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

Stock Code 股份編號: 2313

2013
Interim Results

Agenda

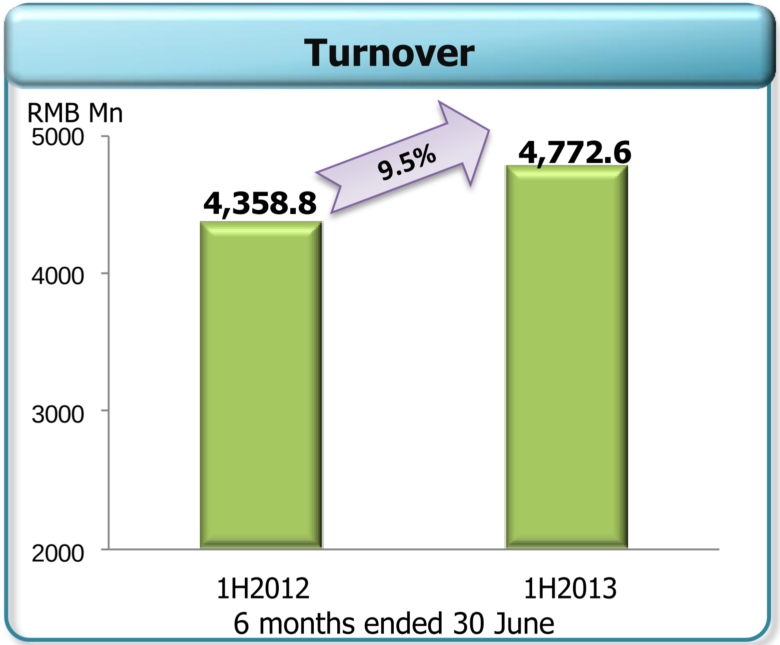
- Financial Highlights
- Business Review
- Strategies and Plans
- Open Forum

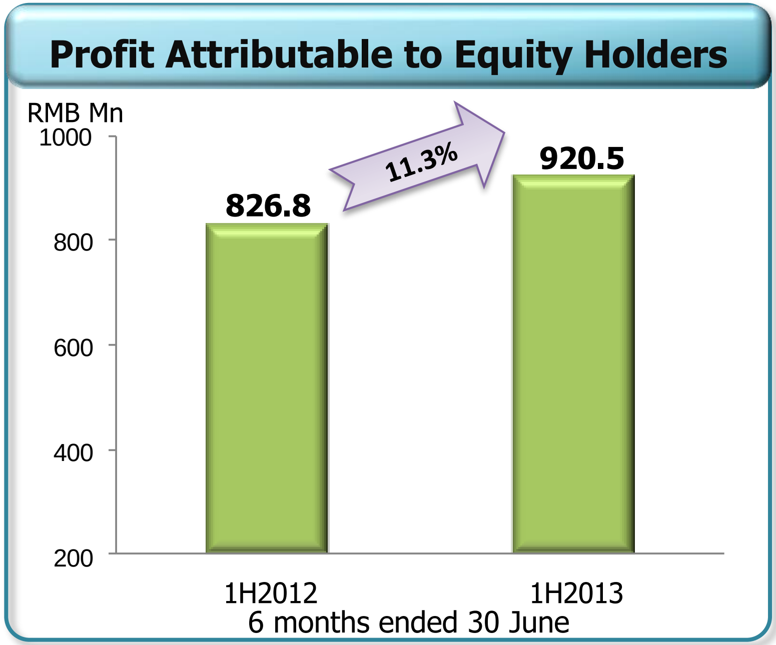
Financial Highlights

Financial Highlights

(RMB '000)	6 months ended 30 June 2013	 2012	 Change
Turnover	**4,772,638**	4,358,808	9.5%
Gross profit	**1,375,023**	1,289,868	6.6%
Profit attributable to equity holders	**920,461**	826,833	11.3%
Basic EPS (RMB)	**0.69**	0.65	6.2%

