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

Stock Code 股份編號：2313

INTERIM RESULTS 2024

August 2024

Agenda

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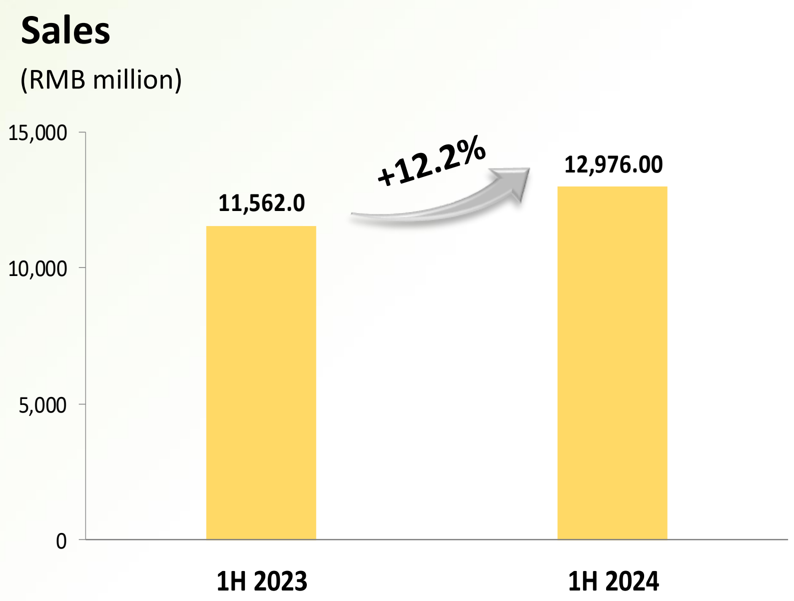
01 Financial Highlight

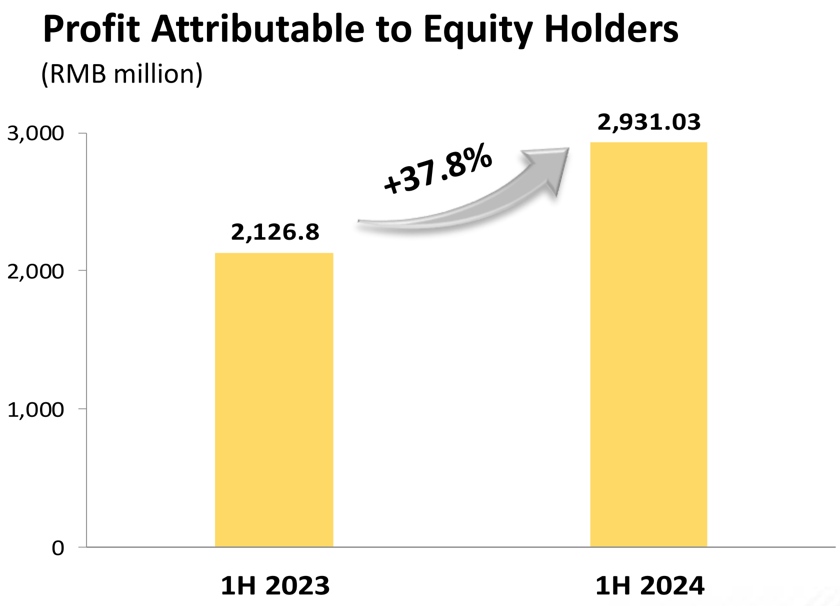
Financial Highlights

For the 6 months ended 30 Jun

(RMB '000)	2024	2023	Change
Sales	**12,975,971**	11,561,962	**12.2%**
Gross profit	**3,761,469**	2,594,904	**45.0%**
Profit attributable to owners of the parent	**2,931,028**	2,126,829	**37.8%**
Basic EPS (RMB)	**1.95**	1.41	**38.3%**
Interim dividend per share (HK$)	**1.25**	0.95	**31.6%**

