2009
Interim Results

SHENZHOU INTERNATIONAL GROUP HOLDINGS LIMITED
申洲國際集團控股有限公司*

STOCK CODE 股份編號：2313

Agenda

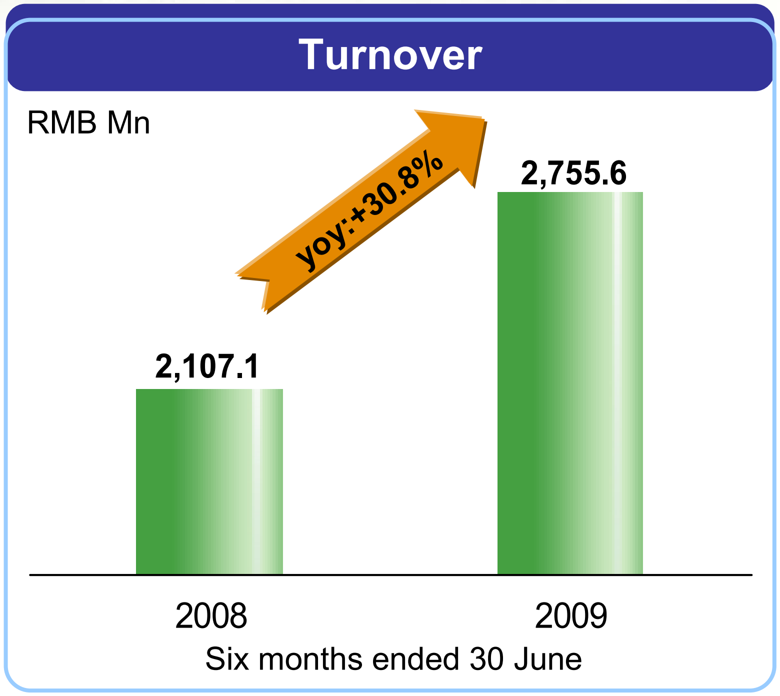
- Financial Highlights
- Business Review
- Strategies and Plans
- Open Forum

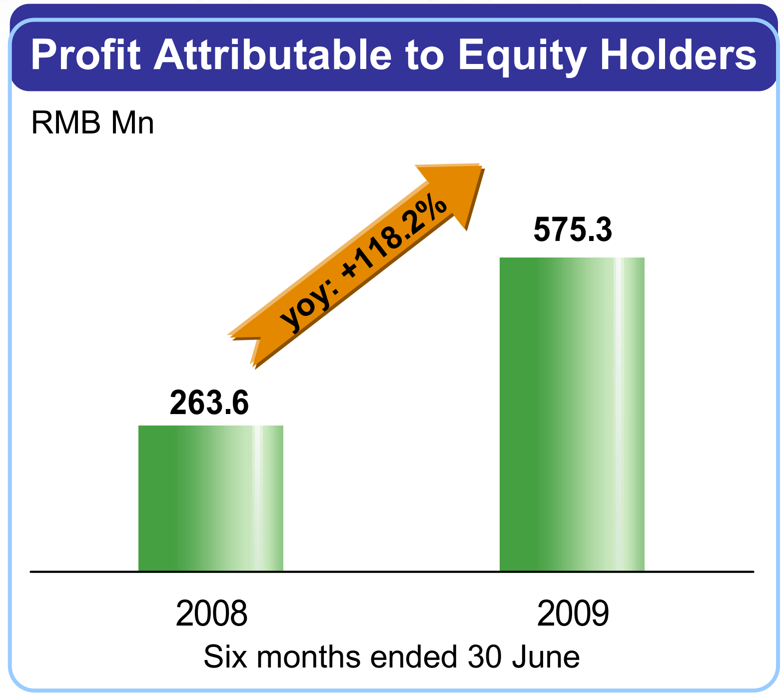

Financial
Highlights

Financial Highlights

	Six months ended 30 June		
(RMB '000)	**2009**	2008	Change (%)
Turnover	**2,755,629**	2,107,078	+30.8%
Gross profit	**876,328**	514,862	+70.2%
Profit attributable to equity holders	**575,287**	263,646	+118.2%
Basic EPS (RMB cents)	**46**	21	+119.0%

