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

STOCK CODE 股份編號：2313

2006
Interim Report
中期報告

*For identification only 僅供識別

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公司資料
Corporate Information

註冊名稱

Shenzhou International Group Holdings Limited

中文名稱

申洲國際集團控股有限公司

董事會

執行董事
馬建榮先生*(主席)*
黃關林先生
馬仁和先生
陳忠靜先生
鄭妙輝女士

獨立非執行董事
錢鋒先生
宗平生先生
戴祥波先生

公司秘書及合資格會計師

郭偉昌先生

授權代表

鄭妙輝女士
郭偉昌先生

董事會主要委員會

審核委員會
戴祥波先生*(主席)*
錢鋒先生
宗平生先生

薪酬委員會
馬仁和先生*(主席)*
錢鋒先生
戴祥波先生

提名委員會
黃關林先生*(主席)*
宗平生先生
戴祥波先生

註冊辦事處

Century Yard, Cricket Square
Hutchins Drive, P.O. Box 2681 GT
George Town, Grand Cayman
British West Indies

Registered Name

Shenzhou International Group Holdings Limited

Chinese Name

申洲國際集團控股有限公司

Board of Directors

Executive Directors
Mr. Ma Jianrong *(Chairman)*
Mr. Huang Guanlin
Mr. Ma Renhe
Mr. Chen Zhongjing
Ms. Zheng Miaohui

Independent Non-executive Directors
Mr. Qian Feng
Mr. Zong Pingsheng
Mr. Dai Xiangbo

Company Secretary and Qualified Accountant

Mr. Kwok Wai Cheong

Authorized Representatives

Ms. Zheng Miaohui
Mr. Kwok Wai Cheong

Key Board Committees

Audit Committee
Mr. Dai Xiangbo *(Chairman)*
Mr. Qian Feng
Mr. Zong Pingsheng

Remuneration Committee
Mr. Ma Renhe *(Chairman)*
Mr. Qian Feng
Mr. Dai Xiangbo

Nomination Committee
Mr. Huang Guanlin *(Chairman)*
Mr. Zong Pingsheng
Mr. Dai Xiangbo

Registered Office

Century Yard, Cricket Square
Hutchins Drive, P.O. Box 2681 GT
George Town, Grand Cayman
British West Indies

公司資料
Corporate Information

香港營業地點

香港九龍
長裕街8號
億京廣場27樓2708室

合規顧問

法國巴黎百富勤融資有限公司

核數師

羅兵咸永道會計師事務所
執業會計師

法律顧問

高特兄弟律師事務所與奧睿律師事務所聯營

股份過戶登記總處

Bank of Bermuda (Cayman) Limited
P.O. Box 513 GT
Strathvale House, North Church Street
George Town, Grand Cayman
Cayman Islands, British West Indies

股份過戶登記處香港分處

香港中央證券登記有限公司
香港灣仔
皇后大道東183號
合和中心17樓1712－1716號

主要往來銀行

中國銀行
上海浦東發展銀行
中國工商銀行
中國建設銀行
中國銀行(香港)有限公司

投資者及傳媒關係顧問

iPR 奧美公關

公司網址

www.shenzhouintl.com

股份編號

2313

Place of Business in Hong Kong

Unit 2708, 27th Floor
Billion Plaza
No. 8 Cheung Yue Street
Kowloon, Hong Kong

Compliance Adviser

BNP Paribas Peregrine Capital Limited

Auditors

PricewaterhouseCoopers
Certified Public Accountants

Legal Adviser

Coudert Brothers in association with Orrick, Herrington & Sutcliffe LLP

Principal Share Registrar and Transfer Office

Bank of Bermuda (Cayman) Limited
P.O. Box 513 GT
Strathvale House, North Church Street
George Town, Grand Cayman
Cayman Islands, British West Indies

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Principal Bankers

Bank of China
Shanghai Pudong Development Bank
Industrial and Commercial Bank of China
China Construction Bank
Bank of China (Hong Kong) Limited

Investor and Press Relations Adviser

iPR Ogilvy Limited

Company Website

www.shenzhouintl.com

Stock Code

2313

二零零六年中期業績摘要
Financial Highlights for 2006 Interim Results

中洲國際集團控股有限公司(「申洲國際」或「本公司」)董事會(「董事」)謹此公佈本公司及其附屬公司(「本集團」)截至二零零六年六月三十日止六個月之未審核中期業績，連同二零零五年之比較數字。中期業績及簡明財務報表未經審核，惟已經本公司審核委員會審閱。

The board of directors (the "Board") of Shenzhou International Group Holdings Limited ("Shenzhou International" or the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2006, together with the comparative amounts for the corresponding period of 2005. The interim results and condensed interim financial statements have not been audited but have been reviewed by the Company's audit committee.

主要財務資料及財務比率之比較

Key Financial Information and Financial Ratios

		未經審核 Unaudited 截至六月三十日止六個月 For the six months ended 二零零六年 2006 人民幣千元 RMB'000	二零零五年 2005 人民幣千元 RMB'000
銷售額	Sales	**1,390,177**	1,081,493
經營利潤	Operating profit	**215,082**	173,285
本公司股權持有人應佔利潤	Profit attributable to equity holders of the Company	**190,593**	146,439
毛利率(%)	Gross profit margin (%)	**22.4**	24.0
淨利潤率(%)	Net Profit margin (%)	**13.7**	13.5
每股盈利(人民幣元)	Earnings per share (RMB)	**0.15**	0.16

		二零零六年六月三十日 30 June 2006 人民幣千元 RMB'000	二零零五年十二月三十一日 31 December 2005 人民幣千元 RMB'000
資產總值	Total assets	**2,770,343**	2,540,541[2]
總權益	Total equity	**1,878,418**	1,714,174[2]
現金及現金等價物	Cash and cash equivalents	**391,025**	559,801[2]
資本負債比率(%)[1]	Net gearing ratio (%)[1]	**2.3**	(0.1)
流動比率	Current ratio	**1.4**	1.5
應收賬款之周轉期(日)	Accounts receivable turnover period (days)	**26**	21
存貨之周轉期(日)	Inventory turnover period (days)	**73**	62

附註:

1. 資本負債比率之計算為總借貸扣除現金及現金等價值物與總權益之比率。

2. 二零零五年十二月三十一日之已審核數字。

Notes:

1. Net gearing ratio represents the ratio between total borrowings (less cash and cash equivalents) and total equity.

2. Audited balances as at 31 December 2005.

管理層討論與分析
Management Discussion and Analysis

以下管理層討論及分析應與本中期報告所載申洲國際集團控股有限公司(「申洲國際」或「本公司」)及其附屬公司(「本集團」)截至二零零六年六月三十日止六個月之未經審核中期財務報表及其附註一併參閱。

The following management discussion and analysis should be read in conjunction with the unaudited interim financial statements and the accompanying notes of Shenzhou International Group Holdings Limited ("Shenzhou International" or "the Company") and its subsidiaries ("the Group") for the six months ended 30 June 2006 as set out in this interim report.

業務回顧

截至二零零六年六月三十日止六個月，本集團按既定之發展策略實施各項措施，推進各項業務之發展。具體表現為：

與 UNIQLO 為代表的日本客戶保持緊密合作

自 UNIQLO 通過對本集團柬埔寨制衣工廠的驗廠，從二零零六年四月起本集團開始接受柬埔寨制衣工廠的部分訂單。集團配合 UNIQLO 對供應鏈的策略調整，保障其供應上的穩定性與連續性，並使柬埔寨制衣工廠成為本集團供應 UNIQLO 的另一個重要基地。

運動類服裝所佔比例持續大幅增長

伴隨著與 NIKE、ADIDAS及PUMA等運動品牌客戶訂單的增加，加上雙方的合作層面更趨深入，該等客戶已逐步成為本集團重要的客戶群。此舉有效實現本集團產品、客戶多元化，提升了本集團下一步的發展層面，並降低了單一客戶集中的經營風險。比較截至二零零五年六月三十日止六個月的6.8%，截至二零零六年六月三十日止六個月運動類服裝所佔總銷售額的比例提升至13.2%。

順利拓展中國大陸與歐美市場

建立於本集團與 UNIQLO、NIKE、ADIDAS及PUMA等客戶良好的合作基礎，本集團現時順利拓展與該等客戶在中國及歐美市場的合作。由於該等客戶均已通過對本集團柬埔寨制衣工廠的驗廠；與及本集團所取得的歐美紡織品配額，也將充分保障本集團與該等客戶無障礙、更大空間與規模的合作。

配套基礎保障本集團良性、健康地發展

由於本集團及其主要股東單位分別策略性地投資於水資源與熱電供應設施，保障了本集團獲得穩定、充足而且廉價的水源、電力及蒸汽供應，並有效控制及應付該類資源現時及未來持續的價格波動。此外，本集團所擁有的日處理能力達60,000噸的污水處理系統及其運行模式，保障本集團在環保方面沒有後顧之憂。

Business Review

For the six months ended 30 June 2006, the Group carried on various businesses and implemented various measures according to its stated development strategy, details of which are as follows:

Close cooperation with Japanese customers who were represented by UNIQLO

Since UNIQLO completed its inspection of the Group's garment factory in Cambodia, as from April 2006 the Group has been handling part of its orders at the garment factory in Cambodia, in conjunction with the strategic adjustments in the supply chain of UNIQLO, ensuring the stability and continuity of its supply, and making the garment factory in Cambodia the Group's another important supply base for UNIQLO.

Continual substantial growth in sports wear

In line with the growth in the orders from and the strengthened co-operation with sports brand customers such as NIKE, ADIDAS and PUMA, these customers have gradually become an influential group of customers of the Group, which enables the Group to diversify its products and customers, enhances further development of the Group, and reduces the operating risk attributable to reliance on an individual customer. For the six months ended 30 June 2006, sports wear contributed to 13.2% of the total sales, compared to 6.8% for the six months ended 30 June 2005.

Smooth expansion of the markets in Mainland China, Europe and the US

Based on cooperation experience between the Group and customers such as UNIQLO, NIKE, ADIDAS and PUMA, the Group is expanding a cooperative relationship with these customers on the markets of Mainland China, Europe and the US. Since these customers have all completed inspection of the Group's garment factory in Cambodia, and the Group has obtained its European and American textile quota, cooperation with these customers can be carried out at a larger scale to explore more possibilities.

Ancillary facilities ensure sound and healthy development of the Group

Strategic investments in water supply and thermal power supply facilities by the Group and its substantial shareholder ensure stable and sufficient supply of water, electricity and steam at low costs and effective management of current and future price fluctuations of these resources. Besides, the Group's ownership of a waste water treatment system which is capable of processing up to 60,000 tonnes of waste water daily, as well as its operating model ensure that the Group is well catered for in terms of environmental protection, both now and in the future.

