



Shenzhou International
Group Holdings Limited
申洲國際集團控股有限公司*

Stock Code 股份編號: 2313

ANNUAL RESULTS 2021

March 2022



Part.01

Financial Highlights

Part.02

Business Review

Part.03

Future Strategic

Part.04

Open Forum





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Financial Highlights



Financial Highlights

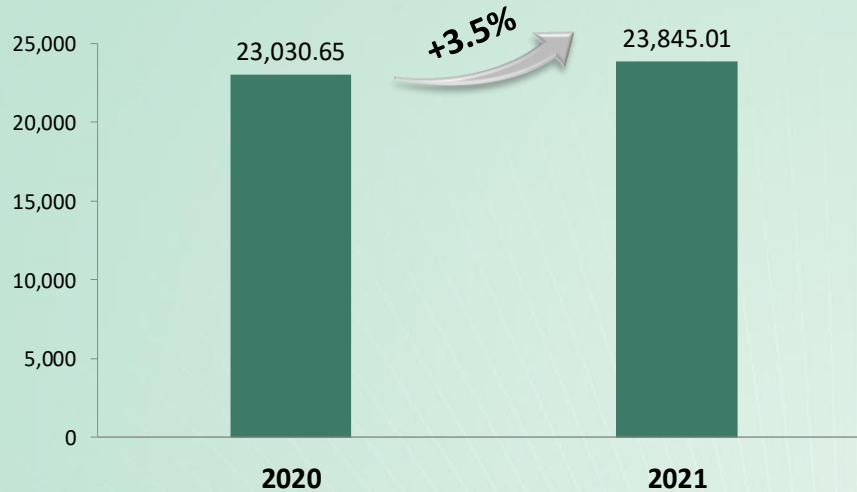
(RMB '000)	2021	2020	Change
Turnover	23,845,006	23,030,648	3.5%
Gross profit	5,789,647	7,194,608	(19.5%)
Profit attributable to equity holders	3,371,702	5,106,736	(34.0%)
Basic EPS (RMB)	2.24	3.40	(34.1%)
Total dividend(HK\$)	1.63	2.00	(18.5%)
- Interim dividend(HK\$)	1.06	0.90	17.8%
- Final dividend (HK\$)	0.57	1.10	(48.2%)



Sales Analysis

Sales

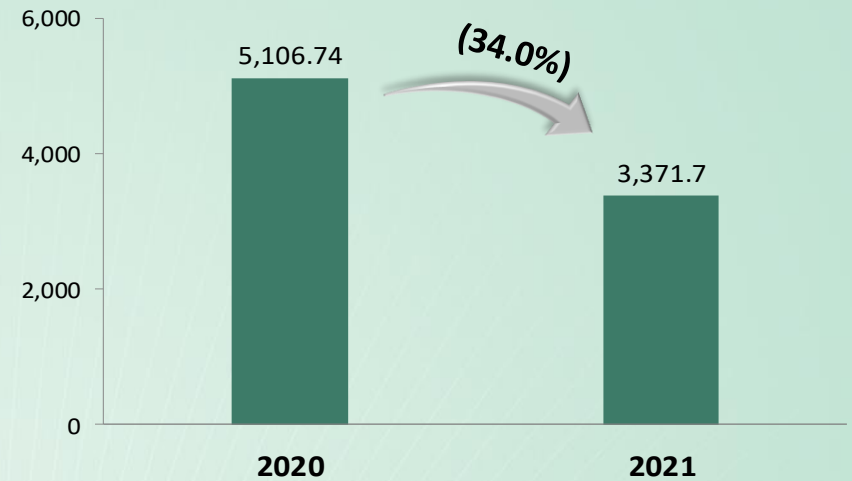
(RMB million)



- Recorded a slightly increase in revenue
 - ▣ Satisfactory growth in the order demand and expansion of the production capacity
 - ▣ Decrease in capacity utilization rate due to temporarily suspension of operation in Vietnam and Cambodia factories

