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

Stock Code 股份編號: 2313

2012
Interim Results

Agenda

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

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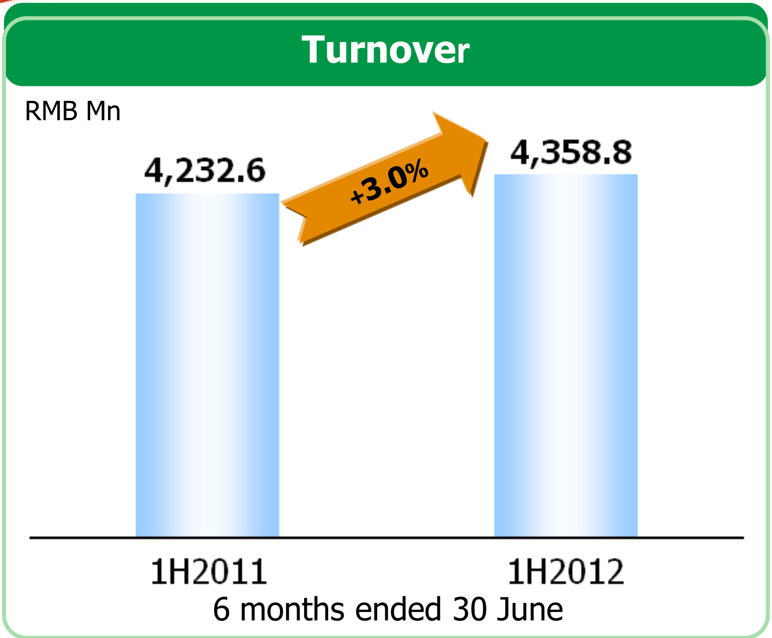
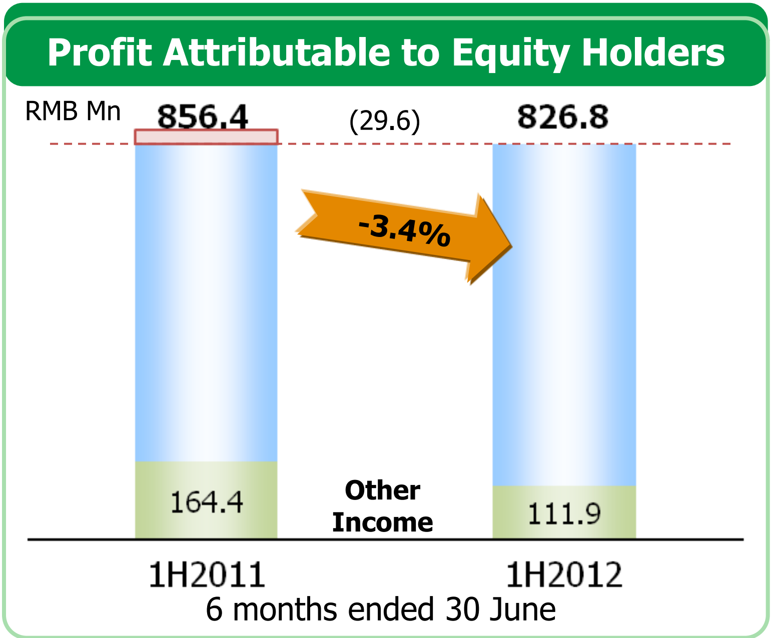
Financial Highlights

Financial Highlights

(RMB '000)	6 months ended 30 June ***2012***	 *2011*	 *Change (%)*
Turnover	**4,358,808**	4,232,573	3.0
Gross profit	**1,289,868**	1,218,719	5.8
Profit attributable to equity holders	**826,833**	856,353	(3.4)
Basic EPS (RMB)	**0.65**	0.69	(5.8)

