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

Interim Report 2011

CONTENTS


V.E. DELURE


Testantin

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Chan Yuk Ming *(Chairman)*
Mr. Chen Yunan
Mr. Chen Minwen

Independent Non-Executive Directors

Mr. Fong Wo, Felix
Dr. Ko Wing Man
Mr. Kwok Chi Sun, Vincent

JOINT COMPANY SECRETARIES

Ms. Kwok Yu Ching ACIS, ACS(PE)
Ms. Chan Sau Ling ACIS, ACS(PE)

AUTHORIZED REPRESENTATIVES

Mr. Chan Yuk Ming
Ms. Kwok Yu Ching
Ms. Chan Sau Ling (as alternate to Kwok Yu Ching)

AUDIT COMMITTEE

Mr. Kwok Chi Sun, Vincent *(Chairman)*
Mr. Fong Wo, Felix
Dr. Ko Wing Man

REMUNERATION COMMITTEE

Dr. Ko Wing Man *(Chairman)*
Mr. Fong Wo, Felix
Mr. Kwok Chi Sun, Vincent

NOMINATION COMMITTEE

Mr. Fong Wo, Felix *(Chairman)*
Dr. Ko Wing Man
Mr. Kwok Chi Sun, Vincent

REGISTERED OFFICE

Offshore Incorporations (Cayman) Limited
Scotia Center, 4th Floor
P.O. Box 2804, George Town
Grand Cayman, KY1-1112

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN THE PRC

28th Floor
Guangzhou Department Store Complex
4-14 Xihu Road
Guangzhou, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 1305-1307, 13/F
New East Ocean Center
9 Science Museum Road, Tsimshatsui East
Kowloon, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman
KY1-1107
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Center
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
Shanghai Commercial Bank Limited
Shanghai Pudong Development Bank
The Hong Kong and Shanghai Banking Corporation Limited

COMPLIANCE ADVISOR

Piper Jaffray Asia Limited

AUDITORS

Ernst & Young, Certified Public Accountants

LEGAL ADVISOR

Minter Ellison

INVESTOR RELATIONS

iPR Ogilvy Ltd.

STOCK CODE

HKEx:00238.HK

WEBSITE ADDRESS

www.evergreen-intl.com

FINANCIAL HIGHLIGHTS

For the six months ended 30 June

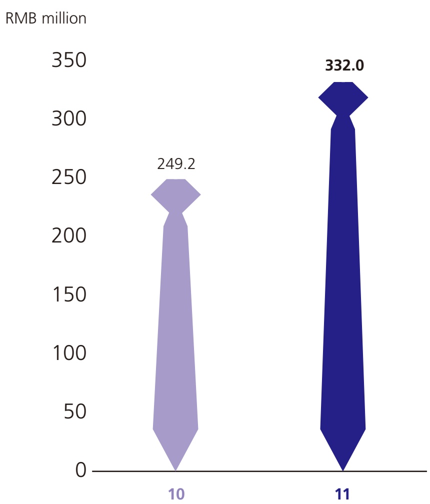
	2011	2010	% change
Revenue (RMB million)	**332.0**	249.2	+33.2%
Gross profit (RMB million)	**222.2**	166.9	+33.1%
Operating profit (RMB million)	**97.0**	89.9	+7.9%
Profit before tax (RMB million)	**116.8**	78.4	+49.0%
Profit for the period (RMB million)	**88.4**	70.3	+25.7%
Gross profit margin (%)	**66.9**	67.0	-0.1 p.p.t.
Operating profit margin (%)	**29.2**	36.1	-6.9 p.p.t.
Profit before tax margin (%)	**35.2**	31.5	+3.7 p.p.t.
Earnings per share – basic (RMB cents)[1]	**9.0**	11.7	-23.1%
Interim dividend per share (HK cents)	**4.4**	7.3	-39.7%

	As at 30 June 2011	As at 31 December 2010	
Current ratio[2] (times)	**15.5**	13.4	+2.1 times
Trade payable turnover days[3] (days)	**50**	66	-16 days
Trade receivable turnover days[4] (days)	**62**	62	–
Inventory turnover days[5] (days)	**320**	281	+39 days

Key ratios:

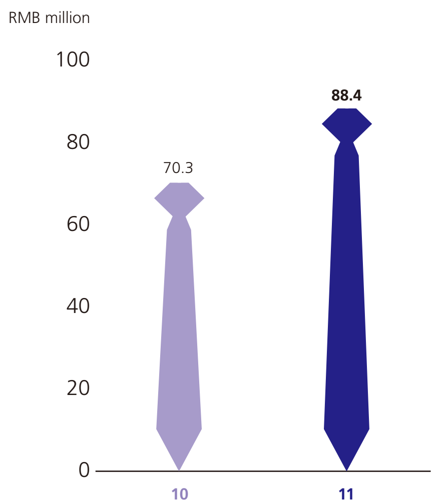
1. Basic earnings per share = Profit attributable to shareholders/weighted average number of ordinary shares (the weighted average number of shares in the first six months of 2011 was 979,449,404, versus 600,000,000 in the same period of last year)
2. Current ratio = Current assets/current liabilities
3. Trade payable turnover days = Average of opening and closing balances on trade payables/cost of sales for the period x no. of days for the period
4. Trade receivable turnover days = Average of opening and closing balances on trade receivables/revenue for the period x no. of days for the period
5. Inventory turnover days = Average of opening and closing balances on inventory/cost of goods and materials sold x no. of days for the period

REVENUE



For the six months ended 30 June

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY



For the six months ended 30 June

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2011, the global economic recovery outlook remains uncertain given the unresolved debt crisis in Europe and the United States as well as the inflation pressure triggered by the rise in commodity prices. Despite the uncertainty in the global economies, China succeeded in maintaining steady economic growth by implementing various measures to boost domestic demand. During the first half of 2011, China's gross domestic product ("GDP") reached RMB20.4 trillion, representing a year-on-year growth of 9.6%, or 2.2% if compared with the second half of 2010. Being the commencing year of the "Twelfth Five-year" plan, the key economic indicators show that the economy has maintained steady and relatively fast growth in 2011, although some indicators fell slightly in the second quarter of 2011 due to macroeconomic control measures and the ceasing of some stimulus measures. It is expected that from now until the near future, the drive of China's economic growth would remain relatively strong, while the risk of a hard landing of the economic growth would be relatively low.

