



Evergreen International Holdings Limited

Stock code: 238

Annual Results 2013

March 2014



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

RESULTS HIGHLIGHTS

- Revenue amounted to RMB693.6M, down 7.4% y-o-y
- Gross profit margin decreased by 0.8 percentage points to 66.5%
- Operating profit down by 43.1% to RMB 104.8M
- Profit attributable to shareholders down by RMB 78.4M or 50.5% to RMB76.8M
- Sales from self-operated stores up 1.3% to RMB473.7M
- Net asset value per share was HK\$1.82 as at 31 December 2013
- Total number of stores decreased by 12 to 420 stores
- The Board declared a final dividend of HK1.2cents (equivalent to RMB0.9 cents) per share for the year ended 31 December 2013





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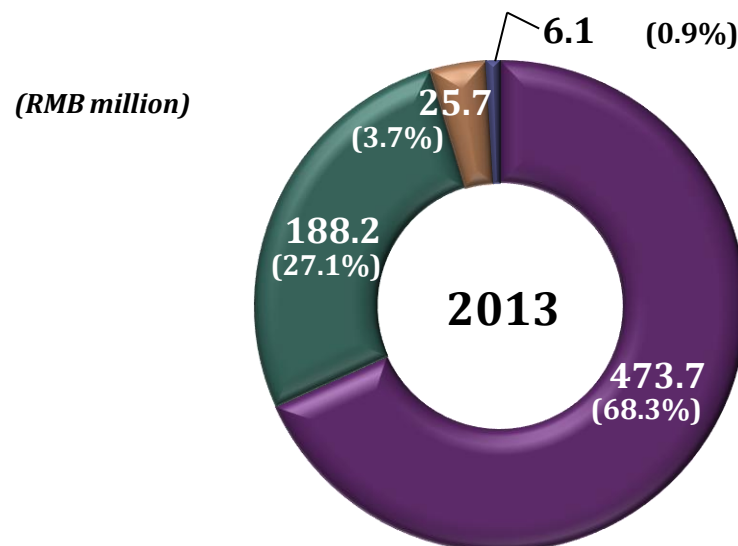
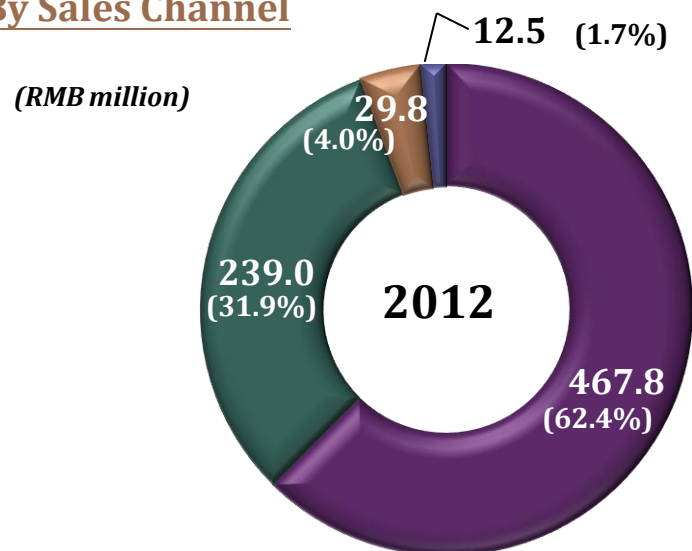
FINANCIAL HIGHLIGHTS

(RMB million)	Year ended 31 December		
	2012	2013	Change
Revenue	749.1	693.6	-7.4%
Gross profit	504.4	461.5	-8.5%
<i>Gross profit margin (%)</i>	67.3%	66.5%	-0.8ppt
Operating profit	184.3	104.8	-43.1%
<i>Operating profit margin (%)</i>	24.6%	15.1%	-9.5ppt
Profit attributable to shareholders	155.3	76.8	-50.5 %
<i>Net profit margin (%)</i>	20.7%	11.1%	-9.6ppt
EPS – Basic (RMB cents)	16.4	8.1	-50.6%
Dividend per share (HK cents)			
-Interim	5.0	4.5	-10%
-Final	6.2	1.2	-80.6%
-Dividend payout ratio	54%	56%	+2ppt
Effective Tax rate	27.2%	30.2%	+3ppt

