



Evergreen International Holdings Limited

Stock code: 238

Interim Results 2013
August 2013



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- FINANCIAL HIGHLIGHTS
- BUSINESS & OPERATIONAL REVIEW
- PROSPECTS & STRATEGIES
- Q&A

RESULTS HIGHLIGHTS

- Revenue amounted to RMB372.7M, up 10.3% y-o-y
- Gross profit margin slightly decreased by 0.8 percentage points to 67.5%
- Operating profit up by 1.2% to RMB 78.2M
- Profit attributable to shareholders down by RMB 9.9M or 13.9% to RMB61.2M, mainly due to decrease in non-operating bank interest income of RMB 13.1M
- Net asset value per share was HK\$1.85 as at 30 Jun 2013
- The Board declared an interim dividend of HK4.5cents (equivalent to RMB3.6 cents) per share for the six months ended June 2013
- Adopted a share award plan to recognize and reward contributions and to incentivize sustained contribution of the senior management and long-standing employees





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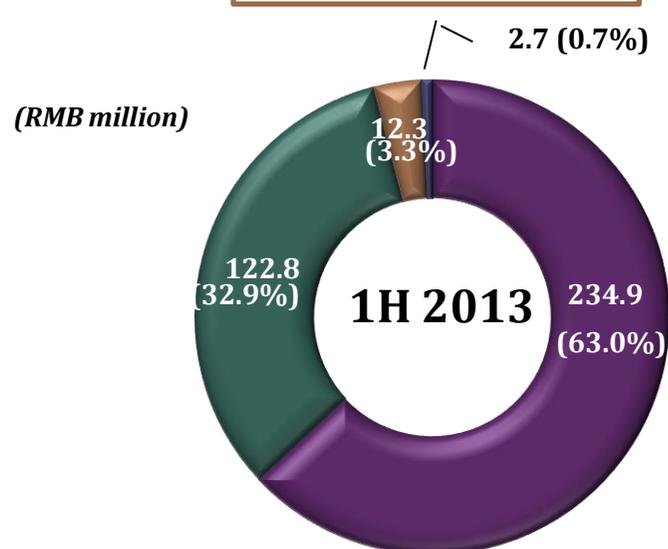
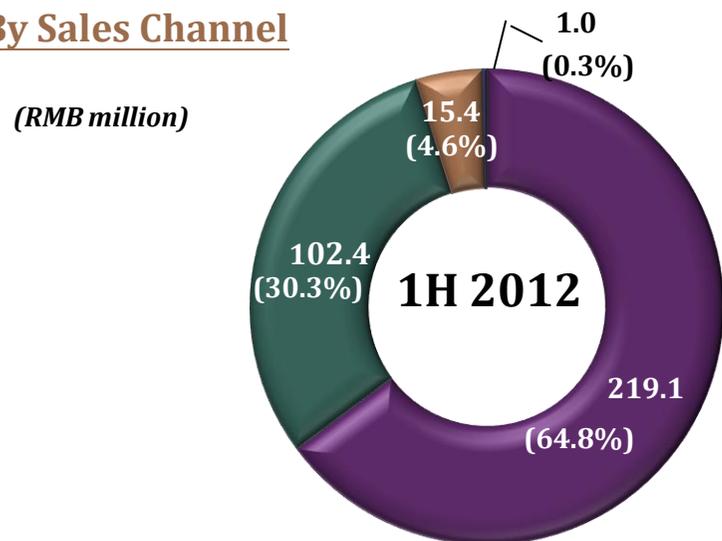
FINANCIAL HIGHLIGHTS

(RMB million)	Six months ended 30 June		
	2012	2013	Change
Revenue	338.0	372.7	10.3%
Gross profit	230.7	251.5	9.0%
<i>Gross profit margin (%)</i>	68.3%	67.5	-0.8ppt
Operating profit	77.2	78.2	1.2%
<i>Operating profit margin (%)</i>	22.8%	21.0%	-1.8ppt
Profit attributable to shareholders	71.1	61.2	-13.9%
<i>Net profit margin (%)</i>	21.0%	16.4%	-4.6 ppt
EPS – Basic (RMB cents)	7.5	6.5	-13.3%
Interim dividend per share (HK cents)	5.0	4.5	-10.0%
<i>Dividend payout ratio</i>	55%	55%	-
Effective Tax rate	27.9%	28.0%	0.1 ppt