According to the National Bureau of Statistics of China, the total retail sales of consumer products reached RMB8.6 trillion for the first half of 2011, representing an increase of 16.8% compared to the same period of last year. Among which, urban and rural areas recorded retail sales of consumer products of RMB7.5 trillion and RMB1.1 trillion, representing an increase of 16.9% and 16.2% compared to the same period of last year, respectively. Sales of clothing and accessories and knitting and textile products accounted for RMB372.7 billion, representing an increase of 23.9% compared to the same period of last year. The fast growing consumer market of the Mainland China has become the new growth driver for the apparel industry.

During the six months ended 30 June 2011 (the "Reporting Period"), China was still in the midst of accelerating urbanisation whilst disposable income per capita maintained steady growth, hence driving high-end consumption and the continuous high growth in the retail industry. It is expected that during the upcoming "Twelfth Five-year" period, given the constant rise in domestic demand and spending power, the pursue for branded and chic commodities will boom, leading to the high-end apparel market into a golden era.

Business Review

Driven by the continued growth of the domestic consumption and retail industry, China gradually becomes one of the regions with the fastest growth for brands. In addition, due to the Group's solid business foundation and extensive market experience, our results met performance expectations despite the uncertainty in global economies.

During the Reporting Period, the domestic menswear market continued to grow at a relatively fast pace. The Group's two proprietary brands, business formal and casual menswear brand ***V.E. DELURE*** and contemporary and chic casual

menswear brand ***TESTANTIN*** , both achieved desirable same store sales growth of 35.03% and 36.34%, respectively. The Group's major raw material costs soared constantly in the first half of 2011, and the increase in wages also intensified the production cost pressure. Leveraging on the advantages and influences of our brands, the Group maintained a relatively steady gross profit margin through the increasing business from self-operated store operation.

During the Reporting Period, leveraging on our extensive market experience, targeted marketing strategy and nation-wide sales network, the Group recorded a turnover of approximately RMB332.040 million, representing an increase of approximately 33.2% compared to the same period of last year (2010: RMB249.235 million), mainly attributable to the increase in sales volume. Net profit attributable to shareholders amounted to approximately RMB88.376 million, representing an increase of approximately 25.6% year-on-year (2010: RMB70.343 million).

Proprietary Brands

The Group now owns two proprietary brands targeting different customer bases in the middle-upper to high-end market segments. Our dual brands cater to consumers with different needs, tastes and consumption patterns and cover two fast growing segments in the menswear market of the People's Republic of China (the "PRC"): our ***V.E. DELURE*** brand offers business formal and casual menswear and accessories targeting affluent and successful men with a brand theme of "Love"; and ***TESTANTIN*** brand 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".

Retail and Distribution Network

Number of stores by region

Region	**As at 30 June 2011**	As at 31 December 2010
Central PRC	**34**	33
North Eastern PRC	**36**	31
Eastern PRC	**62**	62
North Western PRC	**39**	35
Northern PRC	**64**	58
South Western PRC	**46**	42
Southern PRC	**76**	64
Hong Kong	**3**	3
In Aggregate	**360**	328

V.E. DELURE

City tier	**As at 30 June 2011**	As at 31 December 2010	Change	% change
First-tier	**23**	21	+2	+9.5%
Second-tier	**76**	77	-1	-1.3%
Third-tier	**123**	112	+11	+9.8%
Fourth-tier	**36**	30	+6	+20%
In Aggregate	**258**	240	+18	+7.5%

TESTANTIN

City tier	**As at 30 June 2011**	As at 31 December 2010	Change	% change
First-tier	**7**	6	+1	+16.7%
Second-tier	**22**	17	+5	+29.4%
Third-tier	**50**	42	+8	+19.0%
Fourth-tier	**20**	20	0	0%
In Aggregate	**99**	85	+14	+16.5%

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

In line with its business expansion strategies and to improve operating efficiency, the Group continued to optimize the retail and sales network based on the demand in various products and different target markets. The Group has strategically used a combination of self-operated retail stores as well as distributors model of various degrees. Self-operated retail stores enable the Group to create direct contact with target customers, so as to optimize its marketing efforts to customers and to directly instill in the customers the brand image and atmosphere that the Group created and expressed. The use of distributors allows the Group to expand its retail network rapidly with lower capital expenditure, and the distributors have a profound understanding of the low-tier cities markets, therefore we believe exploring these markets through distributors is a more cost-effective way.

The Group's current strategy for sales network expansion is to open self-operated stores in high-tier cities, while penetrating into the market of low-tier cities through distributors. As at 30 June 2011, with the increased coverage of 170 cities from 163 cities, the Group had 89 distributors operating in 24 provinces and autonomous regions, and had a total of 136 self-operated stores and 224 distributors stores, an increase of 19.3% and 4.7% compared to 31 December 2010, respectively.

The Group aims to achieve a net increase of 152 stores for the year 2011. As ***V.E. DELURE*** and ***TESTANTIN*** are middle-upper brands with stores mainly located inside large department stores and shopping malls, which usually adjust their brand mix and introduce new brands in the third and fourth quarters. Therefore, the low number of stores opened during the first half of 2011 was normal. The majority of the Group's new stores will be reflected in the second half of 2011.

Number of stores by business model

V.E. DELURE	**As at 30 June 2011**	As at 31 December 2010	Change	TESTANTIN	**As at 30 June 2011**	As at 31 December 2010	Change
Self-operated stores	**105**	92	+13	Self-operated stores	**28**	19	+9
Distributors	**153**	148	+5	Distributors	**71**	66	+5
Total	**258**	240	+18	Total	**99**	85	+14

For the six months ended 30 June 2011, ***V.E. DELURE*** self-operated stores increased from 92 to 105, with the new stores mainly located in high-tier cities, while distributors stores increased from 148 to 153, with the new stores mainly located in low-tier cities. The number of new ***V.E. DELURE*** self-operated stores is more than that of new distributors stores, which is in line with the Group's store opening strategy to increase the proportion of self-operated stores in order to enhance ***V.E. DELURE's*** brand image and operating efficiency.

TESTANTIN has a higher proportion of distributors stores since the brand is in a relatively early development stage. It is necessary to reach out to a larger customer base and enhance brand awareness in a relatively short period. Using distributors allowed the Group to expand the retail network quickly with lower capital expenditure than that of self-operated stores. During the Reporting Period, the Group's self-operated stores increased by 9 stores to a total of 28, while distributors stores increased by 5 to a total of 71 stores. Although more self-operated stores were opened, the strategy of using distributors stores as the major sales channel for the ***TESTANTIN*** brand remains unchanged.