REVENUE ANALYSIS

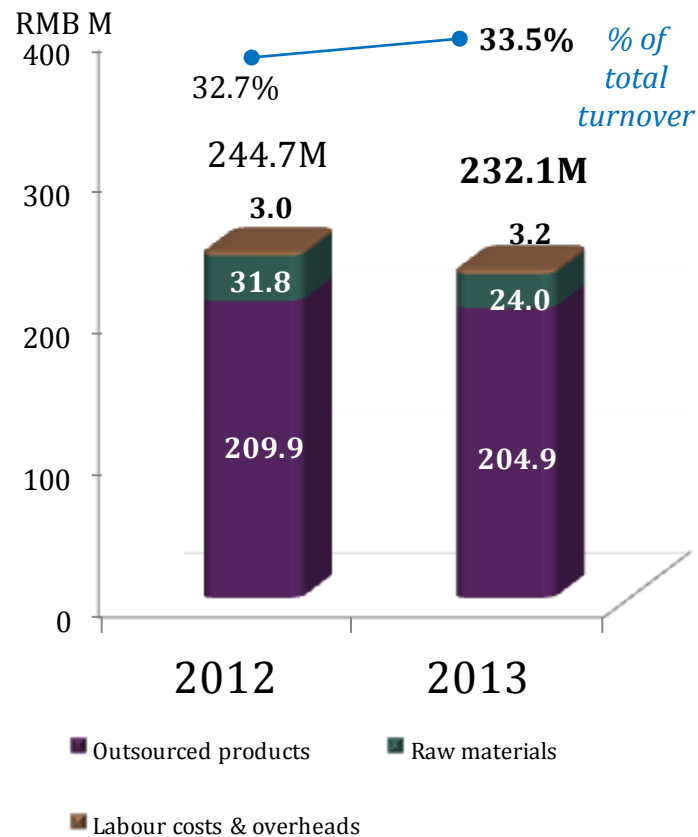
By Brand	2012 (RMB million)	2013 (RMB million)	% Change
V.E. DELURE	594.5	550.8	-7.3%
- Self-operated stores	382.1	382.7	+0.1%
- Distributors	199.9	162.1	-18.9%
- Corporate sales	12.5	6.1	-51.5%
TESTANTIN	124.8	117.1	-6.2%
- Self-operated stores	85.7	91.0	+6.3%
- Distributors	39.2	26.1	-33.4%
LICENSED brands - Cartier	29.8	25.7	-13.7%
Total	749.1	693.6	-7.4%