產品品質持續提升

NIKE、ADIDAS及PUMA等知名運動品牌客戶對本集團產品品質要求極高，與本集團持續提升產品品質的願望，相輔相成、相得益彰，促成本集團從各個工序不斷提升產品品質的成效，並奠定良好的基礎。

Enhancement of product quality

The high requirement imposed on the products of the Group by well-known sports brand customers such as NIKE, ADIDAS and PUMA, is in line with the plan of the Group to continue enhancing the quality of its products, and has resulted in a synergy that facilitates ongoing enhancement of its product quality through various processes, and has established a good foundation.

集團經營業績

Operating results of the Group

銷售額

銷售額由截至二零零五年六月三十日止六個月的人民幣1,081,493,000元，增至截至二零零六年六月三十日止六個月的人民幣1,390,177,000元，增加了人民幣308,684,000元，增幅達28.5%。增長因素主要為：1)日本的客戶需求隨著日本本土經濟反彈而增加；2)來自運動類服裝銷售額的快速上升；以及3)成功開拓歐洲市場所得的成效。

以下為本集團截至二零零六年六月三十日止六個月及截至二零零五年六月三十日止六個月按產品類別分析的銷售額比較：

Sales

Sales for the six months ended 30 June 2005 amounted to RMB1,081,493,000, and increased to RMB1,390,177,000 for the six months ended 30 June 2006, an increase of RMB308,684,000 or 28.5%. The growth was mainly driven by: 1) increase in the demand from Japanese customers in line with the rebounds of the Japanese domestic economy; 2) sharp increase in the sales of sports wear; and 3) successful business expansion in the European market.

Sales of the Group analysed by product categories for the six months ended 30 June 2006 and the six months ended 30 June 2005 are compared as follows:

		截至六月三十日止六個月 For the six months ended 30 June					
		二零零六年 2006		二零零五年 2005		變動 Change	
		人民幣千元 RMB'000	%	人民幣千元 RMB'000	%	人民幣千元 RMB'000	%
按產品	By product						
休閒類服裝	Casual wear	**1,147,514**	**82.5**	935,616	86.5	211,898	22.6
運動類服裝	Sports wear	**183,168**	**13.2**	73,116	6.8	110,052	150.5
其他針織品	Other knitting products	**59,495**	**4.3**	72,761	6.7	(13,266)	(18.2)
銷售額總計	Total sales	**1,390,177**	**100.0**	1,081,493	100.0	308,684	28.5

截至二零零六年六月三十日止六個月，運動類服裝所佔比例大幅度提高，主要得益於本集團為 NIKE、ADIDAS 及 PUMA 等知名運動品牌代工的業務大幅增加。比較截至二零零五年六月三十日止六個月的6.8%，截至二零零六年六月三十日止六個月的運動類服裝所佔總銷售額的比例持續提升至13.2%。

休閒類服裝銷售額由截至二零零五年六月三十日止六個月的人民幣935,616,000元，增至截至二零零六年六月三十日止六個月的人民幣1,147,514,000元，增加了人民幣211,898,000元，增幅達22.6%。其主要增長為UNIQLO、Decathlon 等客戶對本集團的採購量增加。

For the six months ended 30 June 2006, the substantial increase in the contribution from sports wear was mainly due to a substantial increase in OEM manufacturing for renowned sports brands such as NIKE, ADIDAS and PUMA. Sports wear accounted for 13.2% of the total sales for the six months ended 30 June 2006, representing a continual increase compared to 6.8% for the six months ended 30 June 2005.

For the six months ended 30 June 2005, sales from casual wear amounted to RMB935,616,000, which increased to RMB1,147,514,000 for the six months ended 30 June 2006, an increase of RMB211,898,000 or 22.6%, mainly due to an increase in the purchases from the Group's customers such as UNIQLO and Decathlon.

以下為本集團截至二零零六年六月三十日止六個月及截至二零零五年六月三十日止六個月按市場劃分的銷售額比較：

Sales of the Group analysed by regions for the six months ended 30 June 2006 and the six months ended 30 June 2005 are compared as follows:

		截至六月三十日止六個月 For the six months ended 30 June					
		二零零六年 2006		二零零五年 2005		變動 Change	
		人民幣千元 RMB'000	%	人民幣千元 RMB'000	%	人民幣千元 RMB'000	%
按市場	By region						
國際銷售	International sales						
日本	Japan	**1,078,259**	**77.6**	920,060	85.1	158,199	17.2
歐洲	Europe	**160,404**	**11.5**	60,803	5.6	99,601	163.8
美國	U.S.	**35,029**	**2.5**	42,480	3.9	(7,451)	(17.5)
其他國家	Others	**49,230**	**3.6**	9,162	0.9	40,068	437.3
國際銷售小計	Sub-total for international sales	**1,322,922**	**95.2**	1,032,505	95.5	290,417	28.1
國內銷售	Domestic sales	**67,255**	**4.8**	48,988	4.5	18,267	37.3
銷售額總計	Total sales	**1,390,177**	**100.0**	1,081,493	100.0	308,684	28.5

截至二零零六年六月三十日止六個月，歐洲市場所佔比例得以提高，其主要原因在於自二零零六年一月一日起，本集團所獲取的歐盟紡織品配額較大，本集團歐洲採購商 Decathlon 的採購量持續增長所致。比較截至二零零五年六月三十日止六個月的5.6%，截至二零零六年六月三十日止六個月歐盟市場佔本集團總銷售額為11.5%。

For the six months ended 30 June 2006, the increase in the contribution from the European markets was mainly attributable to the larger EU textile quota acquired by the Group from 1 January 2006, and the continual increase in the purchases made by Decathlon, the Group's European merchandiser. The EU accounted for 11.5% of the Group's total sales for the six months ended 30 June 2006, compared to 5.6% for the six months ended 30 June 2005.

於截至二零零六年六月三十日止六個月，國內銷售中，成衣銷售額為人民幣28,663,000元（截至二零零五年六月三十日止六個月：人民幣16,544,000元），主要為 UNIQLO、NIKE及ITOCHU 等客戶提供產品於國內銷售。

Domestic sales of normal garments amounted to RMB28,663,000 for the six months ended 30 June 2006 (Six months ended 30 June 2005: RMB16,544,000), mainly supplying products for customers such as UNIQLO, NIKE and ITOCHU for domestic sale.

銷售成本及毛利率

Cost of sales and gross profit margin

本集團截至二零零六年六月三十日止六個月的銷售成本約為人民幣1,079,164,000元（截至二零零五年六月三十日止六個月：人民幣822,167,000元）。截至二零零六年六月三十日止六個月本集團銷售毛利率為22.4%，較截至二零零五年六月三十日止六個月的24%降低約1.6%。毛利率降低的主要原因是為應對運動類服裝客戶預期於二零零六年下半年及二零零七年業務的較大幅度增加而招聘較多員工，該些員工大部分需經歷上崗培訓與實習期，產出量於該期間未達至相應規模，而增加單位人工成本所致。

Cost of sales for the six months ended 30 June 2006 amounted to approximately RMB1,079,164,000 (Six months ended 30 June 2005: RMB822,167,000). The gross profit margin of the Group's sales for the six months ended 30 June 2006 was 22.4%, approximately 1.6% lower as compared to 24% for the six months ended 30 June 2005. The main reason for the decline in the gross profit margin was that more staff had been recruited to handle the expected increase in the business of sports wear customers for the second half of 2006 and the whole year of 2007, and most of these staff need to undergo an induction and apprenticeship period, during which production capacity has not been up to scale, and labour cost per unit has been increased.

本公司股權持有人應佔權益

於二零零六年六月三十日，本公司股權持有人應佔本集團權益為人民幣1,865,680,000元（二零零五年十二月三十一日：人民幣1,702,022,000元）。其中非流動資產為人民幣1,538,541,000元（二零零五年十二月三十一日：人民幣1,330,951,000元）、流動資產淨值為人民幣339,877,000元（二零零五年十二月三十一日：人民幣383,223,000元）及少數股東權益為人民幣12,738,000元（二零零五年十二月三十一日：人民幣12,152,000元）。本公司股權持有人應佔權益增加主要由於保留盈利增加所致。

Equity attributable to the Company's equity holders

At 30 June 2006, the Group's equity attributable to the Company's equity holders is RMB1,865,680,000 (31 December 2005: RMB1,702,022,000) of which non-current assets were RMB1,538,541,000 (31 December 2005: RMB1,330,951,000), net current assets were RMB339,877,000 (31 December 2005: RMB383,223,000) and minority interests were RMB12,738,000 (31 December 2005: RMB12,152,000). The increase in equity attributable to the Company's equity holders was mainly due to the increase in retained profits.

流動資金及財務資源

截至二零零六年六月三十日止六個月，本集團經營業務所得現金淨額約為人民幣282,959,000元（截至二零零五年六月三十日止六個月：人民幣66,929,000元）。本集團於二零零六年六月三十日之借貸淨額（銀行借貸減現金及現金等價物）為人民幣42,389,000元，二零零五年十二月三十一日之現金淨額為人民幣1,064,000元,現金淨額減少了人民幣43,453,000元，主要原因是為了進一步提高產能以滿足訂單上升的需求，而對廠房、設備等的資金投入增加。

本集團於二零零六年六月三十日的現金及現金等價物為人民幣391,025,000元（二零零五年十二月三十一日：人民幣559,801,000元），總借貸餘額為人民幣433,414,000元（二零零五年十二月三十一日：人民幣558,737,000元），均為短期貸款。本公司股權持有人應佔權益為人民幣1,865,680,000元（二零零五年十二月三十一日：人民幣1,702,022,000元）。本集團現金流動狀況良好。負債對權益比率（按未償還總借貸佔本公司股權持有人應佔權益百分比計算）為23.2%（二零零五年十二月三十一日：32.8%）。

於二零零六年六月三十日，本集團主要借貸均按固定利率計息。本集團並無利用利率掉期來對沖利率風險。

Liquidity and financial resources

For the six months ended 30 June 2006, net cash generated from the Group's operating activities amounted to approximately RMB282,959,000 (Six months ended 30 June 2005: RMB66,929,000). Net borrowings (bank borrowings less cash and cash equivalents) of the Group as at 30 June 2006 amounted to RMB42,389,000. Net cash as at 31 December 2005 amounted to RMB1,064,000. Net cash decreased by RMB43,453,000, mainly due to increased investment into plant and equipment, etc. in order to further improve production capabilities to satisfy the needs of an increase in orders.

Cash and cash equivalents of the Group at 30 June 2006 amounted to RMB391,025,000 (31 December 2005: RMB559,801,000). The total amount of outstanding borrowings was RMB433,414,000 (31 December 2005: RMB558,737,000), all being short-term loans. Equity attributable to equity holders of the Company amounted to RMB1,865,680,000 (31 December 2005: RMB1,702,022,000). The Group was in a solid cashflow position, with a debt to equity ratio (total outstanding borrowings as a percentage of equity attributable to the Company's equity holders) of 23.2% (31 December 2005: 32.8%).

