

[For Immediate Release]



Evergreen International Holdings Limited Announces Interim Results 2014

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Profit attributable to ordinary equity holders of the Company recorded RMB23.8 million

Gross profit margin improved 0.8% to 68.3% amid challenging environment

Financial Highlights:

<i>RMB million</i>	For the six months ended 30 June		
	2014	2013	Change (%)
Revenue	297.9	372.7	-20.0%
Gross profit	203.6	251.5	-19.0%
Gross profit margin	68.3%	67.5%	+0.8ppt
Operating profit	34.4	78.2	-56.0%
Operating profit margin	11.6%	21.0%	-9.4ppt
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%

(28 August 2014 – Hong Kong) **Evergreen International Holdings Limited** (“Evergreen Intl” or the “Company”, together with its subsidiaries, the “Group”; stock code: 238), one of the leading menswear enterprises and brands operators in the PRC covering the middle-upper to high-end segments of the menswear market, announced its unaudited interim results for the six months ended 30 June 2014.

During the six months ended 30 June 2014 (“the period”), the Group recorded an aggregate turnover of approximately RMB297.9 million, representing a decrease of approximately 20.0% compared to the same period last year. Gross profit margin slight improved from 67.5% for the six months ended 30 June 2013 to 68.3%. Profit attributable to ordinary equity holders of the Company during the period decreased by about 61.1% to approximately RMB23.8 million. 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.

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In light of the interim results, Mr. Chan Yuk Ming, Chairman and Executive Director of Evergreen Intl, commented, "In the first half of 2014, the economy in 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 GDP of China for the first half of 2014 recorded a year-on-year increase of 7.4%. Notwithstanding, the retail market remained weak and sluggish during the period. The operating environment of the retail sector, in particular in menswear industry, remained challenging. Market sentiment of consumers remained weak and 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 organizing marketing events, organized various training to its distributors and strived to improve operation efficiency and business infrastructure, in order to maintain a healthy financial position for a sustainable development of the Group in a long-term basis."

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. 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 of V.E. DELURE and TESTANTIN operated by the distributors of the Group decreased from 170 to 167, and decreased from 45 to 36, respectively.

During the period under review, the sales from V.E. DELURE, TESTANTIN and licensed brands business represented about 82.4% (2013: 79.5%), 14.8% (2013: 17.2%) and 2.8% (2013:3.3%) of the total turnover of the Group, respectively. The Group's two proprietary brands, V.E. DELURE and TESTANTIN, have generated RMB245.5 million and RMB44.1 million in revenue respectively, decreased by 17.2% and 31.2% respectively. Self-operated stores of V.E. DELURE sold 73,553 units of apparel products with an ASP of RMB2,054, while TESTANTIN sold 25,152 units of apparel products with an ASP of RMB 1,289.

The aggregate sales from self-operated stores during the period under review 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. On the other hand, 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.

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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).

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 has 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. Delivery of the orders will commence in January 2015.

Mr. Chan concluded, "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."

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About Evergreen International Holdings Limited

Evergreen is one of the leading menswear enterprises and brands operators in the PRC that currently owns and manages V.E. DELURE and TESTANTIN, targeting the high-end business formal and casual menswear market and the middle-upper fashion casual menswear market respectively. The Group's strategy is to open self-operated stores in key cities, while penetrating into the markets of slower development through distributors. To cope with business expansion and raise operating efficiency, the Group has strategically used a combination of self-operated retail stores as well as distributors of various degrees to cater to different stages of development and target markets for each of its brands. As at 30 June 2014, the Group has a total of 191 self-operated stores and 203 franchised stores in 32 provinces and autonomous regions, covering 182 cities.

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