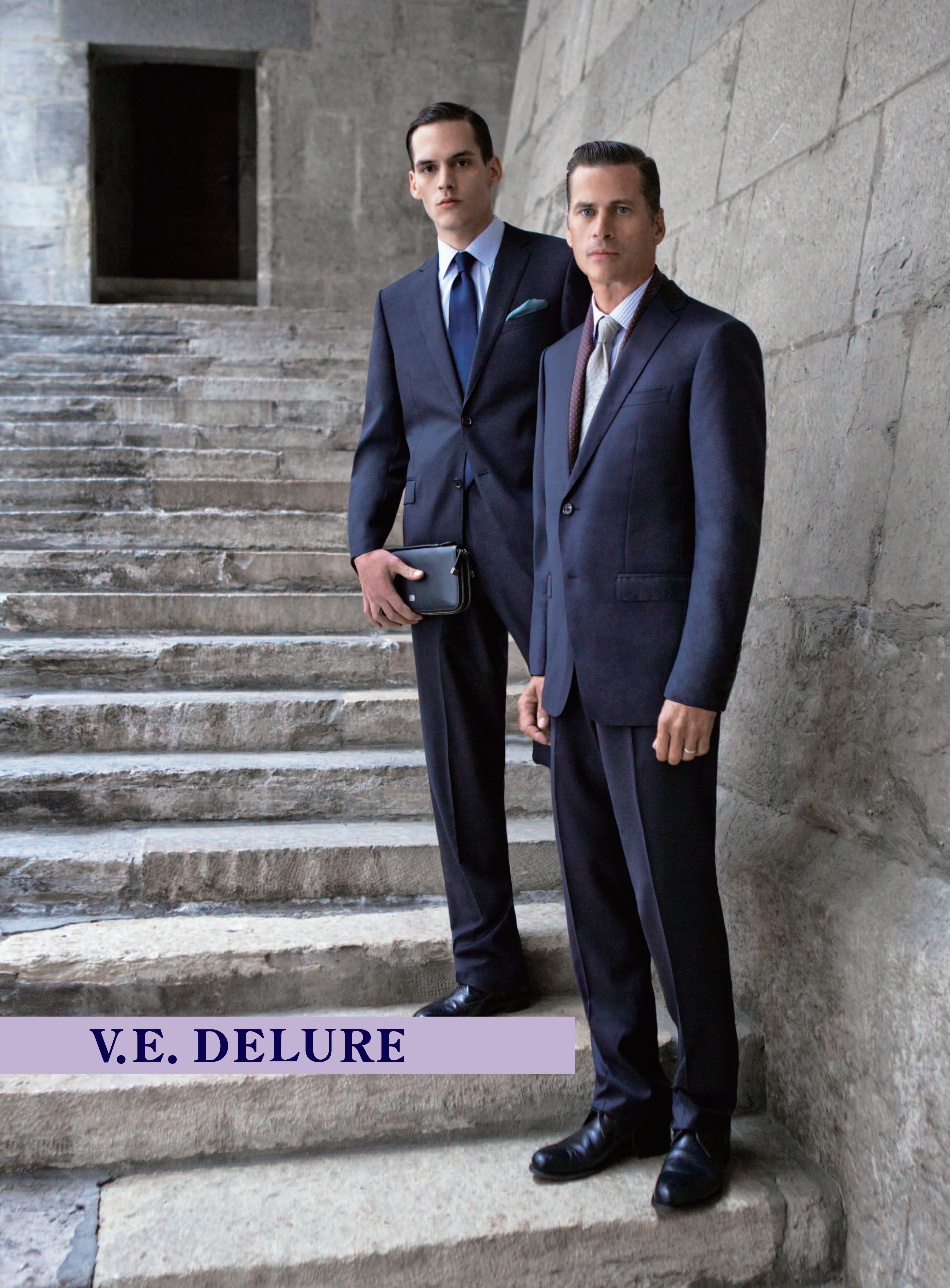
Evergreen International Holdings Limited
長興國際(集團)控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 238

Interim Report 2013

Contents


V.E. DELURE

Corporate Information

Directors

Executive Directors

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

Independent Non-Executive Directors

Mr. Fong Wo, Felix
Mr. Kwok Chi Sun, Vincent
Mr. Cheng King Hoi, Andrew

Company Secretary

Ms. Chan Sau Ling ACIS, ACS(PE)

Authorized Representatives

Mr. Chan Yuk Ming
Ms. Chan Sau Ling

Audit Committee

Mr. Kwok Chi Sun, Vincent *(Chairman)*
Mr. Fong Wo, Felix
Mr. Cheng King Hoi, Andrew

Remuneration Committee

Mr. Cheng King Hoi, Andrew *(Chairman)*
Mr. Fong Wo, Felix
Mr. Kwok Chi Sun, Vincent

Nomination Committee

Mr. Fong Wo, Felix *(Chairman)*
Mr. Kwok Chi Sun, Vincent
Mr. Cheng King Hoi, Andrew

Share Award Plan Committee (set up on 27 August 2013)

Mr. Chan Yuk Ming *(Chairman)*
Mr. Chen Yunan
Mr. Cheng King Hoi, Andrew

Registered Office

Appleby Trust (Cayman) Ltd
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

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 Centre
9 Science Museum Road, Tsimshatsui East
Kowloon, Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

Appleby Trust (Cayman) Ltd
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
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
Bank of China
Bank of Communications
Chong Hing Bank Limited
Shanghai Commercial Bank Limited
Shanghai Pudong Development Bank
The Hongkong and Shanghai Banking Corporation Limited

Auditors

Ernst & Young, Certified Public Accountants

Legal Advisor

Minter Ellison

Investor Relations

iPR Ogilvy Ltd.