Strong Turnover and Profit Growth

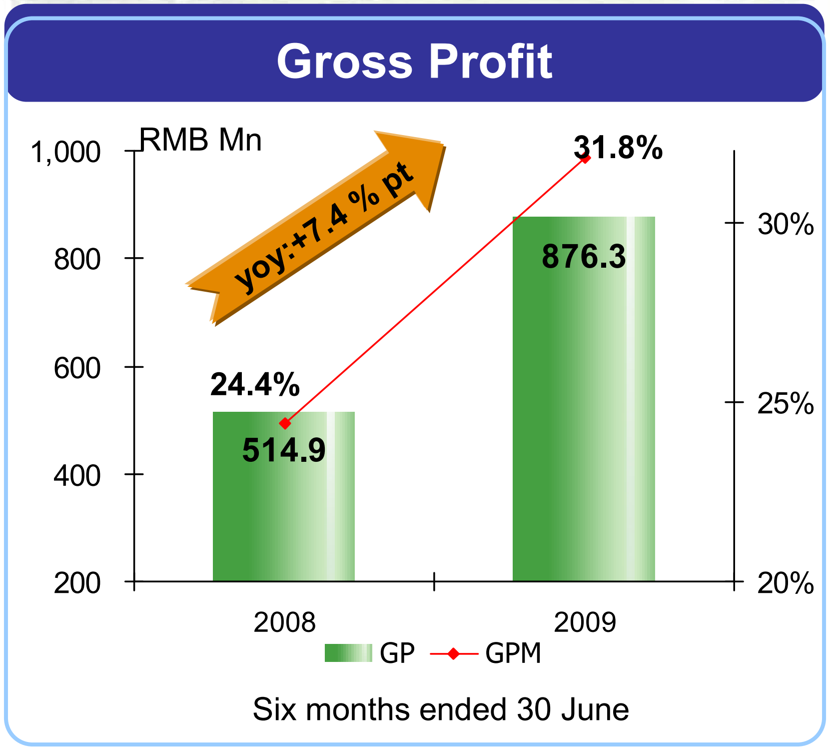


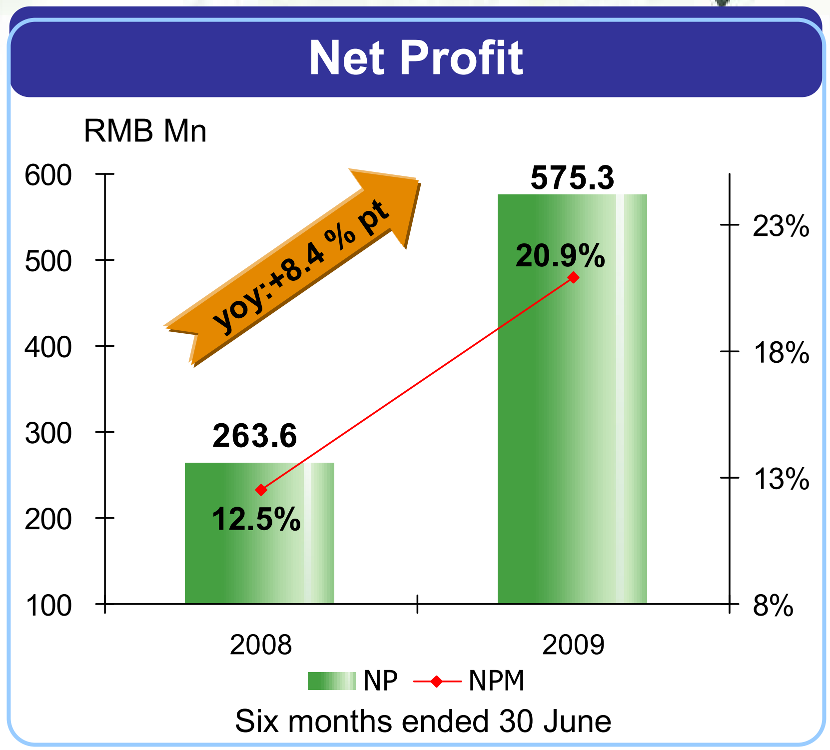


- **Strong growth in turnover :**
  - Accelerated product development and sales of lingerie with steady revenue growth of sports wear
  - Revenue growth of casual wear resumed from a more balanced product portfolio
  - Successfully expanded into international markets

- **Profit attributable to equity holders surged by 118.2% to RMB 575.3 million**

Stellar Margins Growth





- **Gross profit margin grew by 7.4 percentage points**
  - Ongoing development of lean manufacturing to further enhance production efficiency
  - Favorable government policies supporting apparel exporters
  - Enhanced efficiency reducing production cost with cost of sales ramped up by 18% only amidst 30% increase in sales