Profit Attributable to Equity Holders

(RMB million)



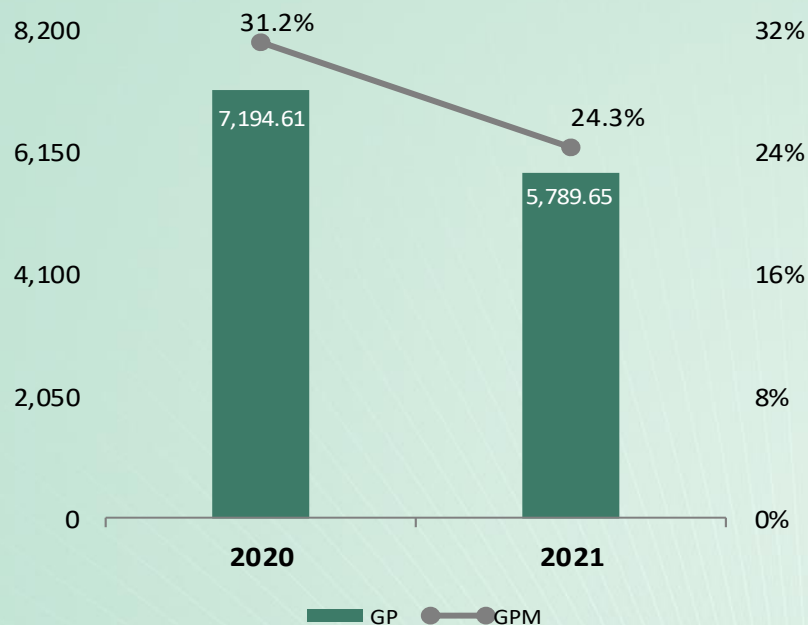
- Mainly attributable to the pressure from decrease in capacity utilization rate and the significant increase in production cost



Profit Margin Analysis

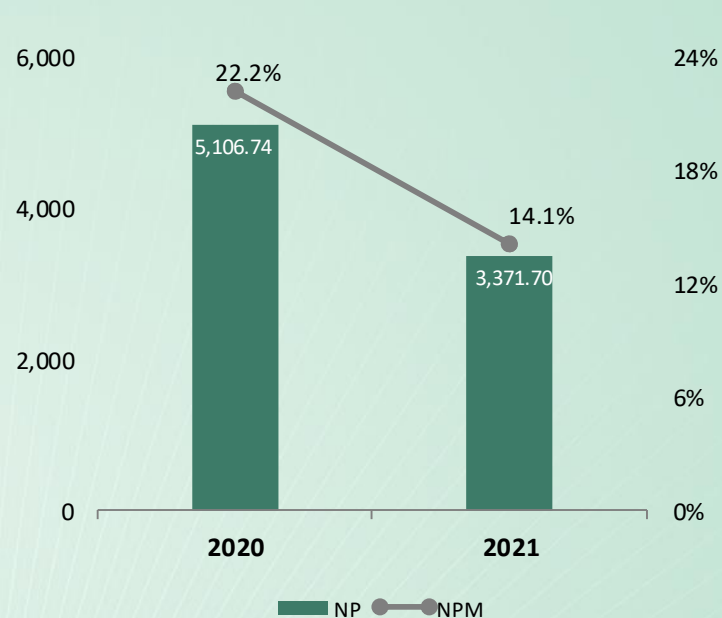
Gross Profit

(RMB million)



Net Profit Attributable to Equity Holders

(RMB million)



- Overall gross profit margin decreased by 6.9p.p. to 24.3%, mainly due to:
 - Temporarily suspension of operation in Vietnam and Cambodia factories resulted in a decrease in production capacity utilization
 - Significant increase in various production costs
 - Continuous appreciation of RMB against USD