Stock Code

00238.HK

Company's Website

www.evergreen-intl.com


Testantin
TS
Collection

Financial Highlights

For the six months ended 30 June

	2013 RMB'million	2012 RMB'million	Changes %
Revenue	**372.7**	338.0	+10.3%
Gross profit	**251.5**	230.7	+9.0%
Operating profit	**78.2**	77.2	+1.2%
Profit attributable to ordinary equity holders	**61.2**	71.1	–13.9%
Basic and diluted earnings per share (RMB cents) *(Note 1)*	**6.5**	7.5	–13.3%
Interim dividend per share (HK cents)	**4.5**	5.0	–10.0%
Gross profit margin	**67.5%**	68.3%	
Operating profit margin	**21.0%**	22.8%	
Net profit margin	**16.4%**	21.0%	
Effective tax rate	**28.0%**	27.9%	

	As at 30 June 2013	As at 31 December 2012	As at 30 June 2012
Inventory turnover days *(Note 2)*	**454**	431	430
Trade receivables turnover days *(Note 3)*	**75**	71	71
Trade and bills payables turnover days *(Note 4)*	**102**	123	75

Notes:

1. Basic and diluted earnings per share = Profit attributable to the ordinary equity holders/weighted average number of ordinary shares

2. Inventory turnover days = Average of the opening and closing balances on inventory/cost of sales and cost of sale of raw materials for the period x number of days for the period

3. Trade receivables turnover days = Average of the opening and closing balances on trade receivables/revenue and income from sale of raw materials for the period x number of days for the period

4. Trade and bills payables turnover days = Average of the opening and closing balances on trade and bills payables/cost of sales and cost of sale of raw materials for the period x number of days for the period

Management Discussion and Analysis

Market Review

In the first half of 2013, the economic growth in the People's Republic of China (the "PRC", "Mainland China" or "China") continued to slow down and the retail sector remained weak.

Amid increasing concerns and uncertainties over economic growth in China, the consumer sentiment continued to weaken during the period. According to the National Bureau of Statistics of China, the Consumer Confidence Index fell to 99.0 in May 2013. The gross domestic product ("GDP") of China for the first half of 2013 amounted to RMB24,800.9 billion, representing a year-on-year increase of 7.6%. Notwithstanding, the economic growth slowed to 7.5% in the second quarter of 2013 and the growth rate was 0.2 percentage points lower than that in the first half of 2012.

In the first half of 2013, the total retail sales of consumer goods in China amounted to RMB11,076.4 billion, representing an increase of 12.7% compared to the same period of last year. The total retail sales of consumer goods realised in urban area and rural area amounted to RMB9,578.9 billion and RMB1,497.5 billion, respectively, representing an increase of 12.5% and 14.3%, respectively, compared to the same period of last year. However, the growth rates were 1.8 percentage points and 0.2 percentage points lower than that in the first half of 2012, respectively. In particular, the total sales of garments, footwear, hats and knitwear in the first half of 2013 amounted to RMB541.5 billion, representing an increase of 11.9% compared to the same period of last year. However, the growth rate was 5.0 percentage points lower than that of 16.9% in the first half of 2012.

In addition, operating expenses including rentals, wages and salaries, and major raw materials costs continued to surge during the period, which further increased the pressure of retail operators under the current challenging environment. Under the current circumstances, Evergreen International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") increased resources in strengthening the direct retail business through its self-operated stores, enhanced marketing strategy for brand building, provided the distributors with extensive training and improved operation efficiency and business infrastructure, in order to build a solid business foundation for a prudent, healthy and sustainable growth of the Group in a long term basis. The Group has made a concerted effort to cope with the market challenges and managed to achieve a mild increase of turnover as compared to the same period of last year. Notwithstanding, there was a decrease in the profit attributable to ordinary equity holders of the Company mainly attributable to the decrease in non-operating bank interest income.

Financial Review

During the six months ended 30 June 2013, the Group recorded an aggregate turnover of approximately RMB372,652,000 (2012: RMB337,969,000), representing an increase of approximately 10.3% compared to the same period of last year. Gross profit for the period increased from RMB230,707,000 for the six months ended 30 June 2012 to RMB251,465,000, representing an increase of about 9.0%, and gross profit margin slightly decreased from 68.3% for the six months ended 30 June 2012 to 67.5%. Profit attributable to ordinary equity holders of the Company for the period decreased by about 13.9% to approximately RMB61,201,000 (2012: RMB71,103,000) and net profit margin for the period decreased by 4.6 percentage points from 21.0% for the six months ended 30 June 2012 to 16.4%. The decrease in profit and net profit margin was mainly attributable to the decrease in non-operating bank interest income as a result of the decrease in average cash and bank balances.

Turnover

	Six months ended 30 June 2013 RMB'000	2013 % of turnover	2012 RMB'000	2012 % of turnover	Change %
V.E. DELURE					
Self-operated stores	188,698	50.6%	180,260	53.3%	4.7%
Distributors	104,958	28.2%	83,495	24.7%	25.7%
Corporate sales	2,737	0.7%	969	0.3%	182.5%
	296,393	79.5%	264,724	78.3%	12.0%
TESTANTIN					
Self-operated stores	46,171	12.4%	38,835	11.5%	18.9%
Distributors	17,837	4.8%	18,968	5.6%	−6.0%
	64,008	17.2%	57,803	17.1%	10.7%
Licensed brands	12,251	3.3%	15,442	4.6%	−20.7%
	372,652		337,969		10.3%

The total turnover of the Group for the six months ended 30 June 2013 increased by 10.3% to approximately RMB372,652,000 (2012: RMB337,969,000). The increase in turnover was mainly attributable to the increase in sales by self-operated stores of both ***V.E. DELURE*** and ***TESTANTIN*** and the rebound of sales to distributors of ***V.E. DELURE***, offsetted by the slowdown in sales to distributors of ***TESTANTIN*** and the decrease in sales from licensed brands.

Turnover of the Group for the six months ended 30 June 2013 comprised sales from self- operated stores of about RMB234,869,000 (2012: RMB219,095,000), sales to distributors of RMB122,795,000 (2012: RMB102,463,000), corporate sales of RMB2,737,000 (2012: RMB969,000) and sales from the licensed brands business of RMB12,251,000 (2012: RMB15,442,000).

The aggregate sales from self-operated stores for the six months ended 30 June 2013 achieved an increase of 7.2% as compared to the same period of last year, and accounted for about 63.0% (2012: 64.8%) of the total turnover, which was mainly resulted from the increased efforts in self-operated stores business under the current adverse conditions during the period. On the other hand, the aggregate sales to distributors for the six months ended 30 June 2013 recorded an increase of 19.8% as compared to the same period of last year and accounted for about 33.0% (2012: 30.3%) of the total turnover, which was contributed by the rebound of sales to distributors of ***V.E. DELURE*** during the period.