REVENUE ANALYSIS

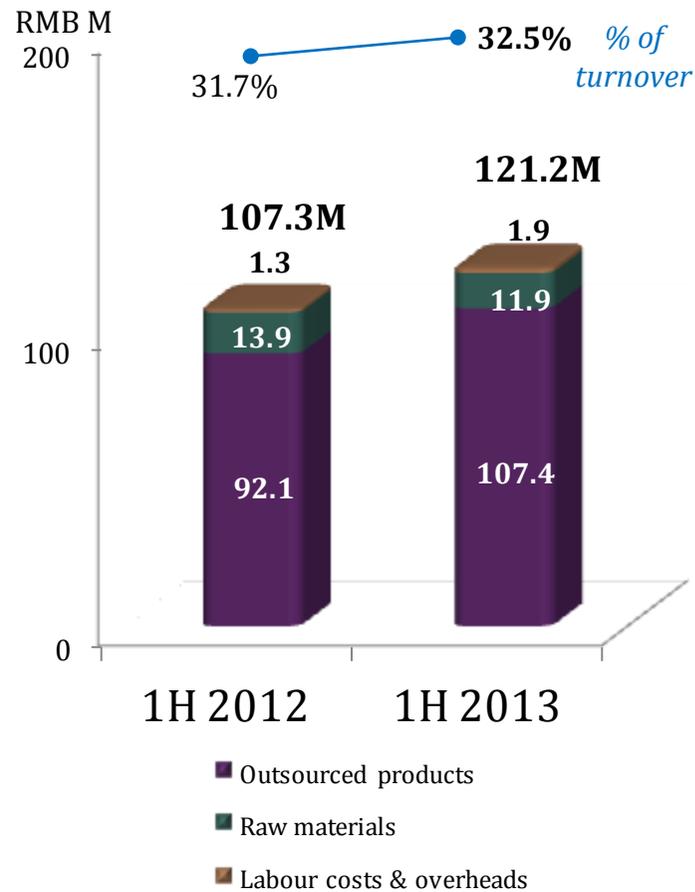
By Brand	1H 2012 (RMB million)	1H 2013 (RMB million)	% Change
V.E. DELURE	264.7	296.4	12.0%
- Self-operated stores	180.3	188.7	4.7%
-Distributors	83.5	105.0	25.7%
-Corporate sales	1.0	2.7	182.5%
TESTANTIN	57.8	64.0	10.7%
- Self-operated stores	38.8	46.2	18.9%
- Distributors	19.0	17.8	-6.0%
LICENSED brands - Cartier	15.4	12.3	-20.7%
Total	338.0	372.7	10.3%