Moderate Sales Growth

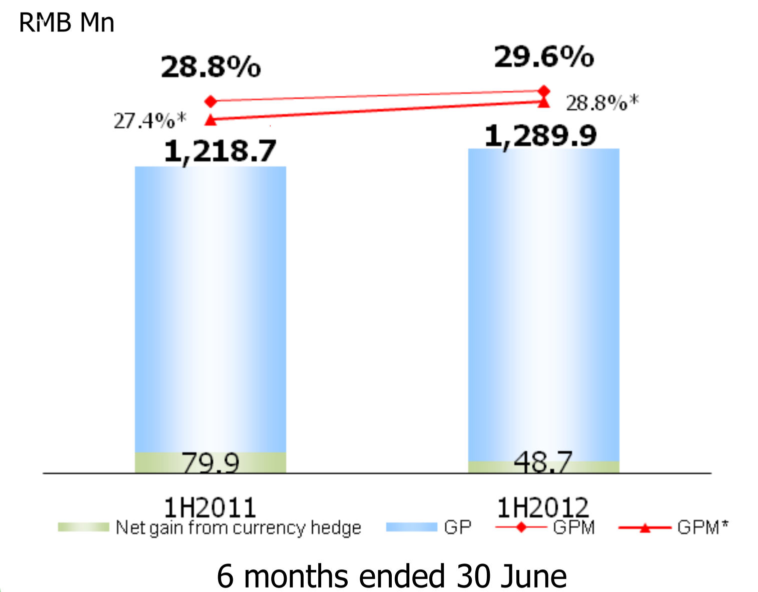




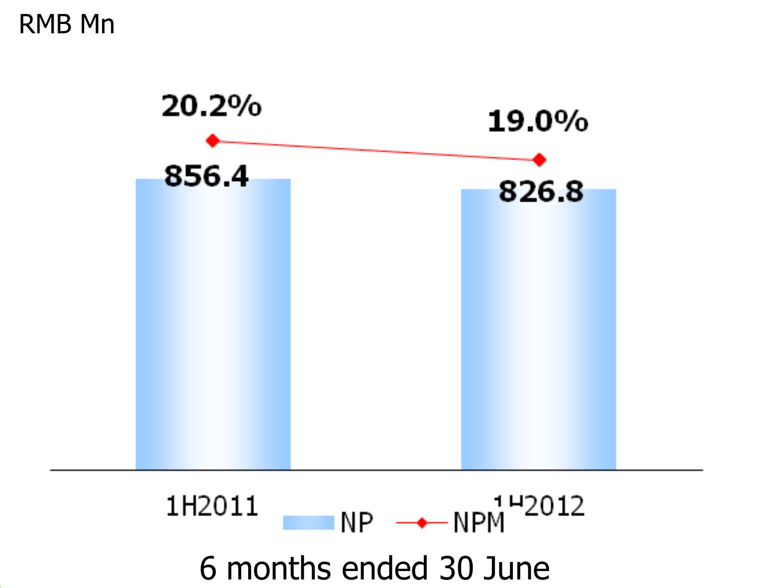
- **Moderate sales growth amid tough operating environment:**
  - Fully utilized production capacity through efficiency enhancement with lean production
  - No large scale of expansion on new production capacity over the past two years
  - Raw materials prices dropped, resulting in lower unit selling price
  - Consumption weakened by an ailing global economy