Turnover by Region

	Six months ended 30 June 2013 RMB'000	2013 % of turnover	2012 RMB'000	2012 % of turnover	Change %
V.E. DELURE					
Central China	**21,247**	**7.2%**	20,648	7.8%	2.9%
North Eastern China	**31,126**	**10.5%**	22,578	8.5%	37.9%
Eastern China	**41,175**	**13.9%**	37,261	14.1%	10.5%
North Western China	**31,252**	**10.5%**	25,392	9.6%	23.1%
Northern China	**64,998**	**21.9%**	64,043	24.2%	1.5%
South Western China	**33,503**	**11.3%**	27,241	10.3%	23.0%
Southern China	**64,607**	**21.8%**	59,214	22.4%	9.1%
Hong Kong, Macau	**8,485**	**2.9%**	8,347	3.1%	1.7%
Total	**296,393**		264,724		12.0%

	Six months ended 30 June 2013 RMB'000	2013 % of turnover	2012 RMB'000	2012 % of turnover	Change %
TESTANTIN					
Central China	**2,254**	**3.5%**	962	1.7%	134.3%
North Eastern China	**8,056**	**12.6%**	5,441	9.4%	48.1%
Eastern China	**6,731**	**10.5%**	7,662	13.2%	–12.2%
North Western China	**9,372**	**14.6%**	11,453	19.8%	–18.2%
Northern China	**4,864**	**7.6%**	3,770	6.5%	29.0%
South Western China	**7,814**	**12.2%**	7,217	12.5%	8.3%
Southern China	**15,898**	**24.9%**	12,992	22.5%	22.4%
Hong Kong, Macau	**9,019**	**14.1%**	8,306	14.4%	8.6%
Total	**64,008**		57,803		10.7%

The sales from ***V.E. DELURE*** in the Eastern, Northern and Southern China for the six months ended 30 June 2013 accounted for 57.6% (2012: 60.6%) of the total brand revenue, which was mainly attributable to the location of ***V.E. DELURE*** retail stores in major cities such as Shanghai, Beijing and Guangzhou, where the Group targeted ***V.E. DELURE*** customers, who are relatively more affluent with strong purchasing power.

The sales from ***TESTANTIN*** in the North Eastern, South Western, Southern and North Western China for the six months ended 30 June 2013 accounted for 64.3% (2012: 64.2%) of the total brand revenue, as most of the ***TESTANTIN*** retail stores are situated in the second-tier and third-tier cities of these regions.

Turnover by Product (self-operated stores only)

	Six months ended 30 June 2013 RMB'000	2012 RMB'000
V.E. DELURE		
Apparel[(1)]	177,059	164,927
Accessories[(2)]	11,639	15,333
	188,698	180,260
TESTANTIN		
Apparel[(1)]	42,961	35,918
Accessories[(2)]	3,210	2,917
	46,171	38,835

	Six months ended 30 June 2013 Unit sold pcs	2012 Unit sold pcs
Sales Volume		
V.E. DELURE		
Apparel[(1)]	85,121	75,066
Accessories[(2)]	19,941	23,725
TESTANTIN		
Apparel[(1)]	35,060	26,819
Accessories[(2)]	11,628	9,616

	Six months ended 30 June 2013 RMB	2012 RMB
Average Selling Price		
V.E. DELURE		
Apparel[(1)]	2,080	2,197
Accessories[(2)]	584	646
TESTANTIN		
Apparel[(1)]	1,225	1,339
Accessories[(2)]	276	303

Notes:

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

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

Cost of Sales

The cost of sales of the Group increased by 13.0% during the period to approximately RMB121,187,000 (2012: RMB107,262,000). During the period, the Group continued to outsource the production process of most of the apparel and accessories products. The Group also purchased products under the licensed brand business, *CARTIER*. 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 increased by RMB20,758,000 or 9.0%, from RMB230,707,000 to RMB251,465,000 for the six months ended 30 June 2013.

During the period, the major raw material costs continued to soar and the increase in wages also intensified the production cost pressure. By leveraging on the advantages and influences of the brands of the Group and strengthening cost control, the Group managed to record a mild decrease in gross profit margin of 0.8 percentage points from 68.3% to 67.5% for the six months ended 30 June 2013.

Other Income and Gains

During the period, other income and gains mainly consisted of bank interest income of RMB8,016,000 (2012: RMB21,132,000).

Selling and Distribution Expenses

For the six months ended 30 June 2013, selling and distribution expenses primarily represented rental and concessionaire commission to shopping malls and department stores of approximately RMB77,542,000 (2012: RMB68,705,000), advertising and promotion expenses of approximately RMB13,371,000 (2012: RMB11,735,000), and staff costs of approximately RMB34,562,000 (2012: RMB31,755,000). During the period, the total selling and distribution expenses represented about 40.7% (2012: 38.1%) of the total turnover, representing an increase of 2.6 percentage points, which was mainly due to the increase in the rental and concessionaire commission to shopping malls and department stores and increase in staff costs as a result of the increase in sales from self-operated stores.

Administrative Expenses
For the six months ended 30 June 2013, administrative expenses increased from RMB22,338,000 to RMB23,296,000, representing an increase of RMB958,000 or 4.3% as compared to the same period of last year. During the period, administrative expenses accounted for 6.3% (2012: 6.6%) of turnover, which was comparable to the same period of last year.

Finance Costs
Finance costs for the six months ended 30 June 2013 mainly represented interest expenses on interest-bearing bank borrowings.

Effective Tax Rate
During the period, the effective tax rate of the Group amounted to 28.0% (2012: 27.9%) mainly because of tax losses incurred in operations in Hong Kong.

Profit Attributable to Ordinary Equity Holders of the Company
Profit attributable to ordinary equity holders of the Company decreased by about 13.9% from approximately RMB71,103,000 for the six months ended 30 June 2012 to RMB61,201,000 for the six months ended 30 June 2013. Basic earnings per share decreased from RMB7.5 cents for the six months ended 30 June 2012 to RMB6.5 cents for the six months ended 30 June 2013 and net profit margin decreased from 21.0% for the six months ended 30 June 2012 to 16.4% for the six months ended 30 June 2013. Decrease in profit attributable to ordinary equity holders of the Company and net profit margin was mainly because of the decrease in non-operating bank interest income as a result of decrease in average cash and bank balances.

Business Review
Proprietary Brands
The Group currently owns two proprietary brands covering two fast growing segments in the menswear market of China catering 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 same store sales growth for the self-operated stores business of 1.5% and 1.0%, respectively, for the first half of 2013.

Retail and Distribution Network
Number of stores of proprietary brands by region

	As at 30 June 2013	As at 31 December 2012
Central China	32	29
North Eastern China	42	43
Eastern China	70	74
North Western China	49	47
Northern China	72	73
South Western China	76	71
Southern China	87	90
Hong Kong, Macau	5	5
Total	433	432

In line with its business expansion strategies, the Group continued to optimise the retail and sales network based on the demand in 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 create direct contact and interaction 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 created and expressed. 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 slowdown of economic growth and weak consumer sentiment, the Group prudently adjusted the store opening plan according to the prevailing market circumstances and consolidated stores with low efficiency.