By Sales Channel

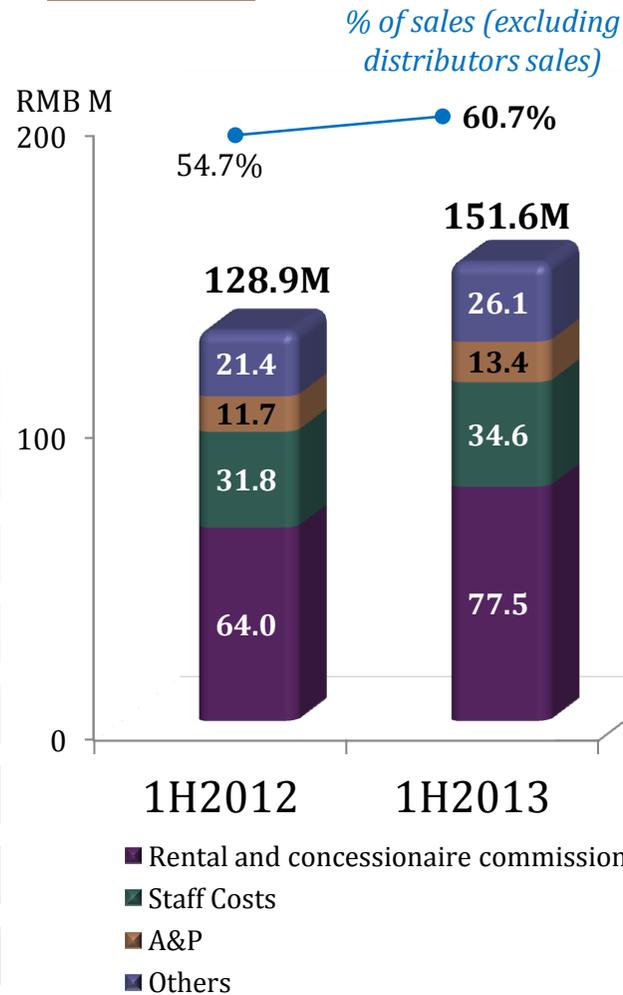


Self-operated stores
 Distributors
 Licensed brands
 Corporate sales

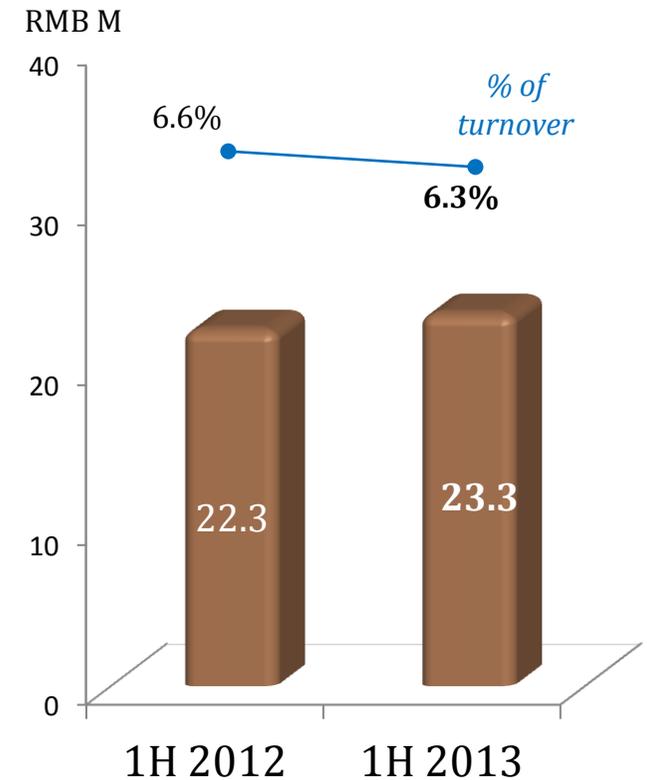
Cost of sales



Selling & distribution expenses



Administrative expenses

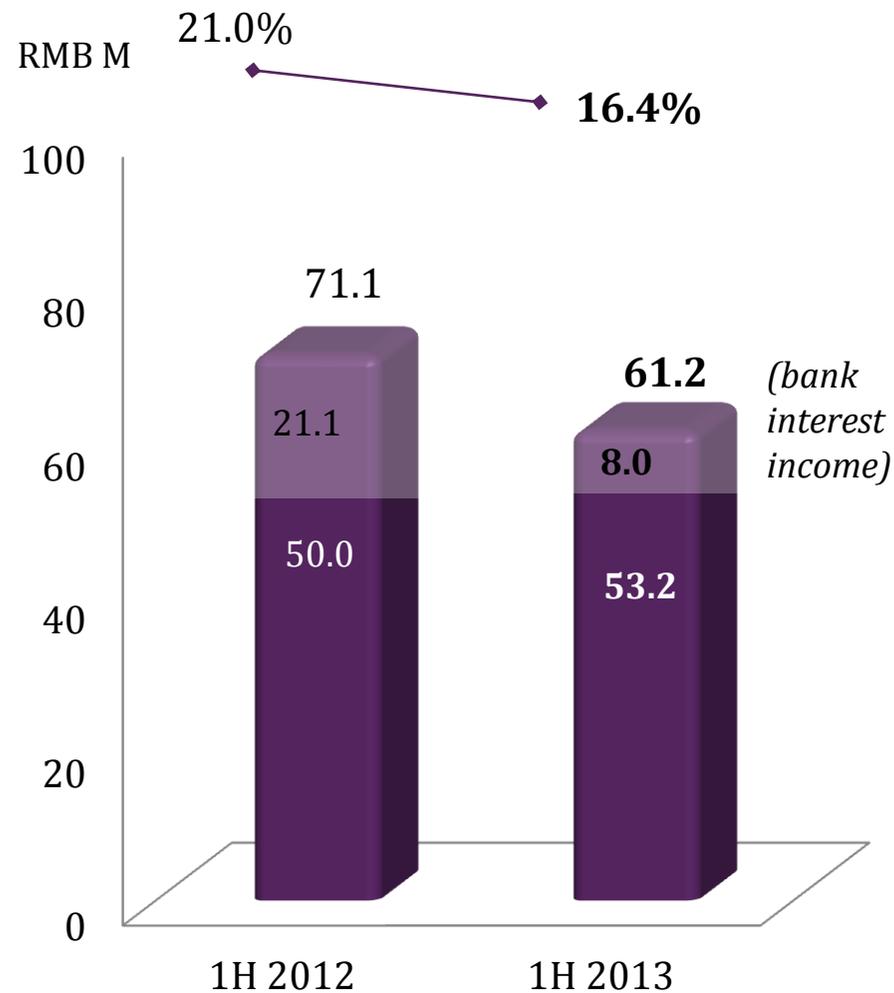


PROFIT & MARGIN

Gross profit & margin



Net profit & margin



KEY FINANCIAL INDICATORS

Financial position

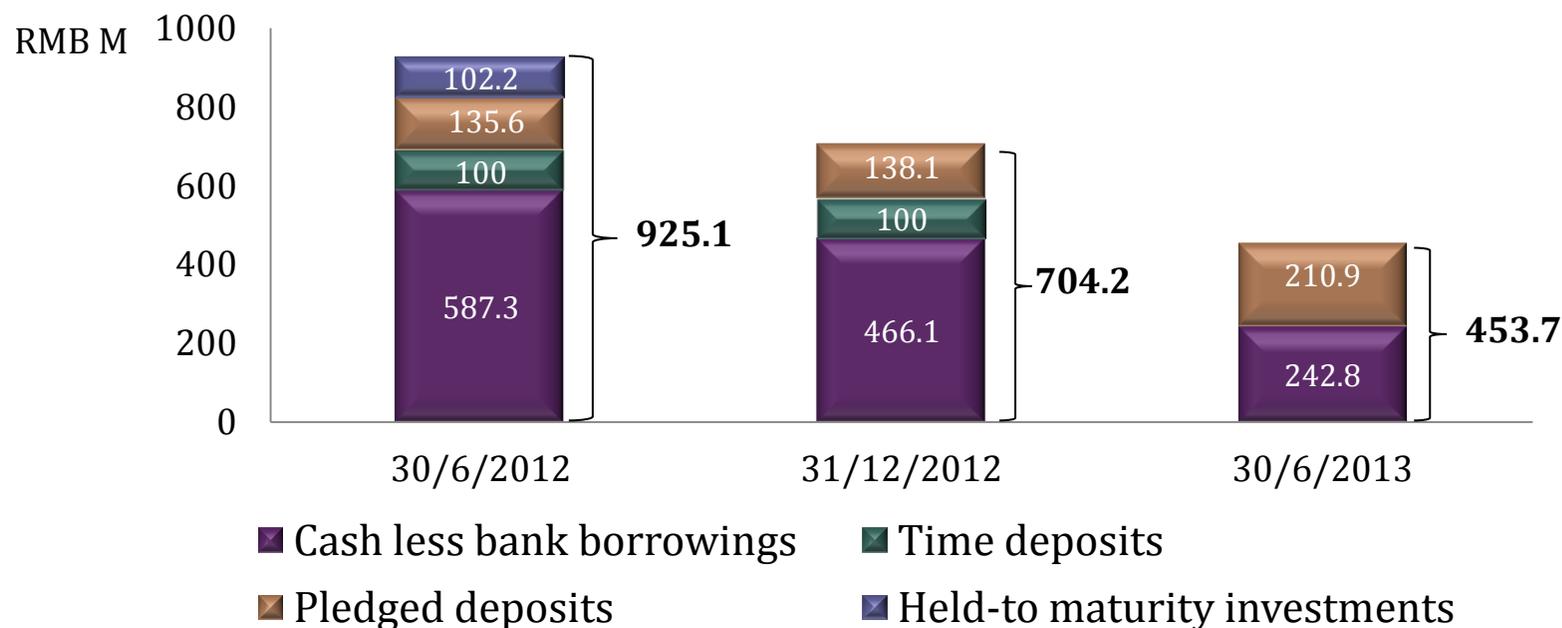
	1H 2012	FY 2012	1H 2013
Trade receivables turnover days	71	71	75
Trade and bills payables turnover days	116	123	102
Inventory turnover days	430	431	454
<i>V.E. DELURE</i>	413	410	393
<i>TESTANTIN</i>	367	371	356
Inventory balance (RMB million)	228.7	294.0	305.9
Inventory balance – finished goods (RMB million)	206.1	279.6	258.6
Net working capital turnover days	385	379	427
Net cash position (RMB million)	822.8	704.2	453.7
NAV per share (HK\$)	1.77	1.87	1.85

