%	-23.7%
North Western China	**28,363**	**11.6%**	31,252	10.5%	-9.2%
Northern China	**51,908**	**21.1%**	64,998	21.9%	-20.1%
South Western China	**34,423**	**14.0%**	33,503	11.3%	+2.7%
Southern China	**47,056**	**19.2%**	64,607	21.8%	-27.2%
Hong Kong, Macau	**9,116**	**3.7%**	8,485	2.9%	+7.4%
Total	**245,524**		296,393		-17.2%

	Six months ended 30 June				
	2014		2013		Change
	RMB'000	***% of turnover***	*RMB'000*	*% of turnover*	*%*
TESTANTIN					
Central China	**2,085**	**4.7%**	2,254	3.5%	-7.5%
North Eastern China	**3,932**	**8.9%**	8,056	12.6%	-51.2%
Eastern China	**3,617**	**8.2%**	6,731	10.5%	-46.3%
North Western China	**5,068**	**11.5%**	9,372	14.6%	-45.9%
Northern China	**2,122**	**4.8%**	4,864	7.6%	-56.4%
South Western China	**8,291**	**18.8%**	7,814	12.2%	+6.1%
Southern China	**11,830**	**26.9%**	15,898	24.9%	-25.6%
Hong Kong, Macau	**7,121**	**16.2%**	9,019	14.1%	-21.0%
Total	**44,066**		64,008		-31.2%

The sales from ***V.E. DELURE*** in the Eastern, Northern and Southern China for the six months ended 30 June 2014 accounted for 53.1% (2013: 57.6%) 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 2014 accounted for 66.1% (2013: 64.3%) 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	
	2014	2013
	RMB'000	*RMB'000*
V.E. DELURE		
Apparel(1)	**151,048**	177,059
Accessories(2)	**7,888**	11,639
	158,936	188,698
TESTANTIN		
Apparel(1)	**32,415**	42,961
Accessories(2)	**1,460**	3,210
	33,875	46,171

	Six months ended 30 June	
	2014	2013
	Unit sold (pcs)	*Unit sold (pcs)*
Sales Volume		
V.E. DELURE		
Apparel(1)	**73,553**	85,121
Accessories(2)	**13,528**	19,941
TESTANTIN		
Apparel(1)	**25,152**	35,060
Accessories(2)	**5,519**	11,628

	Six months ended 30 June	
	2014	2013
	RMB	*RMB*
Average Selling Price		
V.E. DELURE		
Apparel(1)	**2,054**	2,080
Accessories(2)	**583**	584
TESTANTIN		
Apparel(1)	**1,289**	1,225
Accessories(2)	**265**	276

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 22.2% during the period to approximately RMB94,333,000 (2013: RMB121,187,000). 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 decreased by RMB47,852,000 or 19.0%, from RMB251,465,000 to RMB203,613,000 for the six months ended 30 June 2014.

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 slightly improve the gross profit margin of 0.8 percentage points from 67.5% to 68.3% for the six months ended 30 June 2014.

Other Income and Gains

During the period, other income and gains mainly consisted of bank interest income of RMB9,387,000 (2013: RMB8,016,000).

Selling and Distribution Expenses

For the six months ended 30 June 2014, selling and distribution expenses primarily represented rental and concessionaire commission to shopping malls and department stores of approximately RMB62,682,000 (2013: RMB77,542,000), advertising and promotion expenses of approximately RMB9,496,000 (2013: RMB13,371,000), and staff costs of approximately RMB37,705,000 (2013: RMB34,562,000). During the period, the total selling and distribution expenses represented about 45.1% (2013: 40.7%) of the total turnover, representing an increase of 4.4 percentage points, which was mainly due to the increase in staff costs.

Administrative Expenses

For the six months ended 30 June 2014, administrative expenses increased from RMB23,296,000 to RMB26,526,000 , representing an increase of RMB3,230,000 or 13.9% as compared to the same period of last year. During the period, administrative expenses accounted for 8.9% (2013: 6.3%) of turnover, representing an increase of 2.6 percentage points, which was mainly due to the increase in staff costs.

Finance Costs

Finance costs for the six months ended 30 June 2014 mainly represented interest expenses on interest-bearing bank borrowings.