As at 30 June 2013, the Group had a total of 433 stores in 33 provinces and autonomous regions, covering 192 cities in China. There were 148 self-operated stores of ***V.E. DELURE*** in 57 cities in China whilst there were 64 self-operated stores of ***TESTANTIN*** in 29 cities in China.

In addition, the total number of distributors of the Group amounted to 100, which operated 161 franchised stores of ***V.E. DELURE*** in 118 cities and 60 franchised stores of ***TESTANTIN***, in 54 cities, respectively.

Number of stores of proprietary brands by city tier

	As at 30 June 2013	As at 31 December 2012	Changes
V.E. DELURE			
Self-operated stores			
First-tier	**23**	21	+2
Second-tier	**77**	75	+2
Third-tier	**43**	42	+1
Fourth-tier	**5**	5	–
	148	143	+5
Franchised stores			
First-tier	**–**	–	–
Second-tier	**17**	19	-2
Third-tier	**102**	103	-1
Fourth-tier	**42**	42	–
	161	164	-3
	309	307	+2
TESTANTIN			
Self-operated stores			
First-tier	**12**	12	–
Second-tier	**35**	34	+1
Third-tier	**15**	15	–
Fourth-tier	**2**	–	+2
	64	61	+3
Franchised stores			
First-tier	**–**	–	–
Second-tier	**3**	4	-1
Third-tier	**38**	41	-3
Fourth-tier	**19**	19	–
	60	64	-4
	124	125	-1
TOTAL	**433**	432	+1

First-tier cities: Beijing, Shanghai, Guangzhou, Hong Kong and Macau
Second-tier cities: provincial capital cities excluding Beijing, Shanghai and Guangzhou
Third-tier cities: prefecture-level cities other than provincial capital cities
Fourth-tier cities: county-level cities

In the first half of 2013, the number of ***V.E. DELURE*** self-operated stores increased from 143 to 148. The new self-operated stores opened mainly located in second-tier and third-tier cities. Franchised stores operated by the distributors of the Group decreased from 164 to 161. As at 30 June 2013, the total area of retail outlets of self-operated stores of ***V.E. DELURE*** was approximately 23,337 square meters (31 December 2012: 21,680 square meters), representing an increase of 7.6% as compared to the total area of retail outlets of self-operated stores as at 31 December 2012.

In the first half of 2013, the number of ***TESTANTIN*** self-operated stores increased from 61 to 64 whilst the number of franchised stores decreased from 64 to 60. As at 30 June 2013, the total area of retail outlets of self-operated stores of ***TESTANTIN*** was approximately 7,594 square meters (31 December 2012: 7,113 square meters), representing an increase of 6.8% as compared to the total area of retail outlets of self-operated stores as at 31 December 2012.

Sales Fair

V.E. DELURE and ***TESTANTIN*** 2013 Fall and Winter collections sales fair was held in March 2013. The total order amount from franchised stores operated by the distributors of the Group increased by 7% as compared to that of last year. Delivery of the orders commenced in August 2013.

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, mainly because the distributors remained uncertain and cautious towards the retail market. Delivery of the orders will commence in January 2014.

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. During the period, the inventory turnover days of the Group increased from 431 days to 454 days, which was mainly due to the increase in the balance of raw materials and work in progress of an aggregate amount of RMB44,874,000. The balance of finished goods decreased from RMB279,621,000 as at 31 December 2012 to RMB258,584,000 as at 30 June 2013.

Marketing and Promotion

The Group has a dedicated marketing team, which is responsible for the execution and organisation of the marketing and promotional activities of ***V.E. DELURE*** and ***TESTANTIN***. The Group pays much attention to the long term development of its brands. Various marketing and promotion activities of the Group not only strengthen the brand recognition and value, but also publicise its brand theme.

In the first half of 2013, the total expenditure of the Group in marketing and promotion activities amounted to approximately RMB13,371,000 (2012: RMB11,735,000), which accounts for approximately 3.6% (2012: 3.5%) of the total turnover of the Group. The Group will strive to maintain the ratio not exceeding 5% whilst promoting the brands in an effective approach.

During the period, the Group continued to actively carry out regular advertising and promotion activities through various channels, such as advertisements in fashion magazines, promotion activities in the internet and other media, and large advertising billboard in airport, highway and well-known department stores.

The Group considers stores as one of the important channels to promote and enhance brand image. During the period, ***V.E. DELURE*** and ***TESTANTIN*** continued to carry out store image upgrade work, broaden the display space, to further enhance its high-end brand image in order to promote the brands more effectively and attract more customers.

Moreover, the Group is the exclusive sponsor of the formal attire of the PRC national table tennis team and badminton team, both of which last till 2015. The Group has been inviting elite athletes to participate in appropriate promotional and charity events. In March 2013, ***V.E. DELURE*** sponsored the ITTF World Team Classic table tennis competition, which was held in Guangzhou with top players in the world participated in this one of the top three international table tennis competition.

In addition, during the period, the Group continued to collaborate with China national table tennis team and famous shopping malls to organize various charity activities. Such charity activities not only strengthened the brand equity of the Group but also promoted the corporate image of the Group as a social responsible enterprise.

Product Design and Development

Due to the factors such as accelerating urbanisation and the rise of the middle class, consumption demand in the PRC keeps rising. Consumers pursue products with superior materials, suitable cutting and unique style. While there are abundant product choices to consumers, the Group fully understands that fashionable and innovative apparel products not only attract consumers, but also provide the Group with a better pricing capability.

During the period, the Group continued its commitment to innovative product designs and strict quality control, and launched unique product portfolios for both ***V.E. DELURE*** and ***TESTANTIN***.

The Group also targeted on experienced design talents to bring in fresh inspiration for innovation to further diversity product portfolio and increase competitiveness. The Group has experienced innovative and independent design teams for ***V.E. DELURE*** and ***TESTANTIN***, which were led by experienced chief supervisors with substantial 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 454 days for the six months ended 30 June 2013, representing an increase of 23 days as compared to 431 days for the year ended 31 December 2012. The increase in inventory turnover days was mainly due to the increase in the balance of raw materials and work in progress of an aggregate amount of RMB44,874,000.

Trade receivables represented the receivables for goods sold to the distributors for franchised stores and the receivables from department stores and shopping malls for self-operated stores. Trade receivables turnover days was 75 days for the six months ended 30 June 2013 which was comparable to 71 days for the year ended 31 December 2012.