Sales Fair

In order to showcase the new apparel design for the new season, the Group organizes two sales fairs every year. The Group held sales fair in March 2011 for the 2011 fall/winter seasons. With the growing popularity of Group's brands, sales orders increased by 46% compared to that of the same period of last year, and the fall/winter products started delivery in August 2011.

Inventory

The Group has an effective inventory management system. Featuring a distribution model comprising of only one layer without sub-distributors, the Group's distributors structure is simpler than that of other operators, enabling the Group to closely monitor the business performance and inventory of each distributors store. Meanwhile, with the no return policy for the Group's goods sold to distributors, there is no risk associated with the return of goods. Furthermore, distributors' orders are broken down proportionally into the first batch of order placed at the sales fair and the second batch of order placed following the commencement of the season's sales. This arrangement reduces the Group's risk associated with distributors' inventory in a more effective manner. During the Reporting Period, the Group's inventory turnover days increased, mainly due to fulfilling higher inventory demands brought by the increased self-operated stores and relevant business growth. Overall inventory was still maintained at a reasonable level.

Marketing and Promotion

The Group has a dedicated marketing team, responsible for the execution and organization of the marketing and promotional activities of ***V.E. DELURE*** and ***TESTANTIN***. Aside

from product quality, the Group also pays much attention to the long-term development of its brands. The Group's various marketing and promotion activities not only strengthen the brand recognition and value, but also publicize its brand theme.

In addition to standard promotional and publicity activities such as media advertising, the Group initiated charity activities such as the "Evergreen International Chinese Art Journey" (長興國際中國藝術之旅). By connecting renowned and newly emerged artists across the country through events such as art exhibitions, the Group encouraged and fostered the development of Chinese arts. Meanwhile, the Group has always been concerned with the education of disadvantaged children. By assisting the new generation of the disadvantaged groups to commence art study, the Group gave them hope into the future. These types of charity events not only delivered the Group's brand message of "love and care" (愛的經營、愛的精神、愛的和諧), but also further promoted our corporate image as a social responsible enterprise.

Compared to the ***V.E. DELURE*** brand launched in 2000, the younger ***TESTANTIN*** brand is still at its early development stage. Therefore, the Group will design a series of marketing and promotional activities specifically for building ***TESTANTIN's*** brand reputation, stimulating consumption and establishing customer loyalty in 2011. Currently, the Group is planning to collaborate with a well-known and heavy-weight international contemporary art media to commence a project incorporating the artwork created by internationally recognized artists, as well as working with domestic artists to jointly create artwork featuring the unique elements of ***TESTANTIN***, which will in turn be applied to the brand's products, enabling more consumers to appreciate the essence of our brand – "young and emerging artists".

The Group is the exclusive sponsor of the formal attire of the PRC national table tennis team and badminton team until 2015. The Group has been inviting elite athletes to participate in appropriate promotional and charity events.

The Group considers stores as one of the important channels to promote and enhance brand image. Since 2010, the Group has engaged an overseas experienced display space specialist to assist with enhancing our dual brands' store image, in order to promote the brands more effectively and attract more customers. During the Reporting Period, 17 stores have completed shopfront upgrade. In the second half of 2011, more than 30 stores will participate in the window display upgrade scheme to expand display space, further enhancing their high-end image.

As at 30 June 2011, the Group's total expenditure in marketing and promotion amounted to approximately RMB8.538 million (30 June 2010: RMB6.431 million), accounting for approximately 2.6% of the total turnover. The Group will strive to maintain the ratio not exceeding 4.5%, while promoting our brands in a cost effective approach.

Product Design and Development

Due to 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 Reporting Period, the Group continued its commitment to innovative product designs and strict quality control, and launched unique product portfolios for its dual proprietary brands, ***V.E. DELURE*** and ***TESTANTIN***.

The Group is always seeking experienced design talents to bring in fresh inspiration for innovation to further diversify our product portfolio and increase our competitiveness. For the six months ended 30 June 2011, the Group's design team at the Guangzhou headquarters expanded from 13 staff to 18 staff, which is led by an experienced supervisor with over ten years of design experience in the industry.

Financial Review

Breakdown of Turnover by Sales Region

As at 30 June

V.E. DELURE	2011 RMB million	2010 RMB million
Central PRC	**24.5**	26.0
North Eastern PRC	**14.7**	15.8
Eastern PRC	**38.3**	33.5
North Western PRC	**26.9**	15.6
Northern PRC	**56.4**	48.9
South Western PRC	**34.9**	14.5
Southern PRC	**64.9**	50.1
Hong Kong	**4.9**	1.8
Total	**265.5**	206.2

TESTANTIN	2011 RMB million	2010 RMB million
Central PRC	**1.4**	0.1
North Eastern PRC	**4.0**	1.5
Eastern PRC	**5.8**	5.1
North Western PRC	**3.6**	0.8
Northern PRC	**2.6**	3.5
South Western PRC	**6.0**	6.3
Southern PRC	**13.9**	6.5
Hong Kong	**5.4**	6.8
Total	**42.7**	30.6

During the Reporting Period, revenue generated from the sale of ***V.E. DELURE*** brand products in the Eastern, Northern and Southern PRC accounted for 60.1% (30 June 2010: 64.3%) of the total brand revenue, mainly attributable to the location of our ***V.E. DELURE*** retail stores in major first-tier and second-tier cities such as Shanghai, Beijing and Guangzhou, where the Group has established a strong brand advantage and a customer base with strong purchasing power and high loyalty to the brand.

Revenue generated from ***TESTANTIN*** brand products in the Eastern, South Western and Southern PRC accounted for 60.2% (30 June 2010: 58.5%) of the total brand revenue, due to most of the ***TESTANTIN*** retail stores located in second-tier and third-tier cities of these regions.

Breakdown of Turnover by Product
As at 30 June

Products	2011 Apparel RMB'000	2011 Accessories RMB'000	2010 Apparel RMB'000	2010 Accessories RMB'000
V.E. Delure	**252,957**	**12,539**	192,517	13,674
Testantin	**40,307**	**2,421**	26,452	4,169
Licensed brands	**176**	**23,640**	2,208	10,215
Total	**293,440**	**38,600**	221,177	28,058

During the Reporting Period, total turnover increased by 33.2% as compared with the corresponding period of last year, mainly due to the expansion of the self-operated stores and distributors stores network, the enhanced recognition of our brands in the market and the increase in selling volume. The sales growth of ***V.E. DELURE*** recorded 29%, in line with expectations. The sales revenue of ***TESTANTIN*** grew at a higher rate of 40%, due to its smaller base number in the corresponding period of last year, in particular, aside from its business growth. During the Reporting Period, the average selling prices of the apparel products of our ***V.E. DELURE*** and ***TESTANTIN*** brands in self-operated stores were raised slightly by 6.4% and 1.6%, respectively.