Effective Tax Rate

During the period, the effective tax rate of the Group amounted to 35.1% (2013: 28.0%) 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 61.1% from approximately RMB61,201,000 for the six months ended 30 June 2013 to RMB23,803,000 for the six months ended 30 June 2014. Basic earnings per share decreased from RMB6.5 cents for the six months ended 30 June 2013 to RMB2.5 cents for the six months ended 30 June 2014 and net profit margin decreased from 16.4% for the six months ended 30 June 2013 to 8.0% for the six months ended 30 June 2014. Decrease in profit attributable to ordinary equity holders of the Company and net profit margin was mainly because of the decrease in revenue, increase in other expenses and increase in finance costs.

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 negative same store sales growth for the self-operated stores business of 5% and 8%, respectively, for the first half of 2014.

Retail and Distribution Network

Number of stores of proprietary brands by region

	As at 30 June 2014	As at 31 December 2013
Central China	**36**	36
North Eastern China	**38**	39
Eastern China	**57**	62
North Western China	**46**	48
Northern China	**64**	68
South Western China	**70**	77
Southern China	**79**	86
Hong Kong, Macau	**4**	4
	394	420

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 sustained weak consumer sentiment and challenging retail environment, the Group prudently adjusted the store opening plan according to the prevailing market circumstances and consolidated stores with low efficiency.

As at 30 June 2014, the Group had a total of 394 stores in 32 provinces and autonomous regions, covering 182 cities in China. There were 140 self-operated stores of ***V.E. DELURE*** in 53 cities in China whilst there were 51 self-operated stores of ***TESTANTIN*** in 25 cities in China.

In addition, the total number of distributors of the Group amounted to 97, which operated 167 franchised stores of ***V.E. DELURE*** in 121 cities and 36 franchised stores of ***TESTANTIN***, in 35 cities, respectively.

Number of stores of proprietary brands by city tier

	As at 30 June 2014	As at 31 December 2013	Changes
V.E. DELURE			
Self-operated stores			
First-tier	**24**	26	-2
Second-tier	**76**	74	+2
Third-tier	**36**	47	-11
Fourth-tier	**4**	4	–
	140	151	-11
Franchised stores			
First-tier	**–**	–	–
Second-tier	**20**	21	-1
Third-tier	**103**	105	-2
Fourth-tier	**44**	44	–
	167	170	-3
	307	321	-14
TESTANTIN			
Self-operated stores			
First-tier	**10**	10	–
Second-tier	**28**	30	-2
Third-tier	**13**	14	-1
Fourth-tier	**–**	–	–
	51	54	-3
Franchised stores			
First-tier	**–**	–	–
Second-tier	**1**	1	–
Third-tier	**19**	25	-6
Fourth-tier	**16**	19	-3
	36	45	-9
	87	99	-12
TOTAL	**394**	420	-26

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 2014, the number of ***V.E. DELURE*** self-operated stores decreased from 151 to 140 as a result of the consolidation of inefficient stores. Franchised stores operated by the distributors of the Group decreased from 170 to 167. As at 30 June 2014, the total area of retail outlets of self-operated stores of ***V.E. DELURE*** was approximately 23,119 square meters (31 December 2013: 24,605 square meters), representing a decrease of 6.0% as compared to the total area of retail outlets of self-operated stores as at 31 December 2013.

In the first half of 2014, the number of ***TESTANTIN*** self-operated stores decreased from 54 to 51 whilst the number of franchised stores decreased from 45 to 36. As at 30 June 2014, the total area of retail outlets of self-operated stores of ***TESTANTIN*** was approximately 5,795 square meters (31 December 2013: 6,364 square meters), representing a decrease of 8.9% as compared to the total area of retail outlets of self-operated stores as at 31 December 2013.

Sales Fair

V.E. DELURE and ***TESTANTIN*** 2014 Fall and Winter collections sales fair was held in March 2014. The total order amount from franchised stores operated by the distributors of the Group decreased by 25% as compared to that of last year. Delivery of the orders commenced in August 2014.

V.E. DELURE and ***TESTANTIN*** 2015 Spring and Summer collections sales fair was held in July 2014. The total order amount from franchised stores operated by the distributors of the Group decreased by 25% 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 2015.

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 497 days to 618 days, which was mainly due to the decrease in turnover generated by self-operated stores.