KEY FINANCIAL INDICATORS (CONT' D)

Cashflows

(RMB Million)	1H2012	FY2012	1H2013
Operating cashflow	14.9	103.9	12.3
Investing cashflow	(235)	(406.0)	(135.4)
Financing cashflow	(4.0)	(47.4)	65.7
Net cash flow	(224.1)	(349.5)	(57.4)

Net Cash Position



USE OF PROCEEDS

	Planned %	Amount of net proceeds (RMB M)	As at 30 June 2013	
			Utilized amount (RMB M)	Remaining amount (RMB M)
Expansion and improvement of retail network	45%	457.8	441.0	16.8
Developing independent lines of branded apparels and accessories	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	5%	50.9	1.0	49.9
General working capital	8%	81.4	58.3	23.1
TOTAL	100%	1,017.4	617.3	400.1

Self-operated stores only

<i>Sales volume of apparel products (pcs)</i>	Six months ended 30 June		
	2012	2013	Change(%)
V.E. DELURE	75,066	85,121	13.4%
TESTANTIN	26,819	35,060	30.7%

<i>ASP of the apparel products (RMB)</i>	Six months ended 30 June		
	2012	2013	Change(%)
V.E. DELURE	2,197	2,080	-5.3%
TESTANTIN	1,339	1,225	-8.5%

<i>SSSG</i>	1H 2012	FY 2012	1H 2013
V.E. DELURE	6.6%	7.0%	1.5%
TESTANTIN	8.5%	9.5%	1.0%

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NATIONWIDE RETAIL NETWORK

- **433** stores of V.E. DELURE and TESTANTIN in **33** provinces, municipalities & autonomous regions with the coverage of **192** cities
- Net stores opened in 1H 2013: +1 (Stores opened:22, stores closed: 21)

Region	No. of shops		Revenue		Change (%)
	As at 31 Dec 2012	As at 30 Jun 2013	1H 2012 (RMB '000)	1H 2013 (RMB '000)	
Central	29	32	21,610	23,501	8.8%
North Eastern	43	42	28,019	39,182	39.8%
East	74	70	44,923	47,906	6.6%
North Western	47	49	36,845	40,624	10.3%
North	73	72	67,813	69,862	3.0%
South Western	71	76	34,458	41,317	19.9%
South	90	87	72,206	80,505	11.5%
Hong Kong & Macau	5	5	16,653	17,504	5.1%
TOTAL	432	433	322,527	360,401	