Profit Margins Analysis

Gross Profit



Net Profit

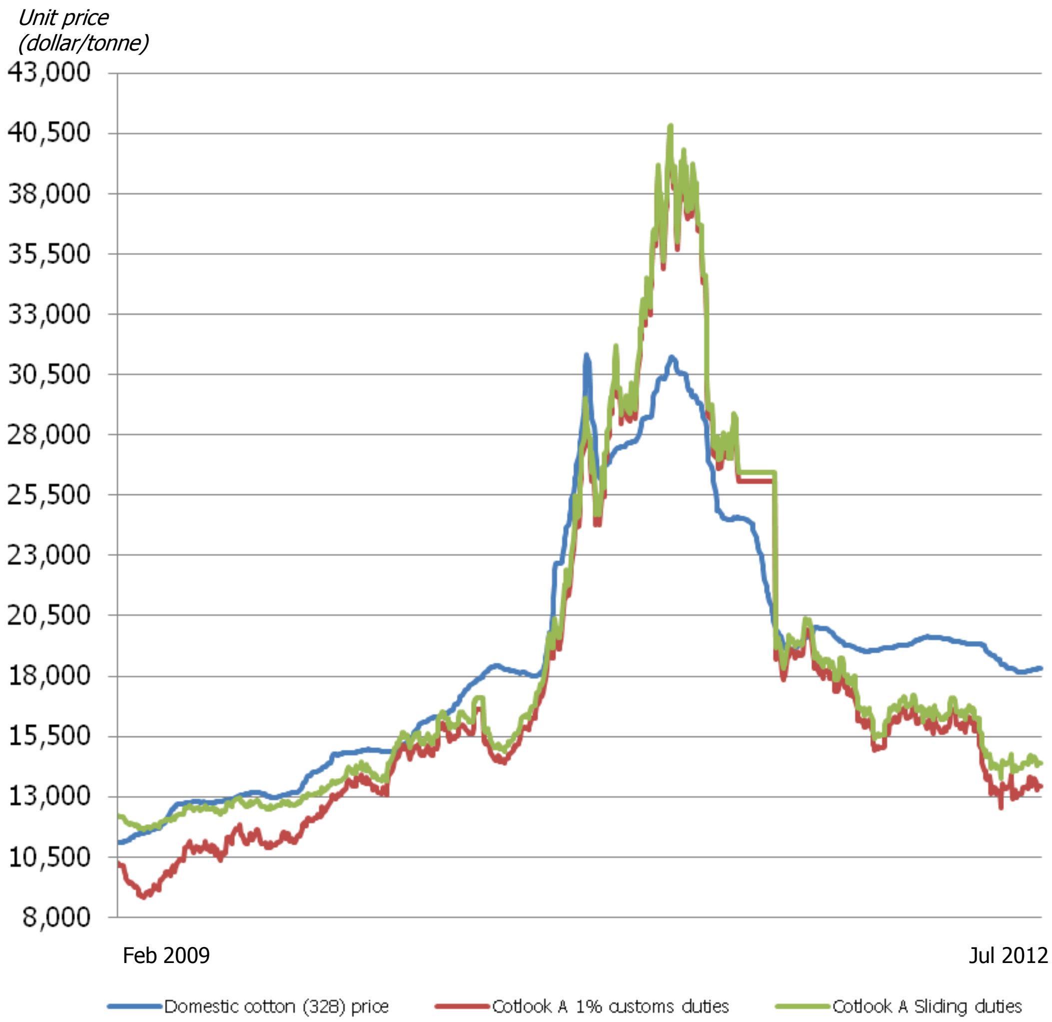


**Excluding the gain from forward currency contract hedges*

- **Gross profit margin improved by 0.8 P.P. mainly due to:**
  - Significant decrease in price of cotton yarn
  - Stabilized exchange rate of RMB against USD
  - Optimized product structure

Domestic and International Cotton Prices

	Domestic cotton (328) price	Cotlook A 1% customs duties	Cotlook A sliding duties
Aug-10	18,005	16,270	16,755
Sep-10	22,684	19,572	20,024
Oct-10	26,760	24,142	24,550
Nov-10	26,248	24,277	24,682
Dec-10	27,508	28,966	29,325
Jan-11	28,682	32,566	32,890
Feb-11	30,313	36,007	36,296
Mar-11	30,128	36,976	37,256
Apr-11	26,927	28,756	29,117
May-11	24,478	27,266	27,266
Jun-11	24,056	26,053	26,441
Jul-11	20,123	18,694	19,155
Aug-11	19,307	18,987	19,445
Sep-11	19,533	19,546	19,999
Oct-11	19,716	17,948	18,416
Nov-11	19,201	16,985	17,463
Dec-11	19,086	15,451	15,944
Jan-12	19,247	16,291	16,780
Feb-12	19,505	16,224	16,690
Mar-12	19,462	16,563	17,045
Apr-12	19,351	16,050	16,551
May-12	18,731	13,116	14,181
Jun-12	18,164	13,113	14,179
Jul-12	18,323	13,428	14,411



Turnover Breakdown by Products

- Steady growth in Sportswear turnover in domestic and international market
- Well-established long-term strategic cooperation with internationally renowned sports brands
- Shrinking consumer demand for casual wear and lingerie of the Group's Japanese customers

	6 months ended 30 June					
	2012		*2011*		***Change***	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
By products						
Sports wear	**2,550,086**	58.5	2,274,093	53.7	275,993	**12.1**
Casual wear	**1,296,878**	29.8	1,386,391	32.8	(89,513)	**(6.5)**
Lingerie	**408,136**	9.4	454,567	10.7	(46,431)	**(10.2)**
Other knitting products	**103,708**	2.3	117,522	2.8	(13,814)	**(11.8)**
Total	**4,358,808**	100.0	4,232,573	100.0	126,235	**3.0**

Turnover Breakdown by Regions

- Sales in Japanese market decreased mainly due to the weakening demand for apparel in Japanese consumer market
- Steady sales growth of 9.2% in European market driven by the increases in Sportswear sales
- Sales from the U.S. and other foreign markets increased by 9.3% and 57.3% respectively yoy
- Domestic sales decreased by 9.6% due to the reduction of procurement scale by domestic clients for inventory clearance