Breakdown of Revenue, Units Sold and Average Selling Price by Product Segments of the Group's Proprietary Brands (self-operated stores only)
As at 30 June

		2011 Revenue RMB million	2011 Units sold pcs	2011 Average selling price RMB	2010 Revenue RMB million	2010 Units sold pcs	2010 Average selling price RMB
V.E. Delure	Apparel	**148.1**	**71,028**	**2,084**	88.5	45,189	1,958
	Accessories	**3.6**	**15,417**	**235**	2.3	11,409	202
Testantin	Apparel	**21.0**	**16,295**	**1,288**	10.2	8,042	1,268
	Accessories	**1.3**	**5,836**	**214**	1.2	4,503	267

Notes:

(1) Apparel products include, among others, suits, jackets, pants, coats, shirts and polo-shirts.

(2) Accessory products include, among others, ties, cuff-links and pens.

Gross Profit Margin

Gross profit margin for the first half of 2011 was 67% (30 June 2010: 67%), mostly in line with that of the same period of last year. The Group's major raw material costs soared constantly in the first half of 2011, and the increase in wages also intensified the production cost pressure. Leveraging on the advantages and influences of our brands, the Group maintained a relatively steady gross profit margin due to the increasing business from self-operated store operation.

Other Income

During the Reporting Period, other income primarily consisted of foreign exchange gains, bank interest income and other miscellaneous income. For the six months ended 30 June 2011, the Group recorded foreign exchange gain of approximately RMB10.115 million (2010: Nil), bank interest income of approximately RMB14.261 million (2010: RMB0.125 million) and other miscellaneous income of approximately RMB0.21 million (2010: RMB0.841 million).

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of rental fees for retail stores, advertising and promotional expenses, staff costs of the Group and other costs related to sales and distribution. For the six months ended 30 June 2011, the Group recorded concessionaire commission paid to shopping malls and department stores of approximately RMB59.369 million (2010: RMB34.440 million), advertising and promotional expenses of approximately RMB8.538 million (2010: RMB6.431 million), and staff costs of approximately RMB22.883 million (2010: RMB11.782 million), accounting for 17.9%, 2.6% and 6.9% (2010: 13.8%, 2.6% and 4.7%) to the total turnover, respectively, representing an increase as compared to last year.

Finance Costs

Finance costs consisted primarily of interest expenses on interest-bearing bank and other borrowings and interest expenses related to the redeemable convertible bonds. The Group had repaid all interest-bearing bank and other borrowings in July 2010, and the redeemable convertible bonds were fully converted in November 2010. For the Reporting Period, the Group recorded the finance costs of approximately RMB Nil for the six months ended 30 June 2011 (2010: RMB3.828 million).

Effective Tax Rate

The effective tax rate for the Group increased from 10.3% for the same period of last year to 24.3% for the Reporting Period as the Group is subject to the standard PRC Enterprise Income Tax at 25% from 2011 while it was eligible for a tax deduction last year.

Profit Attributable to Shareholders

Profit attributable to shareholders increased by 25.6% to RMB88.376 million (2010: RMB70.343 million). Basic earnings per share decreased from RMB11.7 cents for the same period of last year to RMB9.0 cents for the Reporting Period as a result of new shares issued in the second half of 2010.

Working Capital Management

A substantial part of our inventories was finished goods. Our management performs specific reviews on finished goods regularly. For slow-moving and obsolete inventories, our management makes specific provisions for inventories with the net realizable value lower than its carrying value. The number of inventory turnover days was 320 days as at 30 June 2011, representing an increase of 39 days as compared to the end of 2010. The inventory balance increased from RMB198.772 million to RMB214.144 million. The increase of inventory was due to the newly opened self-operated stores during the Reporting Period, which required additional inventory.

The Group's trade receivables represent the receivables for goods sold to our distributors and also the receivables from department stores or shopping malls in respect of our self-operated stores. Average number of debtors' turnover days was 62 days, relatively stable as compared to the end of 2010.

Trade payables represented payables to long-standing suppliers, such as raw material suppliers and outsourced manufacturers. Average number of creditors' turnover days decreased by 16 days from the end of 2010 to 50 days as at the end of the Reporting Period. The decrease was mainly due to the Group's early settlement of certain payables in order to lock in the costs, as commodity prices continued to surge and the Group held a relatively high level of cash.

Use of Proceeds

The Company's shares were listed on the Main Board of the Stock Exchange on 4 November 2010 (the "Listing Date"). Net proceeds from the global offering were approximately HK$1,167,000,000 (after deducting the underwriting commission and relevant expenses). As at 30 June 2011, the unused proceeds were deposited in licensed banks in Hong Kong and Mainland China.

Use of fund raised

	Percentage to total amount	Net proceeds (HK$ million)	Utilized amount (as at 30 June 2011) (HK$ million)	Unutilized amount (as at 30 June 2011) (HK$ million)
Expansion and improvement of our retail network	45%	525.2	98.4	426.8
Developing independent lines of branded apparels and accessories under our V.E. DELURE brand	10%	116.7	–	116.7
Acquisitions or licensing of additional brands	20%	233.4	–	233.4
Marketing and promotion activities	7%	81.7	1.9	79.8
Upgrade of ERP system and database management system	5%	58.3	0.6	57.7
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%	58.3	0.5	57.8
General working capital	8%	93.4	–	93.4
Total	100%	1,167	101.4	1,065.6

Contingent Liabilities

As at 30 June 2011, the Group had no material contingent liabilities.

Pledge of Assets

As at 30 June 2011, no assets of the Group were pledged as a security for the bank borrowings.

Exchange Risk

The Group conducts business primarily in Hong Kong and the PRC with most of our transactions denominated and settled in Hong Kong dollars and Renminbi. The Group purchases some raw materials and outsourcing products in Euros or U.S. dollars. Depreciation of Renminbi against these foreign currencies will therefore increase our cost of sales, thus will have impact on our results of operations.

We have not entered into any forward contracts to hedge against fluctuations in the exchange rate between Renminbi and Hong Kong dollars. However, our management monitors foreign exchange exposure regularly and will consider if there is a need to hedge against significant foreign currency exposure if necessary.