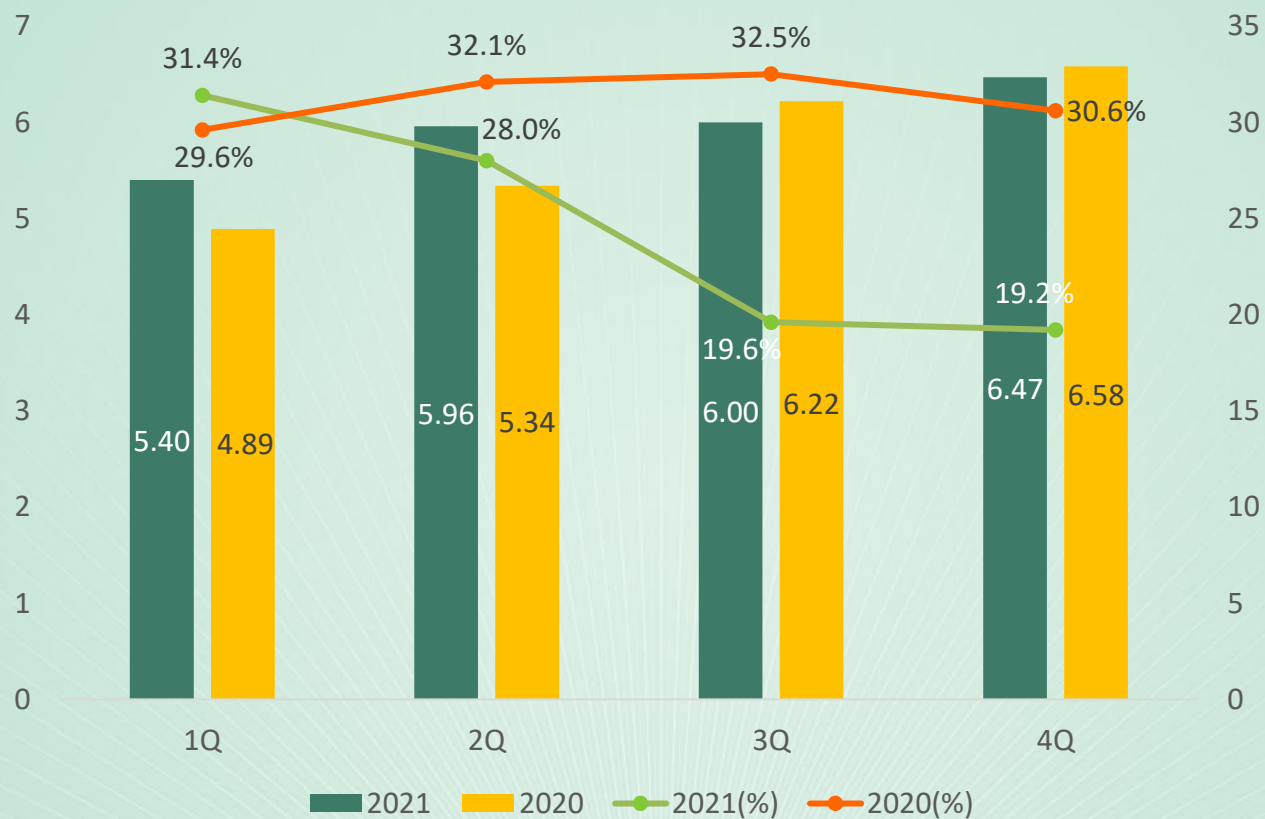
Quarterly Performance

Sales

(RMB billion)

GP Margin

(%)



Operating Expenses Analysis

For the year ended 31 Dec

(RMB '000)	2021	2020	Change
Selling & distribution expenses	231,658	148,679	+82,979
Administrative expenses	1,978,495	1,638,759	+339,736
Finance cost	144,036	108,250	+35,786
Total	2,354,189	1,895,688	+458,501

% to Revenue	9.9%	8.2%	+1.7p.p
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- Selling expenses increased mainly attributable to the increase of transportation expenses
- Administrative expenses increased mainly due to an increase of RMB336 million in wages and related expenses
- Finance cost increased mainly due to the increase of loan amount