Trade and bills payables represented payables to suppliers and outsourced manufacturers. Trade and bills payables turnover days decreased from 123 days for the year ended 31 December 2012 to 102 days for the six months ended 30 June 2013.

Use of Proceeds

The shares of the Company (the "Shares") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 4 November 2010 (the "Listing Date"). 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 2013, the unused proceeds were deposited in licensed banks in Hong Kong and Mainland China.

Use of fund raised

	Percentage to total amount	Net proceeds RMB'million	Utilised amount (as at 30 June 2013) RMB'million	Unutilised amount (as at 30 June 2013) RMB'million
Expansion and improvement of retail network	45%	457.8	441.0	16.8
Developing independent lines of branded apparels and accessories under ***V.E. DELURE*** brand	10%	101.7	49.2	52.5
Acquisitions or licensing of additional brands	20%	203.5	–	203.5
Marketing and promotion activities	7%	71.2	46.2	25.0
Upgrade of ERP system and database management system	5%	50.9	21.6	29.3
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	1.0	49.9
General working capital	8%	81.4	58.3	23.1
	100%	1,017.4	617.3	400.1

Liquidity and Financial Resources

As at 30 June 2013, the Group had cash and cash equivalents of RMB537,844,000 (31 December 2012: RMB592,693,000). In addition, the Group had pledged deposits and time deposits of RMB210,944,000 (31 December 2012: RMB138,096,000) and nil (31 December 2012: RMB100,000,000), respectively. As at 30 June 2013, the Group had interest-bearing bank borrowings of an aggregate amount of RMB295,046,000 (31 December 2012: RMB126,584,000), which were denominated in RMB and Hong Kong dollars, repayable within one year or on demand and interest-bearing from 3.15% to 6.00% per annum and variable rate of 1.3 % above Hong Kong Interbank Offered Rate ("HIBOR") or London Interbank Offered Rate ("LIBOR") or bank's cost of funds per annum. The gearing ratio, calculated as total bank borrowings divided by equity attributable to the shareholders of the Company, amounted to 21.3% (31 December 2012: 8.9%).

Contingent Liabilities

As at 30 June 2013, the Group had no material contingent liabilities.

Pledge of Assets

As at 30 June 2013, pledged deposits of RMB210,944,000 (31 December 2012: RMB138,096,000) were pledged as securities for the bank borrowings and bank acceptance bills (31 December 2012: bank borrowings and bank acceptance bills) of the Group.

Significant Investment Held and Major Acquisition

On 19 February 2013, the Group entered into a series of agreements to purchase certain office properties (the "Property") in Guangzhou for a consideration of approximately RMB87,501,000. The Property will be used by the Group as its headquarters, design centre and showroom for the Group's products. For details, please refer to the announcement and the circular of the Company dated 19 February 2013 and 12 March 2013, respectively.

Exchange Risk

The Group conducts business primarily in Hong Kong and the Mainland China with most of the transactions denominated and settled in Hong Kong dollars and Renminbi. The Group purchases some raw materials and outsourced products in Euros and U.S. dollars. Depreciation of Renminbi against these foreign currencies would increase the cost of sales of the Group, resulting in an impact on the results of operations 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 and share options will 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 2013, no option has been granted by the Company.

As at 30 June 2013, the total number of full-time employees of the Group was 1,290. The total staff costs for the six months ended 30 June 2013 amounted to approximately RMB47,938,000 (2012: RMB44,061,000).

The Group has adopted a defined contribution retirement benefits scheme (MPF Scheme) for Hong Kong employees, and contributions were made based on a certain percentage of the employee's basic salary. The contributions were charged to the income statement when they became payable. In Mainland China, the Group made monthly contributions to the social security fund, including retirement pension insurance, medical insurance, unemployment insurance, injury insurance and maternity insurance, for the employees of the Group according to the relevant laws in the PRC.

Prospects

Given the risk of continuing slowdown in economic growth in China, the outlook of retail sector in the second half of 2013 remains uncertain and challenging.

The sustained low consumer confidence is likely to further impact the retail sector and create challenges to retail operators in Mainland China. However, as the Chinese government continued to drive domestic consumption to support economic growth, the domestic consumption will remain as the key contributor to GDP growth and achieve healthy and sustainable growth in the long run. The continual urbanization, the increase in people's income and the pursuit for better quality products also remain as the solid foundation of menswear sector in the market.

As one of the leading menswear enterprises and brands operator in the PRC, the Group will appropriately adjust its strategy in response to the market conditions in order to maintain the advantageous position in China's high-end menswear market in the long run. The Group will continue to enhance the brand equity and expand its retail network prudently. With respect to strengthening the brand equity of ***V.E. DELURE*** and ***TESTANTIN***, the Group will focus particularly on the sustainable development in a long term basis and the increase and retention of VIP customers. Various specific marketing initiatives will continuously be organised to strengthen the brand recognition and value of the brands.

Despite the challenging business environment, the Group will expand and enhance its retail network prudently to prepare for the long-term development. The Group plans to open approximately 28 new retail stores in the second half of 2013, of which approximately 8 are self-operated stores with the remaining 20 being franchised stores. In the long run, the Group is confident in the growth and development of menswear market in China, especially the mid-end to high-end segments. With the increasing national consumption power, the pursuit for higher quality products by consumers and the continuous expansion of domestic demand underlined by the government policies, it is believed that the menswear market will grow healthily. As a result, by providing consumers with prestigious, contemporary as well as classic menswear products, the Group believes that it can capture the business opportunities so as to maintain its position as one of the leading high-end menswear brand operators in China.

Other Information

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2013, the interests or short positions of the directors of the Company (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 (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (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	60.60%

Note: The 575,022,086 Shares are owned by Pacific Success Holdings Limited ("Pacific Success"), a company wholly-owned by Mr. Chan Yuk Ming. Mr. Chan Yuk Ming is deemed to be interested in such Shares held by Pacific Success under the SFO.

Save as disclosed above, as at 30 June 2013, 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 that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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 of Directors (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.

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 representing approximately 9.98% of the issued share capital of the Company as at the date of this report), 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 exceed 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 Date, no options have been granted pursuant to the Share Option Scheme.

Share Award Plan

On 27 August 2013 (the "Effective Date"), the Board adopted a share award plan (the "Share Award Plan") in which any executive or employee of any member of the Group from time to time, but excluding a director of any member of the Group and any other connected person of the Company (the "Eligible Persons") will be entitled to participate. The purpose of the Share Award Plan is to recognize and reward contributions made by, and to encourage and incentivize sustained contribution of, the Eligible Persons to the growth and long term development of the Group. The Share Award Plan shall be valid and remain in force for a term of ten years commencing from the Effective Date.