Marketing and Promotion

The Group has a dedicated marketing team to organise and execute the marketing and promotional activities of ***V.E. DELURE*** and ***TESTANTIN***. The Group focuses on the long term development of its brands. Different types of 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 2014, the total expenditure of the Group in marketing and promotion activities amounted to approximately RMB9,496,000 (2013: RMB13,371,000), which accounts for approximately 3.2% (2013: 3.6%) 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 organised 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 treats its retail stores as one of the important channels to promote and enhance brand equity. During the period, ***V.E. DELURE*** and ***TESTANTIN*** continued to carry out store image upgrade work, enhance the display area to further promote its high-end brand image in order to attract customers more effectively.

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 will continue to collaborate with China national teams to organise various charity activities. Such charity activities not only can strengthen the brand equity of the Group but also can promote 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 618 days for the six months ended 30 June 2014, representing an increase of 121 days as compared to 497 days for the year ended 31 December 2013. The increase in inventory turnover days was mainly due to the decrease in turnover generated by the self-operated stores.

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 83 days for the six months ended 30 June 2014 which was comparable to 81 days for the year ended 31 December 2013.

Trade and bills payables represented payables to suppliers and outsourced manufacturers. Trade and bills payables turnover days increased from 76 days for the year ended 31 December 2013 to 97 days for the six months ended 30 June 2014.

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 2014, 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 2014)	Unutilised amount (as at 30 June 2014)
		RMB'million	*RMB'million*	*RMB'million*
Expansion and improvement of retail network	45%	457.8	456.2	1.6
Developing independent lines of branded apparels and accessories under ***V.E. DELURE*** brand	10%	101.7	99.1	2.6
Acquisitions or licensing of additional brands	20%	203.5	–	203.5
Marketing and promotion activities	7%	71.2	65.9	5.3
Upgrade of ERP system and database management system	5%	50.9	3.7	47.2
Hiring international design talent and design consultant firms, expanding the Group's existing design team and establishing the Group's own research and design centre	5%	50.9	3.0	47.9
General working capital	8%	81.4	72.5	8.9
	100%	1,017.4	700.4	317.0

Liquidity and Financial Resources

As at 30 June 2014, the Group had cash and cash equivalents of RMB569,847,000 (31 December 2013: RMB619,747,000). In addition, the Group had pledged deposits of RMB209,460,000 (31 December 2013: RMB207,718,000). As at 30 June 2014, the Group had interest-bearing bank borrowings of an aggregate amount of RMB369,408,000 (31 December 2013: RMB365,560,000), which were denominated in RMB and Hong Kong dollars, repayable within one year or on demand and interest-bearing from 2.6% to 6.3% per annum. The gearing ratio, calculated as total bank borrowings divided by equity attributable to the shareholders of the Company, amounted to 26.9% (31 December 2013: 26.7%).

Contingent Liabilities

As at 30 June 2014, the Group had no material contingent liabilities.

Pledge of Assets

As at 30 June 2014, pledged deposits of RMB209,460,000 (31 December 2013: RMB207,718,000) were pledged as securities for the bank borrowings and bank acceptance bills (31 December 2013: bank borrowings and bank acceptance bills) of the Group.

Significant Investment Held and Major Acquisition

On 16 December 2013, the Group entered into a corporate investor agreement (the "Corporate Investor Agreement") with Fujian Nuoqi Co., Ltd. ("Nuoqi") in relation to the subscription by the Group as a cornerstone investor of Nuoqi under its international offering. Pursuant to the Corporate Investor Agreement, the Group subscribed for a total of 29,400,000 ordinary shares of Nuoqi at a total consideration of approximately HK$63,253,000. The shares of Nuoqi were listed on the Main Board of the Stock Exchange on 9 January 2014.