At 30 June 2006, majority of the borrowings of the Group were subject to interests payable at fixed rates. The Group did not enter into any interest rate swaps to hedge itself against the risks associated with interest rates.

融資成本及税項

於截至二零零六年六月三十日止六個月，融資成本從截至二零零五年六月三十日止六個月之人民幣23,673,000元，大幅減少至人民幣7,984,000元，主要原因是按照上市所得款項用途計劃，部分上市所得款項及本期經營活動產生的現金償還了銀行借款，使本集團的借款金額顯著下降。

Finance costs and taxation

For the six months ended 30 June 2006, finance cost decreased substantially to RMB7,984,000 from RMB23,673,000 for the six months ended 30 June 2005, mainly due to utilization of part of the proceeds from the listing and the cash generated from operating activities for this period in repayment of bank borrowings (in accordance with the plans on the use of proceeds from the listing) , and this has resulted in a significant decrease in the borrowings of the Group.

於截至二零零六年六月三十日止六個月，集團的所得稅支出從截至二零零五年六月三十日止六個月之人民幣2,220,000元，大幅增加至人民幣15,919,000元。主要原因是本公司主要附屬公司寧波申洲針織有限公司二零零五年為免稅期最後一年，二零零六年開始執行「減半」的企業所得稅優惠政策，從而導致本集團整體稅負增加所致。

For the six months ended 30 June 2006, income tax expense of the Group substantially increased to RMB15,919,000 from RMB2,220,000 for the six months ended 30 June 2005, mainly because the year 2005 was the last year in which Ningbo Shenzhou Knitwear Co., Ltd., the Company's major subsidiary, was exempted from taxation. The "50% reduction" preferential income tax policy has been implemented from the year 2006, and this caused an overall increase in taxation for the Group.

本集團之資產抵押

於二零零六年六月三十日，除本集團合共人民幣22,341,000元（二零零五年十二月三十一日：人民幣2,310,000元）存放於若干銀行的存款作為銀行授出若干貿易融資信貸之抵押外，本集團並無以本集團任何資產作為其銀行借貸之抵押。

Pledge of the Group's assets

At 30 June 2006, other than deposits with certain banks with a total amount of RMB22,341,000 (31 December 2005: RMB2,310,000) pledged as securities for certain trade financing facilities granted by the banks, the Group did not pledge any of the Group's assets for its bank borrowings.

本公司首次公開售股所得款項之用途

本公司於二零零五年十一月在香港聯合交易所有限公司（「聯交所」）主板上市時發行新股之所得款項，在扣除相關股份發行開支後約為856,000,000港元。此等所得款項部份已於上市日後至二零零六年六月三十日止期間按照本公司於二零零五年十一月十五日刊發之售股章程（「售股章程」）所載之建議用途動用，載列如下：

- 約47,806,000港元（約人民幣49,728,000元）用作本集團在中國生產設施購置新染整設備；
- 約26,160,000港元（約人民幣27,211,000元）用作在中國生產主要用於運動服裝的功能性面料購置新廠房及設備；
- 約39,635,000港元（約人民幣41,229,000元）用作本集團在中國生產設施購置新織造設備；
- 約51,000,000港元（約人民幣53,050,000元）用作本集團在中國生產設施購置新裁剪與縫紉設備；
- 約305,000,000港元（約人民幣317,261,000元）用作償還本集團部份長期銀行借貸；及
- 約48,000,000港元（約人民幣49,930,000元）用作本集團之額外一般營運資金。

於二零零六年六月三十日餘下之所得款項淨額約338,399,000港元，已存放於香港及國內作為銀行存款。董事擬按售股章程所披露之方式使用該筆所得款項淨額。

Use of proceeds from the initial public offering

Proceeds from the issue of new shares of the Company for listing on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in November 2005, after deducting related issue expenses therefrom, amounted to approximately HK$856 million. During the period from the date of listing to 30 June 2006, part of such proceeds had been utilized in accordance with the proposed use of proceeds as set out in the prospectus of the Company dated 15 November 2005 (the "Prospectus"), as follows:

- approximately HK$47,806,000 (approximately RMB49,728,000) for the acquisition of new dyeing and finishing equipment for the Group's production facilities in China;
- approximately HK$26,160,000 (approximately RMB27,211,000) for the acquisition of new plant and equipment in China for the production of functional fabrics mainly used in sports wear;
- approximately HK$39,635,000 (approximately RMB41,229,000) for the acquisition of new weaving and knitting equipment for the Group's production facilities in China;
- approximately HK$51,000,000 (approximately RMB53,050,000) for the acquisition of new cutting and sewing equipment for the Group's production facilities in China;
- approximately HK$305,000,000 (approximately RMB317,261,000) for partial repayment of the Group's long-term bank borrowings; and
- the balance of approximately HK$48,000,000 (approximately RMB49,930,000) as additional general working capital of the Group.

As at 30 June 2006, the balance of the net proceeds of approximately HK$338,399,000 had been deposited with banks in Hong Kong and China. The Directors intend to utilize such net proceeds in the manner disclosed in the Prospectus.

外滙風險

由於本集團銷售以美元結算為主，採購以人民幣結算為主，滙率波動對本集團的成本及經營利潤率構成一定影響。本集團針對美元兑人民幣的滙率波動的現狀，採用相應政策對沖部份有關外滙風險。對沖金額視乎本集團預期的美元收益、採購、資本開支，還需要顧及市場預測美元兑人民幣的滙率波動而定。

為免因人民幣兑美元的滙率出現任何變動導致日後的現金流量減值及出現波動，本集團已安排了適當數量的美元借款，於二零零六年六月三十日，銀行借貸總額中，美元借款為人民幣163,414,000元（計原幣金額為20,438,000美元）（二零零五年十二月三十一日：人民幣38,737,000元（計原幣金額為4,800,000美元））。

僱用、培訓及發展

於二零零六年六月三十日，本集團共僱用逾27,000名員工。期內，員工成本（包括管理及行政人員）總額佔本集團銷售額約18.9%（截至二零零五年六月三十日止六個月：18%）。本集團按僱員的表現、資歷及行業慣例釐定給予員工的報酬，而酬金政策會定期檢討。根據年度工作表現評核，僱員或會獲發放花紅及獎金。此外，本集團亦會給予僱員獎勵或其他形式的鼓勵以推動僱員個人成長及事業發展。如本集團持續向員工提供培訓，以提升彼等的技術、產品知識以及對行業品質標準的認識及本集團所有新員工均須參加入門課程，而全體員工亦可參加各類培訓課程。

資本開支及資本承擔

於截至二零零六年六月三十日止六個月內，本集團於固定資產之投資約為人民幣275,357,000元，其中約69%用作購買廠房及設備、約27%用作興建新工廠大樓，而餘款則用作購買其他固定資產。

於二零零六年六月三十日，本集團已訂約購建的物業、廠房和設備之資本承擔約達人民幣198,758,000元。以首次公開售股所得款項及內部資源所得款項淨額撥付。

或然負債

於二零零六年六月三十日，本集團概無任何重大或然負債。

Exposure to exchange risks

As the Group's sales were mainly settled in United States Dollars ("USD") whilst its purchases were mainly settled in RMB, its costs and operating profit margin were subject to exchange rate fluctuations. The Group adopted a policy to hedge part of its exchange rate risks in light of existing fluctuations of the exchange rate between USD and RMB. The amount to be hedged would depend on the Group's expected USD revenue, purchases and capital expenditure requirements, as well as market forecast of fluctuations in the USD to RMB exchange rate.

To protect itself against reductions in value and the volatility of future cash flows which might result from any exchange rate movement between RMB and USD, the Group had arranged for USD borrowings of an appropriate amount. As at 30 June 2006, out of the total bank borrowings, USD borrowings amounted to RMB163,414,000 (USD20,438,000 based on the original currency) (31 December 2005: RMB38,737,000 (USD4,800,000 based on the original currency).

Employment, training and development

At 30 June 2006, the Group had over 27,000 employees. Total staff costs, including administrative and management staff, amounted to approximately 18.9% (Six months ended 30 June 2005: 18%) of the Group's sales during the period. The Group remunerated its staff according to their performances, qualifications and industry practices and conducted regular reviews of its remuneration policy. Employees would receive discretionary bonuses and monetary awards based on their ratings in annual performance appraisals. The Group also offered rewards or other incentives to motivate personal growth and career development of the employees, such as ongoing opportunities for training to enhance their technical and product knowledge as well as their knowledge of industry quality standards. All new staff members of the Group were required to attend an introductory course. There were also various types of training courses available to all of the Group's employees.

Capital expenditure and commitments

For the six months ended 30 June 2006, the Group's investment in fixed assets amounted to approximately RMB275,357,000, of which approximately 69% was used for the acquisition of plant and equipment and approximately 27% was used for the construction of new factory buildings, and the balance was used for the purchase of other fixed assets.

At 30 June 2006, the Group had capital commitments of approximately RMB198,758,000 in connection with the acquisition and construction of properties, plants and equipment, which will be financed by IPO proceeds and internal resources.

Contingent liabilities

At 30 June 2006, the Group had no significant contingent liabilities.

管理層討論與分析
Management Discussion and Analysis

未來前景及策略

申洲國際管理層深深感受到，完整且充分整合的縱向一體化工序是穩固現有日本客戶，並對 NIKE、ADIDAS、PUMA 及其他優質客戶產生吸引力的重要因素。因此，本集團將基於與該等客戶的合作規劃，持續提升各工序配套的生產能力，並進一步優化生產工藝，提高營運效率，加強成本控制措施，縮短交貨期，以進一步提升綜合競爭力。

本集團亦將按客戶之需要不斷提升柬埔寨制衣工廠的生產與綜合服務能力，逐步形成中國大陸與柬埔寨二個具互補性質的生產基地，保證重要客戶不受地域、政治、經濟、滙率、政策等影響，保障其產品供應上的穩定性。

申洲國際管理層深知，本集團過往成功的基石在於擁有一個穩固的日本市場。因此，日本將仍然是本集團的主要市場，本集團將進一步鞏固並持續發展該市場。

憑藉二零零八年北京奧運會這個國際體壇盛事之機遇，本集團將繼續提高運動類服裝的銷售額與銷售比例。本集團將採取為知名運動名牌客戶設立專用廠區等措施，全面提升與該等客戶的合作層面，建立更牢固的戰略合作關係。

隨著低端紡織服裝產品部分轉移至東南亞、南亞國家生產的同時，中國佔全球中高端紡織服裝市場比例亦呈快速上升態勢，而本集團部分客戶亦對產品有進一步高檔化、精品化要求。為應對此一趨勢，本集團將進一步加強研發能力，並在各個工序進一步提高其處理高品質、短交貨期，同時利潤率也較高的小規模訂單的能力。

本集團洞悉服裝業的發展前景及巨大的服裝代工市場，將致力於發展針織服裝的代工業務，努力做強做大，成為全球最具競爭力的針織服裝代工製造商，為股東和投資者創造可觀的回報。

Future prospects and strategies

The management of Shenzhou International is of the view a complete and vertically integrated production process is a major factor in stabilizing the relationship with existing Japanese customers and attracting NIKE, ADIDAS, PUMA and other quality customers. Therefore, based on the existing relationships with these customers, the Group will continue to enhance the production capabilities of various ancillary processes. The Group will also further enhance the process standards, improve the operating efficiency, strengthen cost control measures, and shorten the delivery schedules, in order to further improve the overall competitiveness.