The Share Award Plan committee (the "Committee") may, at any time and at its absolute discretion, make an award to any Eligible Person ("Selected Person") and determine the number of Shares to be awarded to him ("Awarded Shares") on such terms and subject to such vesting conditions, if any, as the Committee thinks fit.

The Committee (or any Director so authorized by the Committee) may from time to time instruct SMP Partners Limited (the "Trustee") to purchase Shares on the Stock Exchange at such prices as the Committee (or any Director so authorized by the Committee) considers appropriate, and such Shares shall be held by the Trustee for the purposes of satisfying any future award(s) to be made by the Committee.

In any given financial year, the maximum number of Shares to be purchased by the Trustee for the purpose of the Share Award Plan shall not exceed 5% of the total number of issued Shares as at the beginning of such financial year.

The total number of Shares purchased for the award(s) made to each Selected Person in any 12-month period up to and including the date on which the award is made to a Selected Person (the "Award Date") shall not exceed 1% of the Shares in issue as at the Award Date.

Details of the Share Award Plan are also set out in the announcement of the Company dated 27 August 2013.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2013, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholder	Long/Short position	Type of interest	Number of Shares and underlying Shares held	Approximate percentage of shareholding in the Company
Chan Yuk Ming *(Note 1)*	Long position	Interest in a controlled corporation	575,022,086	60.60%
Pacific Success *(Note 1)*	Long position	Beneficial owner	575,022,086	60.60%
New Horizon Capital III, L.P. ("New Horizon")	Long position	Interest in a controlled corporation *(Note 2)*	134,999,677	14.23%
Admiralfly Holdings Limited ("Admiralfly") *(Note 2)*	Long position	Beneficial owner	134,999,677	14.23%

Notes:

1. The 575,022,086 Shares are owned by Pacific Success, a company wholly-owned by Mr. Chan Yuk Ming. Mr. Chan Yuk Ming is deemed to be interested in such Shares held by Pacific Success under the SFO.

2. 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 under the SFO.

Save as disclosed above, as at 30 June 2013, the Company had not been notified of any other notifiable interests or short positions in the Shares or underlying Shares which had been recorded in the register required to be kept by the Company under section 336 of the SFO.

Interim Dividend

The Board has declared an interim dividend of HK4.5 cents (equivalent to approximately RMB3.6 cents) per Share for the six months ended 30 June 2013. The interim dividend will be payable on or before 4 October 2013 to shareholders whose names appear on the register of members of the Company on 19 September 2013.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 18 September 2013 to Thursday, 19 September 2013, both days inclusive. In order to qualify for the interim dividend, all transfer documents together with the relevant share certificates should be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 17 September 2013.

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 period.

Corporate Governance

In the opinion of the Directors, during the six months ended 30 June 2013, the Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 14 to the Listing Rules.

Model Code for Securities Transactions

The Company has adopted 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 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 period.

Change of Director's Information

Mr. Fong Wo, Felix, an independent non-executive Director, ceased to be a member of Guangdong Provincial Committee Chinese People's Political Consultative Conference and Hong Kong Film Development Council with effect from 15 January 2013 and 1 April 2013 respectively. He has been appointed as a member of Hong Kong Communications Authority with effect from 5 July 2013.

Mr. Chan Yuk Ming, an executive Director, has been appointed as the chairman of the Share Award Plan committee with effect from 27 August 2013.

Mr. Chen Yunan, an executive Director and Mr. Cheng King Hoi, Andrew, an independent non-executive Director, have been appointed as members of the Share Award Plan committee with effect from 27 August 2013.

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 Mr Cheng King Hoi, Andrew, all are independent non-executive Directors. The interim results of the Group for the six months ended 30 June 2013 have been reviewed by the Audit Committee.

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.

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

Hong Kong
27 August 2013

Report on Review of Interim Condensed Consolidated Financial Statements

EY 安永
Building a better working world

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") set out on pages 21 to 36, which comprise the interim condensed consolidated statement of financial position as at 30 June 2013, and 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
22/F, CITIC Tower,
1 Tim Mei Avenue, Central
Hong Kong

27 August 2013

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2013

	Notes	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
REVENUE	*4*	**372,652**	337,969
Cost of sales	*5*	**(121,187)**	(107,262)
Gross profit		**251,465**	230,707
Other income and gains	*4*	**9,164**	21,597
Selling and distribution expenses		**(151,561)**	(128,864)
Administrative expenses		**(23,296)**	(22,338)
Other expenses, net		**1,567**	(2,260)
Finance costs	*6*	**(2,303)**	(203)
PROFIT BEFORE TAX	*5*	**85,036**	98,639
Income tax expense	*7*	**(23,835)**	(27,536)
PROFIT FOR THE PERIOD		**61,201**	71,103
Attributable to:			
Ordinary equity holders of the Company		**61,201**	71,103
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*8*	**RMB6.5 cents**	RMB7.5 cents

Details of the dividends for the 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 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**61,201**	71,103
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:		
Exchange differences on translation of operations outside Mainland China	**1,644**	1,005
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**62,845**	72,108
Attributable to:		
Ordinary equity holders of the Company	**62,845**	72,108

Interim Condensed Consolidated Statement of Financial Position

30 June 2013

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**34,047**	36,508
Other intangible asset		**3,640**	3,698
Goodwill		**1,880**	1,880
Deferred tax assets		**5,898**	7,218
Prepayments for non-current assets	*13*	**400,595**	251,935
Pledged deposits	*14*	**100,000**	103,100
Total non-current assets		**546,060**	404,339
CURRENT ASSETS			
Inventories	*11*	**317,821**	293,984
Trade receivables	*12*	**164,159**	148,138
Prepayments, deposits and other receivables	*13*	**193,398**	150,458
Time deposits	*14*	**–**	100,000
Pledged deposits	*14*	**110,944**	34,996
Cash and cash equivalents	*14*	**537,844**	592,693
Total current assets		**1,324,166**	1,320,269
CURRENT LIABILITIES			
Trade and bills payables	*15*	**99,093**	37,947
Other payables and accruals	*16*	**49,234**	70,389
Interest-bearing bank borrowings	*17*	**295,046**	28,941
Tax payable		**39,570**	64,674
Total current liabilities		**482,943**	201,951
NET CURRENT ASSETS		**841,223**	1,118,318
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,387,283**	1,522,657
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*17*	**–**	97,643
Deferred tax liabilities		**59**	60
Total non-current liabilities		**59**	97,703
Net assets		**1,387,224**	1,424,954
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	*18*	**829**	829
Reserves		**1,386,395**	1,323,550
Proposed final and special final dividends	*9*	**–**	100,575
Total equity		**1,387,224**	1,424,954