By Sales Channel

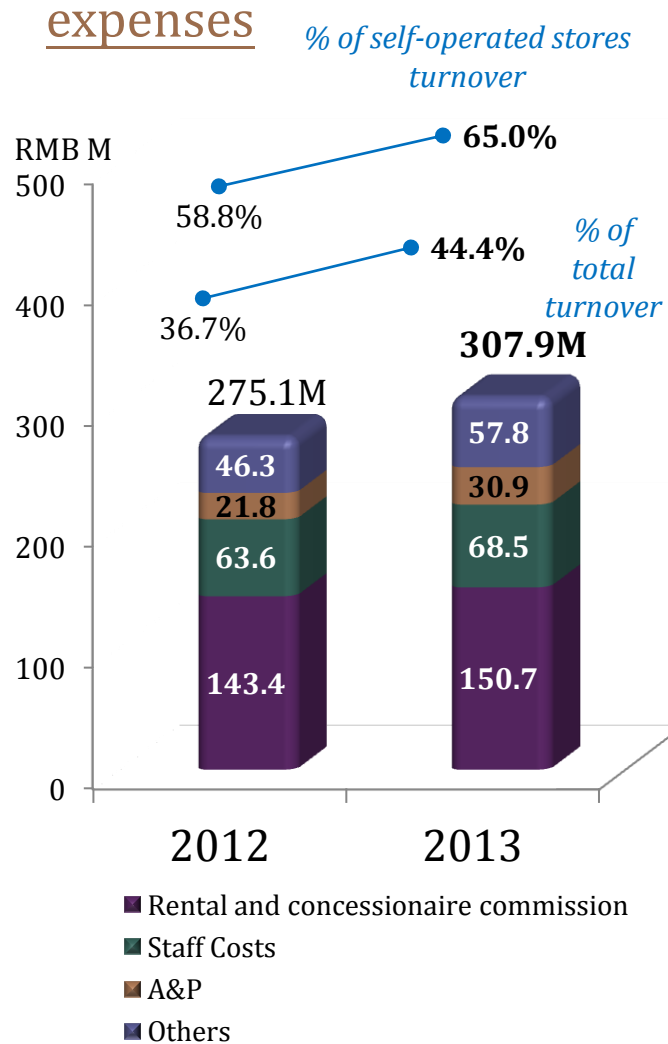


Self-operated stores
 Distributors
 Licensed brands
 Corporate sales

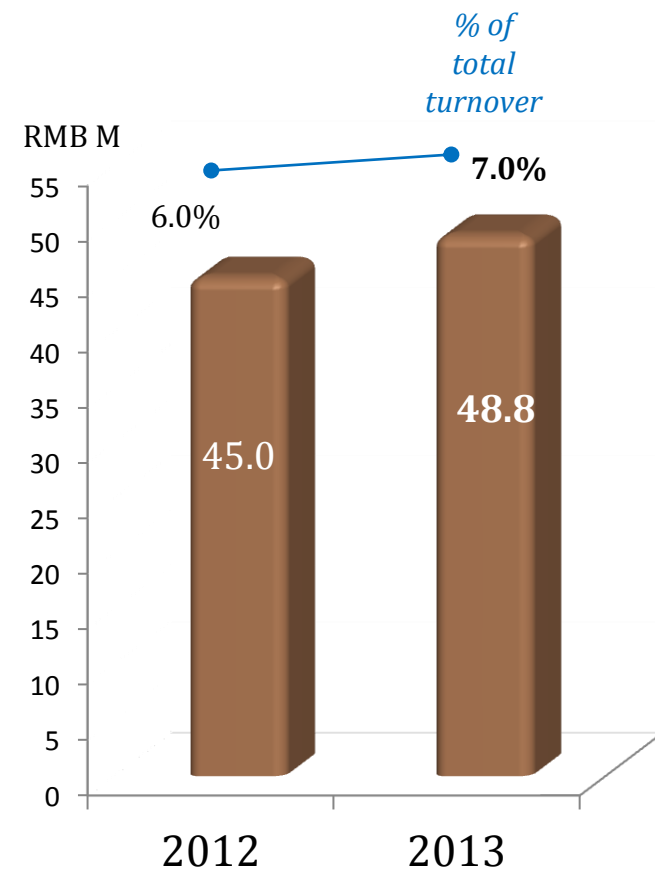
Cost of sales



Selling & distribution expenses

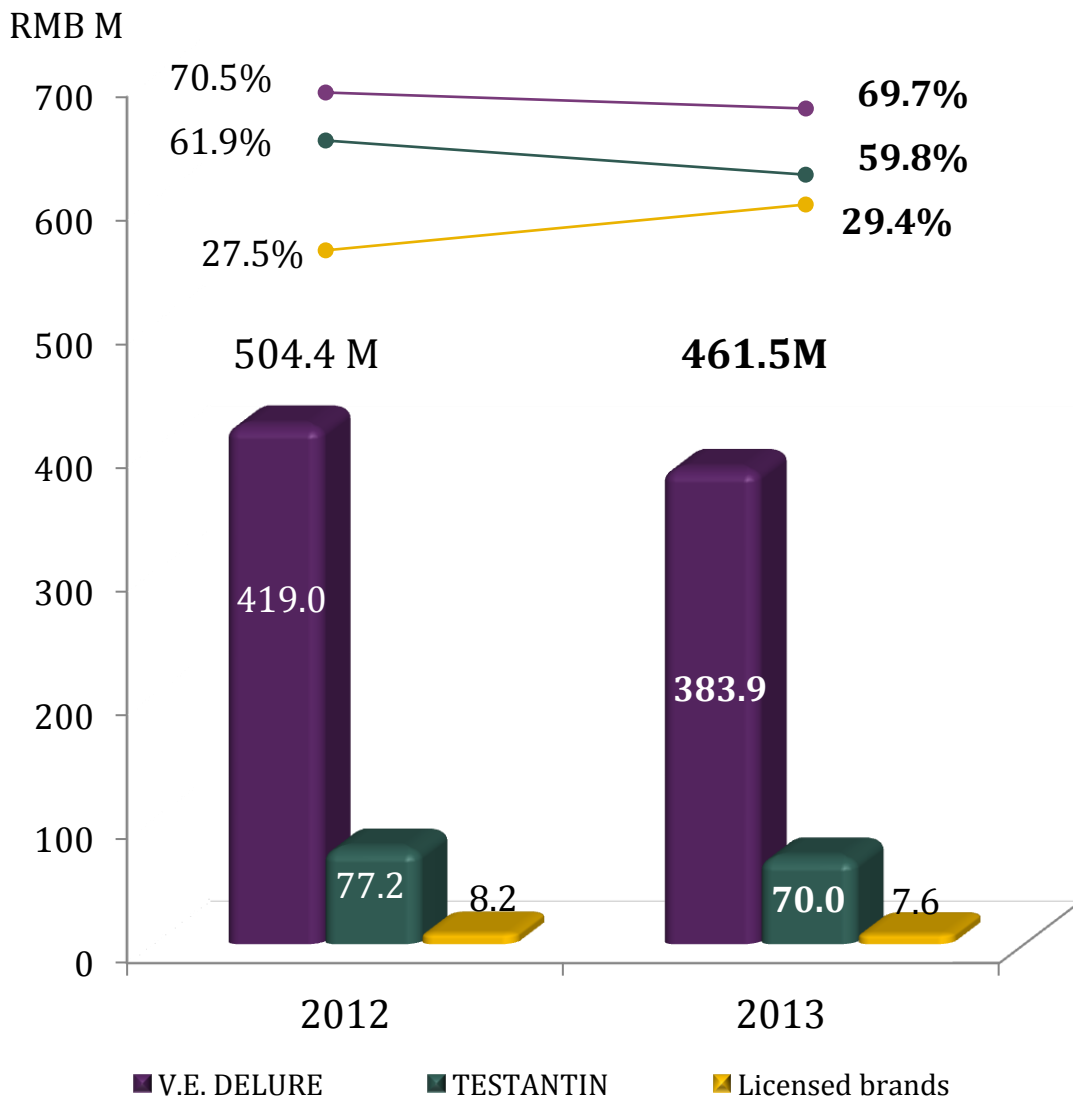


Administrative expenses

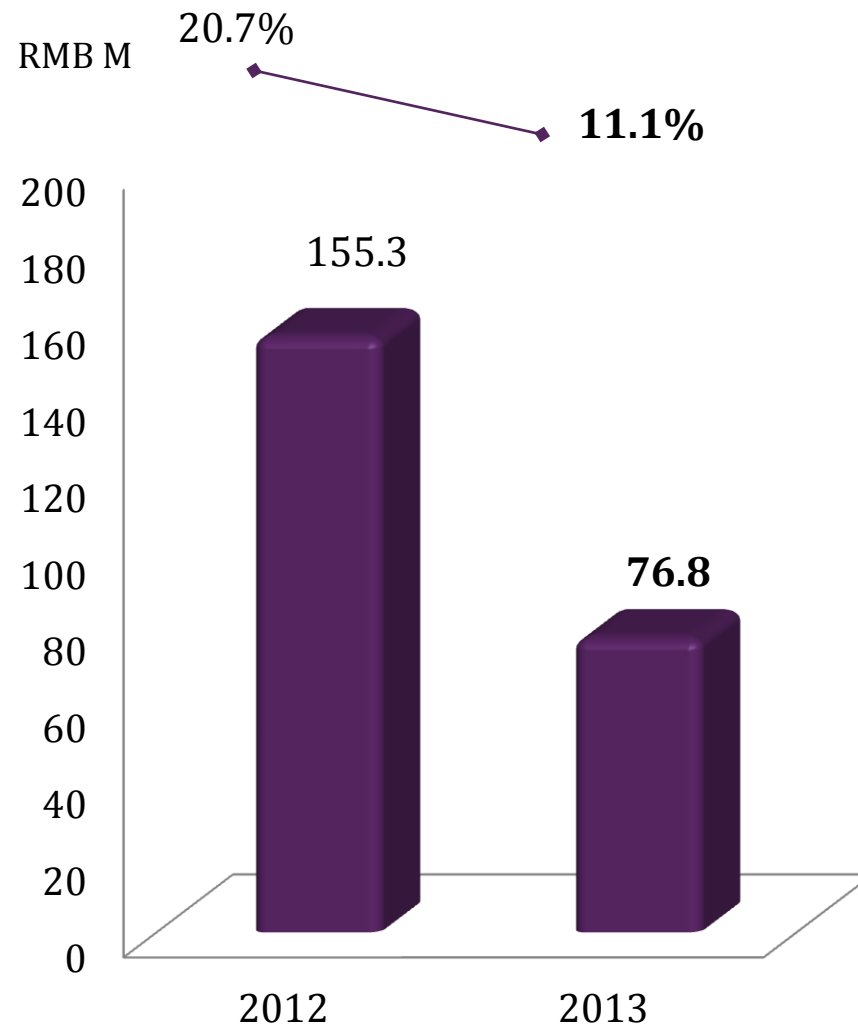


PROFIT & MARGIN

Gross profit & margin



Net profit & margin



KEY FINANCIAL INDICATORS

Financial position

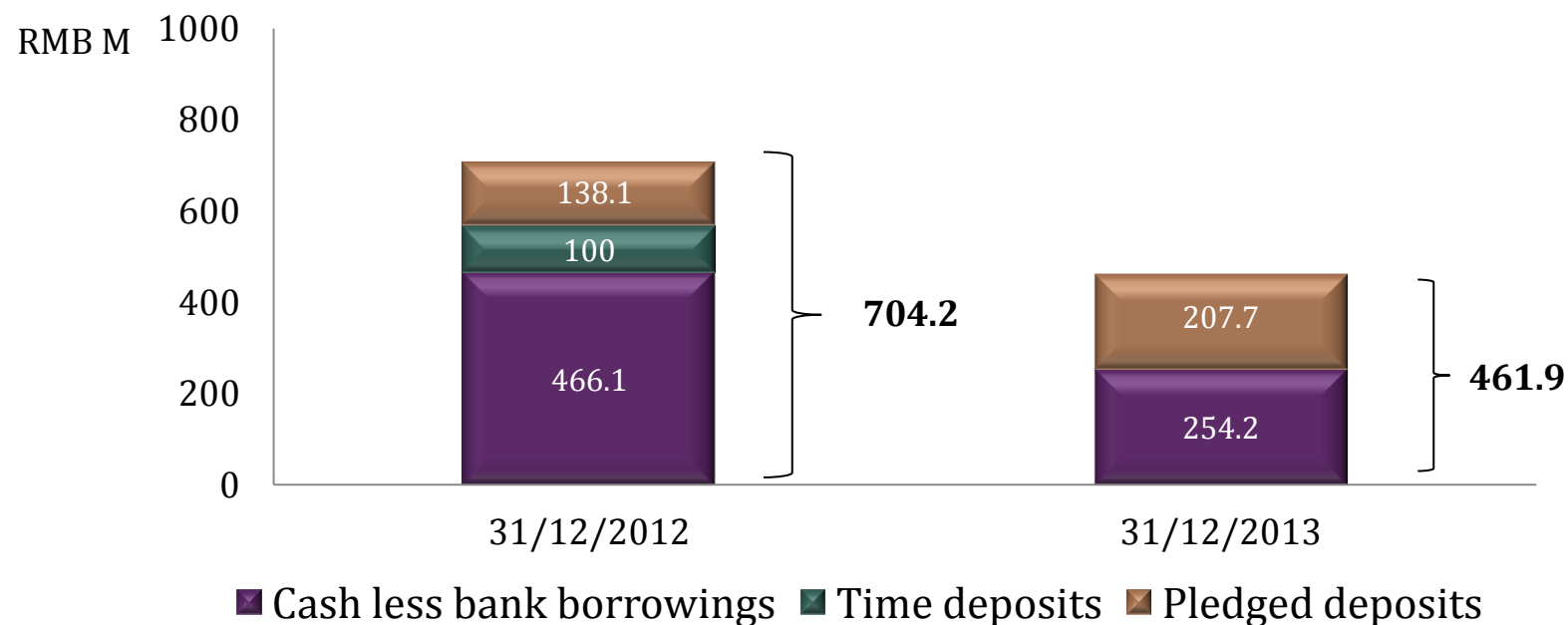
	FY 2012	1H 2013	FY 2013
Trade receivables turnover days	71	75	81
Trade and bills payables turnover days	123	102	76
Inventory turnover days	431	454	497
