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 2016

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2016	2015	Change
	RMB'million	*RMB'million*	*%*
Revenue	**197.6**	230.0	–14.1%
Gross profit	**120.6**	165.3	–27.0%
Loss attributable to ordinary equity holders of the Company	**(38.7)**	(34.6)	11.6%
Basic and diluted loss per share (RMB cents)	**(4.1)**	(3.7)	10.8%
Gross profit margin	**61.1%**	71.9%	
Net loss margin	**–19.6%**	–15.0%	
Effective tax rate	**–6.0%**	–10.4%	

	As at 30 June 2016	As at 31 December 2015
Inventory turnover days	**576**	688
Trade receivables turnover days	**74**	72
Trade payables turnover days	**29**	47

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 2016 together with the comparative figures for the same period of last year, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**197,550**	230,002
Cost of sales		**(76,906)**	(64,663)
Gross profit		**120,644**	165,339
Other income and gains	*4*	**11,731**	6,624
Selling and distribution expenses		**(132,576)**	(139,974)
Administrative expenses		**(33,886)**	(38,062)
Other expenses		**(293)**	(22,793)
Finance costs	*6*	**(6,738)**	(9,786)
LOSS BEFORE TAX	*5*	**(41,118)**	(38,652)
Income tax credit	*7*	**2,452**	4,019
LOSS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**(38,666)**	(34,633)
OTHER COMPREHENSIVE LOSS TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:			
Exchange differences on translation of operations outside Mainland China		**(7,469)**	(115)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		**(7,469)**	(115)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(46,135)**	(34,748)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*8*	**RMB(4.1) cents**	RMB(3.7) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2016

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**390,810**	398,385
Available-for-sale investment		**36,800**	–
Investment in an associate		**6,800**	–
Goodwill		**1,880**	1,880
Other intangible asset		**3,943**	3,855
Long term lease prepayment		**64,969**	65,760
Deferred tax assets		**21,571**	17,945
Prepayment for non-current assets		**–**	51,100
Prepaid land lease payment		**46,567**	–
Total non-current assets		**573,340**	538,925
CURRENT ASSETS			
Inventories	*10*	**222,812**	263,683
Trade receivables	*11*	**75,440**	84,900
Prepayments, deposits and other receivables		**56,997**	60,364
Pledged deposits		**24,500**	145,572
Cash and cash equivalents		**496,882**	548,875
Total current assets		**876,631**	1,103,394
CURRENT LIABILITIES			
Trade payables	*12*	**7,040**	17,576
Other payables and accruals		**39,004**	40,425
Interest-bearing bank and other borrowings		**188,444**	349,767
Tax payable		**442**	1,397
Total current liabilities		**234,930**	409,165
NET CURRENT ASSETS		**641,701**	694,229
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,215,041**	1,233,154
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**26,029**	–
Total non-current liabilities		**26,029**	–
Net assets		**1,189,012**	1,233,154
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		**829**	829
Reserves		**1,188,183**	1,232,325
Total equity		**1,189,012**	1,233,154

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

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 People's Republic of China (the "PRC").

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.

2.1 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

Basis of preparation

These unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2016 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 unaudited interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and basis of preparation used in the preparation of these unaudited 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 2015, except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") (which also include IASs and Interpretations) as disclosed in Changes in accounting policies below.

These unaudited 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 2015.

Changes in accounting policies and disclosures

The Group has adopted the following revised IFRSs for the first time for the current period's condensed consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and lAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
IFRS 14	*Regulatory Deferral Accounts*
Amendments to lAS 1	*Disclosure Initiative*
Amendments to lAS 16 and lAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to lAS 16 and lAS 41	*Agriculture: Bearer Plants*
Amendments to lAS 27	*Equity Method in Separate Financial Statements*
Annual Improvements 2012–2014 Cycle	*Amendments to a number of IFRSs*

The adoption of these 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 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]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an investor and its Associate or Joint Venture*[4]
IFRS 15	*Revenue from Contracts with Customers*[2]
IFRS 16	*Leases*[3]
Amendments to IAS 7	*Disclosure Initiative*[1]
Amendments to IAS 12	*Recognition of Deferred tax assets for Unrealised Losses*[1]
Amendments to IFRS 2	*Share-based payment: Classification and Measurement*[2]
Amendments to IFRS 15	*Revenue from Contracts with Customers*[2]

1 Effective for annual periods beginning on or after 1 January 2017

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for annual periods beginning on or after 1 January 2019

4 Originally intended to be effective for annual periods beginning on or after 1 January 2016, which has been deferred/removed by the IASB in December 2015. No mandatory effective date is yet determined.