6 months ended 30 June

	2012		2011		**Change**	
	RMB'000	%	RMB'000	%	RMB'000	%
Japan	**1,347,848**	30.9	1,559,063	36.8	(211,215)	**(13.5)**
Europe	**997,585**	22.9	913,682	21.6	83,903	**9.2**
United States	**259,615**	6.0	237,616	5.6	21,999	**9.3**
Other countries	**887,976**	20.3	564,411	13.4	323,565	**57.3**
Domestic market	**865,784**	19.9	957,801	22.6	(92,017)	**(9.6)**
Total	**4,358,808**	100.0	4,232,573	100.0	126,235	**3.0**

Key Financial Indicators

	2012.06.30	2011.12.31	2011.06.30
Inventory turnover days	**112**	107	119
Debtor turnover days	**56**	45	45
Creditor turnover days	**29**	28	31

	2012.06.30	2011.12.31	2011.06.30
Gross gearing ratio (debt to equity) (%)	**15.0**	20.5	32.8
Net gearing ratio (Net debt to equity) (%)	**-**	3.5	15.6
Cash and Cash Equivalent (RMB million)	**1,942.8**	1,029.6	892.5
Net assets (RMB million)	**7,296.7**	6,112.2	5,211.0
Total assets (RMB million)	**9,438.7**	8,549.6	8,229.9

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Business Review

Major Achievements in 1H2012

Optimization in planning of production base

- Construction of a new garment factory Phase II in Cambodia underway
- Production expected to commence in phases in 2H2012
- Advantages of Cambodia:
    - Enjoys labor cost advantages over China
    - Preferential tariffs granted by garment importing countries such as EU
- Establish a new garment factory in Huqing, Huhui Province, to further enhance production efficiency
- Identify suitable overseas production bases to better consolidate and utilize global resources
- New textile factory in Ningbo is expected to commence production in 4Q 2012

Major Achievements in 1H2012 *(cont'd)*

Structural refinement of products

- Sales of Sportswear surpassed casual wear in terms of percentage to total sales by 29 p.p., accounting for 58.5% of the total revenue
- Less vulnerable to volatility in Sportswear market mainly attributable to the diversified client base compared to casual wear market
- Great emphasis on soliciting of new customers and improving overall competitive edges, providing a strong backup for business expansion

Optimization of Product Structure

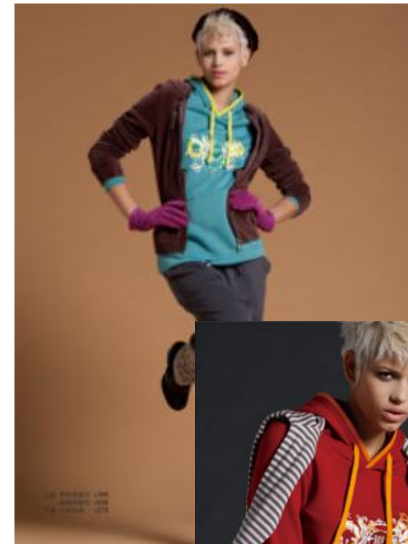
Sports wear customers

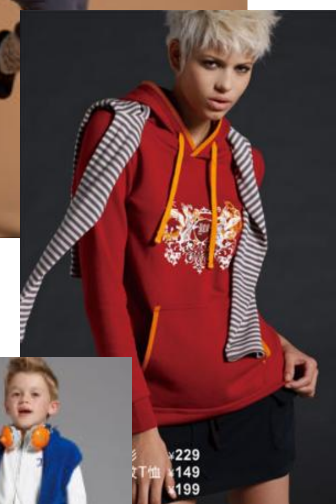
Casual wear customers

- Three renowned sports wear customers, ADIDAS, NIKE and PUMA, accounted for 53.6% (2011: 46.1%) of Group's total turnover
- Increasing orders from domestic and international clients thanks to the growing demand for sportswear

Retail Business Update

- Remained cautious for retail expansion in view of the current economic climate
- Opened two directly-operated stores in Shaoxing, Zhejiang Province during the period, and one directly-operated store in Ningbo in early August
- Target to reach 15 stores by the end of 2012





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Strategies & Plans

Future Strategies

Production

- Resources integration in different countries
- Expansion of overseas production bases
- Establishment of overseas management team

Integrated Competitiveness

- Product diversification and innovation
- Technological enhancement
- Expansion of clientele

Market Development

- Strengthen co-operations with domestic customers
- Expand retail business steadily

Further solidify the leading position in the industry

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Open Forum