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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 2019

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2019	2018	Change
	RMB' million	*RMB' million*	%
Revenue	**103.0**	144.6	-28.8
Gross profit	**55.0**	79.9	-31.2
Loss attributable to ordinary equity holders of the Company	**(40.2)**	(51.4)	-21.8
Basic and diluted loss per share (RMB cents)	**(4.2)**	(5.4)	-22.2
Gross profit margin	**53.4%**	55.2%	
Net loss margin	**(39.0)%**	(35.6)%	
Effective tax rate	**(2.3)%**	6.8%	

	As at 30 June 2019	As at 31 December 2018
Inventory turnover days	**426**	379
Trade receivables turnover days	**95**	92
Trade payables turnover days	**82**	61

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 2019 together with the comparative figures for the same period of last year, as follows:

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**102,996**	144,606
Cost of sales		**(48,016)**	(64,734)
Gross profit		**54,980**	79,872
Other income and gains	*5*	**9,263**	6,127
Selling and distribution expenses		**(71,879)**	(89,962)
Administrative expenses		**(21,998)**	(26,087)
Other expenses		**2,218**	(13,056)
Finance costs	*7*	**(11,830)**	(12,109)
LOSS BEFORE TAX	*6*	**(39,246)**	(55,215)
Income tax (expense)/credit	*8*	**(908)**	3,782
LOSS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**(40,154)**	(51,433)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*9*	**RMB(4.2) cents**	RMB(5.4) cents

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Six months ended 30 June 2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Unaudited)
LOSS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	**(40,154)**	(51,433)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of operations outside Mainland China	**(2,282)**	(5,216)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(2,282)**	(5,216)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**1,147**	639
Income tax effect	**(287)**	–
	860	639
Gains on property revaluation	**–**	77,626
Income tax effect	**–**	(19,406)
	–	58,220
Net other comprehensive income that will not to be reclassified to profit or loss in subsequent periods	**860**	58,859
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(1,422)**	53,643
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(41,576)**	2,210

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2019

	Notes	**30 June 2019** *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**101,788**	106,434
Investment properties		**329,854**	329,854
Right-of-use assets		**110,361**	–
Prepaid land lease payment		**–**	44,162
Other intangible asset		**4,047**	4,031
Long term lease prepayment		**–**	61,016
Equity investments designated at fair value through other comprehensive income		**–**	27,830
Financial asset at fair value through profit or loss		**–**	–
Total non-current assets		**546,050**	573,327
CURRENT ASSETS			
Equity investments designated at fair value through other comprehensive income		**28,977**	–
Inventories	*11*	**113,789**	112,474
Trade receivables	*12*	**45,110**	63,342
Prepayments, other receivables and other assets		**32,699**	27,163
Time deposits		**350,000**	–
Cash and cash equivalents		**84,196**	458,681
Total current assets		**654,771**	661,660
CURRENT LIABILITIES			
Trade payables	*13*	**16,707**	26,768
Other payables and accruals		**52,064**	63,764
Interest-bearing bank and other borrowings		**165,958**	119,018
Amount due to the ultimate holding company		**78,017**	87,472
Tax payable		**2,096**	1,799
Total current liabilities		**314,842**	298,821
NET CURRENT ASSETS		**339,929**	362,839
TOTAL ASSETS LESS CURRENT LIABILITIES		**885,979**	936,166

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	**885,979**	936,166
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**108,338**	117,825
Deferred tax liabilities	**24,481**	23,605
Total non-current liabilities	**132,819**	141,430
Net assets	**753,160**	794,736
EQUITY		
Equity attributable to ordinary equity holders of the Company		
Share capital	**829**	829
Reserves	**752,331**	793,907
Total equity	**753,160**	794,736

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

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

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018. The unaudited interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs", which also include International Accounting Standards ("IASs") and interpretations) effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015–2017 Cycle	Amendments to *IFRS 3, IFRS 11, IAS 12 and IAS 23*