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, children's wear 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 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 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	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**197,550**	230,002
Other income and gains		
Foreign exchange gains	**6,473**	–
Bank interest income	**4,819**	6,032
Gains on sale of raw materials	**30**	35
Others	**409**	557
	11,731	6,624

5. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**76,906**	64,663
Depreciation	**16,862**	12,761
Recognition of prepaid land lease payment	**160**	–
Amortisation of long term lease prepayment	**791**	743
Operating lease rental expense:		
Minimum lease payments	**11,762**	8,391
Contingent rents	**56,660**	66,752
	68,422	75,143
Employee benefit expense:		
Wages and salaries	**38,127**	47,167
Pension scheme contributions	**4,109**	4,992
Equity-settled share option expense	**1,235**	2,107
Equity-settled share award expense	**1,171**	3,368
	44,642	57,634
Write-down of inventories*	**–**	22,335
(Gain)/loss on disposal of items of property, plant and equipment	**(36)**	193*
Foreign exchange differences, net	**(6,473)**	5*

* *These items are included in "Other expenses" in the interim condensed consolidated statement of profit or loss and other comprehensive income.*

6. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank and other borrowings	**6,738**	9,786

7. INCOME TAX

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current — Charge for the period		
Mainland China	**1,174**	10,262
Deferred	**(3,626)**	(14,281)
Tax credit for the period	**(2,452)**	(4,019)

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 profits derived from the Cayman Islands and the British Virgin Islands in both the six months ended 30 June 2016 and 2015 since the applicable profits tax rate was zero.

The income tax provision of the Group in respect of its operations in Mainland China has been provided at the rate of 25% on the taxable profits for the six months ended 30 June 2016 and 2015, based on the existing legislation, interpretations and practices in respect thereof.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period.

No provision for Macau profits tax has been made as the Group had no assessable profits arising in Macau during the period.

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

The calculation of basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue of 945,615,307 (six months ended 30 June 2015: 941,950,371) during the six months ended 30 June 2016, which reflects the shares held for the share award plan of the Company (the "Share Award Plan") during the period.

The calculation of the diluted loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares under the share option scheme.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2016 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amounts presented.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Continued)

The calculation of basic and diluted loss per share is based on:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**38,666**	34,633

	Number of Shares	
	2016	2015
Shares		
Weighted average number of ordinary shares in issue	**948,825,763**	948,825,763
Weighted average number of shares held for the Share Award Plan	**(3,210,456)**	(6,875,392)
Adjusted weighted average number of ordinary shares in issue used in the basic loss per share calculation	**945,615,307**	941,950,371
Effect of dilution — weighted average number of ordinary shares: Share options	**333,422**	4,301,064
Adjusted weighted average number of ordinary shares in issue used in the diluted loss per share calculation	**945,948,729**	946,251,435

9. DIVIDEND

The Board did not recommend the payment of any dividend for the six months ended 30 June 2016 and 2015 to the equity holders of the Company.

10. INVENTORIES

	30 June	31 December
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Raw materials	**7,207**	9,072
Work in progress	**6,851**	3,604
Finished goods	**208,754**	251,007
	222,812	263,683

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

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Within 1 month	**38,357**	56,645
1 to 3 months	**16,970**	17,620
3 to 6 months	**8,723**	7,659
6 months to 1 year	**8,873**	2,192
Over 1 year	**2,517**	784
	75,440	84,900

12. TRADE PAYABLES

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

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Within 1 month	**737**	2,566
1 to 3 months	**1,085**	7,355
3 to 6 months	**1,663**	5,833
6 months to 1 year	**2,236**	627
Over 1 year	**1,319**	1,195
	7,040	17,576

Trade 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 payables approximate to their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2016, the economy in the People's Republic of China (the "PRC", "Mainland China" or "China") continued to be volatile. According to the National Bureau of Statistics of China, the growth rate of gross domestic product ("GDP") of China slowed down to 6.7% in the first half of 2016, with GDP reaching RMB34.1 trillion, marking the slowest economic growth since 2009. Despite this, the figure showed that the economic deceleration was stabilised and was within the target growth rate ranging from 6.5%-7% as estimated by the PRC government.

According to the statistics from the China National Commercial Information Center, retail sales of the top 100 domestic retailing enterprises fell by 3.2% in the first half of 2016, compared to the same period of last year. The retail sales of apparel products decreased by 3.3%, compared to the same period of last year. The retail market remained sluggish and lacked momentum.