V.E. DELURE and TESTANTIN stores in Venetian Macao

NATION-WIDE RETAIL NETWORK BY BRANDS

V.E. DELURE



	31 Dec 2012	30 Jun 2013	Change (no. of stores)
Self-operated	143	148	+5
Franchised	164	161	-3
TOTAL	307	309	+2

Total number of stores by tier of cities



- **Tier 1:** Beijing, Shanghai, Guangzhou, Hong Kong & Macau
- **Tier 2:** Provincial capital cities excl. Beijing, Shanghai & Guangzhou
- **Tier 3:** Prefecture-level cities excl. provincial capital cities
- **Tier 4:** County-level cities

NATION-WIDE RETAIL NETWORK BY BRANDS (CONT' D)

	31 Dec 2012	30 Jun 2013	Change (no. of stores)
Self-operated	61	64	+3
Franchised	64	60	-4
TOTAL	125	124	-1

Total number of stores by tier of cities



Testantin  *Collection*



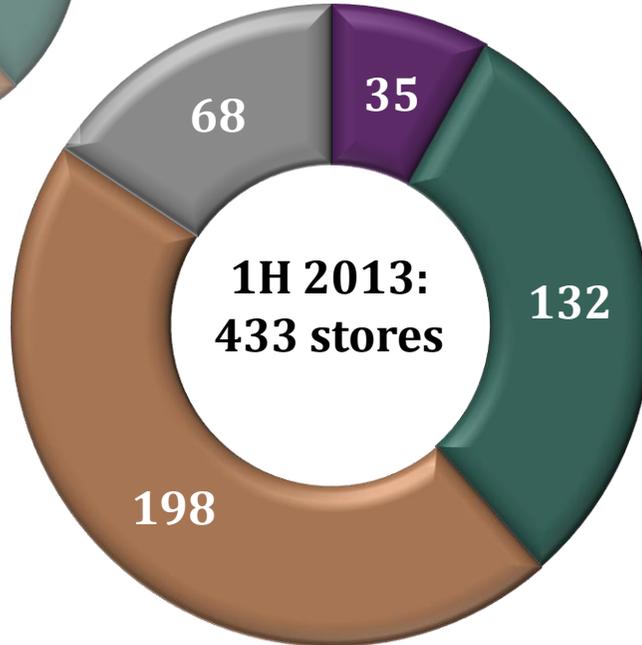
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NATION-WIDE RETAIL NETWORK BY TIER OF CITIES



Evergreen International

Total number of stores by tier of cities



- **Tier 1:** Beijing, Shanghai, Guangzhou, Hong Kong & Macau
- **Tier 2:** Provincial capital cities excl. Beijing, Shanghai & Guangzhou
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Yanshan Youyi, Beijing



Shin Kong Place, Beijing



Dream Island, Nanning



iSquare, Hong Kong



Gingko, Kunming



North Mall, Shijiazhuang



Springland, Wuxi



Golden Eagle, Nanjing



Maison Mode, Chongqing



Hisense Shopping Plaza
Qingdao



Charter Shopping Center
Shenyang



Hangzhou Tower
Hangzhou

Franchised stores only

	Growth rate	Delivery commences
Fall/Winter 2013	+7%	August 2013
	Growth rate	Delivery commences
Spring/Summer 2014	-3%	January 2014



- Continued commitment to innovative product designs and strict quality control, and launched unique product portfolios for its dual proprietary brands, V.E. DELURE and TESTANTIN
- Design team at the Guangzhou headquarters led by experienced chief supervisors with substantial design experience in the industry



- The Group considers stores as one of the important channels to promote and enhance brand image
- During the period, the two brands continued to carry out retail shop image upgrade work, broaden the display space, to further enhance its high-end brand image in order to more effectively promote the brands and attract more customers