Other than as explained below regarding the impact of IFRS 16 *Leases* and IFRIC 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's unaudited interim condensed consolidated financial statements. The nature and impact of the new and revised IFRSs are described below:

(a) IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases — Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of building, leasehold land, motor vehicles and logo display right. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of RMB250,000 that were reclassified from property, plant and equipment, lease assets of RMB45,124,000 that were reclassified from prepaid land lease payments and prepayments, other receivables and other assets and lease assets of RMB61,016,000 that were reclassified from long term lease prepayment.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) *RMB'000* (Unaudited)
Assets	
Increase in right-of-use assets	118,244
Decrease in property, plant and equipment	(250)
Decrease in prepaid land lease payments	(44,162)
Decrease in prepayments, other receivables and other assets	(962)
Decrease in long term lease prepayment	(61,016)
Increase in total assets	11,854
Liabilities	
Increase in interest-bearing bank and other borrowing — lease liabilities	11,854
Increase in total liabilities	11,854

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018	8,530
Weighted average incremental borrowing rate as at 1 January 2019	7.7%
Discounted operating lease commitments as at 1 January 2019	7,919
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(1,138)
Add: Commitments relating to leases previously classified as finance leases	248
Commitments with variable term previously not regarded as operating lease commitments	5,073
Lease liabilities as at 1 January 2019	12,102

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Amounts recognised in the unaudited interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities (included within 'interest-bearing bank and other borrowings'), and the movement during the period are as follow:

	Right-of-use assets					
	Motor vehicles	**Retail units, warehouses and offices**	**Leasehold land**	**Logo display right**	**Total**	**Lease liabilities**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019	250	11,854	45,124	61,016	118,244	12,102
Depreciation charge	(193)	(2,795)	(481)	(791)	(4,260)	–
Interest expense	–	–	–	–	–	457
Impairment	–	(3,617)	–	–	(3,617)	–
Payments	–	–	–	–	–	(3,127)
Exchange realignment	(2)	(4)	–	–	(6)	(2)
As at 30 June 2019	55	5,438	44,643	60,225	110,361	9,430

The Group recognised rental expenses from short-term leases of RMB33,240,000 and variable lease payments not based on index or rate of RMB173,000 for six months ended 30 June 2019.

(b) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered the interpretation did not have any significant impact on the Group's unaudited interim condensed consolidated financial statements.

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 majority of the Group's revenue is derived from customers based in the PRC and majority 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

An analysis of revenue is as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of clothing and clothing accessories	**102,996**	144,606

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Foreign exchange gains, net	**1,028**	2,689
Rental income	**6,003**	1,585
Bank interest income	**1,767**	909
Gain on disposal of items of property, plant and equipment	**66**	–
Others	**399**	944
	9,263	6,127

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**48,016**	64,734
Depreciation of property, plant and equipment	**5,447**	9,275
Depreciation of right-of-use assets	**4,260**	–
Recognition of prepaid land lease payment	**–**	481
Amortisation of long term lease prepayment	**–**	791
Operating lease rental expense:		
Minimum lease payments	**6,507**	9,010
Contingent rents	**30,179**	35,595
	36,686	44,605
Employee benefit expense:		
Wages and salaries	**18,229**	26,407
Pension scheme contributions	**2,149**	2,613
Equity-settled share option expense	**–**	181
	20,378	29,201
(Reversal of provision for write-down of)/write-down of inventories*	**(4,889)**	10,371
Impairment of right-of-use assets*	**3,617**	–
Foreign exchange differences, net**	**(1,028)**	(2,689)
(Reversal of impairment)/impairment of trade receivables*	**(1,856)**	774
Impairment of other receivables*	**61**	1,654

* *These items are included in "Other expenses" in the unaudited interim condensed consolidated statement of profit or loss.*

** *This items is included in "Other income and gains" in the unaudited interim condensed consolidated statement of profit or loss.*

7. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank and other borrowings	**11,830**	12,109

8. INCOME TAX

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current — Charge for the period		
Mainland China	**319**	–
Hong Kong	**–**	10
Deferred	**589**	(3,792)
Total tax expense/(credit) for the period	**908**	(3,782)

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 2019 and 2018 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 2019, based on the existing legislation, interpretations and practices in respect thereof. No provision for Mainland China profits tax has been made as the Group had no assessable profits arising in Mainland China during the six months ended 30 June 2018.