In view of the challenging economic and market environment, the Group continued to adjust its strategies in response to the changes in the market in order to enhance the demand from customers who purchased for their own use. During the period, the Group continued to invest resources in refining marketing strategy in brand building, reinforcing customer loyalty by organising marketing events, consolidating the network of self-operated retail stores. It also organised various training to its distributors and strived to improve operational efficiency and business infrastructure. Such efforts were aimed at maintaining the Group's financial position at a healthy level to achieve a sustainable development of the Group in the long run. On the other hand, the Group has been actively expanding its children's wear business and looking for other investment opportunities so as to diversify its income and returns.

Financial Review

During the six months ended 30 June 2016, the Group recorded an aggregate turnover of approximately RMB197,550,000 (six months ended 30 June 2015: RMB230,002,000), representing a decrease of approximately 14.1% compared to the same period of last year. Gross profit for the period decreased from RMB165,339,000 for the six months ended 30 June 2015 to RMB120,644,000, representing a decrease of about 27.0%, and gross profit margin decreased from 71.9% for the six months ended 30 June 2015 to 61.1% for the same period of 2016. The Group recorded a loss attributable to ordinary equity holders of the Company of RMB38,666,000 for the six months ended 30 June 2016 (six months ended 30 June 2015: RMB34,633,000) and net loss margin for the six months ended 30 June 2016 of 19.6% as compared to a net loss margin of 15.0% for the six months ended 30 June 2015. The loss was mainly attributable to the decrease in revenue in our proprietary brands of menswear segment and the operating loss incurred for the Group's new high-end children's wear and accessories product segment, which was in the investment stage.

Turnover

	Six months ended 30 June				
	2016		2015		Change
		% of		% of	
	RMB'000	***turnover***	*RMB'000*	*turnover*	%
V.E. DELURE					
Self-operated stores	**126,039**	**63.8%**	159,232	69.2%	–20.8%
Distributors	**29,174**	**14.8%**	31,785	13.8%	–8.2%
Corporate sales	**–**	**0.0%**	71	0.1%	–100.0%
	155,213	**78.6%**	191,088	83.1%	–18.8%
TESTANTIN					
Self-operated stores	**13,373**	**6.8%**	20,638	9.0%	–35.2%
Distributors	**1,059**	**0.5%**	2,105	0.9%	–49.7%
	14,432	**7.3%**	22,743	9.9%	–36.5%
Licensed brands	**27,905**	**14.1%**	16,171	7.0%	72.6%
	197,550		230,002		–14.1%

The total turnover of the Group for the six months ended 30 June 2016 decreased by 14.1% to approximately RMB197,550,000 (six months ended 30 June 2015: RMB230,002,000). The decrease in turnover was mainly due to the decrease in sales of ***V.E. DELURE*** and ***TESTANTIN*** as the Group offered more discounts to customers to boost the sales of the products, in particularly the aged products, amidst the overall weak and sluggish retail market.

Turnover of the Group for the six months ended 30 June 2016 comprised sales from self-operated stores of about RMB139,412,000 (six months ended 30 June 2015: RMB179,870,000), sales to distributors of RMB30,233,000 (six months ended 30 June 2015: RMB33,890,000), corporate sales of nil (six months ended 30 June 2015: RMB71,000) and sales from the licensed brands business of RMB27,905,000 (six months ended 30 June 2015: RMB16,171,000).

The aggregate sales from self-operated stores for the six months ended 30 June 2016 decreased by 22.5% as compared to the same period of last year, and accounted for about 70.6% (six months ended 30 June 2015: 78.2%) of the total turnover under the current challenging retail environment. The aggregate sales to distributors for the six months ended 30 June 2016 also decreased by 10.8% as compared to the same period of last year and accounted for about 15.3% (six months ended 30 June 2015: 14.7%) of the total turnover, as the distributors remained uncertain and cautious towards the retail market in the PRC.

Turnover by Region

	Six months ended 30 June				
	2016		2015		Change
	RMB'000	**% of *turnover***	*RMB'000*	% of *turnover*	%
V.E. DELURE					
Central China	**8,975**	**5.8%**	20,847	10.9%	–56.9%
North Eastern China	**9,125**	**5.9%**	16,143	8.5%	–43.5%
Eastern China	**22,333**	**14.4%**	23,886	12.5%	–6.5%
North Western China	**22,600**	**14.6%**	26,743	14.0%	–15.5%
Northern China	**28,970**	**18.7%**	35,558	18.6%	–18.5%
South Western China	**20,677**	**13.3%**	23,604	12.4%	–12.4%
Southern China	**40,379**	**26.0%**	41,742	21.8%	–3.3%
Hong Kong and Macau	**2,154**	**1.3%**	2,565	1.3%	–16.0%
Total	**155,213**		191,088		–18.8%