The Group will also focus on customer needs and continually upgrade the production and consolidated servicing capabilities of the garment factory in Cambodia, to gradually come up with two production bases in Mainland China and Cambodia which are mutually supplemental, ensuring important customers are protected from impacts from the region, politics, economy, exchange rate, policy, etc., and guaranteeing the stability of product supply.

As far as the management of the Company is aware, the Group's past success was built upon the foundation of a stable Japanese market. Therefore, Japan will remain an important market for the Group, to be further strengthened and continuously developed.

The Group will seize upon the opportunity presented by the major sports event of the 2008 Olympics in Beijing, and continue to increase the sales and the sales proportion of sports wear, and adopt an approach to designate plants for the exclusive use of well-known sports brand customers, in order to fully enhance the level of co-operation, and to build a stronger strategic co-operative relationship with these customers.

In line with the move to relocate the production of certain low-end textile products to South East Asia and South Asia, global high-end textile market share attributable to China presented a sharp increase, and some of the Group's customers had also expressed their requirement for products to be of a higher quality and further refinement. In view of this trend, the Group will further strengthen its research and development capabilities, and further improve the capabilities of various work processes to handle small orders of high quality, short delivery schedule, and higher profit margin.

In view of the development prospects of the apparel industry and the enormous apparel OEM market, the Group will focus on the knitwear OEM business and strive to become the world's most competitive knitwear manufacturer in this sector through ongoing consolidation and expansion efforts, generating substantial returns for our shareholders and investors.

簡明綜合資產負債表
Condensed Consolidated Balance Sheet

於二零零六年六月三十日
As at 30 June 2006

		附註 Notes	未經審核 Unaudited 二零零六年六月三十日 30 June 2006 人民幣千元 RMB'000	已審核 Audited 二零零五年十二月三十一日 31 December 2005 人民幣千元 RMB'000
資產	**ASSETS**			
非流動資產	**Non-current assets**			
物業、廠房及設備	Property, plant and equipment	5	**1,480,192**	1,275,217
土地使用權	Land use rights	5	**57,318**	55,458
遞延所得稅資產	Deferred income tax assets		**1,031**	276
			1,538,541	1,330,951
流動資產	**Current assets**			
存貨	Inventories	6	**500,556**	366,201
應收賬款及應收票據	Accounts and bills receivable	7	**212,243**	193,560
預付款項及其他應收款項	Prepayments and other receivables	8	**105,637**	66,023
有抵押銀行存款	Pledged bank deposits		**22,341**	2,310
存期逾三個月的銀行存款	Bank deposits with initial term of over three months		**—**	21,695
現金及現金等價物	Cash and cash equivalents		**391,025**	559,801
			1,231,802	1,209,590
總資產	**Total assets**		**2,770,343**	2,540,541
權益	**EQUITY**			
本公司股權持有人應佔股本及儲備	**Capital and reserves attributable to equity holders of the Company**			
股本	Share capital		**129,717**	129,717
儲備	Reserves	9	**1,090,731**	1,091,763
保留盈利	Retained earnings			
— 擬派末期股息	— Proposed final dividend		**—**	25,903
— 其他	— Others		**645,232**	454,639
			1,865,680	1,702,022
少數股東權益	**Minority interests**		**12,738**	12,152
總權益	**Total equity**		**1,878,418**	1,714,174

		附註 Notes	未經審核 Unaudited 二零零六年六月三十日 30 June 2006 人民幣千元 RMB'000	已審核 Audited 二零零五年十二月三十一日 31 December 2005 人民幣千元 RMB'000
流動負債	**Current liabilities**			
應付賬款及應付票據	Accounts and bills payable	10	**350,965**	144,779
應計款項及其他應付款項	Accruals and other payables	11	**70,336**	100,041
當期所得税負債	Current income tax liabilities		**7,787**	668
應付關連人士款項	Due to related parties	20(b)	**29,423**	22,142
銀行借貸 — 無抵押	Bank borrowings, unsecured		**433,414**	558,737
			891,925	826,367
總負債	**Total liabilities**		**891,925**	826,367
總權益及負債	**Total equity and liabilities**		**2,770,343**	2,540,541
流動資產淨值	**Net current assets**		**339,877**	383,223
總資產減流動負債	**Total assets less current liabilities**		**1,878,418**	1,714,174

附註為該等簡明綜合財務報表的組成部份。

The notes are an integral part of these condensed consolidated financial statements.

簡明綜合損益表
Condensed Consolidated Income Statement

截至二零零六年六月三十日止六個月
For the six months ended 30 June 2006

		附註 Notes	未經審核 Unaudited 截至六月三十日止六個月 For six months ended 30 June 二零零六年 2006 人民幣千元 RMB'000	二零零五年 2005 人民幣千元 RMB'000
銷售額	Sales	4	**1,390,177**	1,081,493
銷售成本	Cost of sales	13	**(1,079,164)**	(822,167)
毛利	**Gross profit**		**311,013**	259,326
其他虧損淨額	Other losses, net	12	**(492)**	(7,580)
銷售及市場推廣費用	Selling and marketing expenses	13	**(13,774)**	(15,188)
一般及行政費用	General and administrative expenses	13	**(81,665)**	(63,273)
經營利潤	**Operating profit**		**215,082**	173,285
融資成本	Finance costs	14	**(7,984)**	(23,673)
應佔一家聯營公司業績	Share of results of an associate		**—**	(7)
除所得稅前利潤	**Profit before income tax**		**207,098**	149,605
所得稅開支	Income tax expense	15	**(15,919)**	(2,220)
期內利潤	**Profit for the period**		**191,179**	147,385
以下人士應佔權益：	**Attributable to:**			
本公司股權持有人	Equity holders of the Company		**190,593**	146,439
少數股東權益	Minority interests		**586**	946
			191,179	147,385
期內本公司股權持有人應佔利潤的每股盈利（以每股人民幣計）	**Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RMB per share)**	16		
— 基本	— Basic		**0.15**	0.16
— 攤薄	— Diluted		**不適用 N/A**	不適用 N/A

附註為該等簡明綜合財務報表的組成部份。

The notes are an integral part of these condensed consolidated financial statements.

簡明綜合權益變動表
Condensed Consolidated Statement of Changes in Equity

		本公司股權持有人應佔 Attributable to equity holders of the Company					
		股本 Share capital 人民幣千元 RMB'000	儲備 Reserves 人民幣千元 RMB'000	保留盈利 Retained earnings 人民幣千元 RMB'000	小計 Sub-total 人民幣千元 RMB'000	少數股東權益 Minority interests 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
截至二零零五年六月三十日止六個月(未經審核)	**For the six months ended 30 June 2005 (unaudited)**						
於二零零五年一月一日的結餘	Balance at 1 January 2005	24	694,012	577,324	1,271,360	31,968	1,303,328
期內利潤	Profit for the period	—	—	146,439	146,439	946	147,385
集團旗下各公司派付其當時股權持有人股息	Dividends paid by group companies to their then equity holders	—	—	(292,549)	(292,549)	(29)	(292,578)
轉撥法定公積	Transfer to statutory reserves	—	58,284	(58,284)	—	—	—
於二零零五年五月三十一日向股權持有人作出的分派	Distribution to equity holders on 31 May 2005	—	(452,417)	(63,441)	(515,858)	(600)	(516,458)
於二零零五年六月三十日的結餘	Balance at 30 June 2005	24	299,879	309,489	609,392	32,285	641,677
截至二零零六年六月三十日止六個月(未經審核)	**For the six months ended 30 June 2006 (unaudited)**						
於二零零六年一月一日的結餘	Balance at 1 January 2006	129,717	1,091,763	480,542	1,702,022	12,152	1,714,174
期內利潤	Profit for the period	—	—	190,593	190,593	586	191,179
換算差額	Translation differences	—	(1,032)	—	(1,032)	—	(1,032)
已於二零零六年六月派發之二零零五年股息	Dividends relating to 2005 paid in June 2006	—	—	(25,903)	(25,903)	—	(25,903)
於二零零六年六月三十日的結餘	Balance at 30 June 2006	129,717	1,090,731	645,232	1,865,680	12,738	1,878,418

附註為該等簡明綜合財務報表的組成部份。

The notes are an integral part of these condensed consolidated financial statements.

簡明綜合現金流量表
Condensed Consolidated Cash Flow Statement

		未經審核 Unaudited 截至六月三十日止六個月 For six months ended 30 June	
		二零零六年 2006 人民幣千元 RMB'000	二零零五年 2005 人民幣千元 RMB'000
經營業務所得現金淨額	Net cash generated from operating activities	**282,959**	66,929
投資活動所用現金淨額	Net cash used in investing activities	**(275,916)**	(313,505)
融資活動(所用)／所得現金淨額	Net cash (used in)/generated from financing activities	**(172,823)**	166,694
現金及現金等價物減少	**Decrease in cash and cash equivalents**	**(165,780)**	(79,882)
期初現金及現金等價物	Cash and cash equivalents at beginning of period	**559,801**	238,428
匯率變動的影響	Effect of foreign exchange rate changes	**(2,996)**	(158)
期末現金及現金等價物	**Cash and cash equivalents at end of period**	**391,025**	158,388

附註為該等簡明綜合財務報表的組成部份。

The notes are an integral part of these condensed consolidated financial statements.

1. 一般資料

申洲國際集團控股有限公司(「本公司」)於二零零五年六月二十三日在開曼群島註冊成立為獲豁免有限公司。

本公司及其附屬公司(「本集團」)主要從事製造及銷售針織服裝產品。

除另有指明外，該等未經審核簡明綜合中期財務報表均以人民幣(「人民幣」)列值。董事會於二零零六年八月四日批准刊發該等簡明綜合中期財務報表。

2. 呈列基準

截至二零零六年六月三十日止半年的該等未經審核簡明綜合中期財務報表已根據香港會計準則(「香港會計準則」)第34號「中期財務申報」編製。該等未經審核簡明綜合中期財務報表應與截至二零零五年十二月三十一日止年度的年度財務報表一併閱覽。

3. 會計政策

本公司採納的會計政策及編製基準，與截至二零零五年十二月三十一日止年度的年度財務報表所採納者貫徹一致。詳見截至二零零五年十二月三十一日止年度的年度財務報表。

以下是截至二零零六年十二月三十一日止財政年度強制採納的新訂準則、準則修訂及釋義。

- 香港會計準則第19號(修訂)「精算盈虧、集團計劃及披露」於二零零六年一月一日或之後開始的年度期間生效。此項修訂對本集團的意義不大；

- 香港會計準則第39號(修訂)「公允值期權」修訂於二零零六年一月一日或之後開始的年度期間生效。鑒於本集團能夠符合指定按公允值於損益表入賬的金融工具的經修訂準則，此項修訂對本集團於二零零六年一月一日前歸類為按公允值於損益表入賬的金融工具的分類及估值，不會產生任何影響；

1. GENERAL INFORMATION

Shenzhou International Group Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 23 June 2005.