No Hong Kong profits tax has been provided for the six months ended 30 June 2019 as there was no assessable profit generated. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2018.

No deferred tax provision has been made in respect of withholding tax calculated on the distributable profit of the Group's subsidiaries in Mainland China during the six months ended 30 June 2019 (the six months ended 30 June 2018: Nil).

9. 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 948,799,763 (six months ended 30 June 2018: 948,799,763) during the six months ended 30 June 2019, 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.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2019 and 2018 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.

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**40,154**	51,433

	Number of Shares	
	Six months ended 30 June	
	2019	2018
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	**(26,000)**	(26,000)
Adjusted weighted average number of ordinary shares in issue used in the basic loss per share calculation	**948,799,763**	948,799,763
Adjusted weighted average number of ordinary shares in issue used in the diluted loss per share calculation	**948,799,763**	948,799,763

10. DIVIDEND

No interim dividend was proposed for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

11. INVENTORIES

	30 June	31 December
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Raw materials	**3,726**	3,463
Work in progress	**4,620**	3,714
Finished goods	**105,443**	105,297
	113,789	112,474

12. 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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 month	**22,640**	36,239
1 to 3 months	**4,150**	9,926
3 to 6 months	**9,928**	4,216
6 months to 1 year	**7,854**	11,808
Over 1 year	**538**	1,153
	45,110	63,342

13. TRADE PAYABLES

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

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 month	**2,208**	2,025
1 to 3 months	**2,360**	8,663
3 to 6 months	**4,458**	9,314
6 months to 1 year	**5,434**	1,523
Over 1 year	**2,247**	5,243
	16,707	26,768

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

During the first half of 2019, market confidence was generally negatively impacted by Sino-US trade tension and uncertainty on macroeconomic outlook. Key economies showed signs of slowing growth and the global markets took a cautious turn. During the same period, the economy in China maintained steady growth. Its gross domestic product ("GDP") growth in the first and second quarters was 6.4% and 6.2% respectively while overall GDP growth for the first half of the year was 6.3%. The Chinese government has launched larger scale tax cut and fee reduction measures. The measures are expected to stabilize growth and employment, improve business environment and stimulate market activities.

The total retail sales of consumer goods in China amounted to RMB19.5 trillion, representing an increase of 8.4% compared to the same period of last year. The total retail sales of consumer goods realised in urban area and rural area amounted to RMB16.7 trillion and RMB2.8 trillion, respectively, representing an increase of 8.3% and 9.1%, respectively, compared to the same period of last year. The growth rates were 0.9 percentage points lower and 1.4 percentage points lower than that in the first half of 2018, respectively. In particular, the total sales of garments, footwear, hats and knitwear in the first half of 2019 amounted to RMB0.7 trillion, representing an increase of 3.0% compared to the same period of last year. The growth rate was 6.2 percentage points lower than that of 9.2% in the first half of 2018.

During the period under review, the Group adhered to its corporate strategy adopted in the past few years of enhancing product design, providing products with better value-for-money while accelerating channel transformation. Moreover, the Group closed or re-adjusted certain retail stores with unsatisfactory performances as part of its efforts to proactively make adjustments to its sales and distribution channels. Furthermore, the Group continued to enhance its brand image and brand awareness by putting through more efforts on promotional activities. 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 had been actively looking for other investment opportunities so as to diversify its income and returns.