<i>V.E. DELURE</i>	<i>410</i>	<i>393</i>	<i>472</i>
<i>TESTANTIN</i>	<i>371</i>	<i>356</i>	<i>436</i>
Net working capital turnover days	379	427	502
Inventory balance (RMB million)	294.0	305.9	339.6
Net cash position (RMB million)	704.2	453.7	461.9
NAV per share (HK\$)	1.87	1.85	1.82
Net cash per share (HK\$)	0.92	0.60	0.62

KEY FINANCIAL INDICATORS (CONT' D)

Cashflows

(RMB Million)	FY2012	1H2013	FY2013
Operating cashflow	93.9	12.3	65.7
Investing cashflow	(396.0)	(135.4)	(137.3)
Financing cashflow	(47.4)	65.7	99.4
Net cash flow	(349.5)	(57.4)	27.8

Net Cash Position



USE OF PROCEEDS

	Planned %	Amount of net proceeds (RMB M)	As at 31 December 2013	
			Utilized amount (RMB M)	Remaining amount (RMB M)
Expansion and improvement of retail network	45%	457.8	456.2	1.6
Developing independent lines of branded apparels and accessories	10%	101.7	93.8	7.9
Acquisitions or licensing of additional brands	20%	203.5	-	203.5
Marketing and promotion activities	7%	71.2	53	18.2
Upgrade of ERP system and database management system	5%	50.9	3.6	47.3
Hiring international design talent and design consultant firms	5%	50.9	2.9	48.0
General working capital	8%	81.4	63.5	17.9
TOTAL	100%	1,017.4	673.0	344.4

Self-operated stores only

<i>Sales volume of apparel products (pcs)</i>	Year ended 31 December		
	2012	2013	Change(%)
V.E. DELURE	174,465	209,105	19.9%
TESTANTIN	73,815	105,329	42.7%

<i>ASP of the apparel products (RMB)</i>	Year ended 31 December		
	2012	2013	Change(%)
V.E. DELURE	2,044	1,724	-15.7%
TESTANTIN	1,089	814	-25.3%

<i>SSSG</i>	FY 2012	1H 2013	FY2013
V.E. DELURE	7.0%	1.5%	-9.0%
TESTANTIN	9.5%	1.0%	-5.0%

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NATIONWIDE RETAIL NETWORK

- **420** stores of V.E. DELURE and TESTANTIN in **33** provinces, municipalities & autonomous regions with the coverage of **191** cities
- Net stores closed in 2013: -12 (Stores opened: 60, stores closed: 72)