	Six months ended 30 June				
	2016		2015		Change
	RMB'000	**% of *turnover***	*RMB'000*	% of *turnover*	%
TESTANTIN					
Central China	**1,913**	**13.3%**	2,971	13.0%	–35.6%
North Eastern China	**1,450**	**10.0%**	2,586	11.4%	–43.9%
Eastern China	**774**	**5.4%**	1,483	6.5%	–47.8%
North Western China	**2**	**0.0%**	2,742	12.0%	–99.9%
Northern China	**506**	**3.5%**	501	2.2%	1.0%
South Western China	**2,887**	**20.0%**	4,565	20.1%	–36.8%
Southern China	**5,547**	**38.4%**	6,494	28.6%	–14.6%
Hong Kong and Macau	**1,353**	**9.4%**	1,401	6.2%	–3.4%
Total	**14,432**		22,743		–36.5%

The sales from ***V.E. DELURE*** in the Eastern, North Western, Northern and Southern China for the six months ended 30 June 2016 accounted for 73.7% (six months ended 30 June 2015: 66.9%) of the total revenue generated by the brand, which was mainly attributable to the fact that ***V.E. DELURE*** retail stores were located in major cities such as Shanghai, Beijing and Guangzhou, where the targeted ***V.E. DELURE*** customers are relatively more affluent with strong purchasing power.

The sales from ***TESTANTIN*** in the Central, North Eastern, South Western and Southern China for the six months ended 30 June 2016 accounted for 81.7% (six months ended 30 June 2015: 73.1%) of the total revenue generated by the brand, 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	
	2016	2015
	RMB'000	*RMB'000*
V.E. DELURE		
Apparel(1)	**120,810**	153,519
Accessories(2)	**5,229**	5,713
	126,039	159,232
TESTANTIN		
Apparel(1)	**12,989**	20,056
Accessories(2)	**384**	582
	13,373	20,638

	Six months ended 30 June	
	2016	2015
	Unit sold (pcs)	*Unit sold (pcs)*
Sales Volume		
V.E. DELURE		
Apparel(1)	**91,344**	82,704
Accessories(2)	**19,163**	13,871
TESTANTIN		
Apparel(1)	**29,799**	19,583
Accessories(2)	**2,583**	4,493

	Six months ended 30 June	
	2016	2015
	RMB	*RMB*
Average Selling Price		
V.E. DELURE		
Apparel(1)	**1,323**	1,856
Accessories(2)	**273**	412
TESTANTIN		
Apparel(1)	**436**	1,024
Accessories(2)	**149**	129

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 18.9% during the six months ended 30 June 2016 to approximately RMB76,906,000 (six months ended 30 June 2015: RMB64,663,000), which was in line with the increase in sales volumes of the menswear and children's wear products during the period. 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, ***CARTIER*** and purchased children's wear and accessories from the Group's licensed international fashion brands. 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 RMB44,695,000 or 27.0%, from RMB165,339,000 for the six months ended 30 June 2015 to RMB120,644,000 for the same period of 2016.

During the six months ended 30 June 2016, due to the implementation of various measures to boost the sales of aged inventories and as a result of weak consumer sentiment, more discounts were granted to the customers, which resulted in a decrease of 10.8 percentage points in gross profit margin from 71.9% for the six months ended 30 June 2015 to 61.1% for the same period of 2016.

Other Income and Gains

During the six months ended 30 June 2016, other income and gains mainly consisted of foreign exchange gains of RMB6,473,000 (six months ended 30 June 2015: Nil) and bank interest income of RMB4,819,000 (six months ended 30 June 2015: RMB6,032,000).

Selling and Distribution Expenses

For the six months ended 30 June 2016, selling and distribution expenses primarily represented concessionaire commission to shopping malls and department stores of approximately RMB56,660,000 (six months ended 30 June 2015: RMB66,752,000), advertising and promotion expenses of approximately RMB5,824,000 (six months ended 30 June 2015: RMB9,461,000), and staff costs of approximately RMB30,075,000 (six months ended 30 June 2015: RMB38,065,000). During the six months ended 30 June 2016, the total selling and distribution expenses represented about 67.1% (six months ended 30 June 2015: 60.8%) of the total turnover, representing an increase of 6.3 percentage points, which was mainly due to the increase in the operating expenses incurred in the investment stage for the Group's high-end children's wear and accessories business.