Financial Review

During the six months ended 30 June 2019, the Group recorded an aggregate turnover of approximately RMB102,996,000 (six months ended 30 June 2018: RMB144,606,000), representing a decrease of approximately 28.8% compared to the same period of last year. Gross profit for the period decreased from RMB79,872,000 for the six months ended 30 June 2018 to RMB54,980,000 for the six months ended 30 June 2019, representing a decrease of about 31.2%, and gross profit margin decreased from 55.2% for the six months ended 30 June 2018 to 53.4% for the same period of 2019. The Group recorded a loss attributable to ordinary equity holders of the Company of RMB40,154,000 for the six months ended 30 June 2019 (six months ended 30 June 2018: RMB51,433,000) and a net loss margin for the six months ended 30 June 2019 of 39.0% as compared to a net loss margin of 35.6% for the six months ended 30 June 2018. The loss was mainly attributable to (i) the decrease in revenue in our licensed brands in our licensed brands and also due to the decrease of unit selling price of proprietary brands; and net off with (ii) reversal of non-cash write-down of inventories and trade receivables, increase of rental income from the investment properties and the reduction in the selling and distribution expenses.

Turnover

	Six months ended 30 June				
	2019		2018		Change
	RMB'000	***% of turnover***	*RMB'000*	*% of turnover*	*%*
Proprietary brands — Menswear					
Self-operated stores	**80,141**	**77.8**	94,844	65.6	–15.5
Distributors	**11,843**	**11.5**	21,826	15.1	–45.7
	91,984	**89.3**	116,670	80.7	–21.2
Licensed brands	**11,012**	**10.7**	27,936	19.3	–60.6
	102,996		144,606		–28.8

The total turnover of the Group for the six months ended 30 June 2019 decreased by 28.8% to approximately RMB102,996,000 (six months ended 30 June 2018: RMB144,606,000). The decrease in turnover was mainly due to the decrease in sales of licensed brands as the Group has been refining the network of retail stores for the licensed brands and also due to the decrease of unit selling price of proprietary brands. The Group continued to close underperforming stores and offered more discounts to customers to boost the sales of the products, in particular the aged products, amidst the overall weak and sluggish retail market.

Turnover of the Group for the six months ended 30 June 2019 comprised sales from self-operated stores of about RMB80,141,000 (six months ended 30 June 2018: RMB94,844,000), sales to distributors of RMB11,843,000 (six months ended 30 June 2018: RMB21,826,000) and sales from the licensed brands business of RMB11,012,000 (six months ended 30 June 2018: RMB27,936,000).

The aggregate sales from self-operated stores for the six months ended 30 June 2019 decreased by 15.5% as compared to the same period of last year, and accounted for about 77.8% (six months ended 30 June 2018: 65.6%) of the total turnover under the current challenging retail environment. The aggregate sales to distributors for the six months ended 30 June 2019 decreased by 45.7% as compared to the same period of last year and accounted for about 11.5% (six months ended 30 June 2018: 15.1%) of the total turnover.

Turnover by Region

	Six months ended 30 June				
	2019		2018		Change
		% of		*% of*	
	RMB'000	***turnover***	*RMB'000*	*turnover*	*%*
Menswear					
Central China	**5,603**	**6.1**	6,819	5.8	-17.8
North Eastern China	**572**	**0.6**	3,012	2.6	-81.0
Eastern China	**4,456**	**4.8**	7,771	6.7	-42.7
North Western China	**17,162**	**18.7**	22,519	19.3	-23.8
Northern China	**11,061**	**12.0**	16,414	14.1	-32.6
South Western China	**16,547**	**18.0**	16,362	14.0	1.1
Southern China	**34,930**	**38.0**	41,578	35.6	-16.0
Hong Kong	**1,653**	**1.8**	2,195	1.9	-24.7
Total	**91,984**		116,670		-21.2

The sales in the North Western, Northern, Southern Western and Southern China for the six months ended 30 June 2019 accounted for 86.7% (six months ended 30 June 2018: 83.0%) of the total revenue generated by menswear, 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.