Expenses Analysis by Nature

For the year ended 31 Dec

(RMB '000)	2021	2020	Change
Employee benefit expenses:			
Wages and salaries	6,638,662	5,420,615	1,218,047
Retirement benefit contributions	639,276	489,551	149,725
Other benefits	289,473	241,128	48,345
Total	7,567,411	6,151,294	1,416,117
Depreciation, amortisation and impairment expenses	1,156,116	1,053,866	102,250
Cost of inventories sold	18,050,496	15,832,781	2,117,715
Exchanges loss	173,214	482,594	(309,380)



Dividend and Payout Ratio

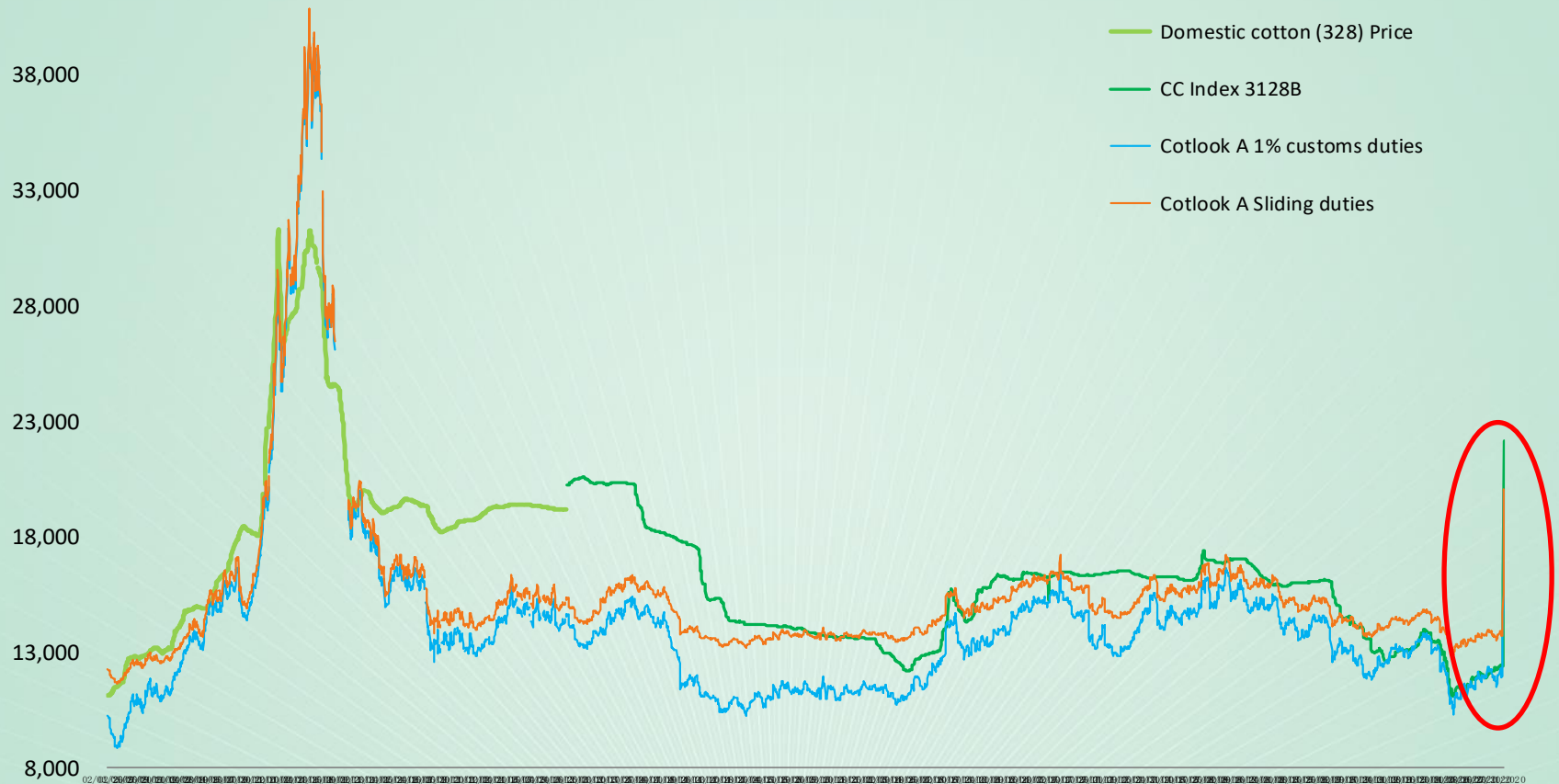
(HK\$)