Sales Analysis

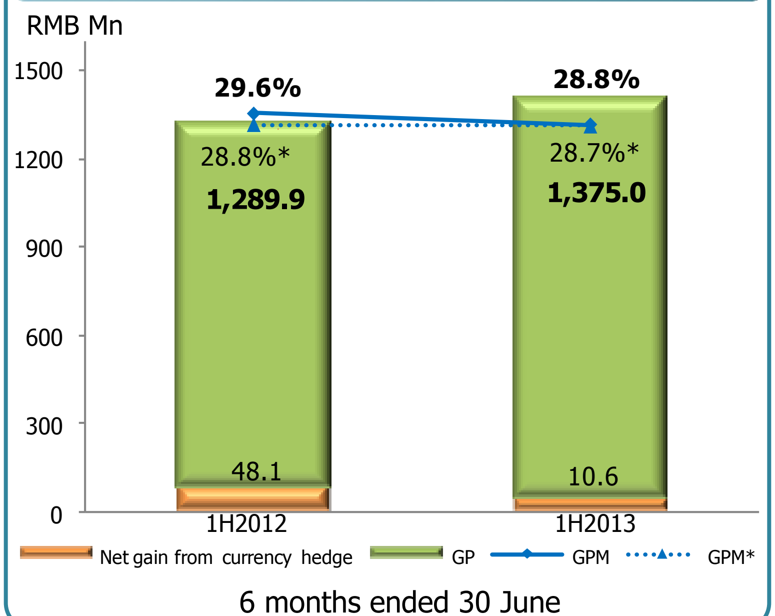




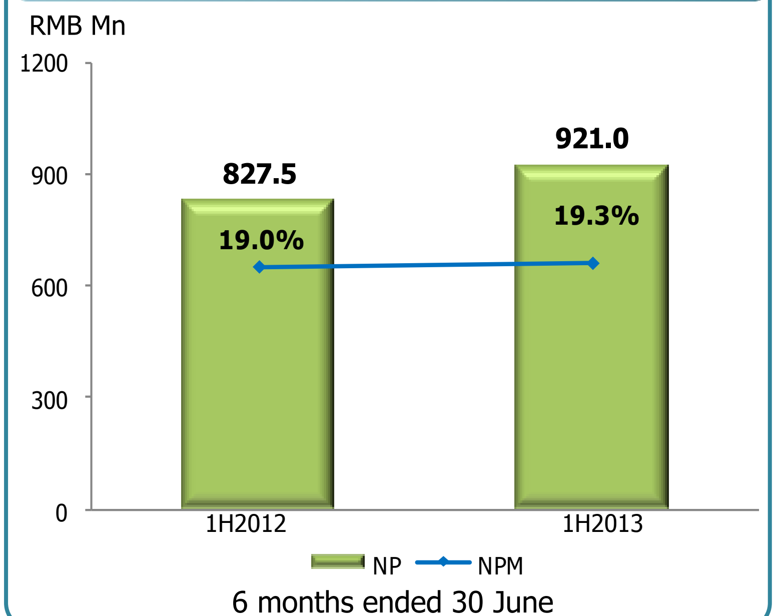
- **Sustainable sales growth amid tough operating environment:**
  - Growth momentum resumed in Japanese market and achieved record half-year revenue
  - New material knitting factory in Ningbo commenced production smoothly
  - Second phases of the Cambodia and Anhui factories contributed additional production capacity

Profit Margins Analysis

Gross Profit



Net Profit



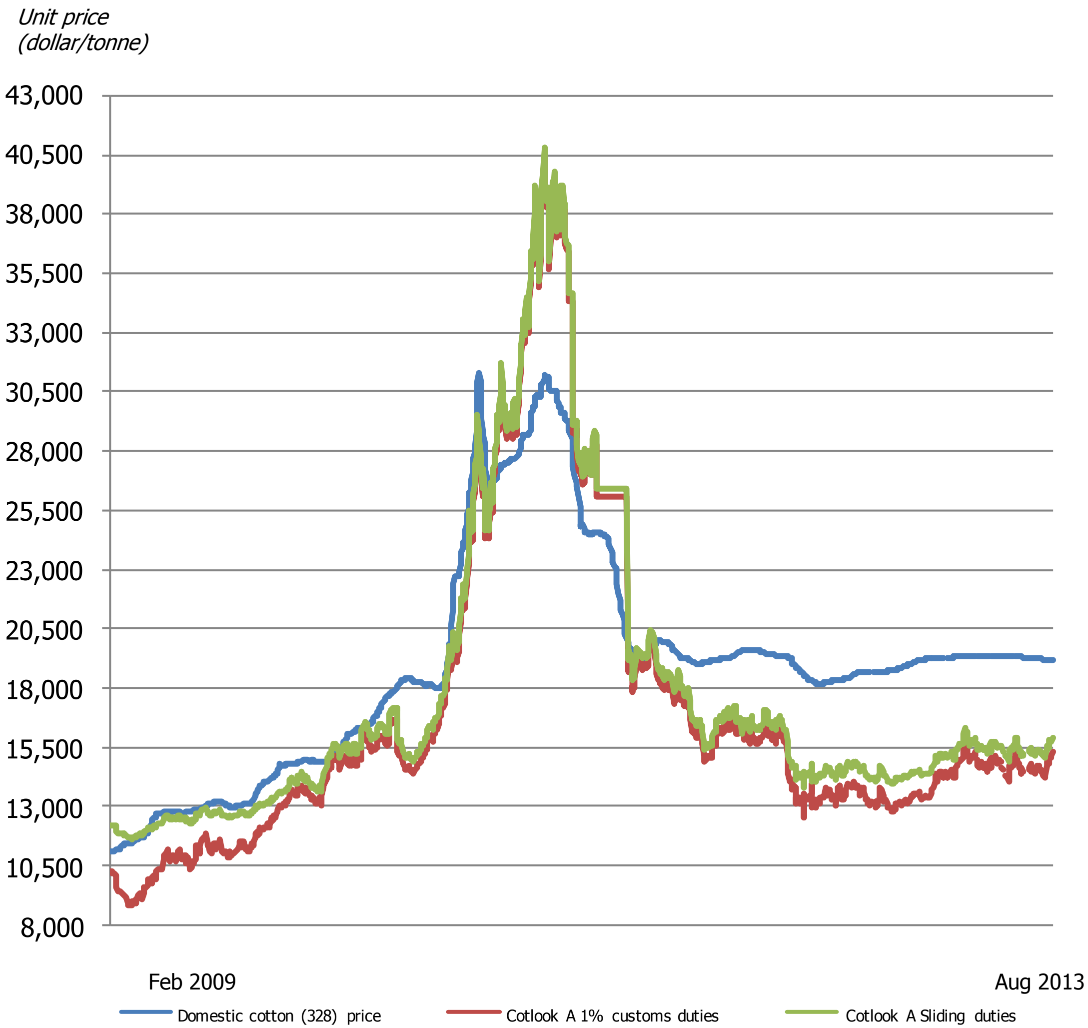
**Excluding the gain from forward currency contract hedges*