Turnover by Product (self-operated stores only)

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Menswear		
Apparel(1)	**76,898**	91,268
Accessories(2)	**3,243**	3,576
	80,141	94,844

	Six months ended 30 June	
	2019	2018
	Unit sold (pcs)	*Unit sold (pcs)*
Sales Volume		
Menswear		
Apparel(1)	**98,711**	83,651
Accessories(2)	**13,122**	5,142

	Six months ended 30 June	
	2019	2018
	RMB	*RMB*
Average Selling Price		
Menswear		
Apparel[(1)]	**779**	1,091
Accessories[(2)]	**247**	695

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 25.8% during the six months ended 30 June 2019 to approximately RMB48,016,000 (six months ended 30 June 2018: RMB64,734,000). During the period, the Group continued to outsource the production process of most of the apparel and accessories products. 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 RMB24,892,000 or 31.2%, from approximately RMB79,872,000 for the six months ended 30 June 2018 to approximately RMB54,980,000 for the same period of 2019.

During the six months ended 30 June 2019, 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 1.8 percentage points in gross profit margin from 55.2% for the six months ended 30 June 2018 to 53.4 % for the same period of 2019.

Other Income and Gains

During the six months ended 30 June 2019, other income and gains mainly consisted of foreign exchange gains of approximately RMB1,028,000 (six months ended 30 June 2018: RMB2,689,000), bank interest income of approximately RMB1,767,000 (six months ended 30 June 2018: RMB909,000) and rental income of approximately RMB6,003,000 (six months ended 30 June 2018: RMB1,585,000).

Selling and Distribution Expenses

For the six months ended 30 June 2019, selling and distribution expenses primarily represented concessionaire commission to shopping malls and department stores of approximately RMB30,179,000 (six months ended 30 June 2018: RMB35,595,000), advertising and promotion expenses of approximately RMB4,794,000 (six months ended 30 June 2018: RMB6,618,000), and staff costs of approximately RMB15,902,000 (six months ended 30 June 2018: RMB18,946,000). During the six months ended 30 June 2019, the total selling and distribution expenses represented about 69.8% (six months ended 30 June 2018: 62.2%) of the total turnover, representing a slight increase of 7.6 percentage points.

Administrative Expenses

For the six months ended 30 June 2019, administrative expenses decreased from RMB26,087,000 for the six months ended 30 June 2018 to RMB21,998,000, representing a decrease of RMB4,089,000 or 15.7% as compared to the same period of last year. The decrease in administrative expenses was mainly due to the decrease in staff costs and depreciation of buildings. During the six months ended 30 June 2019, administrative expenses accounted for 21.4% (six months ended 30 June 2018: 18.0%) of turnover.

Finance Costs

Finance costs for the six months ended 30 June 2019 mainly represented interest expenses on interest-bearing bank and other borrowings.

Effective Tax Rate

During the six months ended 30 June 2019, the effective tax rate of the Group amounted to -2.3% (six months ended 30 June 2018: 6.8%).

Loss Attributable to Ordinary Equity Holders of the Company

The Group recorded a loss attributable to ordinary equity holders of the Company of RMB40,154,000 for the six months ended 30 June 2019 (six months ended 30 June 2018: loss attributable to ordinary equity holder of the Company of RMB51,433,000) and a net loss margin for the six month ended 30 June 2019 of 39.0% as compared to a net loss margin of 35.6% for the six month ended 30 June 2018. Basic and diluted loss per share of RMB4.2 cents was recorded for the six months ended 30 June 2019 (six months ended 30 June 2018: basic and diluted loss per share of RMB5.4 cents). The loss was mainly attributable to (i) the decrease in revenue in our licensed brands and also due to the decrease of unit selling price of proprietary brands; and net off with (ii) reversal of non-cash write-down of inventories and trade receivables, increase of rental income from the investment properties and the reduction in the selling and distribution expenses.