Domestic and International Cotton Prices

RMB/tonne

43,000



Note 1: New cotton national standard GB1103-2012 has come into effect since September in 2013 and CC Index 3128B is introduced afterwards.



Turnover Breakdown by Products

- Revenue from sales of sportswear increased mainly attributable to the recovery of demand for sportswear products in the US and European markets
- Increase in casual wear sales was driven by the increase in sales in China and the US market
- Revenue remained stable for sales of lingerie wear

	2021		2020		Change	
	RMB'000	%	RMB'000	%	RMB'000	%
By Product						
Sports wear	17,612,128	73.9	15,940,917	69.2	1,671,211	10.5
Casual wear	4,720,735	19.8	4,480,518	19.5	240,217	5.4
Lingerie	1,040,246	4.4	1,032,917	4.5	7,329	0.7
Other knitting products	471,897	1.9	1,576,296	6.8	(1,104,399)	(70.1)
Total	23,845,006	100.0	23,030,648	100.0	814,358	3.5



Turnover Breakdown by Regions

- Both US and European market recorded increase in sales, which were primarily attributable to the increase in sales of sportswear
- Recorded a decrease in revenue in the Japanese market mainly due to a significant decrease in the mask products exported to Japan
- Slightly sales increase in the domestic market was mainly due to the increase in sales of domestic brands

	2021		2020		Change	
	RMB'000	%	RMB'000	%	RMB'000	%
By Region						
Europe	4,732,599	19.8	3,679,117	16.0	1,053,482	28.6
United States	3,805,130	16.0	3,115,229	13.5	689,901	22.1
Japan	3,346,908	14.0	4,795,807	20.8	(1,448,899)	(30.2)
Others	4,392,024	18.4	4,117,871	17.9	274,153	6.7
Domestic market	7,568,345	31.8	7,322,624	31.8	245,721	3.4
Total	23,845,006	100.0	23,030,648	100.0	814,358	3.5