Sponsorship

- Exclusive sponsorships of formal attire of the **PRC national table tennis team and badminton team** with sponsorship period until **2015**
- PRC national table tennis world champions Xu Xin (許昕) and Liu Shiwen (劉詩雯) are the campaign ambassadors in Guangzhou
- Sponsored the **“2013 ITTF World Team Class”** which was held in Guangzhou in March 2013



Events

- Collaborated with China National Table Tennis Team and shopping malls to organize charity activities in Guangzhou
- VIP event organized in various cities to increase brand loyalty
- VIP Family Outdoor Day organized in various cities to strengthen brand equity of the Group

Training sessions

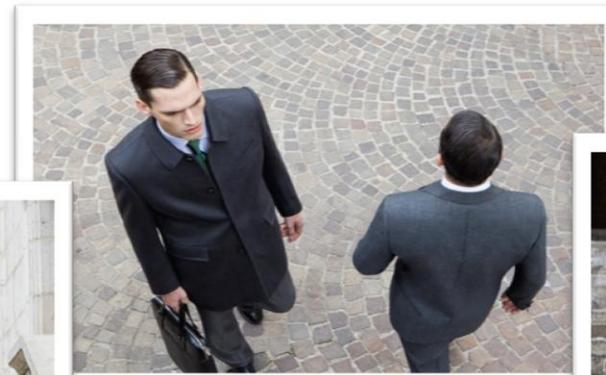
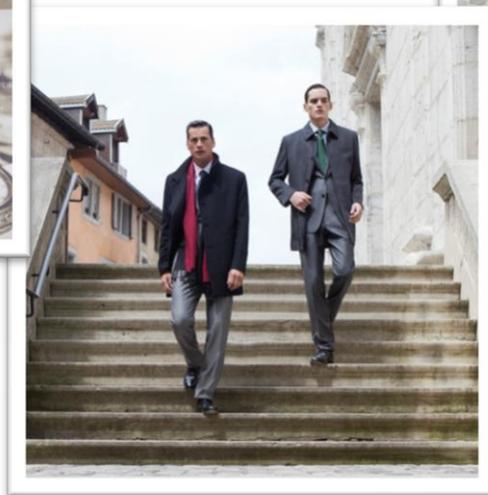
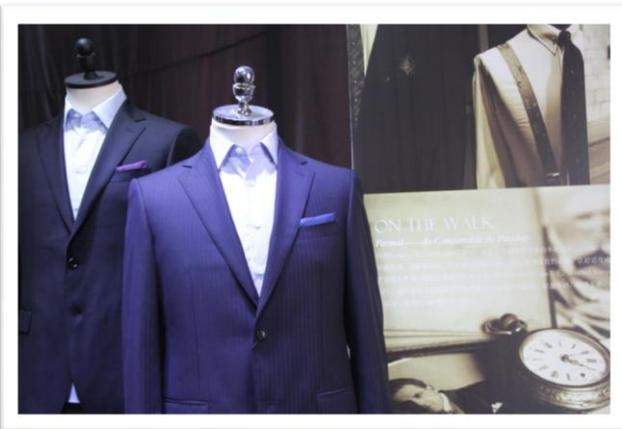
- Held intensive training sessions for our distributors and staff to meet changing customer needs and better management of the self-operated stores and distributor stores
- Successfully developed our brand culture among the staff
- Collaborated with professional consultants to conduct training sessions



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SALES NETWORK EXPANSION

- Plans to open approximately **28** new retail stores in the second half of 2013, of which approximately **8** would be self-operated stores, while the remaining **20** will be franchised stores
- Self-operated stores in higher-tier cities help enhance brand influence in lower-tier cities
- **Overall strategy:** open self-operated stores in high-tier cities, while penetrating into the market of low-tier cities through franchised stores



PROSPECTS *(cont'd)*

OTHER STRATEGIES

- will continue to enhance our **brand image**
- Strengthen **VIP programs** to establish long-term relationship
- Organise various **specific marketing initiatives** to strengthen the brand recognition and value
- Cautiously select suitable brands for **merger and acquisition** to enrich brand portfolio



*Become the
leading operator
in the mid to high-end
menswear market*

AGENDA



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