Employee's Benefits

The Group offers its staff competitive remuneration schemes and training and development opportunities. The Group also provides in-house sales and services coaching in order to develop our human capital. In addition, discretionary bonuses and share options will also be granted to eligible staff based on individual and the Group's performance as a means of rewarding and retaining high-calibre staff. Since the adoption of the share option scheme on 8 October 2010 and up to 30 June 2011, no options have been granted by the Company.

As at 30 June 2011, the Group employed 934 full-time staff. The Group has adopted a defined contribution retirement benefits scheme (MPF Scheme) for Hong Kong employees, and contributions are made based on a certain percentage of the employee's basic salary. The contributions will be charged to the profit or loss account when they become payable. In China, the Group is obligated to make monthly contributions to the social security fund, including retirement pension insurance, medical insurance, unemployment insurance, injury insurance and maternity insurance, for our employees in the PRC according to the relevant laws of the PRC.

Prospects

Given the unresolved debt crisis in Europe and the United States, as well as the downgrading of the United States credit rating, the outlook of global economy in 2011 is uncertain. China, as the country leading from the way out of global recession, is facing challenges as well, with its government implementing tightening policies to curb inflation. Nonetheless, there are favourable factors. China's continual urbanisation and constant rise in national consumption capability coupled with consumers' pursuit for better quality and chic products imply that consumption will be moving towards the sunny side and become the key contributor to China's GDP growth.

To continue with market expansion and maintain our advantageous position in China's high-end menswear market, the Group will continuously enhance our brand reputation and expand the retail network. With respect to strengthening our brand reputation, the Group particularly focuses on the brand's long term development and the retaining of VIP customers. Specific marketing initiatives were employed to strengthen the brand's recognition and value. For example, the "V.E. DELURE VIP Equestrian Family Carnival" (迪萊VIP馬術親子嘉年華) held in Nanning in July 2011 increased our VIP customers' understanding of our brand – "culture of the family". Launched in July 2011, the Group's "Evergreen International Chinese Art Journey" (長興國際中國藝術之旅) charity event not only delivered the brand's philosophy and value, but also further promoted the Group's corporate image as a social responsible enterprise.

Meanwhile, the Group will carry through our strategic plan of expanding and upgrading the retail network, where ***V.E. DELURE*** self-operated stores and flagship outlets will be opened in major department stores or shopping malls located in the prime locations of first- and second-tier cities; while making foray into the second-, third- and fourth-tier cities by opening ***TESTANTIN*** self-operated stores at the prime strategic locations of those cities. Since most major department stores and shopping malls tend to reorganise their branded stores in the second half of the year, the Group will expedite our plan and actively liaise and discuss with those department stores and shopping malls. We remain very confident in achieving our sales network expansion goal in 2011.

The Group's sales fair for the 2012 spring/summer seasons was completed in July 2011. Revenue from sales orders during the sales fair was in line with expectation, up 34% last year-on-year, with an increase in both the average selling prices and sales order volume. Looking forward, the Group is highly confident in the development of China's menswear market. With the national consumption capability on the rise, consumers' pursuit for higher quality and chic products and the continued expansion of domestic demand underlined by the State policies, it is believed that the menswear market will enjoy faster growth and higher development potential, which the development of the middle to high-end menswear market will greatly benefit from. Riding on the back of these advantages, the Group can showcase the exceptional products of its brands, capturing bigger business opportunities to provide consumers with more prestigious, contemporary and classic apparel, so as to maintain our position as one of the premium high-end menswear brand operators in China.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ERNST & YOUNG
安 永 會 計 師 事 務 所

To the board of directors of Evergreen International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial statements of Evergreen International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2011 set out on pages 20 to 33, which comprise the interim condensed consolidated statement of financial position as at 30 June 2011, the interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board.

The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
18/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

22 August 2011

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

	Notes	**2011 RMB'000 (Unaudited)**	2010 RMB'000 (Audited)
REVENUE	*4*	**332,040**	249,235
Cost of sales		**(109,814)**	(82,311)
Gross profit		**222,226**	166,924
Other income and gains	*4*	**24,586**	966
Selling and distribution costs		**(104,174)**	(63,059)
Administrative expenses		**(21,087)**	(13,918)
Other expenses		**(4,775)**	(8,643)
Finance costs	*6*	**–**	(3,828)
PROFIT BEFORE TAX	*5*	**116,776**	78,442
Income tax expense	*7*	**(28,400)**	(8,099)
PROFIT FOR THE PERIOD		**88,376**	70,343
Attributable to:			
Owners of the Company		**88,376**	70,343
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	*8*	**RMB9.0 cents**	RMB11.7 cents

Details of the dividend for the Reporting Period are disclosed in note 9 to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Audited)
PROFIT FOR THE PERIOD	**88,376**	70,343
OTHER COMPREHENSIVE INCOME		
Exchange difference on translation of operations outside Mainland China	**(11,024)**	946
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**77,352**	71,289
Attributable to:		
Owners of the Company	**77,352**	71,289

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2011

	Notes	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**22,320**	23,029
Goodwill		**1,880**	1,880
Deferred tax assets		**6,164**	7,928
Total non-current assets		**30,364**	32,837
CURRENT ASSETS			
Inventories	*11*	**214,144**	198,772
Trade receivables	*12*	**80,785**	149,444
Prepayments, deposits and other receivables	*13*	**123,421**	63,106
Time deposits	*14*	**100,000**	–
Cash and cash equivalents	*14*	**955,835**	1,138,041
Total current assets		**1,474,185**	1,549,363
CURRENT LIABILITIES			
Trade payables	*15*	**23,561**	40,308
Other payables and accruals	*16*	**42,601**	51,642
Dividend payable		**11**	–
Tax payable		**28,831**	23,532
Total current liabilities		**95,004**	115,482
NET CURRENT ASSETS		**1,379,181**	1,433,881
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,409,545**	1,466,718
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**97**	77
Total non-current liabilities		**97**	77
Net assets		**1,409,448**	1,466,641
EQUITY			
Issued capital	*17*	**840**	857
Reserves		**1,408,608**	1,403,906
Proposed final dividend		**–**	61,878
Total equity		**1,409,448**	1,466,641

Director: **Chan Yuk Ming** Director: **Chen Yunan**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