Administrative Expenses

For the six months ended 30 June 2016, administrative expenses decreased from RMB38,062,000 for the six months ended 30 June 2015 to RMB33,886,000, representing a decrease of RMB4,176,000 or 11.0% as compared to the same period of last year. The decrease in administrative expenses was mainly due to the decrease in staff costs as a result of the Group's cost control measures. During the six months ended 30 June 2016, administrative expenses accounted for 17.2% (six months ended 30 June 2015: 16.5%) of turnover.

Finance Costs

Finance costs for the six months ended 30 June 2016 mainly represented interest expenses on interest-bearing bank and other borrowings.

Effective Tax Rate

During the six months ended 30 June 2016, the effective tax rate of the Group amounted to –6.0% (six months ended 30 June 2015: -10.4%).

Loss Attributable to Ordinary Equity Holders of the Company

The Group recorded a loss attributable to ordinary equity holders of the Company of RMB38,666,000 for the six months ended 30 June 2016 (six months ended 30 June 2015: loss attributable to ordinary equity holder of the Company of RMB34,633,000) and net loss margin for the six month ended 30 June 2016 of 19.6% as compared to a net loss margin of 15.0% for the six month ended 30 June 2015. Basic and diluted loss per share of RMB4.1 cents was recorded for the six months ended 30 June 2016 (six months ended 30 June 2015: basic and diluted loss per share of RMB3.7 cents). The loss was mainly attributable to the decrease in revenue and operating loss incurred in the investment stage for the Group's high-end children's wear and accessories product segment.

Business Review

Proprietary Brands

The Group currently operates two proprietary brands in the menswear market of China to cater 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 13.7% and 23.4%, respectively, for the first half of 2016.

Retail and Distribution Network

Number of stores of proprietary brands by region

	As at 30 June 2016	As at 31 December 2015
Central China	**22**	26
North Eastern China	**20**	24
Eastern China	**29**	40
North Western China	**24**	28
Northern China	**45**	49
South Western China	**29**	35
Southern China	**43**	60
Hong Kong and Macau	**2**	2
	214	264

In line with its previous years' business strategies, the Group continued to optimise the retail and sales network based demand from 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 directly contact and interact 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 intended to create and express. 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 challenging retail environment and weak consumer sentiment, the Group adopted a more prudent approach in business development and strategically adjusted the store opening plan in response to the challenging market conditions and retail environment and consolidated stores which had been operated with low efficiency.

As at 30 June 2016, the Group had a total of 214 stores in 27 provinces and autonomous regions, covering 124 cities in China. There were 88 self-operated stores of ***V.E. DELURE*** in 37 cities in China whilst there were 9 self-operated stores of ***TESTANTIN*** in 8 cities in China.

In addition, the total number of distributors of the Group amounted to 50, which operated 115 franchised stores of ***V.E. DELURE*** in 86 cities and 2 franchised stores of ***TESTANTIN***, in 2 cities, respectively.

Number of stores of proprietary brands by city tier

	As at 30 June 2016	As at 31 December 2015	Changes
V.E. DELURE			
Self-operated stores			
First-tier	**13**	19	–6
Second-tier	**54**	60	–6
Third-tier	**18**	22	–4
Fourth-tier	**3**	3	–
	88	104	–16
Franchised stores			
First-tier	**–**	–	–
Second-tier	**19**	19	–
Third-tier	**73**	79	–6
Fourth-tier	**23**	26	–3
	115	124	–9
	203	228	–25
TESTANTIN			
Self-operated stores			
First-tier	**2**	6	–4
Second-tier	**4**	6	–2
Third-tier	**2**	4	–2
Fourth-tier	**1**	1	–
	9	17	–8
Franchised stores			
First-tier	**–**	–	–
Second-tier	**–**	1	–1
Third-tier	**1**	10	–9
Fourth-tier	**1**	8	–7
	2	19	–17
	11	36	–25
TOTAL	**214**	264	–50

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

As at 30 June 2016, the number of ***V.E. DELURE*** self-operated stores decreased from 104 as at 31 December 2015 to 88 as a result of the consolidation of inefficient stores. Franchised stores operated by the distributors of the Group decreased from 124 as at 31 December 2015 to 115. As at 30 June 2016, the total area of self-operated stores of ***V.E. DELURE*** was approximately 15,166 square meters (31 December 2015: 17,889 square meters), representing a decrease of 15.2% as compared to the total area of self-operated stores as at 31 December 2015.

As at 30 June 2016, the number of ***TESTANTIN*** self-operated stores decreased from 17 as at 31 December 2015 to 9 whilst the number of franchised stores decreased from 19 as at 31 December 2015 to 2. As at 30 June 2016, the total area of self-operated stores of ***TESTANTIN*** was approximately 1,271 square meters (31 December 2015: 1,915 square meters), representing a decrease of 33.6% as compared to the total area of self-operated stores as at 31 December 2015.