Region	No. of shops		Revenue		Change (%)
	2012	2013	2012 (RMB '000)	2013 (RMB '000)	
Central	29	36	50,919	44,495	-12.6%
North Eastern	43	39	66,456	66,023	-0.7%
East	74	62	91,988	80,466	-12.5%
North Western	47	48	85,226	74,905	-12.1%
North	73	68	140,318	114,130	-18.7%
South Western	71	77	90,178	92,644	+2.7%
South	90	86	188,648	182,383	-3.3%
Hong Kong & Macau	5	4	35,368	38,571	+9.1%
TOTAL	432	420	749,101	693,617	-7.4%



V.E. DELURE and TESTANTIN stores in Venetian Macao

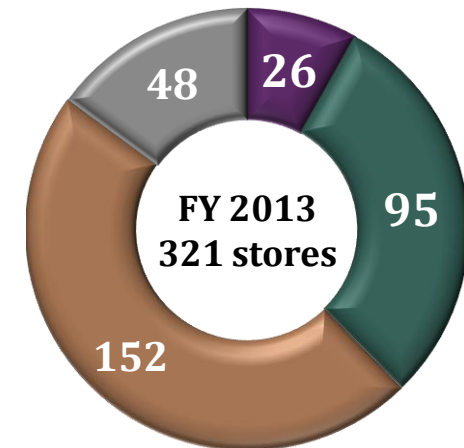
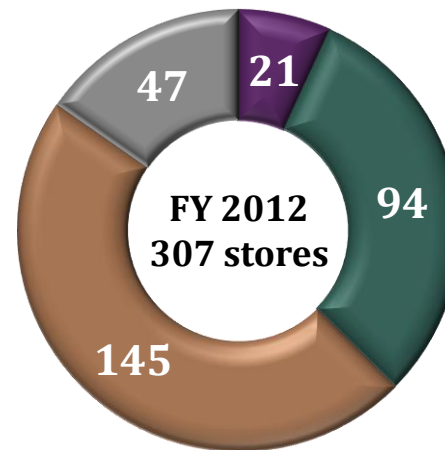
NATION-WIDE RETAIL NETWORK BY BRANDS

V.E. DELURE



	2012	2013	Change (no. of stores)
Self-operated	143	151	+8
Franchised	164	170	+6
TOTAL	307	321	+14

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

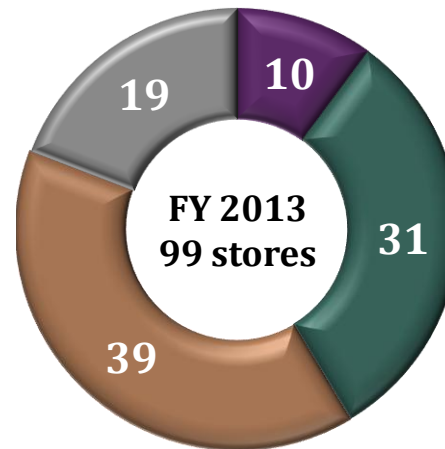
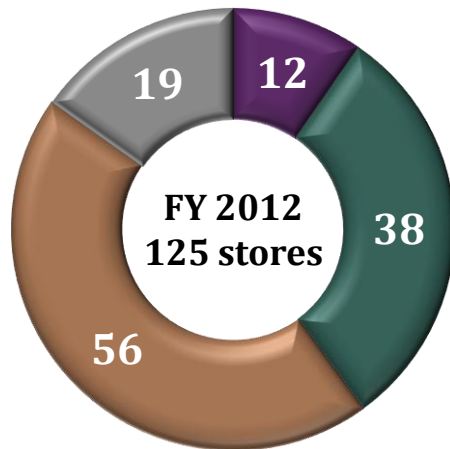
NATION-WIDE RETAIL NETWORK BY BRANDS (CONT' D)

	2012	2013	Change (no. of stores)
Self-operated	61	54	-7
Franchised	64	45	-19
TOTAL	125	99	-26