		Attributable to owners of the Company									
	Notes	**Issued capital RMB'000**	**Share premium RMB'000**	**Acquisition reserve RMB'000**	**Merger reserve RMB'000**	**Statutory surplus reserve RMB'000**	**Capital redemption reserve RMB'000**	**Exchange fluctuation reserve RMB'000**	**Retained profits RMB'000**	**Proposed final dividend RMB'000**	**Total RMB'000**
As at 1 January 2011(Audited)		857	1,125,510	2,639	1,072	27,411	–	(8,239)	255,513	61,878	1,466,641
Profit for the period		–	–	–	–	–	–	–	88,376	–	88,376
Other comprehensive income for the period: Exchange differences on translation of operations outside Mainland China		–	–	–	–	–	–	(11,024)	–	–	(11,024)
Total comprehensive income for the period		–	–	–	–	–	–	(11,024)	88,376	–	77,352
Final 2010 dividend declared	*9*	–	–	–	–	–	–	–	–	(61,878)	(61,878)
Repurchase of shares	*17*	(17)	(72,650)	–	–	–	17	–	(17)	–	(72,667)
Transfer from retained profits		–	–	–	–	8,035	–	–	(8,035)	–	–
As at 30 June 2011 (Unaudited)		840	1,052,860*	2,639*	1,072*	35,446*	17*	(19,263)*	335,837*	–	1,409,448

* These reserve accounts comprise the consolidated reserves of RMB1,408,608,000 (31 December 2010: RMB1,403,906,000) in the interim condensed consolidated statement of financial position.

For the six months ended 30 June 2010

		Attributable to owners of the Company							
	Notes	Issued capital RMB'000	Acquisition reserve RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Equity component of convertible bonds RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2010 (Audited)		–	2,639	1,072	7,884	1,644	–	160,686	173,925
Profit for the period		–	–	–	–	–	–	70,343	70,343
Other comprehensive income for the period: Exchange differences on translation of operations outside Mainland China		–	–	–	–	946	–	–	946
Total comprehensive income for the period		–	–	–	–	946	–	70,343	71,289
Issue of shares		528	–	–	–	–	–	–	528
Issue of convertible bonds	*16*	–	–	–	–	–	136	–	136
Interim dividend	*9*	–	–	–	–	–	–	(38,647)	(38,647)
Transfer from retained profits		–	–	–	10,051	–	–	(10,051)	–
As at 30 June 2010 (Audited)		528	2,639	1,072	17,935	2,590	136	182,331	207,231

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Net cash flows from operating activities	**70,198**	29,521
Net cash flows from/(used in) investing activities	**(105,483)**	70,219
Net cash flows from/(used in) financing activities	**(143,920)**	84,899
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(179,205)**	184,639
Cash and cash equivalents at beginning of the period	**1,138,041**	21,850
Effect of foreign exchange rate changes, net	**(3,001)**	(20)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**955,835**	206,469

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 of the Company is located at Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands. The principal activity of the Company is investment holding.

During the Reporting Period, the Group was principally engaged in the manufacturing and trading of clothing and clothing accessories.

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

These unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2011 were approved and authorised for issue in accordance with a resolution of the board of Directors (the "Board") on 22 August 2011.

2.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

These interim condensed consolidated financial statements of the Group for the six months ended 30 June 2011 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board.

These interim condensed consolidated financial statements 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 2010.

Significant accounting policies

Except as described below, the accounting policies adopted in the preparation of these 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 2010. The Group has adopted the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's condensed consolidated financial statements.

IFRS 1 Amendment	Amendment to IFRS 1 *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*
IAS 24 (as revised in 2009)	*Related Party Disclosures*
IAS 32 Amendment	Amendment to IAS 32 *Classification of Rights issues*
IFRIC-Int 14 Amendments	Amendments to IFRIC-Int 14 *Prepayments of a Minimum Funding Requirement*
IFRIC-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
IFRSs (Amendments)	Improvements to IFRSs 2010

The adoption of these new and revised IFRSs has had no significant financial effect on these interim condensed consolidated financial statements.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not early applied the following new and revised IFRSs, that have been issued but are not yet effective, in these unaudited condensed consolidated financial statements:

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [1]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* [1]
IFRS 9	*Financial Instruments* [4]
IFRS 10	*Consolidated Financial Statements* [4]
IFRS 11	*Joint Arrangements* [4]
IFRS 12	*Disclosure of Interests in Other Entities* [4]
IFRS 13	*Fair Value Measurement* [4]
IAS 1 Amendment	Presentation of Items of Other Comprehensive Income [3]
IAS 12 Amendments	Amendments to IAS 12 *Deferred Tax: Recovery of Underlying Assets* [2]
IAS 19 (as revised in 2011)	Employee Benefits [4]
IAS 27 (as revised in 2011)	Separate Financial Statements [4]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures [4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013

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 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 as follows:

- The clothing segment produces and trades menswear and other accessories.

No operating segments have been aggregated to form the above reportable operating segment.

As over 90% of the Group's revenue is derived from customers based in Mainland China and most of the Group's identifiable assets and liabilities are located in Mainland China, no geographical information is presented in accordance with IFRS 8 Operating Segments.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June	
	2011 RMB'000 (Unaudited)	2010 RMB'000 (Audited)
Revenue		
Sale of goods	**332,040**	249,235
Other income and gains		
Interest income	**14,261**	125
Compensation income	**11**	300
Revenue from sale of raw materials	**–**	347
Foreign exchange gains, net	**10,115**	–
Others	**199**	194
	24,586	966

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

		Six months ended 30 June	
	Note	**2011** **RMB'000** **(Unaudited)**	2010 RMB'000 (Audited)
Cost of inventories sold		**109,814**	82,311
Depreciation	*10*	**6,083**	2,802
Operating lease rental expense:			
– Minimum lease payments		**8,089**	7,340
– Contingent rents		**52,856**	28,460
		60,945	35,800
Employee benefit expense:			
– Wages and salaries		**30,990**	14,079
– Pension scheme contributions		**2,438**	1,361
		33,428	15,440
Provision against slow-moving and obsolete inventories *		**3,426**	6,072
Loss on disposal of items of property, plant and equipment*		**–**	7
Donations*		**355**	1,755
Foreign exchange losses, net*		**–**	697

* The items are included in "Other expenses" in the consolidated income statement.

6. FINANCE COSTS

	Six months ended 30 June	
	2011 **RMB'000** **(Unaudited)**	2010 RMB'000 (Audited)
Interest on bank loans:		
Wholly repayable within five years	**–**	2,177
Interest on convertible bonds	**–**	1,651
	–	3,828

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2011 **RMB'000** **(Unaudited)**	2010 RMB'000 (Audited)
Current – Mainland China	**25,907**	12,623
Current – Hong Kong	**707**	260
Deferred	**1,786**	(4,784)
Tax charge for the period	**28,400**	8,099

7. INCOME TAX EXPENSE (Continued)

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.