- **Excluding the gain from foreign currency forward hedges, gross profit margin remained stable (1H2012: 28.8%)**

- **Overall gross profit margin decreased by 0.8 p.p., mainly due to:**
  - Rapid surge in labor costs
  - Continuous appreciation of RMB against US dollars
  - Cotton price in domestic market was significantly higher than international market

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
Aug-12	18,520	13,910	14,775
Sep-12	18,673	13,185	14,232
Oct-12	18,709	13,103	14,172
Nov-12	18,918	13,235	14,268
Dec-12	19,201	13,329	14,337
Jan-13	19,271	14,491	15,231
Feb-13	19,325	14,487	15,228
Mar-13	19,375	15,180	15,797
Apr-13	19,362	14,906	15,570
May-13	19,336	14,223	15,018
June-13	19,300	14,458	15,205
Jul-13	19,222	14,554	15,282



Turnover Breakdown by Products

- Moderate sales growth in sportswear mainly attributable to increased orders from international sports brands despite sales of domestic sportswear continued to drop
- Market demand remained strong for casual wear, the Group strategically refined the product mix by reducing sales to medium and small clients
- Remarkable sales growth in lingerie products attributable to growing demand from Japanese clients and the launch of new products

	6 months ended 30 June					
	2013		*2012*		***yoy change***	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
By products						
Sports wear	**2,713,800**	56.9	2,550,086	58.5	163,714	**6.4**
Casual wear	**1,294,820**	27.1	1,296,878	29.8	(2,058)	**(0.2)**
Lingerie	**667,438**	14.0	408,136	9.4	259,302	**63.5**
Other knitting products	**96,580**	2.0	103,708	2.3	(7,178)	**(6.9)**
Total	**4,772,638**	100.0	4,358,808	100.0	413,830	**9.5**

Turnover Breakdown by Regions

- Notable sales growth resumed in Japanese market mainly due to a significant increase in lingerie sales
- Sales in European market decreased due to weak consumption demand amid a vulnerable economy and the adjustment to the Group's customer portfolio
- Sales from the U.S. and other foreign markets increased by 49.5% and 16.6% respectively yoy
- Proportion of the sales of domestic brands to total sales declined from 4.4% to 1.5%

6 months ended 30 June

	2013		*2012*		***yoy change***	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Japan	**1,604,101**	33.6	1,347,848	30.9	256,253	**19.0**
Europe	**812,359**	17.0	997,585	22.9	(185,226)	**(18.6)**
United States	**388,000**	8.1	259,615	6.0	128,385	**49.5**
Other countries	**1,035,428**	21.8	887,976	20.3	147,452	**16.6**
Domestic market	**932,750**	19.5	865,784	19.9	66,966	**7.7**
Total	**4,772,638**	100.0	4,358,808	100.0	413,830	**9.5**

Key Financial Indicators

	2013.06.30	2012.12.31	2012.06.30
Inventory turnover days	**112**	111	112
Debtor turnover days	**54**	55	56
Creditor turnover days	**23**	25	29