The Company and its subsidiaries (the "Group") is principally engaged in the manufacture and sale of knitwear products.

These unaudited condensed consolidated interim financial statements are presented in Renminbi ("RMB") unless otherwise stated. These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 4 August 2006.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the half-year ended 30 June 2006 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2005.

3. ACCOUNTING POLICIES

The accounting policies and basis of presentation adopted are consistent with those of the annual financial statements for the year ended 31 December 2005. As described in the annual financial statements for the year ended 31 December 2005.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31 December 2006.

- Amendment to HKAS 19, "Actuarial gains and losses, group plans and disclosures", effective for annual periods beginning on or after 1 January 2006. The amendment is not relevant for the Group;

- Amendment to HKAS 39, Amendment to "The fair value option", effective for annual periods beginning on or after 1 January 2006. This amendment does not have any impact on the classification and valuation of the Group's financial instruments classified as at fair value through profit or loss prior to 1 January 2006 as the Group is able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss;

3. 會計政策（續）

- 香港會計準則第21號（修訂）「海外業務的投資淨額」修訂於二零零六年一月一日或之後開始的年度期間生效。此項修訂對本集團的意義不大；
- 香港會計準則第39號（修訂）「預測集團內公司間交易的現金流量對沖的會計處理」於二零零六年一月一日或之後開始的年度期間生效。此項修訂對本集團的意義不大；
- 香港會計準則第39號（修訂）及香港財務報告準則第4號「財務擔保合約」於二零零六年一月一日或之後開始的年度期間生效。此項修訂對本集團的意義不大；
- 香港財務報告準則第6號「礦產資源之勘探及評估」於二零零六年一月一日或之後開始的年度期間生效。此項準則對本集團的意義不大；
- 香港（國際財務報告釋義委員會）－釋義第4號「釐定安排是否包括租賃」於二零零六年一月一日或之後開始的年度期間生效。本集團已審閱其合約，其中一部分根據香港會計準則第17號「租賃」需要入賬列為租賃。然而，該等租賃均為經營租賃，重新歸類該等租賃對就此所確認的開支並無影響；
- 香港（國際財務報告釋義委員會）－釋義第5號「對拆卸、復原及環境修復基金所產生權益之權利」於二零零六年一月一日或之後開始的年度期間生效。此項釋義對本集團的意義不大；及
- 香港（國際財務報告釋義委員會）－釋義第6號「參與特殊市場 — 電器及電子設備廢料而產生之負債」於二零零五年十二月一日或之後的年度期間生效。此項釋義對本集團的意義不大。

3. ACCOUNTING POLICIES (Continued)

- Amendment to HKAS 21, Amendment "Net investment in a foreign operation", effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;
- Amendment to HKAS 39, Amendment "Cash flow hedge accounting of forecast intragroup transactions", effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;
- Amendment to HKAS 39 and HKFRS 4, Amendment "Financial guarantee contracts", effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;
- HKFRS 6, "Exploration for and evaluation of mineral resources", effective for annual periods beginning on or after 1 January 2006. This standard is not relevant for the Group;
- HK(IFRIC)-Int 4, "Determining whether an arrangement contains a lease", effective for annual periods beginning on or after 1 January 2006. The Group has reviewed its contracts. Some of them are required to be accounted for as leases in accordance with HKAS 17, "Leases". However, these leases are operating leases, and their reclassification has had no impact on the expense recognised in respect of them;
- HK(IFRIC)-Int 5, "Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds", effective for annual periods beginning on or after 1 January 2006. This interpretation is not relevant for the Group; and
- HK(IFRIC)-Int 6, "Liabilities arising from participating in a specific market — waste electrical and electronic equipment", effective for annual periods beginning on or after 1 December 2005. This interpretation is not relevant for the Group.

3. 會計政策（續）

以下是二零零六年已頒佈但未生效且並無提前採用的新訂準則、準則修訂及釋義：

- 香港（國際財務報告釋義委員會）— 釋義第7號「根據香港財務報告準則第29號應用重列方式」於二零零六年三月一日或之後開始的年度期間生效。管理層預計，上述釋義對本集團的意義不大；
- 香港（國際財務報告釋義委員會）— 釋義第8號「香港財務報告準則第2號的範圍」於二零零六年五月一日或之後開始的年度期間生效。管理層正在評估香港（國際財務報告釋義委員會）— 釋義第8號對本集團營運所造成的影響；
- 香港（國際財務報告釋義委員會）— 釋義第9號「嵌入衍生工具的重估」於二零零六年六月一日或之後開始的年度期間生效。管理層相信，鑒於本集團已就應否使用與（國際財務報告釋義委員會）— 釋義第9號一致的原則將嵌入衍生工具分開而進行評估，此項釋義應不會對嵌入衍生工具的重估產生重大影響；及
- 香港財務報告準則第7號「金融工具：披露」於二零零七年一月一日或之後開始的年度期間生效。香港會計準則第1號「資本披露修訂」則於二零零七年一月一日或之後開始的年度期間生效。本集團已評估香港財務報告準則第7號及香港會計準則第1號（修訂）的影響，並歸結得出主要的額外披露事項將為香港會計準則第1號（修訂）規定的市場風險敏感度分析和資本披露。自二零零七年一月一日開始的年度期間起，本集團將會應用香港財務報告準則第7號及香港會計準則第1號（修訂）。

3. ACCOUNTING POLICIES (Continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2006 and have not been early adopted:

- HK(IFRIC)-Int 7, "Applying the Restatement Approach under HKFRS 29", effective for annual periods beginning on or after 1 March 2006. Management do not expect the interpretation to be relevant for the Group;
- HK(IFRIC)-Int 8, "Scope of HKFRS 2", effective for annual periods beginning on or after 1 May 2006. Management is currently assessing the impact of HK(IFRIC)-Int 8 on the Group's operations;
- HK(IFRIC)-Int 9, "Reassessment of Embedded Derivatives", effective for annual periods beginning on or after 1 June 2006. Management believes that this interpretation should not have a significant impact on the reassessment of embedded derivatives as the Group already assess if embedded derivative should be separated using principles consistent with HK(IFRIC)-Int 9; and
- HKFRS 7, 'Financial instruments: Disclosures', effective for annual periods beginning on or after 1 January 2007. HKAS 1, "Amendments to capital disclosures", effective for annual periods beginning on or after 1 January 2007. The Group assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will apply HKFRS 7 and the amendment to HKAS 1 from annual periods beginning 1 January 2007.

4. 銷售額及分部資料

本集團主要從事製造及銷售針織服裝產品的單一業務分部，其大部分經營業務及資產均位於中國大陸。故此，本集團並無呈列業務分部。

按客戶所在地域劃分的銷售額（按產品的銷售市場地域位置）：

4. SALES AND SEGMENT INFORMATION

The Group is principally engaged in one business segment, the manufacture and sale of knitwear products, and most of its operations and assets are located in Mainland China. Therefore, no business segment is presented.

Sales by geographical location of customers (by location where merchandise was delivered):

		截至六月三十日止六個月 For six months ended 30 June	
		二零零六年 **2006** 人民幣千元 **RMB'000**	二零零五年 2005 人民幣千元 RMB'000
銷售予對外之客戶	Sales for external customers		
日本	Japan	**1,078,259**	920,060
歐洲	Europe	**160,404**	60,803
中國	Mainland China	**67,255**	48,988
其他	Others	**84,259**	51,642
		1,390,177	1,081,493

5. 資本開支 5. CAPITAL EXPENDITURE

		物業、廠房及設備 Property, plant and equipment 人民幣千元 RMB'000	土地使用權 Land use rights 人民幣千元 RMB'000
截至二零零五年六月三十日止六個月	**For the six months ended 30 June 2005**		
於二零零五年一月一日之年初賬面淨額	Opening net book amount at 1 January 2005	1,080,044	54,181
添置	Additions	313,398	16,195
出售	Disposals	(132,607)	(8,866)
於二零零五年五月三十一日向股權持有人作出的分派	Distribution to equity holders on 31 May 2005	(11,148)	(5,277)
折舊／攤銷	Depreciation/Amortisation	(48,047)	(380)
於二零零五年六月三十日之期末賬面淨額	Closing net book amount at 30 June 2005	1,201,640	55,853
截至二零零六年六月三十日止六個月	**For the six months ended 30 June 2006**		
於二零零六年一月一日之年初賬面淨額	Opening net book amount at 1 January 2006	1,275,217	55,458
添置	Additions	272,856	2,501
出售	Disposals	(1,137)	—
折舊／攤銷	Depreciation/Amortisation	(66,236)	(641)
滙兌差額	Exchange differences	(508)	—
於二零零六年六月三十日之期末賬面淨額	Closing net book amount at 30 June 2006	1,480,192	57,318

6. 存貨 6. INVENTORIES

		二零零六年六月三十日 30 June 2006 人民幣千元 RMB'000	二零零五年十二月三十一日 31 December 2005 人民幣千元 RMB'000
原材料	Raw materials	**114,409**	104,171
在製品	Work in progress	**328,831**	219,229
製成品	Finished goods	**57,316**	42,801
		500,556	366,201

7. 應收賬款及應收票據

本集團的銷售大多數以信用證進行。其餘數額一般獲授2至6個月不等的信貸期。應收賬款及應收票據的賬齡分析如下：

7. ACCOUNTS AND BILLS RECEIVABLE

The majority of the Group's sales are on letters of credit. The remaining amounts are generally granted with credit terms of 2 to 6 months. The ageing analysis of accounts and bills receivable is as follows:

		二零零六年六月三十日 30 June 2006 人民幣千元 RMB'000	二零零五年十二月三十一日 31 December 2005 人民幣千元 RMB'000
0至6個月	0 to 6 months	**212,243**	193,538
6個月至1年	6 months to 1 year	**—**	22
		212,243	193,560

應收賬款及應收票據的賬面值與其公允值相若。

The carrying amounts of accounts and bills receivable approximated their fair value.