Licensed International brands

Apart from licensed brand business of ***CARTIER***, the Group commenced the new business segment of high-end children's wear and accessories products in August 2014. As at 30 June 2016, the Group has secured distribution rights for the following 9 international fashion brands:

Brand portfolio

Brands	**Territories**
Diesel Kids	Mainland China, Hong Kong, Macau
Dsquared2	Mainland China, Macau
Fendi Kids	Mainland China, Macau
Kenzo Kids	Hong Kong
Paul Smith Junior	Mainland China, Hong Kong
Roberto Cavalli Junior	Mainland China, Hong Kong, Macau
Sonia Rykiel Paris	Mainland China, Hong Kong
Simonetta	Mainland China, Hong Kong, Macau
Trussardi Junior	Mainland China, Hong Kong, Macau

As at the date of this announcement, the Group has opened 13 mono-brand retail stores in Hong Kong, Macau and Mainland China.

In addition, to cater to the consumer appetite and preference, especially those of the growing number of middle-class couples, the Group has invented and launched its new lifestyle concept store, ***Kissocool***. This new concept store served as a one-stop platform offering children's wear and accessories products from prestigious international brands and created a leisure shopping environment with recreational, entertainment and snack zones for customers. The Group is dedicated to enhancing the ultimate shopping experiences by catering to the desires of each family member under a relaxing shopping environment. This, in turn, can foster a more comprehensive and loyal customer base. The Group believes ***Kissocool*** will further strengthen the brand image and attract more brand owners to establish strategic partnerships. The Group has opened 5 ***Kissocool*** concept stores in the PRC and Hong Kong as at the date of this announcement.

Details of our shop locations by brand for children's wear and accessories are as follows:

Brands	**Shops Location**
Diesel Kids	Hong Kong Sogo Causeway Bay ***(Kissocool)*** China Qingdao MixCity China Shanghai Kerry Centre ***(Kissocool)*** China Hangzhou MixCity ***(Kissocool)*** China Guangzhou La Perle ***(Kissocool)***
Dsquared2	Hong Kong Sogo Causeway Bay ***(Kissocool)*** The Promenade Shops, Galaxy Macau China Shanghai Kerry Centre ***(Kissocool)*** China Hangzhou MixCity ***(Kissocool)*** China Guangzhou La Perle ***(Kissocool)***
Fendi Kids	The Promenade Shops, Galaxy Macau China Shenzhen MixCity China Hangzhou MixCity China Qingdao Hisense Plaza ***(Kissocool)*** China Shanghai Kerry Centre ***(Kissocool)*** China Guangzhou La Perle ***(Kissocool)***
Kenzo Kids	Hong Kong Sogo Causeway Bay
Paul Smith Junior	Hong Kong Sogo Causeway Bay ***(Kissocool)*** China Hangzhou Tower China Hangzhou MixCity ***(Kissocool)*** China Qingdao Hisense Plaza ***(Kissocool)*** China Shanghai Kerry Centre ***(Kissocool)*** China Guangzhou La Perle ***(Kissocool)***
Roberto Cavalli Junior	Hong Kong Harbour City Hong Kong Sogo Causeway Bay ***(Kissocool)*** The Promenade Shops, Galaxy Macau China Chengdu IFS China Hangzhou MixCity China Qingdao Hisense Plaza ***(Kissocool)*** China Shanghai Kerry Centre ***(Kissocool)*** China Guangzhou La Perle ***(Kissocool)***
Sonia Rykiel Paris	Hong Kong Sogo Causeway Bay ***(Kissocool)*** China Qingdao Hisense Plaza ***(Kissocool)*** China Shanghai Kerry Centre ***(Kissocool)*** China Hangzhou MixCity ***(Kissocool)*** China Guangzhou La Perle ***(Kissocool)***

Brands	Shops Location
Simonetta	Hong Kong Sogo Causeway Bay ***(Kissocool)*** The Promenade Shops, Galaxy Macau China Chengdu IFS China Qingdao Hisense Plaza ***(Kissocool)*** China Shanghai Kerry Centre ***(Kissocool)*** China Hangzhou MixCity ***(Kissocool)*** China Guangzhou La Perle ***(Kissocool)***
Trussardi Junior	Hong Kong Sogo Causeway Bay ***(Kissocool)*** China Shanghai Kerry Centre ***(Kissocool)*** China Hangzhou MixCity ***(Kissocool))*** China Guangzhou La Perle ***(Kissocool)***

For the six month ended 30 June 2016, the Group's high-end children's wear and accessories product segment recorded a revenue of RMB16,363,000 and a net loss of RMB15,782,000, as the business is still in investment stage.

