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

2011
Interim Results

Agenda

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

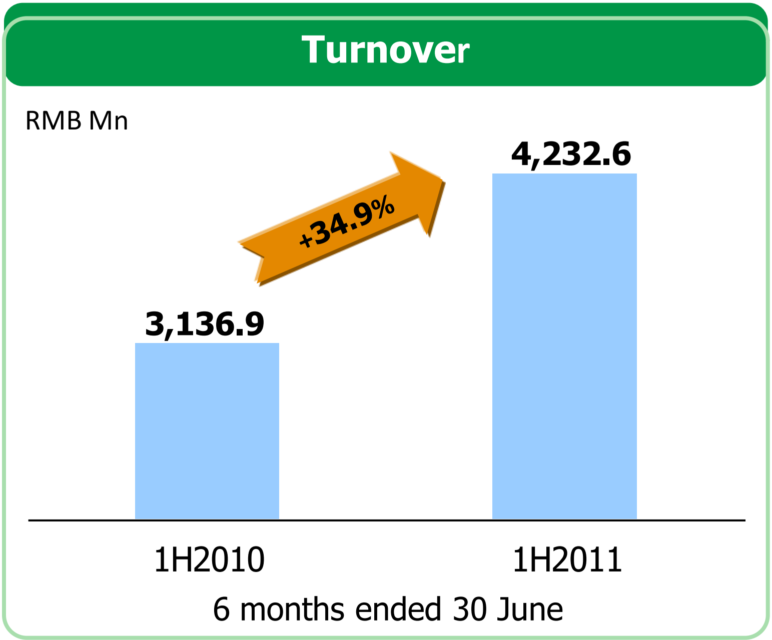
SHENZHOU INTERNATIONAL GROUP HOLDINGS LIMITED
申洲國際集團控股有限公司

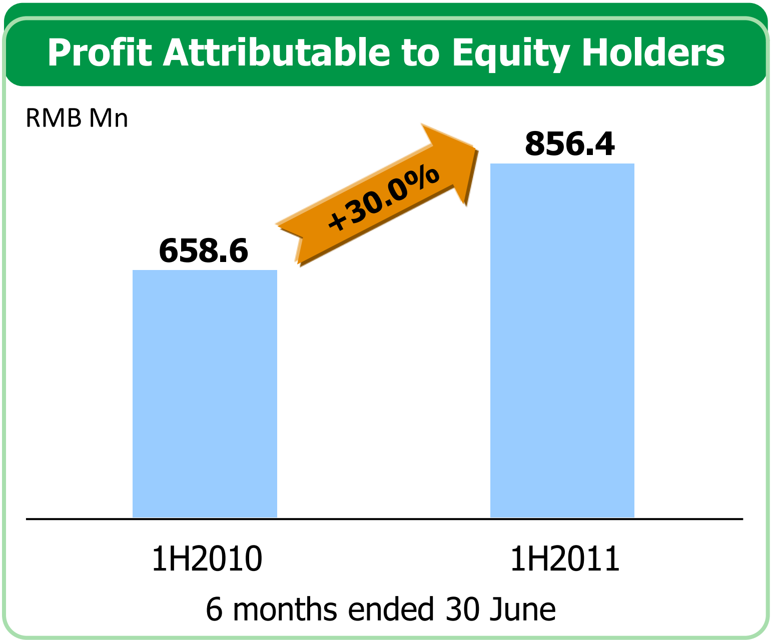
Financial Highlights

Financial Highlights

(RMB '000)	6 months ended 30 June 2011	2010	Change (%)
Turnover	**4,232,573**	3,136,940	+34.9
Gross profit	**1,218,719**	965,825	+26.2
Profit attributable to equity holders	**856,353**	658,578	+30.0
Basic EPS (RMB)	**0.69**	0.53	+30.2