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the Reporting Period.

The income tax provision of the Group in respect of its operations in Mainland China has been provided at the rate of 25% (2010: 25%) on the taxable profits for the periods, based on the existing legislation, interpretations and practices in respect thereof.

Pursuant to 穗天國税四減[2007]161號 – 減免税批准通知書, Guangdong Evergreen Garment Co., Ltd. (長興(廣東)服飾有限公司) was exempted from corporate income tax for the two years ended 31 December 2007 and thereafter was entitled to a 50% reduction in the applicable tax rate for the three years ended 31 December 2010.

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

The calculation of basic earnings per share is based on the consolidated net profit attributable to ordinary equity holders of the Company and the weighted average number of shares in issue during the Reporting Period.

The calculation of basic earnings per share is based on:

	Six months ended 30 June	
	2011 RMB'000 (Unaudited)	2010 RMB'000 (Audited)
Earnings		
Profit attributable to equity holders of the Company, used in the basic earnings per share calculation	**88,376**	70,343

The weighted average number of shares in issue during the six months ended 30 June 2010 was based on the assumption that 600,000,000 shares were in issue as if the shares issued as at the date the Company became the holding company of the Group were outstanding throughout the entire period presented.

	Number of shares Six months ended 30 June	
	2011 '000	2010 '000
Shares		
Number of ordinary shares in issue during the periods	**982,197**	600,000
Effects of shares repurchased and cancelled on 26 May 2011	**(1,777)**	–
Effects of shares repurchased and cancelled on 14 June 2011	**(970)**	–
Weighted average number of ordinary shares	**979,450**	600,000

Since there were no dilutive potential ordinary shares in existence for the six months ended 30 June 2011 and 2010, no diluted earnings per share amounts were presented for both periods.

9. DIVIDEND

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Interim dividend declared and paid/payable of RMB3.7 cents per ordinary share (six months ended 30 June 2010: interim dividend of RMB6.4 cents per ordinary share)	**35,350**	38,647

The interim dividend declared on 22 August 2011 has not been recognised as a liability in the interim condensed consolidated statement of financial position as at 30 June 2011 .

The 2010 final dividend on ordinary shares of RMB61,878,000 was approved by shareholders of the Company at the annual general meeting on 23 May 2011.

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Opening balance	**23,029**	9,647
Additions	**5,483**	20,527
Disposals	**–**	(12)
Depreciation	**(6,083)**	(7,163)
Exchange realignment	**(109)**	30
Closing balance	**22,320**	23,029

11. INVENTORIES

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Raw materials	**16,232**	9,134
Work in progress	**7,822**	31,917
Finished goods	**190,090**	157,721
Net total inventory	**214,144**	198,772

12. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to three months. The Group grants longer credit periods to those long standing customers with good payment history.

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

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

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Within 1 month	**62,140**	92,684
1 to 3 months	**8,737**	38,528
3 to 6 months	**8,776**	17,840
6 months to 1 year	**1,074**	185
Over 1 year	**58**	207
Total	**80,785**	149,444

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Prepayments	**59,824**	24,917
Deposits and other receivables	**63,597**	38,189
Total	**123,421**	63,106

The above balances are unsecured, interest-free and have no fixed terms of repayment.

14. CASH AND CASH EQUIVALENTS

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Cash at bank balances	**955,835**	1,138,041
Time deposits	**100,000**	–
	1,055,835	1,138,041
Less: Non-pledged time deposit with original maturity of over three months when acquired	**(100,000)**	–
Cash and cash equivalents	**955,835**	1,138,041

15. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Within 1 month	**6,289**	16,073
1 to 3 months	**11,480**	12,715
3 to 6 months	**1,853**	8,517
6 months to 1 year	**1,803**	1,283
Over 1 year	**2,136**	1,720
Total	**23,561**	40,308

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.

16. OTHER PAYABLES AND ACCRUALS

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Advances from customers	**10,585**	10,941
Accruals	**9,805**	16,406
Other payables	**22,211**	24,295
Total	**42,601**	51,642

The above balances are unsecured, interest-free and have no fixed terms of repayment.

17. SHARE CAPITAL

The following is a summary of the authorised share capital and the issued share capital of the Company:

	30 June 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
Authorised:		
10,000,000,000 ordinary shares of HK$0.001 each	**10,000,000**	10,000,000

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Issued and fully paid:		
962,032,763 (2010: 982,196,763) ordinary share of HK$0.001 each	**840**	857

During the Reporting Period, the Company repurchased a total of 20,164,000 of its own shares on the Stock Exchange for an aggregate consideration of approximately RMB72,667,000.

All the repurchased shares were cancelled by the Company on 26 May 2011 and 14 June 2011, respectively and, accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on the repurchase was charged to the share premium account. An amount equivalent to the par value of the ordinary shares cancelled was transferred to the capital redemption reserve as set out in the interim condensed consolidated statement of changes in equity.

18. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties and stores under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

As at 30 June 2011, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Within one year	**15,671**	14,067
In the second to fifth years, inclusive	**12,608**	17,718
	28,279	31,785

19. COMMITMENTS

In addition to the operating lease commitments detailed in note 18 above, the Group had capital commitments as follows:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Contracted, but not provided for:		
Leasehold improvements	**701**	334

20. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	Six months ended 30 June	
	2011 RMB'000 (Unaudited)	2010 RMB'000 (Audited)
Salaries, allowances and benefits in kind	**5,056**	2,375
Pension scheme contributions	**87**	120
Total compensation paid to key management personnel	**5,143**	2,495

21. EVENTS AFTER THE REPORTING PERIOD

Repurchase of shares

The Company repurchased a total of 4,477,000 of its own shares from 14 July 2011 to 18 July 2011 on the Stock Exchange for an aggregate consideration of approximately RMB13,401,000. All the repurchased shares were cancelled by the Company on 28 July 2011.

Interim dividend

Subsequent to 30 June 2011, the Board declared an interim dividend of RMB3.7 cents per ordinary share to equity holders of the Company for the six months ended 30 June 2011 on 22 August 2011.

OTHER INFORMATION

Interim Dividend

The Board has resolved on 22 August 2011 to declare an interim dividend of HK4.4 cents (2010: HK7.3 cents) per ordinary share for the six months ended 30 June 2011. The interim dividend will be payable on or before 28 September 2011 to shareholders whose names appear on the register of members of the Company on 16 September 2011.