8. 預付款項及其他應收款項

8. PREPAYMENTS AND OTHER RECEIVABLES

		二零零六年六月三十日 30 June 2006 人民幣千元 RMB'000	二零零五年十二月三十一日 31 December 2005 人民幣千元 RMB'000
預付款項及按金	Prepayments and deposits		
— 採購原材料	— Purchase of raw materials	**23,588**	30,542
— 水資源使用費（附註a）	— Water utilisation cost (note a)	**50,000**	—
— 其他	— Others	**5,249**	1,055
應收增值税退款（附註b）	VAT refund receivable (note b)	**19,340**	9,883
按公允值列賬的外匯遠期合約	Forward foreign exchange contracts at fair value	**—**	9,154
應收發行股份所得款項	Receivables of proceeds from issue of shares	**102**	10,969
其他應收款項	Other receivables	**7,358**	4,420
		105,637	66,023

8. 預付款項及其他應收款項（續）

(a) 為確保本集團生產中所需使用的水資源及優惠價格，本集團於二零零六年四月份與獨立第三方寧波市北侖區人民政府(「北侖區政府」)簽署了一份大額供水協議，據此，本集團向北侖區政府支付人民幣10,000萬元後，北侖區政府將以優惠之價格，每日保証供應本集團一定數量的水資源，協議期為二十年。另外，集團會承擔相關的管道建設費用約人民幣2,600萬元。該協定將於相關的水網管線鋪設工程完成後正式開始執行。本集團已根據協議預付款項人民幣5,000萬元，賬列預付款項。

(b) 本集團自製產品的銷售額須繳納中國大陸增值稅(「增值稅」)。進項增值稅可從銷項增值稅中扣除。應付增值稅乃銷項增值稅及可扣減進項增值稅之淨差額。本集團的內銷適用稅率為17%。就外銷而言，本集團已取得有關出口貨品以「免、抵、退」方法結算增值稅的批准，其中本集團所進行的外銷可豁免銷項增值稅並有權享有有關進項增值稅的退稅，退稅率則為13%。

預付款項及其他應收款項的賬面值與其公允值相若。

8. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

(a) To ensure water supply for the Group's production use at preferential rate, the Group and the People's Government of Beilun District Ningbo City ("Beilun District Government"), an independent third party, has entered into a large-quantity water supply agreement in April 2006, whereby with the payment of RMB 100 million made by the Group to the Beilun District Government, the Beilun District Government will supply with a guaranteed quantity of daily water supply at a preferential rate to the Group, for a term of 20 years. In addition, the Group will be responsible for the relevant pipeline constructing costs of approximately RMB 26 million. The agreement will come into effect after the completion of the relevant water pipe laying project. The Group has made a prepayment of RMB 50 million in accordance with the agreement, and is included in the prepayments.

(b) The Group's sales of self-manufactured products are subject to Mainland China's Value Added Tax ("VAT"). Input VAT on purchases can be deducted from output VAT. The VAT payable is the net difference between output and deductible input VAT. The applicable tax rate for domestic sales of the Group is 17%. For export sales, the Group has obtained approval to use the "exempt, credit, refund" method in settling VAT relating to goods exported, which exempts the Group from output VAT for its export sales and entitles the Group for a refund of the relevant input VAT at the rates of 13%.

The carrying amounts of prepayments and other receivables approximated their fair value.

9. 儲備

9. RESERVES

		股份溢價 Share premium 人民幣千元 RMB'000	股本儲備 Capital reserve 人民幣千元 RMB'000	法定公積 Statutory reserves 人民幣千元 RMB'000	換算差額 Translation differences 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
截止二零零五年六月三十日止六個月	**For the six months ended 30 June 2005**					
於二零零五年一月一日	At 1 January 2005	—	611,475	82,537	—	694,012
轉撥自保留盈利	Transfer from retained earnings	—	—	58,284	—	58,284
於二零零五年五月三十一日向股權持有人作出的分派	Distributions to equity holders on 31 May 2005	—	(343,894)	(108,523)	—	(452,417)
於二零零五年六月三十日	At 30 June 2005	—	267,581	32,298	—	299,879
截止二零零六年六月三十日止六個月	**For the six months ended 30 June 2006**					
於二零零六年一月一日	At 1 January 2006	762,499	265,060	65,574	(1,370)	1,091,763
換算差額	Translation differences	—	—	—	(1,032)	(1,032)
於二零零六年六月三十日	At 30 June 2006	762,499	265,060	65,574	(2,402)	1,090,731

10. 應付賬款及應付票據

10. ACCOUNTS AND BILLS PAYABLE

		二零零六年六月三十日 30 June 2006 人民幣千元 RMB'000	二零零五年十二月三十一日 31 December 2005 人民幣千元 RMB'000
應付賬款	Accounts payable	**194,800**	119,279
應付票據	Bills payable	**156,165**	25,500
		350,965	144,779

10. 應付賬款及應付票據（續）

10. ACCOUNTS AND BILLS PAYABLE (Continued)

應付賬款及應付票據的賬齡分析如下：

Ageing analysis of accounts and bills payable is as follows:

		二零零六年六月三十日 30 June 2006 人民幣千元 RMB'000	二零零五年十二月三十一日 31 December 2005 人民幣千元 RMB'000
0至6個月	0 to 6 months	**345,565**	136,718
6個月至1年	6 months to 1 year	**1,578**	1,099
1年至2年	1 year to 2 years	**1,853**	6,908
2年以上	Over 2 years	**1,969**	54
		350,965	144,779

11. 應計款項及其他應付款項

11. ACCRUALS AND OTHER PAYABLES

		二零零六年六月三十日 30 June 2006 人民幣千元 RMB'000	二零零五年十二月三十一日 31 December 2005 人民幣千元 RMB'000
客戶按金	Customer deposits	**9,114**	3,638
應計開支	Accrued expenses	**42,714**	81,646
購置物業、廠房及設備的應付款項	Payable for purchase of property, plant and equipment	**1,583**	6,595
應付關税	Customs duty payable	**5,254**	—
其他	Others	**11,671**	8,162
		70,336	100,041

12. 其他虧損淨額 / 12. OTHER LOSSES, NET

		截至六月三十日止六個月 For six months ended 30 June	
		二零零六年 2006 人民幣千元 RMB'000	二零零五年 2005 人民幣千元 RMB'000
政府補助（附註a）	Government grants (note a)	**3,655**	8,569
利息收入	Interest income	**2,241**	511
出售物業、廠房及設備虧損淨額	Loss on disposal of property, plant and equipment, net	**(235)**	(6,252)
滙兑損失淨額	Exchange losses, net	**(2,797)**	(158)
按公允值計入損益表的遠期外滙合約	Forward foreign exchange contracts at fair value through income statement	**(3,356)**	(10,250)
		(492)	(7,580)

(a) 政府補助主要為當地政府授予本集團的各項獎勵。

(a) Government grants mainly represent bonus granted by local government to the Group.

13. 按性質分類的費用 / 13. EXPENSES BY NATURE

包括於銷售成本、銷售及市場推廣費用和一般及 行政費用之內費用分析如下：

Expenses included in cost of sales, selling and marketing expenses and general and administrative expenses are analysed as follows:

		截至六月三十日止六個月 For six months ended 30 June	
		二零零六年 2006 人民幣千元 RMB'000	二零零五年 2005 人民幣千元 RMB'000
僱員福利開支	Employee benefit expense		
工資及薪金	Wages and salaries	**252,256**	185,448
退休福利供款	Retirement benefit contributions	**7,265**	5,873
其他福利	Other welfares	**3,400**	3,303
		262,921	194,624
折舊及攤銷	Depreciation and amortisation	**66,877**	48,427
製成品及在製品的存貨變動	Changes in inventories of finished goods and work in progress	**(124,117)**	(32,193)
所用的原材料及消耗品	Raw materials and consumables used	**801,337**	599,517
公用設施及蒸汽費用	Utilities and steam	**88,087**	72,083
物業經營租賃開支	Operating lease expenses for properties	**5,710**	4,682
佣金	Commission	**5,057**	9,002

14. 融資成本 14. FINANCE COSTS

		截至六月三十日止六個月 For six months ended 30 June	
		二零零六年 2006 人民幣千元 RMB'000	二零零五年 2005 人民幣千元 RMB'000
須於五年內悉數償還的銀行借貸之利息開支	Interest expense on bank borrowings wholly payable within five years	**7,984**	23,673

15. 所得稅開支 15. INCOME TAX EXPENSE

		截至六月三十日止六個月 For six months ended 30 June	
		二零零六年 2006 人民幣千元 RMB'000	二零零五年 2005 人民幣千元 RMB'000
即期中國大陸所得稅（「企業所得稅」）	Mainland China current income tax ("EIT")	**16,674**	3,384
遞延稅項	Deferred taxation	**(755)**	(1,164)
		15,919	2,220

本公司及本集團中介投資控股公司永泰投資有限公司於其各自註冊成立所在地方獲豁免繳納所得稅。

The Company and Top Always Investments Limited, an intermediate investment holding company of the Group, are exempted from payment of income tax in their respective places of incorporation.

於中國大陸成立的附屬公司須繳納16.5%稅率的企業所得稅。在中國大陸註冊成立為外商投資企業的附屬公司已獲中國大陸有關稅務當局發出批文，根據中國外商投資企業適用的稅法及法規，於首個獲利年度(於抵銷過往年度結轉的所有未到期稅項虧損之後為準)後首兩年獲准豁免企業所得稅，及其後三年享有企業所得稅減半優惠。

The subsidiaries established in Mainland China are subject to EIT at a rate of 16.5%. Incorporated as foreign investment enterprises in Mainland China, the subsidiaries have obtained approvals from the relevant tax authorities in Mainland China for their entitlement to exemption from EIT for the first two years and 50% reduction in EIT for the next three years, commencing from the first profitable year after offsetting all unexpired tax losses carried forward from the previous years in accordance with the relevant tax rules and regulations applicable to foreign investment enterprises in Mainland China.

一家於柬埔寨王國註冊成立的全資附屬公司Shenzhou Cambodia Co., Ltd. 根據有關稅務法律，須按9%稅率繳納所得稅，並於首四個獲利年度獲 豁免繳納所得稅。

Shenzhou Cambodia Co., Ltd., a wholly-owned subsidiary incorporated in Kingdom of Cambodia under the Law on Taxation, is subject to income tax at a rate of 9% and is entitled to be exempted from income tax for the first four profit-making years.

16. 每股盈利

期內每股盈利乃按照本公司股權持有人應佔綜合利潤約人民幣190,593,000元（截至二零零五年六月三十日止六個月：人民幣146,439,000元）以及已發行普通股的加權平均股數為1,245,000,000股（截至二零零五年六月三十日止六個月：900,000,000股）計算。釐定已發行股份數目時，股份發行及資本化發行的合共900,000,000股股份，乃視為自二零零五年一月一日起已經發行。

由於並無任何具攤薄作用的普通股，因此並未呈列每股攤薄盈利。

16. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the consolidated profit attributable to equity holders of the Company of approximately RMB190,593,000 (Six months ended 30 June 2005: RMB146,439,000) and on the weighted average number of approximately 1,245,000,000 (Six months ended 30 June 2005: 900,000,000) ordinary shares in issue during the period. In determining the number of shares in issue, a total of 900,000,000 shares issued pursuant to the issue of shares and capitalisation issue were deemed to have been issued since 1 January 2005.