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 an overall negative same store sales growth for the self-operated stores business of 13.4% for the first half of 2019.

Retail and Distribution Network

Number of stores of proprietary brands by region

	As at 30 June 2019	As at 31 December 2018
Central China	**12**	12
North Eastern China	**2**	3
Eastern China	**15**	14
North Western China	**13**	13
Northern China	**18**	20
South Western China	**18**	19
Southern China	**20**	21
Hong Kong	**1**	1
	99	103

In line with its previous years' business strategies, the Group continued to optimise the retail and sales network based on the 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 2019, the Group had a total of 99 stores in 27 provinces and autonomous regions, covering 52 cities in China. There were 47 self-operated stores in 16 cities in China.

In addition, the total number of distributors of the Group amounted to 52, which operated franchised stores of ***V.E. DELURE*** in 36 cities.

Number of stores of proprietary brands by city tier

	As at 30 June 2019	As at 31 December 2018	Changes
Self-operated stores			
First-tier	**7**	7	–
Second-tier	**30**	33	-3
Third-tier	**9**	6	3
Fourth-tier	**1**	1	–
	47	47	–
Franchised stores			
First-tier	**–**	–	–
Second-tier	**14**	14	–
Third-tier	**31**	34	-3
Fourth-tier	**7**	8	-1
	52	56	-4
	99	103	-4

First-tier cities: Beijing, Shanghai, Guangzhou and Hong Kong
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 2019, the number of menswear self-operated stores remain unchange at 47 as at 31 December 2018. Franchised stores operated by the distributors of the Group decreased from 56 as at 31 December 2018 to 52 as at 30 June 2019. As at 30 June 2019, the total area of self-operated stores was approximately 9,712 square meters (31 December 2018: 9,861 square meters), representing a decrease of 1.5% as compared to the total area of self-operated stores as at 31 December 2018.

Licensed International Brands

The Group commenced the new business segment of high-end children's wear and accessories products in August 2014.

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 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 3 ***Kissocool*** concept stores in the PRC and Hong Kong as at the date of this announcement.

For the six months ended 30 June 2019, the Group's high-end children's wear and accessories product segment recorded a revenue of RMB11,012,000 (six month ended 30 June 2018: RMB16,425,000) and a net loss of RMB5,476,000 (six months ended 30 June 2018: net loss RMB13,996,000).

Sales Fair

V. E. DELURE 2019 Fall and Winter collections sales fair was held in February 2019. The total orders value from franchised stores operated by the distributors of the Group increased by 6% as compared to that of last year. Delivery of the orders commenced in July 2019.

V. E. DELURE 2020 Spring and Summer collections sales fair was held in July 2019. The total orders value from franchised stores operated by the distributors of the Group increased by 14% as compared to that of last year. Delivery of the orders will commence in December 2019.

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. The inventory turnover days of the Group increased from 379 days as at 31 December 2018 to 426 days as at 30 June 2019, representing a addition of 47 days. The increase in the inventory turnover days was mainly caused by the decline in the revenue from menswear business. The Group would enhance the inventory turnover gradually 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 increased from RMB112,474,000 as at 31 December 2018 to RMB113,789,000 as at 30 June 2019. 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 its products. The Group focuses on the long-term development of its brands. Various types of marketing and promotional activities of the Group not only strengthen the brand recognition and value, but also advocates its brand theme.

In the first half of 2019, the total expenditure of the Group in advertising and promotional activities amounted to approximately RMB4,794,000 (six months ended 30 June 2018: RMB6,618,000), which accounted for approximately 4.7% (six months ended 30 June 2018: 4.6%) 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, promotional activities through 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, the Group 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 the sponsorship arrangement will last till 2020.

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 ***V.E. DELURE***.