Subsequent Events

From 21 July 2014 to 23 July 2014, the share price of Nuoqi decreased significantly and the trading of its shares on the Stock Exchange has been suspended since 23 July 2014. According to Nuoqi's announcement on 31 July 2014, RMB50,000,000 and HK$19,550,000 were transferred from a bank account of a wholly-owned subsidiary of Nuoqi (the "Nuoqi Wholly-owned Subsidiary") to an account of a company which is not a company of the Nuoqi group and an aggregate amount of RMB162,500,000 was transferred from a bank account of the Nuoqi Wholly-owned Subsidiary with Bank of Communications, Hong Kong branch, to a bank account of the Nuoqi Wholly-owned Subsidiary with Xiamen International Bank. The board of Nuoqi was in the process of ascertaining the status of the bank balance with Xiamen International Bank. According to Nuoqi's announcement on 19 August 2014, Nuoqi was informed by and had received demand letters from financial institutions and understood from the financial institutions that they had accelerated repayment of certain loans and had applied the deposits that the Nuoqi group maintained with these financial institutions as security for the repayment of such loans. Up to the date of this announcement, the trading of Nuoqi's shares has still been suspended and the closing price before the suspension was HK$1.00 per ordinary share. The maximum exposure of loss of the Company from the investment in Nuoqi will be the carrying amount of the available-for-sale investments.

Exchange Risk

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

The Group has not entered into any foreign exchange contracts to hedge against the fluctuations in exchange rate between Renminbi and Hong Kong dollars. However, the Group monitors foreign exchange exposure regularly and 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 (which was terminated on 6 January 2014) and the adoption of the new share option scheme on 6 January 2014 and up to 30 June 2014, no option has been granted by the Company.

As at 30 June 2014, the total number of full-time employees of the Group was 1,264. The total staff costs for the six months ended 30 June 2014 amounted to approximately RMB51,260,000 (2013: RMB47,938,000).

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.

The Group has also adopted the Share Award Plan in which any executive or employee of any member of the Group from time to time, but excluding a director of any member of the Group and any other connected person of the Company (the "Eligible Person") will be entitled to participate. The purpose of the Share Award Plan is to recognise and reward contributions made by, and to encourage and incentivize sustained contribution of, the Eligible Person to the growth and long-term development of the Group. The Share Award Plan shall be valid and remain in force for a term of ten years commencing from the 27 August 2013.

Since the adoption of the Share Award Plan and up to 30 June 2014, no awards have been granted pursuant to the Share Award Plan.

Prospects

Given the continuing restructure and reform of economy in China, the outlook of retail sector in the second half of 2014 still remains uncertain and tough.

The low consumer sentiment is expected to sustain, which continues to affect the retail sector and create challenges to retail operators in Mainland China. However, as the Chinese government continued to stimulate domestic consumption to support economic growth, the domestic consumption will remain as the core contributor to GDP growth and it is expected that the retail industry will achieve healthy and sustainable growth in the long run.

In addition, as supported by the continuous increase in domestic household income and the pursuit for high quality products by consumers, it is expected that Mainland China will become the largest luxury and high-end retail market in the world in the future. The Group will continue to execute prudent and responsive business strategy to maintain its advantageous position in the high-end menswear market in Mainland China.

Despite the challenging business environment, the Group will enhance its retail network prudently to prepare for the long-term development. The Group plans to open approximately 10 new retail stores in the second half of 2014, of which approximately 5 are self-operated stores with the remaining 5 being franchised stores. On the other hand, the Group will continue to consolidate inefficient stores in order to improve the operation efficiency. In the long run, the Group is confident in steady and healthy development of menswear market in China, especially the mid-end to high-end segments.

On the other hand, in order to achieve healthy and sustainable growth for the Group in the long run, the Group has been looking for new business opportunities in the apparel and related accessory product industries. During the period, the Group has been discussing with a number of high-end international fashion brands regarding their licensing of rights for the retail and wholesale trading and distribution of their children's wear and accessories in Hong Kong, Macau and Mainland China to the Group. This new business segment will be launched in Hong Kong as a trial in the third quarter of 2014.

The Group believes that the new business segment of high-end children's wear and accessories will enable the Group to diversify its business, product portfolio and brand portfolio in the apparel and accessory product industries and will create synergy with the existing menswear business of the Group and is therefore beneficial to the Group and its shareholders as a whole in the long run.

INTERIM DIVIDEND

No interim dividend was proposed by the Board for the six months ended 30 June 2014.

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 six months ended 30 June 2014, except that the trustee of the Share Award Plan, pursuant to the terms of the trust deed of the Share Award Plan, purchased a total of 5,040,000 shares of the Company on the Stock Exchange at a total consideration of approximately HK$6,225,000.

CORPORATE GOVERNANCE

In the opinion of the Directors, during the six months ended 30 June 2014, 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 inside 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 2014 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 2014 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 in due course.

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

Hong Kong, 28 August 2014

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.