Diluted earnings per share is not presented as there were no diluted ordinary shares.

17. 股息

根據董事會於二零零六年八月四日通過之一項決議案，董事並不建議派發截至二零零六年六月三十日止六個月的中期股息。

17. DIVIDEND

Pursuant to a resolution passed by the Board of Directors on 4 August 2006, the directors do not recommend the payment of an interim dividend for the six months ended 30 June 2006.

18. 資本承擔

於結算日尚未產生的資本開支如下：

18. CAPITAL COMMITMENTS

Capital expenditure at the balance sheet date but not yet incurred is as follows:

		二零零六年 六月三十日 **30 June 2006** 人民幣千元 **RMB'000**	二零零五年 十二月三十一日 31 December 2005 人民幣千元 RMB'000
已訂約但未撥備：	Contracted but not provided for:		
— 購置物業、廠房及設備	— Acquisition of property, plant and equipment	**98,161**	30,794
— 興建物業、廠房及設備	— Construction of properties, plant and equipment	**24,597**	61,427
— 水資源使用費（附註8(a)）	— Water utilisation cost (note 8(a))	**76,000**	—
		198,758	92,221

19. 或然負債

本集團於二零零六年六月三十日並無重大或然負債（二零零五年十二月三十一日：無）。

19. CONTINGENT LIABILITIES

The Group did not have significant contingent liabilities as at 30 June 2006 (31 December 2005: nil).

20. 關連人士交易

倘若一方有能力直接或間接控制另一方或對其財 務及營運決策行使重大影響力，則雙方互為有關 連。倘若雙方受同一方控制，亦被視作有關連。

(a) 與關連人士的交易

本集團截至二零零六年及二零零五年六月三十日止六個月與其關連人士（包括董事及其聯繫人以及由控股股東控制的公司）進行下列重大交易：

非持續 —

(i) 根據若干份於二零零六年四月二十一日訂立的協議，本集團已向寧波天山世通紡織有限公司（「天山世通」）收購一幅位於中國寧波北侖區的土地使用權及一幢三層高的廠房，總現金代價為人民幣27,500,000元。

持續 —

20. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

(a) Transactions with related parties

The Group had the following significant transactions with its related parties, including directors and their associates and companies controlled by the controlling shareholder, for six months ended 30 June 2006 and 2005:

Discontinuing —

(i) Pursuant to several agreements dated 21 April 2006, the Group acquired the land use right of a piece of land situated at Beilun District, Ningbo and a 3-storey industrial complex from Ningbo Tianshan Shitong Weaving Co., Ltd. ("Tianshan Shitong") for an aggregate cash consideration of RMB27,500,000.

Continuing —

		附註 Notes	截至六月三十日止六個月 For six months ended 30 June 二零零六年 2006 人民幣千元 RMB'000	二零零五年 2005 人民幣千元 RMB'000
(i) 向寧波申洲置業有限公司（「申洲置業」）租賃物業、廠房及設備	(i) Lease of property, plant and equipment from Ningbo Shenzhou Properties Co., Ltd. ("Shenzhou Properties")	1	**4,234**	4,106
(ii) 採購寧波明耀環保熱電有限公司（「明耀電力公司」）供應的蒸汽	(ii) Purchase of steam supply from Ningbo Mingyao Environmental Thermal Power Co., Ltd. ("Mingyao Electric Company")	2	**16,142**	—
(iii) 寧波申洲大港針織有限公司（「申洲大港」）提供的加工服務	(iii) Processing services provided by Ningbo Shenzhou Dagang Knitwear Co., Ltd. ("Shenzhou Dagang")	3	**575**	275
(iv) 向紹興縣華西包裝品有限公司（「華西包裝品公司」）採購包裝物料	(iv) Purchase of packing materials from Shaoxing County Huaxi Packaging Materials Company Limited ("Huaxi Packaging Company")	4	**9,355**	6,524

20. 關連人士交易(續)

(a) 與關連人士的交易(續)

附註：

1. 本公司之一全資附屬公司寧波申洲針織有限公司(「申洲針織」)於二零零五年十月九日與申洲置業簽訂一份租賃協議，據此，申洲置業將服裝生產物業租予申洲針織，租期由二零零五年六月一日至二零零七年十二月三十一日。

2. 申洲針織於二零零五年十月九日與明耀電力公司簽訂一份蒸汽供應協議，據此，明耀電力公司已同意自二零零五年十月九日至二零零七年十二月三十一日止期間內向本集團供應蒸汽。

3. 申洲針織於二零零五年十月九日與申洲大港簽訂一份加工服務協定，據此，申洲大港已同意向本集團提供或促使其他公司自二零零五年十月九日至二零零七年十二月三十一日止期間內向本集團提供若干毛毯裁剪與縫紉服務。

4. 申洲針織於二零零五年十月九日與華西包裝品公司簽訂一份供應協定，據此，華西包裝品公司已同意自二零零五年十月九日至二零零七年十二月三十一日止期間內向本集團供應包裝物料。

有關上述協議的詳情，請參閱本公司於二零零五年十一月十五日刊發的招股章程及本公司截至二零零五年十二月三十一日止年度的年報。

20. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

Notes:

1. Ningbo Shenzhou Knitwear Co., Ltd. ("Shenzhou Knitwear"), a wholly-owned subsidiary of the Company, and Shenzhou Properties, entered into a lease agreement dated 9 October 2005, by which Shenzhou Properties leased to Shenzhou Knitwear the apparel production properties for a period commencing from 1 June 2005 and expiring on 31 December 2007.

2. Shenzhou Knitwear and Mingyao Electric Company entered into a steam supply agreement dated 9 October 2005, whereby Mingyao Electric Company agreed to supply steam to the Group for a period commencing from 9 October 2005 and expiring on 31 December 2007.

3. Shenzhou Knitwear and Shenzhou Dagang entered into a processing services agreement dated 9 October 2005, whereby Shenzhou Dagang agreed to provide or procure other companies to provide certain blanket cutting and sewing services to the Group for a period commencing from 9 October 2005 and expiring on 31 December 2007.

4. Shenzhou Knitwear and Huaxi Packaging Company entered into a supply agreement dated 9 October 2005 whereby Huaxi Packaging Company agreed to supply packaging materials to the Group for a period commencing from 9 October 2005 to 31 December 2007.

Please refer to the prospectus of the Company dated 15 November 2005 and the annual report of the Company for the year ended 31 December 2005 for details of the agreements mentioned above.

20. 關連人士交易(續)

20. RELATED PARTY TRANSACTIONS (Continued)

(b) 與關連人士的結餘

(b) Balances with related parties

		二零零六年六月三十日 30 June 2006 人民幣千元 RMB'000	二零零五年十二月三十一日 31 December 2005 人民幣千元 RMB'000
應付關連人士款項	Due to related parties		
— 貿易相關	— Trade related		
華西包裝品公司	Huaxi Packaging Company	**1,248**	3
申洲大港	Shenzhou Dagang	**133**	—
		1,381	3
— 非貿易	— Non-trade		
天山世通	Tianshan Shitong	**27,500**	—
世通(香港)有限公司	Worldon (Hong Kong) Limited	**542**	22,139
		28,042	22,139
		29,423	22,142

(c) 主要管理人員酬金

(c) Key management compensation

		截至六月三十日止六個月 For six months ended 30 June	
		二零零六年 2006 人民幣千元 RMB'000	二零零五年 2005 人民幣千元 RMB'000
薪金及其他短期僱員福利	Salaries and other short-term employee benefits	**3,337**	3,033
離職後福利	Post-employment benefits	**34**	37
		3,371	3,070

主要客戶及供應商

截至二零零六年六月三十日止六個月，本集團向五大客戶的銷售額佔總銷售額約80%。本集團自五大供應商的採購額佔總採購額約40%。本集團旨在與著名客戶及供應商維持長期合作關係以擴展其業務。

Major customers and suppliers

During the six months ended 30 June 2006, the Group's sales to top 5 customers accounted for approximately 80% of its total sales; the Group's purchase from top 5 suppliers accounted for approximately 40% of its total purchase. The Group aims to maintain long-term relationship with reputable customers and suppliers in the expansion of its business.

董事於競爭業務的權益

於截至二零零六年六月三十日止六個月，本公司董事概無於與本公司或其任何附屬公司存有競爭之任何業務擁有任何權益。

Directors' interests in competing business

During the six months ended 30 June 2006, none of the directors of the Company had any interest in any competing business with the Company or any of its subsidiaries.

董事及最高行政人員於本公司股份的權益及淡倉

於二零零六年六月三十日，根據證券及期貨條例（「證券及期貨條例」）第XV部第7及第8分部已知會本公司和香港聯合交易所有限公司（「聯交所」），並根據證券及期貨條例第352條而存置之登記冊所載；或根據上市規則內上市公司董事進行證券交易的標準守則（「標準守則」）已知會本公司和聯交所，有關本公司董事及最高行政人員擁有本公司或其任何相關法團（按證券及期貨條例第XV部之涵義）之股份、相關股份及債權證之權益或淡倉（包括根據證券及期貨條例之該等條文任何該等董事及最高行政人員擁有或被視作擁有之權益或淡倉）如下：

Directors' and Chief Executives' interests and short positions in the shares of the Company

As at 30 June, 2006, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) and were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") contained in the Listing Rules, were as follows:

於本公司普通股中之好倉

Long positions in ordinary shares of the Company

名稱 Name	附註 Notes	身份及權益類別 Capacity and nature of interest	股份數目 Number of shares	佔本公司已發行股本百分比(%) Percentage of the Issued Share Capital of the Company
馬建榮先生 Mr. Ma Jianrong	1	公司權益 Corporate interests	900,000,000	72.29
黃關林先生 Mr. Huang Guanlin	2	公司權益 Corporate interests	117,000,000	9.40

附註：

1. 於二零零六年六月三十日，該等股份由世通(香港)有限公司(「世通」)一家全資附屬公司卓耀海外有限公司(「卓耀」)實益擁有。而世通則由馬建榮先生擁有74%權益、黃關林先生擁有13%權益及馬寶興先生(馬建榮先生之父親)擁有13%權益。由於馬建榮先生有權於世通股東大會上行使超過三分之一的投票權，根據證券及期貨條例，馬建榮先生被視為於卓耀持有的900,000,000股股份中擁有權益。

2. 黃關林先生間接擁有卓耀13%的權益，而卓耀則擁有本公司72.29%的權益。

Note:

1. As at 30 June 2006, these shares were beneficially owned by Excelbright Overseas Limited ("Excelbright") which is a wholly-owned subsidiary of Worldon (Hong Kong) Limited ("Worldon"), which is, in turn, owned as to 74% by Mr. Ma Jianrong, as to 13% by Mr. Huang Guanlin and as to 13% by Mr. Ma Baoxing (father of Mr. Ma Jianrong). As Mr. Ma Jianrong is entitled to exercise more than one-third of the voting power at the general meetings of Worldon, by virtue of the SFO, Mr. Ma Jianrong is deemed to be interested in the 900,000,000 shares held by Excelbright.