The Group also recruited 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***, 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 426 days as at 30 June 2019, representing an increase of 47 days as compared to 379 days as at 31 December 2018.

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 increased from 92 days as at 31 December 2018 to 95 days as at 30 June 2019.

Trade payables represented payables to suppliers and outsourced manufacturers. Trade payables turnover days increased from 61 days as at 31 December 2018 to 82 days as at 30 June 2019.

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 2019, 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 2019)**	**Unutilised amount (as at 30 June 2019)**
		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	0.1	203.4
Marketing and promotional activities	7%	71.2	71.2	–
Upgrade of ERP system and database management system	5%	50.9	4.4	46.5
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	6.4	44.5
General working capital	8%	81.4	81.4	–
	100%	1,017.4	723.0	294.4

Liquidity and Financial Resources

As at 30 June 2019, the Group had cash and cash equivalents of RMB84,196,000 (31 December 2018: RMB458,681,000). As at 30 June 2019, the balance of aggregate principal of unlisted corporate bonds issued by the Company amounted to HK$171,400,000 (equivalent to approximately RMB150,780,000) 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 2019, the interest-bearing bank and other borrowings amounted to RMB274,296,000 (31 December 2018: RMB236,843,000), which were denominated in RMB and Hong Kong dollars, with maturity from one year to seven years or on demand and bore effective interest rate ranging from 2.5% to 12.85 % per annum (31 December 2018: 3.34% to 12.85% per annum). The gearing ratio is calculated by dividing net debt by the capital plus net debt. Net debt includes interest-bearing bank and other borrowings, trade payables, amount due to the ultimate holding company, other payables and accruals less cash and cash equivalents. Capital represents equity attributable to ordinary equity holders of the Company. The gearing ratio as at 30 June 2019 is 30.9%.

Contingent Liabilities

As at 30 June 2019, the Group had no material contingent liabilities.

Pledge of Assets

As at 30 June 2019, certain buildings and investment properties, which had aggregate carrying value of approximately RMB81,752,000 and RMB329,854,000, respectively (31 December 2018: investment properties of RMB329,854,000) 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. The reporting currency of the Group is 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 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 maintain work-life balance and enhance a sense of belongings within the Group.

As at 30 June 2019, the total number of full-time employees of the Group was 358. The total staff costs for the six months ended 30 June 2019 amounted to approximately RMB24,784,000 (six months ended 30 June 2018: RMB29,201,000).

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 statement of profit or loss 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 2019 still remains uncertain and tough. However, as the Chinese government continues to stimulate domestic consumption to support economic growth, 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.

Despite the challenging business environment in the menswear industry, the Group will continue to invest resources in refining market strategy for brand building, reinforcing customer loyalty by organising marketing events and enhancing product quality and design to increase the competitiveness of its products and brands. Furthermore, the Group will continue to enhance its retail network prudently to prepare for the long-term development. The Group plans to open approximately 15 self-operated stores and 16 franchised stores for menswear business in the second half of 2019. On the other hand, the Group will continue to consolidate inefficient stores in order to improve the operational efficiency. 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 aged inventories. Given that (i) domestic consumption will remain as the core contributor to GDP growth and (ii) 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 adopt 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 the steady and healthy development of menswear market in Mainland China, especially that of the mid-end to high-end segments.

As at the date of this announcement, the Group has 3 ***Kissocool*** in Hong Kong 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 mall operators in Mainland China and extends its retail network in Mainland China in the near future.

The Group will continue to reasonably and prudently use resources to explore business opportunities and market potentials in the retail sector in order to foster new opportunities for the profit growth in the long run.

INTERIM DIVIDEND

No interim dividend was proposed by the Board for the six months ended 30 June 2019.

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 2019.

CORPORATE GOVERNANCE

In the opinion of the Directors, during the six months ended 30 June 2019, 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 2019.

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 2019.

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 risk management 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 2019 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 2019 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, 29 August 2019

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.