Turnover Breakdown by Products

- Increase in sales of casual wear as a result of improving product quality and shortened delivery turnover
- Substantial growth in sports wear with a larger portion of high-end products enriched the Group's product portfolio
- Expedited sales of lingerie through product diversification and quality enhancement

Six months ended 30 June	**2009**		2008		**Change**	
	RMB'000	%	RMB'000	%	RMB'000	%
By products						
Casual wear	**1,241,065**	45.0%	954,282	45.3%	286,783	**30.1%**
Sports wear	**1,194,043**	43.3%	952,731	45.2%	241,312	**25.3%**
Lingerie	**240,132**	8.7%	121,151	5.7%	118,981	**98.2%**
Other knitting products	**80,389**	3.0%	78,914	3.8%	1,475	**1.9%**
Total	**2,755,629**	100%	2,107,078	100%	648,551	**30.8%**

Turnover Breakdown by Regions

- Capitalizing on the market expansion efforts over the years, Japan market reported robust growth of 40% in revenue
- The European market, US market and other markets (Hong Kong, Korea and Australia) marked satisfactory revenue growth as a result of successful market diversification strategy and global market demand from certain customers
- Growth momentum in domestic sales continued following the end of Beijing Olympics, driving demand for high-end sports apparel from renowned brand names

	Six months ended 30 June					
	2009		*2008*		***Change***	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Japan	**1,423,092**	51.6%	1,016,746	48.3%	406,346	**40.0%**
Europe	**388,421**	14.1%	294,306	14.0%	94,115	**32.0%**
United States	**125,019**	4.5%	93,122	4.4%	31,897	**34.3%**
Other countries	**248,949**	9.1%	180,127	8.5%	68,822	**38.2%**
Domestic market	**570,148**	20.7%	522,777	24.8%	47,371	**9.1%**
Total	**2,755,629**	100%	2,107,078	100%	648,551	**30.8%**

Strong Financial Position

	For the 6 months ended 30 June	
	2009	*2008*
Inventory turnover days	**86**	90
Debtor turnover days	**34**	29
Creditor turnover days	**42**	38

	2009.6.30	***2008.12.31***
	2009	*2008*
Gearing ratio (debt to equity) (%)	**24.1%**	29.0%
Cash and Cash Equivalent (RMB Mn)	**364**	238
Net assets (RMB Mn)	**3,163**	2,837
Total assets (RMB Mn)	**5,012**	4.321


Business
Review

Accelerate the Efforts of Energy Saving

- Continued to step up the internal management, procedural optimization and facilities upgrade while introducing advanced environmental-friendly facilities
- Resource consumption per unit products improved attributable to the Group's efforts in energy saving and consumption reduction
- Accredited as one of the "Advanced Enterprises in Energy Saving and Consumption Reduction in Ningbo City"

Optimized Production Base Further Enhance Efficiency

With the Anqing Plant commenced production in 1H 2009 and the Quzhou Plant commenced trial production in June, the Group was able to enhance efficiency:

- ✓ Shifting certain manufacturing procedures to Central China to mitigate the cost pressure from rising labor costs along the coastal regions
- ✓ New weaving industrial park in the Ningbo Economic Technological Development Zone will provide room for future expansion
- ✓ Further reduce logistics costs through reasonable arrangements between the weaving production base and warehouse

Diversified Customer Base

Casual wear customers

Sports wear customers

- Two renowned sports wear customers, ADIDAS and NIKE, accounted for 33.6% (1H2008: 32.5%) of Group's total turnover, while PUMA and KAPPA also began to contribute significantly in terms of sales
- Successfully established a more diversified and risk-resistant customer structure
- Growing contribution by lingerie, with growing number of lingerie customers

Rational Layout of the Sales Market

Further consolidated and strengthened market presence in Japan

According to China Chamber of Commerce for Import & Export of Textiles, the Group was the largest apparel exporter in the first half of 2009

Significant growth in the sales to other markets, which include Korea, Hong Kong, China and Australia due to increasing demand for high end textile products

Continuous growth momentum of the domestic market, as a result of increasing demand for renowned sports brand wear

Rational layout of sale markets minimized the impact of a single market on the Group's operation


Strategies
And
Plans

Strengthen Management in Lean Manufacturing

- Reduce resource consumption and achieve cost control objectives through reasonable production management
- Optimize manufacturing process through perfecting logistics, increasing fabric utilization rate and enhancing manufacturing efficiency of apparel production process in order to strengthen our overall competitiveness
- Increase efficiency and expand production teams of the two new garment plants to capitalize on its competitive edges in the coastal regions and central area

Enhance production efficiency and cost competitiveness to counteract the pressure from increasing material and labor costs

