

[For Immediate Release]



Evergreen International Holdings Limited Announces Annual Results 2013

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Steady Performance in Self-operated Stores amid Challenging Environment Full Year Dividend Payout Ratio Remains Stable at 56%

Financial Highlights:

<i>RMB million</i>	For the year ended 31 December 2013		
	2013	2012	Change (%)
Revenue	693.6	749.1	-7.4%
Gross profit	461.5	504.4	-8.5%
Gross profit margin	66.5%	67.3%	-0.8 ppt
Operating profit	104.8	184.3	-43.1%
Operating profit margin	15.1%	24.6%	-9.5ppt
Profit attributable to shareholders	76.8	155.3	-50.5%
Basic earnings per share (RMB cents)	8.1	16.4	-50.6%
- Interim dividend per share (HK cents)	4.5	5.0	-10%
- Final dividend per share (HK cents)	1.2	6.2	-80.6%
Dividend payout ratio	56%	54%	+2ppt

(26 March 2014 – Hong Kong) **Evergreen International Holdings Limited** (“Evergreen Intl” or the “Company”, together with its subsidiaries, the “Group”; stock code: 238), one of the leading menswear enterprises and brands operators in the PRC covering the middle-upper to high-end segments of the menswear market, is pleased to announce its audited annual results for the year ended 31 December 2013.

During the year ended 31 December 2013, the Group recorded an aggregate turnover of approximately RMB693.6 million, representing a decrease of approximately 7.4% compared to last year. The decrease in turnover resulted mainly from a slight increase in sales by self-operated stores, offsetted by the decrease in sales to distributors and decrease in licensed brands. Gross profit for the year decreased from RMB504.4 million to RMB461.5 million, representing a year-on-year decrease of about 8.5%. Gross profit margin decreased from 67.3% to 66.5%. Profit attributable to shareholders of the Company for the year ended 31 December 2013 decreased by about 50.5% to approximately RMB76.8 million. The Board has recommended a final dividend of HK1.2 cents per share. Together with the interim dividend of 4.5 HK cents, full year dividend payout remains stable at 56%.

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In light of the annual results, Mr. Chan Yuk Ming, Chairman and Executive Director of Evergreen Intl, commented, "In 2013, although China managed to maintain a steady and moderate growth in GDP of 7.7%, the consumption market was seriously affected and there was no significant improvement in the retail sector in the second half of the year. Under the prevailing economic 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 would purchase for their own-use. During the year, the Group continued to invest resources in strengthening brand equity, reinforcing customer loyalty and improving the network of self-operated retail stores. The Group also flexibly adjusted its store opening plan, improved efficiency of retail and distribution operation and improved marketing strategy for brand equity to maintain the Group at a financially healthy position with an aim to achieve a sustainable development of the Group in the long run."

The sales from V.E. DELURE, TESTANTIN and licensed brands business for the year ended 31 December 2013 represented about 79.4% (2012: 79.4%), 16.9% (2012: 16.6%) and 3.7% (2012: 4.0%) of the total turnover of the Group, respectively. During the year under review, the Group's two proprietary brands, V.E. DELURE and TESTANTIN, have generated RMB550.8 million and RMB117.1 million in revenue respectively, decreased by 7.3% and 6.2% respectively. Self-operated stores of V.E. DELURE sold 209,105 units of apparel products with an ASP of RMB 1,724, while TESTANTIN sold 105,329 units of apparel products with an ASP of RMB814. The Group's two proprietary brands, V.E. DELURE and TESTANTIN, recorded negative same store sales growth for the self-operated stores business of 9.0% and 5.0%, respectively, during the year.

The aggregate sales from self-operated stores for the year ended 31 December 2013 recorded a slight increase of 1.3% as compared to last year, and accounted for 68.3% (2012: 62.4%) of the total turnover, which was mainly attributed to the tactical strategy shift to self-operated stores business under the challenging environment during the year. On the other hand, the aggregate sales to distributors for the year ended 31 December 2013 recorded a decrease of 21.3% as compared to last year and accounted for about 27.1% (2012: 31.9%) of the total turnover, which mainly reflected that the distributors remained uncertain and cautious towards the overall consumer market in the PRC.

Turnover of the Group for the year ended 31 December 2013 comprised sales from self-operated stores of about RMB473,702,000 (2012: RMB467,802,000), sales to distributors of RMB188,161,000 (2012: RMB239,019,000), corporate sales of RMB6,073,000 (2012: RMB12,517,000) and sales from the licensed brands business of RMB25,681,000 (2012:RMB29,763,000).

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As at 31 December 2013, the Group had a total of 420 stores in 33 provinces and autonomous regions, covering 191 cities in China. There were 151 self-operated stores of V.E. DELURE in 57 cities in China whilst there were 54 self-operated stores of TESTANTIN in 26 cities in China. The number of V.E. DELURE self-operated stores increased from 143 to 151. The new self-operated stores opened mainly located in first-tier and third-tier cities. Franchised stores operated by the distributors of the Group increased from 164 to 170. Moreover, the number of TESTANTIN self-operated stores decreased from 61 to 54, whilst the number of franchised stores decreased from 64 to 45 in order to consolidate inefficient stores and thus facilitate long term healthy growth of TESTANTIN.

V.E. DELURE and TESTANTIN 2014 Spring and Summer Collections Sales Fair was held in July 2013. The total order amount from franchised stores operated by the distributors of the Group decreased by 3% as compared to that of last year. Delivery of the orders has commenced in January 2014. V.E. DELURE 2014 Fall and Winter Collections Sales Fair was held in February 2014. The total order amount from franchised stores operated by the distributors of the Group decreased by 20% as compared to that of last year. Delivery of the orders will commence in August 2014.

Mr. Chan concluded, "The outlook of retail sector in Mainland China remains tough and uncertain in the short run, given the continuing restructure and reform of economy by the Chinese government. However, as the Chinese government continues to reform the economy and drive domestic consumption, it is expected that the retail industry will achieve healthy and steady growth in the long run. The Group will continue to execute prudent and responsive business strategy to maintain the advantageous position in the high-end menswear market in Mainland China. We will also continue to enhance the brand equity of V.E. DELURE and TESTANTIN by focusing on the long-term and sustainable development, increasing and retaining of VIP customers and executing specific advertising and promotion activities.

The Group plans to increase approximately 30 new retail stores in 2014, of which approximately 20 are self-operated stores with the remaining 10 being franchised stores. In the long run, the Group is confident of the steady and healthy growth of menswear market in China, especially the mid to high-end segments. Amid the increase in domestic disposable income, pursuit for high quality products by consumers and accelerating urbanization, it is expected that the domestic consumption will continue to grow healthily in the long run. As a result, the Group is confident of the steady and sustainable development of menswear sector in the long term."

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About Evergreen International Holdings Limited

Evergreen is one of the leading menswear enterprises and brands operators in the PRC that currently owns and manages V.E. DELURE and TESTANTIN, targeting the high-end business formal and casual menswear market and the middle-upper fashion casual menswear market respectively. The Group's strategy is to open self-operated stores in key cities, while penetrating into the markets of slower development through distributors. To cope with business expansion and raise operating efficiency, the Group has strategically used a combination of self-operated retail stores as well as distributors of various degrees to cater to different stages of development and target markets for each of its brands. As at 31 December 2013, the Group has a total of 205 self-operated stores and 215 franchised stores in 33 provinces and autonomous regions, covering 191 cities.

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