Closure of Register of Members

The register of members of the Company will be closed from 15 September 2011 to 16 September 2011 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates, must be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 14 September 2011.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the Reporting Period, pursuant to the mandate to purchase shares of the Company obtained from passing of the written resolutions of the Company's shareholders on 8 October 2010 and from the Company's shareholders at the 2011 annual general meeting held on 23 May 2011 respectively, the Company repurchased an aggregate of 20,164,000 shares on the Stock Exchange and these shares were subsequently cancelled by the Company on 26 May 2011 and 14 June 2011 and accounted for approximately 2.10% of its total issued share capital as at 30 June 2011. The highest repurchase price was HK$4.47 per share, and the lowest repurchase price was HK$3.75 per share, with a total payment of approximately RMB72,667,000.

Except as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

After the Reporting Period, the Company repurchased a total of 4,477,000 of its own shares from 14 July 2011 to 18 July 2011 on the Stock Exchange for an aggregate consideration of approximately RMB13,401,000. All the repurchased shares were cancelled by the Company on 28 July 2011.

Corporate Governance

In the opinion of the Directors, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2011.

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. 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 Reporting Period.

No incident of non-compliance of the written guidelines governing the securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company by the employees was noted by the Company during the Reporting Period.

Change of Director's Information

Mr. Fong Wo, Felix, the independent non-executive Director, has been appointed as an independent non-executive director, member of the audit committee and member of the remuneration committee of Temujin International Investments Limited (a company listed on the Stock Exchange) with effect from 6 April 2011.

Share Option Scheme

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to the resolutions of all the shareholders passed on 8 October 2010 (the "Adoption Date") and shall be valid and effective for a period of 10 years commencing on the Adoption Date.

The Board may, at its absolute discretion, grants options to any employees, management persons or directors of the Group and any other eligible participants upon the terms set out in the Share Option Scheme. The purpose of the Share Option Scheme is to attract and retain skilled and experienced personnel, to incentivize them to remain with the Company, to give effect to our customer-focused corporate culture, and to motivate them to strive for the Company's future development and expansion by providing them with the opportunity to acquire shares of the Company (the "Shares").

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option scheme of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date (i.e. 94,669,576 Shares), unless the Company obtains an approval from its shareholders and must not exceed 30% of the total number of Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period shall not exceeds 1% of the total number of Shares in issue, unless an approval of the Company's shareholders is obtained. The amount payable by the grantee on application or acceptance of an option shall be HK$1.00. The period within which the Shares must be taken up under an option shall be determined by the Board at its absolute discretion and in any event, such period shall not be longer than 10 years from the date upon which any particular option is granted in accordance with the Share Option Scheme.

The subscription price in respect of each Share issued pursuant to the exercise of an option granted under the Share Option Scheme shall be solely determined by the Board and shall not be less than the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (b) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant (provided that the new issue price shall be used as the closing price for any business day falling within the period before listing of the Shares where the Company has been listed for less than 5 business days as at the date of grant); and (c) the nominal value of a Share. The Share Option Scheme does not contain any provision of minimum period for which an option must be held before it can be exercised unless otherwise determined by the Board and specified in the offer letter at the time of offer.

Since the adoption of the Share Option Scheme on 8 October 2010, no options have been granted pursuant to the Share Option Scheme.

Review of Interim Results

The Company has an audit committee (the "Audit Committee") which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three members, namely Mr Kwok Chi Sun, Vincent (Chairman), Mr Fong Wo, Felix and Dr Ko Wing Man, all are independent non-executive Directors. The interim report of the Group for the six months ended 30 June 2011 have been reviewed and approved by the Audit Committee. The Group's interim results for the six months ended 30 June 2011 have not been audited but reviewed by Ernst & Young, the auditors of the Group.

Forward Looking Statements

This report 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.

Directors' and Chief Executives' Interests in Securities

As at 30 June 2011, the interests or short positions of the Directors, the chief executives of the Company (the "Chief Executives") and their associates in the shares, underlying shares and debentures of the Company or its associated corporations, as recorded in the register required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Long/Short position	Type of interest	Number of shares and underlying shares held	Approximate percentage of shareholding in the Company
Chan Yuk Ming	Long position	Interest in a controlled corporation *(Note)*	575,022,086	59.77%

Note: Mr. Chan Yuk Ming is deemed to be interested in such shares as the sole shareholder of Pacific Success Holdings Limited.

Save as disclosed above, none of the Directors, the Chief Executives, nor their associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2011.

Substantial Shareholders' and Other Persons' Interests in Securities

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 30 June 2011, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executives' Interests in Securities", had notified the Company of relevant interests or short positions in the shares and underlying shares, being interests of 5% or more of the issued share capital of the Company:

Name of Substantial Shareholder	Long/Short position	Type of interest	Number of shares and underlying shares held	Approximate percentage of shareholding in the Company
Pacific Success Holdings Limited *(Note 1)*	Long position	Beneficial owner	575,022,086	59.77%
Admiralfly Holdings Limited ("Admiralfly") *(Note 2)*	Long position	Beneficial owner	134,999,677	14.03%
New Horizon Capital III, L.P. ("New Horizon")	Long position	Interest in a controlled corporation *(Note 3)*	134,999,677	14.03%

Notes:

1. A controlled corporation of Mr. Chan Yuk Ming, which is duplicate to that disclosed in the section "Directors' and Chief Executives' Interests in Securities" above.

2. Pursuant to the subscription and sale and purchase agreement dated 29 April 2010 executed by the Company, Pacific Success Holdings Limited, Mr. Chan Yuk Ming and Admiralfly, as supplemented by the amendment letter dated 25 May 2010 (the "Subscription and SP Agreement"), the Company issued to Admiralfly redeemable convertible bonds in the aggregate principal amount of US$25,000,000 which were automatically converted to 110,021,763 shares in full (the "Conversion") upon listing of the Company. These 134,999,677 shares include the Conversion and 24,977,914 shares transferred to Admiralfly pursuant to the Subscription and SP Agreement.

3. The entire issued share capital of Admiralfly is owned by New Horizon. New Horizon is deemed to be interested in 134,999,677 shares which are beneficially owned by Admiralfly.

Save as disclosed above, the Company has not been notified of any other notifiable interests or short positions in the shares or underlying shares as at 30 June 2011.

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

Hong Kong, 22 August 2011