Focus on High-end Textile Products

- Increase the investments in product research and development and encourage technology innovation
- Accelerate high-end development of products and expand the sales markets featuring product quality
- Consolidate the competitiveness of its products in the consumer market by adhering to product diversification and improving the product quality

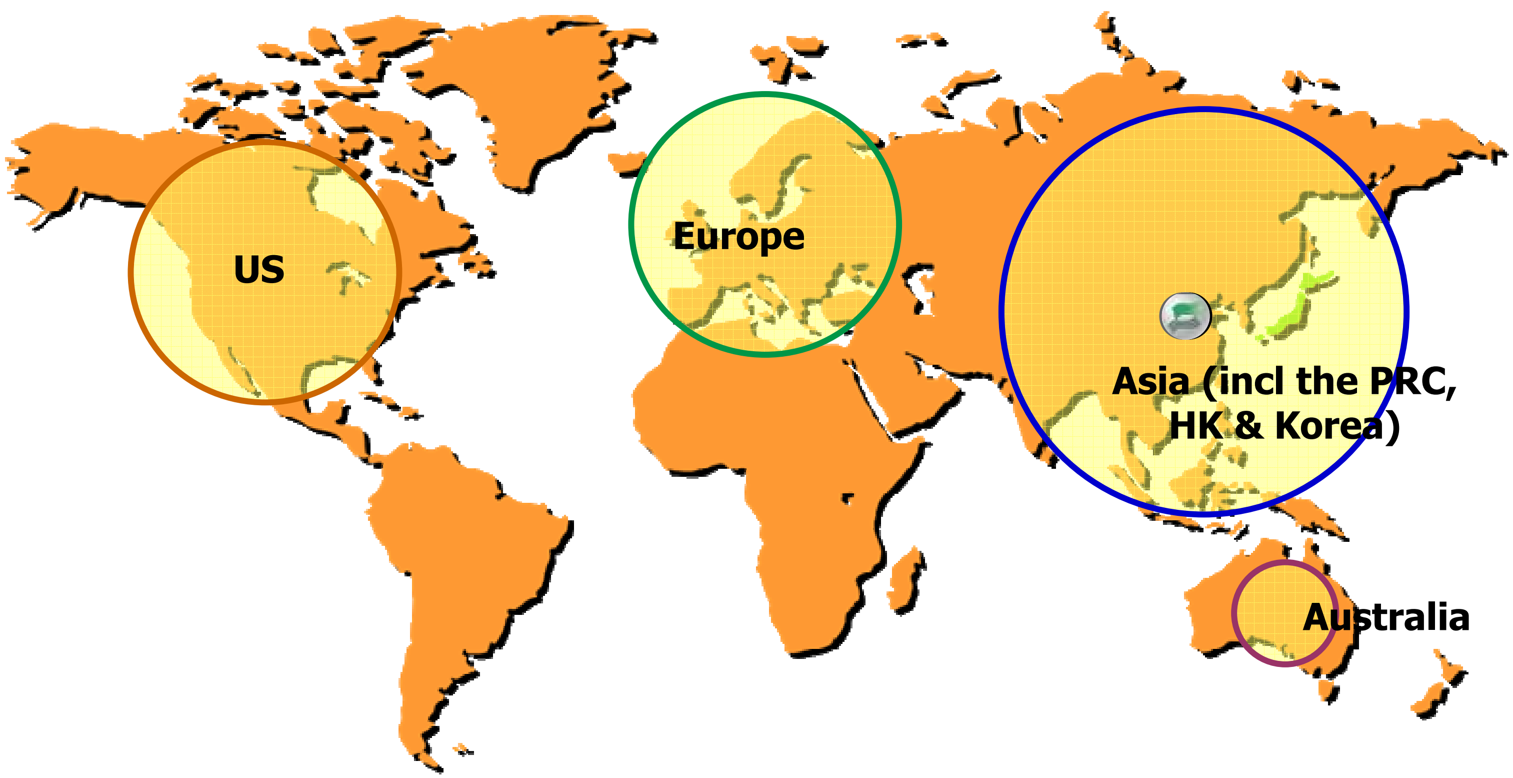
Sports wear

Casual wear

Lingerie wear

Expansion into Global Distribution Markets

- Leverage on the Group's strong marketing capabilities to step up expansion in Japan
- Focus on the development of domestic market backed by strong economic growth and large population in the PRC
- Maintain a balanced development in the EU, the US, Korea and Australia



Mission

The Most Competitive Knitwear Manufacturer In the World


Open
Forum