Key Financial Indicators

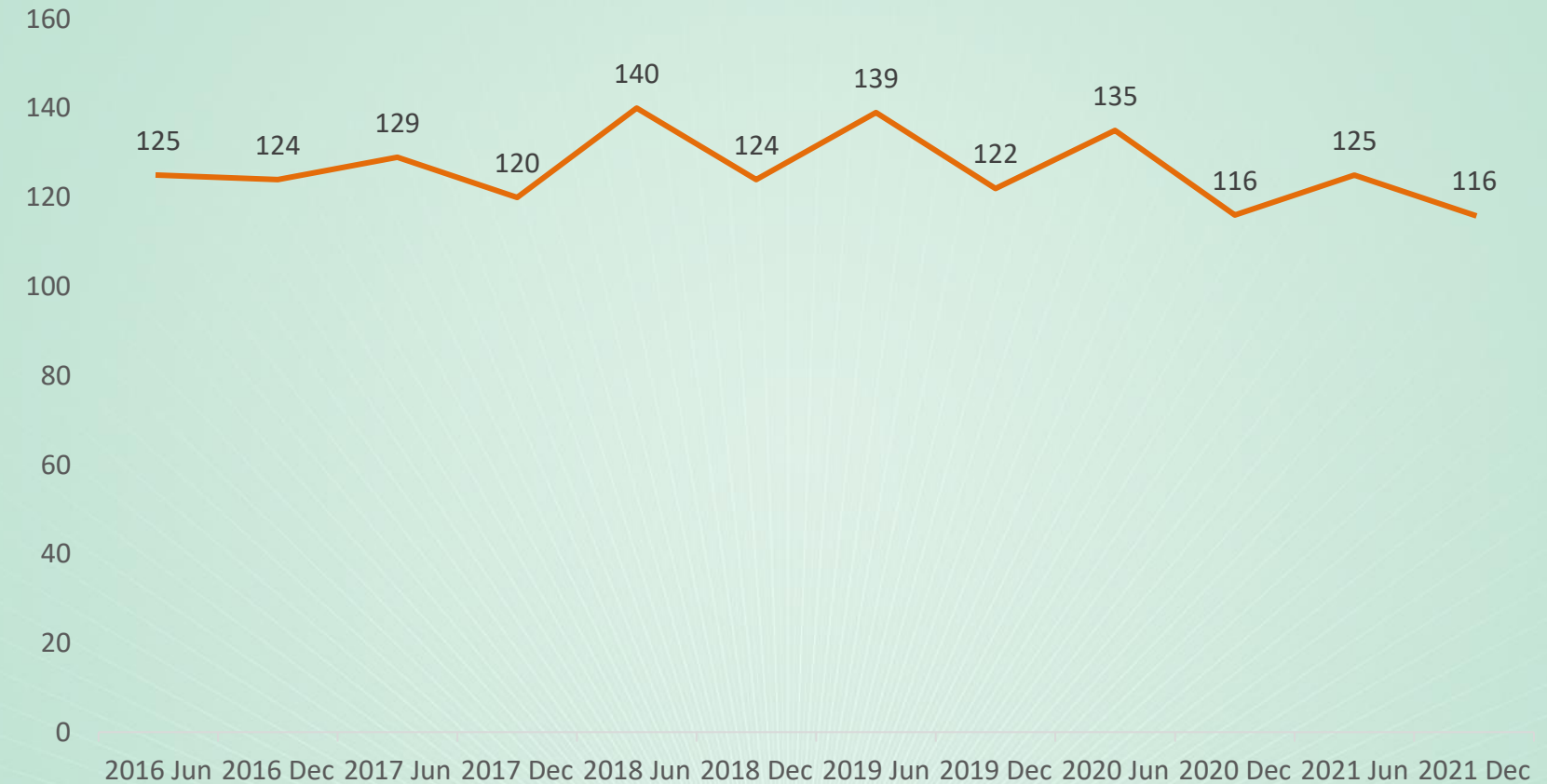
	2021.12.31	2021.06.30	2020.12.31
Inventory turnover days	116	125	116
Debtor turnover days	59	62	62
Creditor turnover days	25	25	22

	2021.12.31	2021.06.30	2020.12.31
Gross gearing ratio (debt to equity) (%)	38.1	28.0	24.2
Current ratio (times)	2.0	2.5	2.7
Cash and cash equivalent (RMB million)	6,687.6	10,294.7	8,227.1
Net assets (RMB million)	27,783.1	28,049.9	27,270.8
Total assets (RMB million)	42,131.9	38,712.5	36,851.8



Inventory Turnover Days Analysis

(Day)



Inventory

(RMB'000)	31-Dec-21	31-Jun-21	Change	31-Dec-20	Change
Raw materials	1,567,062	1,290,540	276,522	1,194,287	372,775
Work in progress	3,065,628	2,750,546	315,082	2,217,369	848,259
Finished goods	2,138,783	2,296,400	(157,617)	1,499,560	639,223
	6,771,473	6,337,486	433,987	4,911,216	1,860,257
Provision	(135,868)	(109,312)	(26,556)	(99,782)	(36,086)
	6,635,605	6,228,174	407,431	4,811,434	1,824,171



Treasury Management

(RMB'000)	31 Dec 2021	31 Dec 2020	Change
Bank Interest Income	224,496	332,255	(107,759)
Other Interest Income/ Fair Value Gain	19,956	53,940	(33,984)
Total Interest Income	244,452	386,195	(141,743)
Less: Bank Interest Expenses	138,317	102,918	35,399
Other Interest Expenses on lease liabilities	5,719	5,332	387
Less: Total Interest Expenses	144,036	108,250	35,786
Net Interest Income	100,416	277,945	(177,529)