Robust Turnover Growth

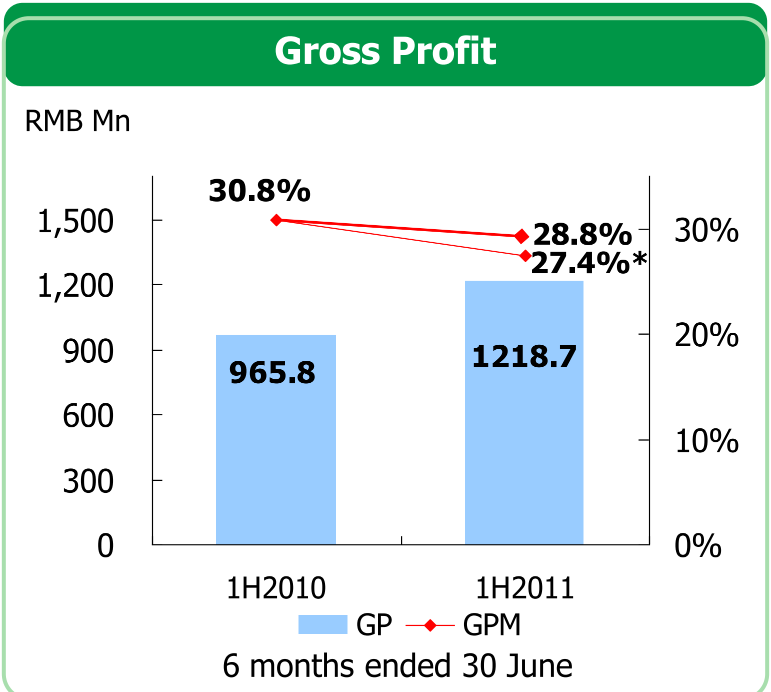


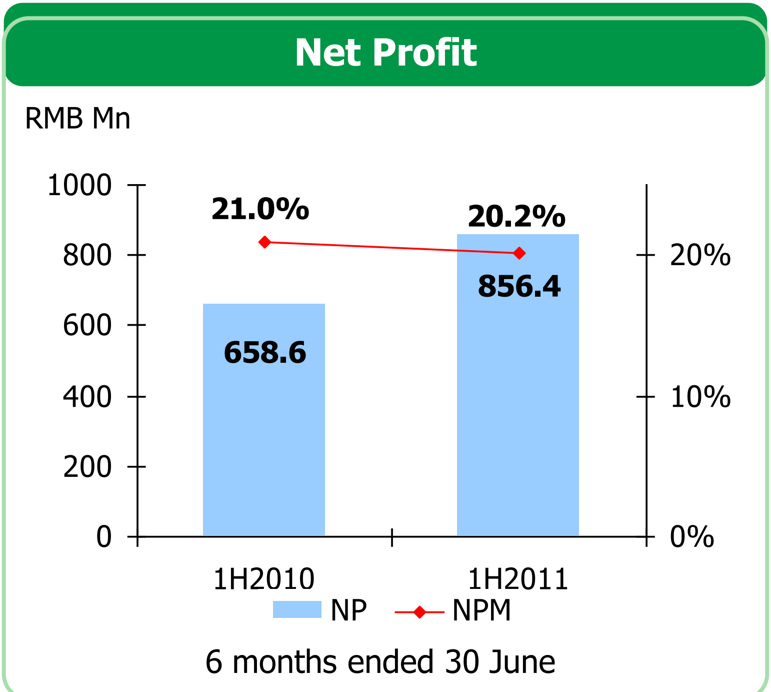


- **Robust growth in turnover :**
  - Persistent growth of demand from foreign sportswear clients
  - Strengthened cooperation with new domestic customers
  - Improvement in efficiency while expanding production capacity
  - Raise in product selling price

- **Profit attributable to equity holders surged by 30.0% to RMB856.4 million**

Profit Margins Analysis





**Excluding the gain from forward currency contract hedges of RMB79.9 million*

- **Gross profit margin dropped by 3.4 percentage points, which was mainly due to:**
  - Significant increase in raw materials prices
  - Rising labor costs
  - Further appreciation of RMB against US dollars