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

		Attributable to owners of the Company									
	Note	Issued capital RMB'000	Share premium account 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
At 1 January 2013 (Audited)		829	714,288	2,639	1,072	63,270	28	(22,696)	564,949	100,575	1,424,954
Profit for the period		–	–	–	–	–	–	–	61,201	–	61,201
Other comprehensive income for the period: Exchange differences on translation of operations outside Mainland China		–	–	–	–	–	–	1,644	–	–	1,644
Total comprehensive income for the period		–	–	–	–	–	–	1,644	61,201	–	62,845
Final 2012 dividend declared	9	–	–	–	–	–	–	–	–	(100,575)	(100,575)
Transfer from retained profits		–	–	–	–	7,020	–	–	(7,020)	–	–
At 30 June 2013 (Unaudited)		829	714,288*	2,639*	1,072*	70,290*	28*	(21,052)*	619,130*	–	1,387,224

* These reserve accounts comprise the consolidated reserves of RMB1,386,395,000 (31 December 2012: RMB1,323,550,000) in the interim condensed consolidated statement of financial position.

For the six months ended 30 June 2012

		Attributable to owners of the Company									
	Note	Issued capital RMB'000	Share premium account 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
At 1 January 2012 (Audited)		829	853,765	2,639	1,072	46,152	28	(23,945)	426,815	132,836	1,440,191
Profit for the period		–	–	–	–	–	–	–	71,103	–	71,103
Other comprehensive income for the period: Exchange differences on translation of operations outside Mainland China		–	–	–	–	–	–	1,005	–	–	1,005
Total comprehensive income for the period		–	–	–	–	–	–	1,005	71,103	–	72,108
Final 2011 dividend declared	9	–	–	–	–	–	–	–	–	(132,836)	(132,836)
Transfer from retained profits		–	–	–	–	7,921	–	–	(7,921)	–	–
At 30 June 2012 (Unaudited)		829	853,765	2,639	1,072	54,073	28	(22,940)	489,997	–	1,379,463

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
	Notes	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Net cash flows from operating activities		**12,281**	14,915
Net cash flows used in investing activities		**(135,401)**	(234,989)
Net cash flows from/(used in) financing activities		**65,736**	(4,049)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(57,384)**	(224,123)
Cash and cash equivalents at beginning of period		**592,693**	940,698
Effect of foreign exchange rate changes, net		**2,535**	(316)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**537,844**	716,259
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*14*	**533,844**	712,163
Non-pledged time deposits with original maturity of less than three months when acquired	*14*	**4,000**	4,096
Cash and cash equivalents as stated in the statement of financial position and statement of cash flows		**537,844**	716,259

1. Corporate Information

The Company was incorporated in the Cayman Islands on 26 June 2008 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The registered office address of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal activity of the Company is investment holding.

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

In the 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 2013 were approved and authorised for issue in accordance with a resolution of the board of directors (the "Board") on 27 August 2013.

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 2013 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 are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

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 2012.

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 2012. 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 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards — Government Loans*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 — *Transition Guidance*
IFRS 13	*Fair Value Measurement*
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*
IAS 19 (Amendments)	Amendments to IAS 19 *Employee Benefits*
IAS 27 (Revised)	*Separate Financial Statements*
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009–2011 Cycle	Amendments to a number of IFRSs issued in May 2012

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 interim condensed consolidated financial statements:

IFRS 9	*Financial Instruments*[2]
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) — *Investment Entities*[1]
IAS 32 Amendments	Amendments to IAS 32 *Presentation — Offsetting Financial Assets and Financial Liabilities*[1]
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets — Amended by Recoverable Amount Disclosures for Non-Financial Assets*[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement — Amended by Novation of Derivatives and Continuation of Hedge Accounting*[1]
IFRIC 21	*Levies*[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 January 2015

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, which is the clothing segment produces and trades menswear and other accessories.

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

As all of the Group's revenue is derived from customers based in the People's Republic of China (the "PRC") and all of the Group's identifiable non-current assets are located in the PRC, no geographical information is presented in accordance with IFRS 8 *Operating Segments*.

4. Revenue, Other Income and Gains

Revenue, 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	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**372,652**	337,969
Other income and gains		
Bank interest income	**8,016**	21,132
Foreign exchange gains, net	**710**	–
Gains from sale of raw materials	**21**	133
Others	**417**	332
	9,164	21,597

5. Profit before Tax

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

		Six months ended 30 June	
		2013	2012
	Note	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Cost of inventories sold		**121,187**	107,262
Depreciation	*10*	**10,571**	10,200
Operating lease rental expense:			
Minimum lease payments		**11,050**	6,671
Contingent rents		**77,542**	63,964
		88,592	70,635
Employee benefit expense:			
Wages and salaries		**43,416**	40,220
Pension scheme contributions		**4,522**	3,841
		47,938	44,061
Write-back of inventories provisions*		**(3,366)**	(71)
Donations*		**1,700**	582
Loss on disposal of items of property, plant and equipment*		**89**	–
Foreign exchange differences, net		**(710)**	1,720*

* These items are included in "Other expenses, net" in the interim condensed consolidated income statement.

6. Finance Costs

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans wholly repayable within five years	**2,303**	203

7. Income Tax Expense

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current — Mainland China	**22,139**	26,865
Current — Hong Kong	**114**	251
Current — Macau	**262**	–
Deferred	**1,320**	420
Tax charge for the period	**23,835**	27,536

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 Cayman Islands and British Virgin Islands profits both in the six months ended 30 June 2012 and 2013 since the applicable profits tax rate is zero.

The income tax provision of the Group in respect of its operations in Mainland China has been provided at the rate of 25% (2012: 25%) on the taxable profits for the six months ended 30 June 2013, based on the existing legislation, interpretations and practices in respect thereof.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2012 and 2013.

Macau profits tax has been provided at the rates ranging from 0% to 12% (2012: 0% to 12%) depending on the extent of estimated assessable profits arising in Macau during the period.

8. Earnings per Share attributable to Ordinary Equity Holders of the Company

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

The calculation of basic earnings per share is based on:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**61,201**	71,103

8. Earnings per Share attributable to Ordinary Equity Holders of the Company (Continued)

	Number of shares Six months ended 30 June	
	2013	2012
Shares		
Number of ordinary shares in issue during the period	**948,825,763**	948,825,763

There were no dilutive potential ordinary shares in existence for the six months ended 30 June 2013 and 2012.