Treasury Management (Con't)

(RMB'000)	31 Dec 2021	31 Dec 2020	Change
Cash & Cash Equivalents	6,687,623	8,227,060	(1,539,437)
Less: Bank Loan	(10,588,679)	(6,608,303)	(3,980,376)
Net (Debts)/ Cash	(3,901,056)	1,618,757	(5,519,813)
Long Time Deposits (+1 year)	1,710,000	1,410,000	+300,000
Bank Deposit (+3 months)	3,113,156	2,961,676	+151,480
Pledged Deposit	3,501,015	-	+3,501,015
Financial Assets	2,413,823	2,425,932	(12,109)
	10,737,994	6,797,608	+3,940,386
	6,836,938	8,416,365	(1,579,427)





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Business Review



Epidemic Prevention Measures for COVID-19

Proactively implemented various epidemic prevention measures

- Continued to pay wages during production suspension to assure employees maintaining a normal life
- Paid extra production subsidies and accommodation subsidies
- Provided free meal, welfare materials and daily necessities
- Distributed anti-epidemic materials
- Arranged vaccination
- Constructed high quality dormitories

Salary

Subsidy

Medical

Accommodation



Major Achievements in 2021

Expansion of overseas production facilities

Garment Factory - Cambodia

More than 11,000
employees

Gradual improved
production efficiency

01

Garment Factory - Vietnam

Completed civil
engineering work

Near half of
workshops finished
equipment
installation

Started new staff
recruitment

02

Fabric Factory - Vietnam

New reclaimed
water recycling
project is under
construction

Expect increase to
400 tons per day by
the end of June 2022

03



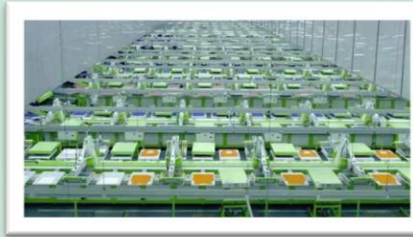
Major Achievements in 2021 (Con't)

Improvement on PRC production facilities



- Upgrade and improve fabric factories in China to increase production capacity
- Effectively alleviated the production pressure during production suspension of Vietnam factories

Upgrade production facilities



- Promoting the use of energy-saving equipment, improve production process and enhance capacity utilization rate
- Further optimize energy consumption structure

Improve resource consumption

- Use more automated equipment
- Improve equipment utilization rate
- Continuously upgrade and improve equipment
- Cooperation with customers
- Promote Design for Manufacturing

Enhance production efficiency



Major Achievements in 2021 (Con't)

Highly recognized suppliers



ESG achievement



IR excellence



Optimization of Product Structure

Sportswear customers



lululemon



Casual wear customers



- Strengthened cooperation with strategic customers by prioritizing the allocation of production resources and reducing the orders the Group obtained from small-to medium-sized customers, the Group also introduced certain quality new clients
- Revenue from sportswear products represented 73.9% of total revenue. Four renowned customers, ADIDAS, NIKE, PUMA and UNIQLO , accounted for 84.1% (2020: 84.6%) of the Group's total turnover





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Future Strategic



Future Strategies

Automated production

- Increasing automation
- Optimization of production process
- Improve production efficiency

Research & development

- Strengthen R&D and innovation to adapt the trend of consumption upgrading
- Improve ability to develop new products with new materials and new technologies

Digital transformation

- Promote digital transformation of enterprises
- Aim to improve production efficiency and the level of refinement, flexibility and intelligence of production methods

Sustainable development

- Attaches great importance to and promotes sustainable development
- Expediate construction of a green manufacturing system

Sustainable development

- Promote global layout of production bases
- Optimize diversified base layout of supply chain and vertical integrated production mode





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**Open
Forum**