Turnover Breakdown by Products

- Sales volume of sportswear continued to surpass casual wear in terms of percentage to total sales
- Established long-term strategic cooperation with internationally renowned sportswear clients
- Restorative growth of purchasing demand for casual wear from Japanese customers

	6 months ended 30 June					
	2011		*2010*		***Change***	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
By products						
Sports wear	**2,274,093**	53.7	1,508,568	48.1	765,525	**50.7**
Casual wear	**1,386,391**	32.8	1,105,598	35.2	280,793	**25.4**
Lingerie	**454,567**	10.7	414,891	13.2	39,676	**9.6**
Other knitting products	**117,522**	2.8	107,883	3.5	9,639	**8.9**
Total	**4,232,573**	100.0	3,136,940	100.0	1,095,633	**34.9**

Turnover Breakdown by Regions

- Sales in European market recorded a substantial growth of 54.0%, mainly attributable to the increase in sales of sportswear in the market
- Strengthened cooperation with new domestic customers to mitigate the possible impacts of RMB exchange rate fluctuations
- Revenue from Japan market soared to its record high despite decline of its share in the Group's total revenue

	6 months ended 30 June					
	2011		*2010*		***Change***	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Japan	**1,559,063**	36.8	1,370,468	43.7	188,595	**13.8**
Europe	**913,682**	21.6	593,381	18.9	320,301	**54.0**
United States	**237,616**	5.6	141,331	4.5	96,285	**68.1**
Other countries	**564,411**	13.4	343,608	11.0	220,803	**64.3**
Domestic market	**957,801**	22.6	688,152	21.9	269,649	**39.2**
Total	**4,232,573**	100.0	3,136,940	100.0	1,095,633	**34.9**

Healthy Financial Position

	For the 6 months ended 30 June	
	2011	*2010*
Inventory turnover days	**119**	116
Debtor turnover days	**45**	41
Creditor turnover days	**31**	37

	2011.06.30	*2010.12.31*
Net gearing ratio(debt to equity) (%)	**15.6**	18.9
Cash and Cash Equivalent(RMB Mn)	**893**	519
Net assets(RMB Mn)	**5,211**	4,813
Total assets(RMB Mn)	**8,230**	7,425

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Business Review

Intensifying Lean Production Management

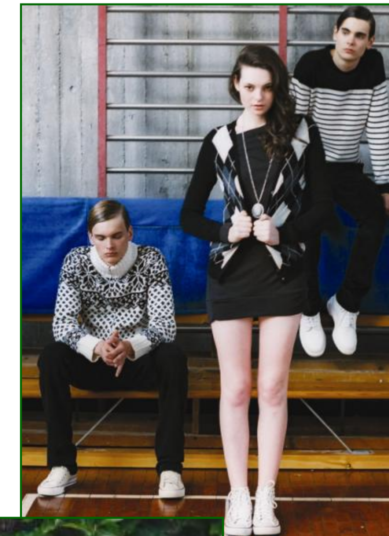
- Production efficiency further improved through the Group's continuous effort in lean production management and optimization of production process
- Utilization rate increased which mitigated effects of prices surge in raw materials, labor costs and energy
- Production of garments increased by 26% as compared to same period last year

Accelerating the Formation of Retail Management Team

- First garment retail store opened in Ningbo City in August 2011

- Operated under the brand name of "MAXWIN" with range of products including knitwear, woven garments and sweaters

- All functional departments were substantially established



Optimization of Product Structure

Sports wear customers

Casual wear customers

- Three renowned sports wear customers, ADIDAS, NIKE and PUMA, accounted for 50% (2010: 47%) of Group's total turnover
- Increasing orders from domestic clients thanks to the growing demand for garments in Mainland China

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Strategies & Plans

Future Strategies

Increase investment in product research and development to enhance our development capability

Strengthen lean production and further improve efficiency to cope with increasing operating cost

Continue to optimize the layout of production bases to achieve optimal resources allocation

Strengthen product design and enhance fundamentals of the retail management team

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Open Forum