9. Dividend

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interim dividend declared and payable of RMB3.6 cents per ordinary share (2012: RMB4.1 cents per ordinary share)	**34,158**	38,902

The interim dividend proposed after 30 June 2013 has not been recognised as a liability in the interim condensed consolidated statement of financial position.

The 2012 proposed final and special final dividends of RMB100,575,000 were approved by shareholders at the annual general meeting on 6 June 2013 and was distributed in June 2013.

10. Property, Plant and Equipment

	30 June 2013	31 December 2012
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Opening balance	**36,508**	37,870
Additions	**8,261**	21,706
Disposals	**(89)**	(44)
Depreciation	**(10,571)**	(23,004)
Exchange realignment	**(62)**	(20)
Closing balance	**34,047**	36,508

11. Inventories

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Raw materials	22,326	9,064
Work in progress	36,911	5,299
Finished goods	258,584	279,621
Net total inventories	317,821	293,984

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. Trade receivables are non-interest-bearing.

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

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within 1 month	120,176	125,037
1 to 3 months	33,607	11,847
3 to 6 months	5,616	8,947
6 months to 1 year	4,591	2,190
Over 1 year	169	117
Total	164,159	148,138

13. Prepayments, Deposits and Other Receivables

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Non-current		
Prepayments for property, plant and equipment	332,595	241,935
Other prepayments	68,000	10,000
	400,595	251,935
Current		
Prepayments	103,463	80,489
Deposits and other receivables	89,935	69,969
	193,398	150,458
	593,993	402,393

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

14. Cash and Cash Equivalents, Time Deposits and Pledged Deposits

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Cash at banks and on hand		533,844	588,263
Time deposits with original maturity within three months when acquired		4,000	4,430
Time deposits with original maturity of over three months when acquired		210,944	238,096
		748,788	830,789
Less: Pledged time deposits:			
Pledged for bank acceptance bills	*15*	(7,844)	(2,584)
Pledged for bank loans	*17*	(203,100)	(135,512)
Non-pledged time deposits with original maturity of over three months when acquired		–	(100,000)
Cash and cash equivalents		537,844	592,693

15. Trade and Bills Payables

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

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within 1 month	**47,852**	9,015
1 to 3 months	**17,522**	14,065
3 to 6 months	**32,318**	13,771
6 months to 1 year	**523**	236
Over 1 year	**878**	860
	99,093	37,947

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.

Included in trade and bills payables are bills payable of RMB25,542,000 (31 December 2012: RMB20,022,000), which are non-interest-bearing and settled on terms of six months. The bills are secured by the pledged deposits amounting to RMB7,844,000 (31 December 2012: RMB2,584,000). The carrying amounts of the trade and bills payables approximate to their fair values.

16. Other Payables and Accruals

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Advances from customers	**10,404**	16,964
Other payables	**37,605**	51,297
Accruals	**1,225**	2,128
	49,234	70,389

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

17. Interest-Bearing Bank Borrowings

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Bank loan — secured, within one year	**96,113**	28,941
Bank loan — secured, on demand	**97,061**	–
Bank loans — unsecured, within one year	**101,872**	–
Bank loan — secured, from one year to two years	**–**	97,643
	295,046	126,584

The interest-bearing bank borrowings as at 30 June 2013 were denominated in RMB and Hong Kong dollars, repayable within one to two years and interest-bearing at 3.15%/6.00% per annum and variable rate of 1.3% per annum plus HIBOR or LIBOR or Bank's cost of funds to be fixed by the bank.

The Group's bank loans are secured by pledged time deposits as set out in note 14 above.

The carrying amounts of the Group's bank loans approximate to their fair values.

18. Share Capital

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

	30 June 2013 HK$ (Unaudited)	31 December 2012 HK$ (Audited)
Authorised:		
10,000,000,000 ordinary shares of HK$0.001 each	**10,000,000**	10,000,000

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Issued and fully paid:		
948,825,763 (31 December 2012: 948,825,763) ordinary shares of HK$0.001 each	**829**	829

19. 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.

At 30 June 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within one year	**14,124**	10,868
In the second to fifth years, inclusive	**9,663**	5,620
	23,787	16,488

20. Commitments

In addition to the operating lease commitments detailed in note 19 above, the Group had capital commitments as follows:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Contracted, but not provided for:		
Leasehold improvements	**856**	392
Other non-current assets	**–**	58,000
	856	58,392

21. Related Party Transactions

Compensation of key management personnel of the Group

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	**5,757**	5,057
Pension scheme contributions	**127**	103
Total compensation paid to key management personnel	**5,884**	5,160

22. Fair Value

The carrying amounts and fair values of the financial instruments are as follows:

Group

	Carrying amounts		Fair values	
	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)	**30 June 2013 RMB'000 (Unaudited)**	31 December 2012 RMB'000 (Audited)
Financial assets				
Trade receivables	**164,159**	148,138	**164,159**	148,138
Financial assets included in prepayments, deposits and other receivables	**35,522**	33,466	**35,522**	33,466
Pledged deposits	**210,944**	138,096	**210,944**	138,096
Time deposits	**–**	100,000	**–**	100,000
Cash and cash equivalents	**537,844**	592,693	**537,844**	592,693
	948,469	1,012,393	**948,469**	1,012,393

	Carrying amounts		Fair values	
	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)	**30 June 2013 RMB'000 (Unaudited)**	31 December 2012 RMB'000 (Audited)
Financial liabilities				
Trade and bills payables	**99,093**	37,947	**99,093**	37,947
Financial liabilities included in other payables and accruals	**3,485**	4,582	**3,485**	4,582
Interest-bearing bank borrowings	**295,046**	126,584	**295,046**	126,584
	397,624	169,113	**397,624**	169,113

23. Events after the Period

Interim Dividend

On 27 August 2013, the Board of the Company declared an interim dividend of HK4.5 cents (equivalent to approximately RMB3.6 cents) per ordinary share to ordinary equity holders of the Company.

Share Award Plan and Share Award Plan Committee

On 27 August 2013, the Board of the Company adopted a share award plan (the "Share Award Plan"). Details of the Share Award Plan are set out under the section headed "Share Award Plan" on page 17 of this report.

The Board of the Company established a share award plan committee comprising Mr. Chan Yuk Ming, Mr. Chen Yunan and Mr. Cheng King Hoi, Andrew for overseeing the operation of the Share Award Plan.