Testantin  *Collection*



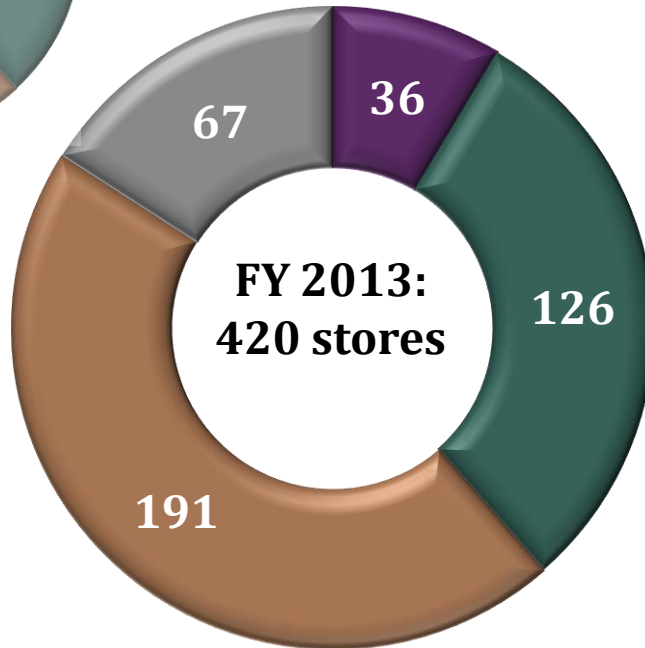
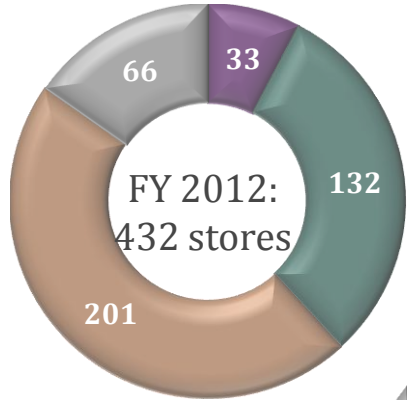
Total number of stores by tier of cities



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NATION-WIDE RETAIL NETWORK BY TIER OF CITIES

Total number of stores by tier of cities



- **Tier 1:** Beijing, Shanghai, Guangzhou, Hong Kong & Macau
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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
Spring/Summer 2014	-3%	January 2014
	Growth rate	Delivery commences
Fall/Winter 2014 (V.E. DELURE only)	-20%	August 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

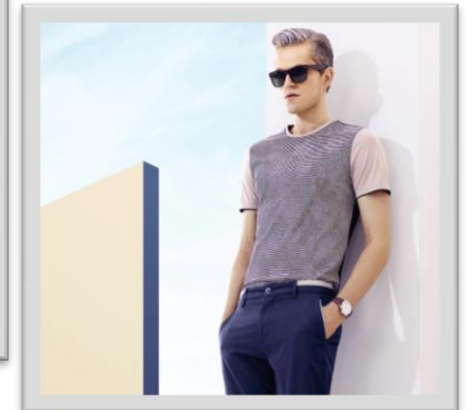
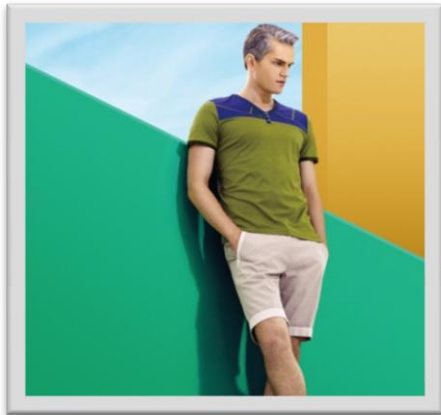




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SALES NETWORK EXPANSION

- Plans to open approximately **30** new retail stores in 2014, of which approximately **20** would be self-operated stores, while the remaining **10** 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



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
- More actively select suitable brands for **merger and acquisition** to enrich brand portfolio



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

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