Sales Fair

V.E. DELURE 2016 Fall and Winter collections sales fair was held in February 2016. The total order amount from franchised stores operated by the distributors of the Group decreased by 57.9% as compared to that of last year. Delivery of the orders commenced in August 2016.

V.E. DELURE 2017 Spring and Summer collections sales fair was held in August 2016. 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 2017.

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. As at 30 June 2016, the inventory turnover days of the Group decreased from 688 days as at 31 December 2015 to 576 days. The decrease in the inventory turnover days was achieved through various effective inventory management measures to boost the sales of aged inventory in such channels as outlets, temporary promotional sales fair and online business platform. The inventory balance decreased from RMB263,683,000 as at 31 December 2015 to RMB222,812,000 as at 30 June 2016. The Group will continue to implement a series of measures to speed up the process to sell the aged inventories.

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

In the first half of 2016, the total expenditure of the Group in marketing and promotion activities amounted to approximately RMB5,824,000 (six months ended 30 June 2015: RMB9,461,000), which accounts for approximately 2.9% (six months ended 30 June 2015: 4.1%) of the total turnover of the Group. The Group will strive to maintain the ratio within 5% whilst promoting the brands in an effective approach.

During the period, the Group organised regular advertising and promotional activities through various channels, such as advertisements in fashion magazines, promotion activities in the internet and other media, and large advertising billboard in airport 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 upgrade store image, enhance the display area to further promote its high-end brand image in order to attract customers more effectively.

The Group continues to be the exclusive sponsor of the formal attire of the PRC national table tennis team and badminton team and it will last till 2020. In addition, the Group started to supply the formal attire to the men's and women's national soccer team in 2016 and it will last till 2019.

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 relied on experienced design talents to bring in fresh inspiration for innovation to further diversity product portfolio and increase product competitiveness. The Group has experienced innovative and independent design teams for ***V.E. DELURE*** and ***TESTANTIN***, which were led by experienced chief supervisors with extensive 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 576 days as at 30 June 2016, representing a decrease of 112 days as compared to 688 days as at 31 December 2015. The inventory enhancement was achieved gradually through various effective inventory management and selling measures to boost the sales of aged inventory.

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 74 days as at 30 June 2016 which was similar to 72 days as at 31 December 2015.

Trade payables represented payables to suppliers and outsourced manufacturers. Trade payables turnover days decreased from 47 days as at 31 December 2015 to 29 days as at 30 June 2016.

Use of Proceeds

The shares of the Company (the "Shares") 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 2016, 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 2016)	Unutilised amount (as at 30 June 2016)
		RMB'million	*RMB'million*	*RMB'million*
Expansion and improvement of retail network	45%	457.8	457.8	–
Developing independent lines of branded apparels and accessories under ***V.E. DELURE*** brand	10%	101.7	101.7	–
Acquisitions or licensing of additional brands	20%	203.5	–	203.5
Marketing and promotional activities	7%	71.2	70.5	0.7
Upgrade of ERP system and database management system	5%	50.9	4.3	46.6
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	4.4	46.5
General working capital	8%	81.4	81.4	–
	100%	1,017.4	720.1	297.3

Liquidity and Financial Resources

As at 30 June 2016, the Group had cash and cash equivalents of RMB496,882,000 (31 December 2015: RMB548,875,000). In addition, the Group had pledged deposits of RMB24,500,000 (31 December 2015: RMB145,572,000). During the period, the Company issued unlisted corporate bonds with an aggregate principal amount of HK$43,000,000 (equivalent to approximately RMB36,855,000) which will mature on the date immediately following 12 months to 96 months after the first issue date unless early redemption requested by the Company. The bonds bear coupon rate ranging from 4.00% to 6.75% per annum, payable semi-annually in arrears. As at 30 June 2016, the interest-bearing bank and other borrowings amounted to RMB214,473,000 (31 December 2015: RMB349,767,000), which were denominated in RMB, Hong Kong dollars and Euros, with maturity from one year to eight years or on demand and bore effective interest rate ranging from 2.00% to 12.85% per annum (31 December 2015: 1.89% to 6.30% per annum). The gearing ratio, calculated as total bank and other borrowings divided by equity attributable to ordinary equity holders of the Company, amounted to 18.0% as at 30 June 2016 (31 December 2015: 28.4%).

Contingent Liabilities

As at 30 June 2016, the Group had no material contingent liabilities.

Pledge of Assets

As at 30 June 2016, pledged deposits of RMB24,500,000 (31 December 2015: RMB145,572,000) were pledged as security for the bank borrowings of the Group.