2. Mr. Huang Guanlin is indirectly interested in a 13% interest in Excelbright, which owns a 72.29% interest in the Company.

除上述披露外，於二零零六年六月三十日，根據證券及期貨條例第352條記錄於本公司存置之登記冊；或根據上述上市規則的標準守則已知會本公司和聯交所，本公司各董事及高級行政人員概無擁有或被視作擁有本公司或其任何相關法團(按證券及期貨條例第XV部之涵義)之股份、相關股份及債權證之權益或淡倉。

Save as disclosed above, as at 30 June 2006, none of the directors and chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company and the Stock Exchange pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

本公司或其任何控股公司、附屬公司或同系附屬公司於期內概無訂立任何安排，令本公司董事及高級行政人員或彼等之配偶或未滿十八歲之子女可藉購入本公司或其他相聯法團之股份或債券而獲益。

At no time during the period was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

主要股東於本公司股份的權益及淡倉

Substantial shareholders' Interests and Short Positions in the Shares of the Company

於二零零六年六月三十日，下列人士(本公司董事除外)在本公司根據證券及期貨條例第336條所存置之股東名冊所紀錄佔本公司已發行股本5%或以上之權益如下：

At 30 June 2006, the following persons who held interests of 5% or more of the issued share capital of the Company, other than directors of the Company, were recorded in the register of members required to be kept by the Company pursuant to Section 336 of the SFO:

於本公司普通股中之好倉

Long position in ordinary shares of the Company

名稱 Name	附註 Notes	身份及權益類別 Capacity and nature of interest	股份數目 Number of shares	佔本公司已發行股本百分比(%) Percentage of the Issued Share Capital of the Company
卓耀 Excelbright	1	實益持有人 Beneficial owner	900,000,000	72.29
世通 Worldon	1 and 2	實益持有人 Beneficial owner	900,000,000	72.29

附註：

1. 卓耀為一家於二零零五年四月十二日在英屬處女群島註冊成立的公司，並持有本公司已發行股本的72.29%權益。於二零零六年六月三十日，世通持有卓耀全數已發行股本。

2. 於二零零六年六月三十日，世通已發行股本由馬建榮先生持有74%，馬寶興先生持有13%，黃關林先生則持有13%。馬建榮先生為馬寶興先生之子。黃關林先生為馬寶興先生的女婿兼馬建榮先生的妹夫。由於世通持有卓耀全數已發行股本而馬建榮先生控制世通股東大會超過三分之一投票權，根據證券及期貨條例，馬建榮先生被視為於卓耀持有的900,000,000股股份中擁有權益。

除上文所披露者外，於二零零六年六月三十日，除本公司董事(其權益載於上文「董事及最高行政人員於本公司股份的權益及淡倉」一節)外，概無其他人士於本公司股份或相關股份中擁有根據證券及期貨條例第336條須予記錄之權益或淡倉。

股息

在本公司於二零零六年六月五日舉行之股東週年大會上，股東通過派發截至二零零五年十二月三十一日止年之末期股息每股0.02港元，予二零零六年五月三十日營業結束時名列本公司股東名冊上之股東。該現金股息已於二零零六年六月二十日派發。

董事會不建議派付中期股息(截至二零零五年六月三十日止六個月：無)，並建議保留期內溢利。

企業管治常規守則

於二零零五年十月九日，董事會通過並採納本身的企業管治守則。此乃涵蓋香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十四《企業管治常規守則》(「企業管治守則」)所載的全部條文，以及大部份的建議最佳常規守則。

本公司截至二零零六年六月三十日止六個月期間均已遵從上市規則所載企業管治守則內的所有條文。

Note:

1. Excelbright, a company incorporated in British Virgin Islands on 12 April 2005, held a 72.29% interest in the issued share capital of the Company. As at 30 June 2006, the entire issued share capital of Excelbright was held by Worldon.

2. As at 30 June 2006, the issued share capital of Worldon was held as to 74% by Mr. Ma Jianrong, as to 13 % by Mr. Ma Baoxing and as to 13% by Mr. Huang Guanlin. Mr. Ma Jianrong is the son of Mr. Ma Baoxing. Mr. Huang Guanlin is the son-in-law of Mr. Ma Baoxing and brother-in-law of Mr. Ma Jianrong. As the entire issued share capital of Excelbright is held by Worldon and Mr. Ma Jianrong controls more than one-third of the voting power at general meetings of Worldon, Mr. Ma Jianrong is deemed to be interested in the 900,000,000 shares held by Excelbright under the SFO.

Save as disclosed above, as at 30 June 2006, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors and Chief Executives' interests and short positions in the shares of the Company" above, had interest or short position in the shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Dividends

At the Company's Annual General Meeting held on 5 June 2006, shareholders approved the final dividend of HK$0.02 per share for the year ended 31 December 2005 to shareholders whose names appeared on the register of members of the Company at the close of business on 30 May 2006. The final dividend was paid on 20 June 2006.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2006 (Six months ended 30 June 2005: Nil) and propose that the profit for the period be retained.

Corporate Governance

On 9 October 2005, the Board adopted its own Code of Corporate Governance, which covered all the code provisions and most of the recommended best practices of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company had complied with all the code provisions of the CG Code as set out in the Listing Rules during the six months ended 30 June 2006.

其他資料
Other Information

董事進行證券交易的標準守則

本集團已採納上市規則所載之《上市公司董事遵行證券交易的標準守則》作為本公司有關董事證券交易行為守則(「證券交易守則」)。經就此事作特別徵詢，所有董事均已確認彼等於本期內嚴格遵守證券交易守則有關的規定。

高級管理層因其在本公司所擔任的職務可能擁有未公佈股價敏感資料，已被要求遵守證券交易守則的規定。

購買、出售或贖回本公司之上市證券

本公司或其任何附屬公司於截止二零零六年六月三十日止六個月內概無購買、贖回或出售本公司任何上市證券。

董事會

董事會負責公司的管治工作，須就股東所委託的資產負責。董事會的主要職責包括制訂本集團之業務策略方針、設定管理層目標、監督其表現及評估管理策略的有效性。

於本中期報告日期，執行董事為馬建榮先生、黃關林先生、馬仁和先生、陳忠靜先生及鄭妙輝女士，獨立非執行董事則為錢鋒先生、宗平生先生及戴祥波先生。

審核委員會

本公司審核委員會共有三名獨立非執行董事，分別為戴祥波先生、錢鋒先生及宗平先生，戴祥波先生是審核委員會的主席。

審核委員會的主要責任是就本集團的財務及會計慣例及內部監控作出關鍵而客觀的檢討，包括考慮法定審核的性質及範圍、審閱本集團的中期及全年賬目以及檢討本集團會計及財務監控的完整性及有效性。

審核委員會已聯同管理層檢討本集團所採納之會計原則及慣例，並就核數、內部監控及財務報表等事宜(包括審閱截至二零零六年六月三十日止六個月之未經審核財務報表)進行磋商。

Securities Transactions of Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules as the Company's code of conduct regarding Directors securities transactions ("Securities Trading Code"). Upon specific enquiries, all Directors confirmed their strictly compliance with the relevant provisions of the Securities Trading Code during the period.

Senior Management who, because of their office in the Company, are likely to be in possession of unpublished price sensitive information, have been requested to comply with the provisions of the Securities Trading Code.

Purchase, sale or redemption of securities

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities shares during the six months ended 30 June 2006.

Board of Directors

The Board is responsible for governing the Company and managing assets entrusted by the shareholders. The principal responsibilities of the Board include the formulation of the Group's business strategies and management objectives, supervision of the management and evaluation of the effectiveness of management strategies.

As at the date of this interim report, the Executive Directors are Mr. Ma Jianrong, Mr. Huang Guanlin, Mr. Ma Renhe, Mr. Chen Zhongjing and Ms. Zheng Miaohui, and the Independent Non-executive Directors are Mr. Qian Feng, Mr. Zong Pingsheng and Mr. Dai Xiangbo.

Audit Committee

The Audit Committee of the Company comprises three Independent Non-executive Directors, namely Mr. Dai Xiangbo, Mr. Qian Feng and Mr. Zong Pingshen. The chairman of the Audit Committee is Mr. Dai Xiangbo.

The principal responsibilities of the Audit Committee are to conduct critical and objective reviews of the Group's financial and accounting practices and internal controls. These include determining of the nature and scope of statutory audit, reviewing the Group's interim and annual accounts and assessing the completeness and effectiveness of the Group's accounting and financial controls.

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters including the review of these unaudited interim financial statements for the six months ended 30 June 2006.

薪酬委員會

本公司薪酬委員會由一名執行董事與二名獨立非執行董事組成，分別為馬仁和先生、錢鋒先生及戴祥波先生，馬仁和先生是薪酬委員會的主席。

薪酬委員會的主要責任是就董事及高級管理人員的全體薪酬政策及架構，及就設立正規而具透明度的程式制訂此等薪酬政策而向董事會提出建議。

提名委員會

本公司提名委員會共有一名執行董事與二名獨立非執行董事，分別為黃關林先生、宗平生先生及戴祥波先生，黃關林先生是提名委員會的主席。

提名委員會的主要責任是物色具備合適資格可擔任董事的人士，挑選提名有關人士出任董事或就此向董事會提供意見，並定期檢討董事會的架構、人數及組成，並就任何擬作出的變動向董事會提出建議。

承董事會命

主席
馬建榮

中國寧波，二零零六年八月四日

Remuneration Committee

The Remuneration Committee of the Company comprises one Executive Director and two Independent Non-executive Directors, namely Mr. Ma Renhe, Mr. Qian Feng and Mr. Dai Xiangbo, and Mr. Ma Renhe is the Chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure for the Directors and senior management and on the establishment of a formal and transparent process for approving such remuneration policy.

Nomination Committee

The Nomination Committee of the Company comprises one Executive Director and two Independent Non-executive Directors, namely Mr. Huang Guanlin, Mr. Zong Pingsheng and Mr. Dai Xiangbo, and Mr. Huang Guanlin is the Chairman of the Nomination Committee.

The principal responsibilities of the Nomination Committee are to identify candidates with suitable qualifications as directors, select and nominate such candidates for directorship and provide recommendations to the Board; review the structure, headcount and composition (including skills, knowledge and experience) of the Board and make recommendations to the Board for any proposed changes.

On behalf of the Board

Ma Jianrong
Chairman

Ningbo, China, 4 August 2006

SHENZHOU INTERNATIONAL
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申洲國際集團控股有限公司

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