	2013.06.30	2012.12.31	2012.06.30
Gross gearing ratio (debt to equity) (%)	**9.6**	9.7	15.0
Current ratio	**3.9**	3.3	2.6
Cash and Cash Equivalent (RMB million)	**2,747.8**	2,144.4	1,942.8
Net assets (RMB million)	**9,473.7**	8,122.1	7,296.7
Total assets (RMB million)	**11,336.3**	9,895.4	9,438.7

Business Review

Major Achievements in 1H2013

Optimization of the layout of production base

- Phase II of garment factory in Cambodia enhanced the Group's production efficiency
- New garment factory in Anqing City, Anhui Province has commenced production since 2Q 2013 and is building up workforce
- These two new garment factories provided additional production capacity and mitigated rising cost pressure effectively
- New textile factory in Ningbo has been progressing well as scheduled
- Establishment of a new fabric factory in Vietnam is well underway

Garment factory in Cambodia

Garment factory in Cambodia

Major Achievements in 1H2013 (cont'd)

Market recognition of the Group's effort

- Constituent stock of Hang Seng Composite Index, Hang Seng Composite Industry Index (Consumer Goods) and Hang Seng Composite SmallCap Index since March 2010
- Selected as a constituent stock of MSCI China Index since May 2013
- Included as a constituent of Hang Seng Mainland 100 ("HSML 100"), effective from 9 September 2013
- Ranked 427th in 2013 China Top 500 by Fortune

HANG SENG INDEXES

By Mail

Our reference: HGX COR 10/0407

Jianrong Ma
Chairman
Shenzhou International Group Holdings Ltd.
Unit 2708 27th Floor Billion Plaza
8 Cheung Yue Street Kowloon
Hong Kong

19 February 2010

Dear Chairman

JOINING THE HANG SENG FAMILY OF INDEXES

We are pleased to inform you that Shenzhou International Group Holdings Ltd. ("Company") has been selected as a constituent of the following index(es), effective 8 March 2010:

Hang Seng Composite Index ("HSCI") Series:

Hang Seng Composite Index
Hang Seng Composite Industry Index – Consumer Goods
Hang Seng Composite SmallCap Index

The Hang Seng Family of Indexes adopts a freefloat-adjusted market capitalisation weighted methodology and each constituent has an estimated Freefloat-adjusted Factor ("FAF"). The FAF will be reviewed quarterly and the FAF for your Company is 30%.

For your ease of reference, we have enclosed a copy of the relevant press release dated 5 February 2010. Should you have any queries on our indexes, please do not hesitate to contact our Elaine Lam at (852) 2198-2065.

Yours sincerely

Daniel Wong
Vice President, Research & Development

HANG SENG INDEXES

By Mail

Our reference: HGX COR 13/2170

Mr Ma Jianrong
Chairman
Shenzhou International Group Holdings Ltd.
Unit 2708 27/F
Billion Plaza
8 Cheung Yue Street Kowloon
Hong Kong

13 August 2013

Dear Mr Ma

JOINING THE HANG SENG FAMILY OF INDEXES

We are pleased to inform you that Shenzhou International Group Holdings Ltd.("Company") has been selected as a constituent of the Hang Seng Mainland 100 ("HSML100"), effective 9 September 2013.

The Hang Seng Family of Indexes adopts a freefloat-adjusted market capitalisation weighted methodology and each constituent has an estimated Freefloat-adjusted Factor ("FAF"). The FAF will be reviewed quarterly and the FAF for your Company is 40%.

For more information, please refer to our website at http://www.hsi.com.hk/HSI-Net/HSI-Net for the relevant press release and index notice dated 9 August 2013. Should you have any queries on our indexes, please do not hesitate to contact our Eugenie Chiu at (852) 2198-3048.

Yours sincerely

Daniel Wong
Executive Vice President, Head of Research & Development

Encl
EC/LC

Optimization of Product Structure

Sports wear customers

Casual wear customers

- Three renowned sports wear customers, ADIDAS, NIKE and PUMA, accounted for 49.4% (1H2012: 53.6%) of Group's total turnover

Retail Business Update

- Prudent control over store expansion
- Progressed smoothly since trial run in August 2011, with 19 stores currently under operation
- Store-opening target for 2H2013: 3 to 6 stores
- Optimistic about the outlook of the domestic consumption market in China

Strategies & Plans

Future Strategies

Speed up internal transformation and upgrade to meet market demand with better and higher value-added products

Strengthen cost control and implement lean management

Accelerate optimization of the regional layout of production bases by establishing the Vietnam factory

Optimize the production process and raise the applications of production automation

Further solidify the leading position in the industry

Open Forum