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. As a result, the Group did not have significant foreign currency exposure and did not have any significant impact from the depreciation of Renminbi. Nevertheless, the Group purchases some raw materials and outsourced products in Euros and depreciation of Renminbi against these foreign currencies may increase the cost of sales of the Group, the Group considered that it has insignificant impact on the results of operation of the Group for the six months ended 30 June 2016.

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, share options and shares awards will be granted to eligible staff based on individual and the Group's performance as a means of rewarding and retaining high-calibre staff. Through the above policies, the Group strives to motivate and recognise its employees as the important assets of the Group.

During the period, the Group continued to organise various staff leisure, welfare and charity activities so as to help the staff to maintain work-life balance and enhance a sense of belongings within the Group.

As at 30 June 2016, the total number of full-time employees of the Group was 809. The total staff costs for the six months ended 30 June 2016 amounted to approximately RMB44,642,000 (six months ended 30 June 2015: RMB57,634,000).

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

In view of the persistent economic restructuring and reform in China, the outlook of retail sector in the second half of 2016 still remains uncertain and tough. It is expected that the operating environment, in particular the menswear market, will remain weak and lack of momentum in the second half of 2016.

In response to the challenging business and retail environment, the Group will enhance its retail network prudently to prepare for the long-term development. The Group plans to open approximately 5 new self-operated stores for menswear business in the second half of 2016. On the other hand, the Group will continue to consolidate inefficient stores in order to improve the overall operation efficiency. In addition, inventory control continued to be a key focus by the Group in times of weak retail environment. Our effort on inventory management in the first half of 2016 brought the stock level down from RMB263.7 million as at 31 December 2015 to RMB222.8 million as at 30 June 2016 and the turnover days was lowered to 576 days as at 30 June 2016 from 688 days as at 31 December 2015. The Group will continue to implement a series of measures including outlets, temporary promotional sales fair and online business platform to speed up the process of selling the aged inventories. Given that the domestic consumption will remain as the core contributor to GDP growth and it is expected that there will be continuous increase in domestic household income and the pursuit for high quality products by middle-class income consumers, the Group will continue to execute a prudent and responsive business strategy to maintain its advantageous position in the high-end menswear market in Mainland China. The Group is confident in steady and healthy development of menswear market in China, especially the mid-end to high-end segments in the long run.

Starting from 1 January 2016, the Chinese government has allowed all couples in China to have two children. The expected large and growing number of babies and children in the future can lead to strong growth in China's children's wear and accessories market. To capitalise on this growing market, the Group has secured the distribution rights in Hong Kong, Macau and Mainland China with 9 international brand owners for its new business segment of high-end children's wear and accessories products. The Group will continue to look for investment opportunities in other children's wear brands with a view to continuing to add new brands to the Group's portfolio. As at the date of this announcement, the Group has opened 13 retail stores and 5 ***Kissocool*** in Hong Kong, Macau and Mainland China for the children's wear and accessories products of high-end international fashion brands. The Group will adopt a cautiously optimistic view when it discusses with a number of shopping malls operators in China and extends its retail network in China in the second half of 2016.

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 and brand portfolio in the apparel and accessory product industries and will create synergy with the existing menswear business of the Group. The Group aspires to be a leading brand operator in the high-end children's wear and accessories product industry in China and consider that the new business segment is beneficial to the Group and its shareholders as a whole in the long run.

On the other hand, further to the establishment of Shenzhen Fosun Ellassay Fashion Fund LLP investment fund on 4 March 2016 (details of which are set out in the announcement of the Company dated 4 March 2016) and an investment in a 20% interest in an online apparel project company in Hangzhou during the current period, the Group will continue to look for other new investment opportunities in the apparel industry, accessory product industry and the online business industry for development and expansion.

INTERIM DIVIDEND

No interim dividend was proposed by the Board for the six months ended 30 June 2016.

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 2016, 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 650,000 Shares on the Stock Exchange at a total consideration of HK$494,000.

CORPORATE GOVERNANCE

In the opinion of the Directors, during the six months ended 30 June 2016, the Company has complied with all the code provisions set out in the Corporate Governance Code 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 six months ended 30 June 2016.

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 six months ended 30 June 2016.

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 Ng Wing Fai (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 2016 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 Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.evergreen-intl.com.

The 2016 interim report will also be published on the website of Hong Kong Exchanges and Clearing Limited 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, 30 August 2016

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, and Mr Fong Wo, Felix, Mr Cheng King Hoi, Andrew and Mr Ng Wing Fai as the independent non-executive Directors.