Sales Analysis



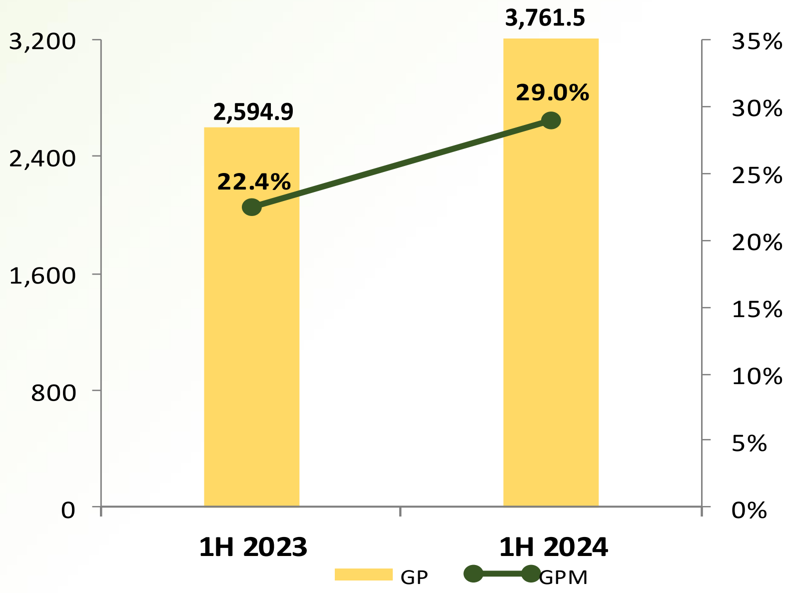


- Recorded an increase in revenue
  - the Group's procurement proportion among most major customers further increased during the period
  - orders from the Mainland China market and the Japanese market increased significantly
- Main factors of change
  - increase in revenue
  - increase in gross profit ratio
  - increase in interest income
  - decrease in other gains

Profit Margin Analysis

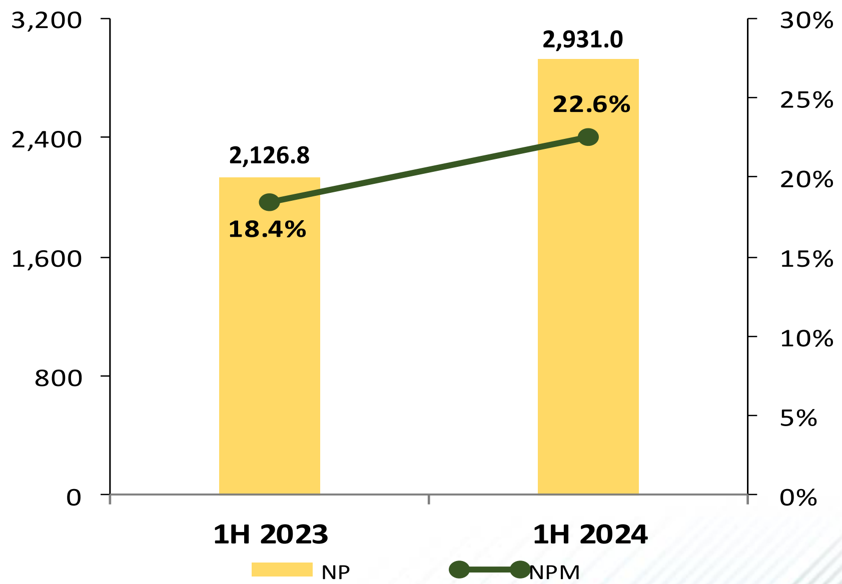
Gross Profit

(RMB million)



Net Profit Attributable to Equity Holders

(RMB million)



- Overall gross profit margin increased by 6.6p.p. to 29.0%, mainly due to:
  - the overall capacity utilization rate increased significantly as compared with the corresponding period of last year
  - the number of employees in the new overseas factories has reached the designed scale with the improvement of production efficiency

- Net profit after taxation ratio was 22.6%, increased by 4.2 p.p.

Operating Expenses Analysis

For the 6 months ended 30 Jun

(RMB '000)	2024	2023	Change
Selling & distribution expenses	**84,837**	81,135	**3,702**
Administrative expenses	**943,697**	913,688	**30,009**
Finance cost	**191,389**	146,258	**45,131**
Operating Expenses	**1,219,923**	1,141,081	**78,842**
% to Revenue	**9.40%**	9.87%	**(0.47p.p.)**

Net Profit Analysis

For the 6 months ended 30 Jun

(RMB '000)	2024	2023	Change
Net Profit to Equity Holders	**2,931,028**	2,126,829	**804,199**
Less: Government Incentives	**95,436**	169,284	**(73,848)**
: Net Exchange Gain	**75,165**	243,663	**(168,498)**
Net Profit Excluding Government Incentives & Exchange Gain & Loss*	**2,760,427**	1,713,882	**1,046,545**

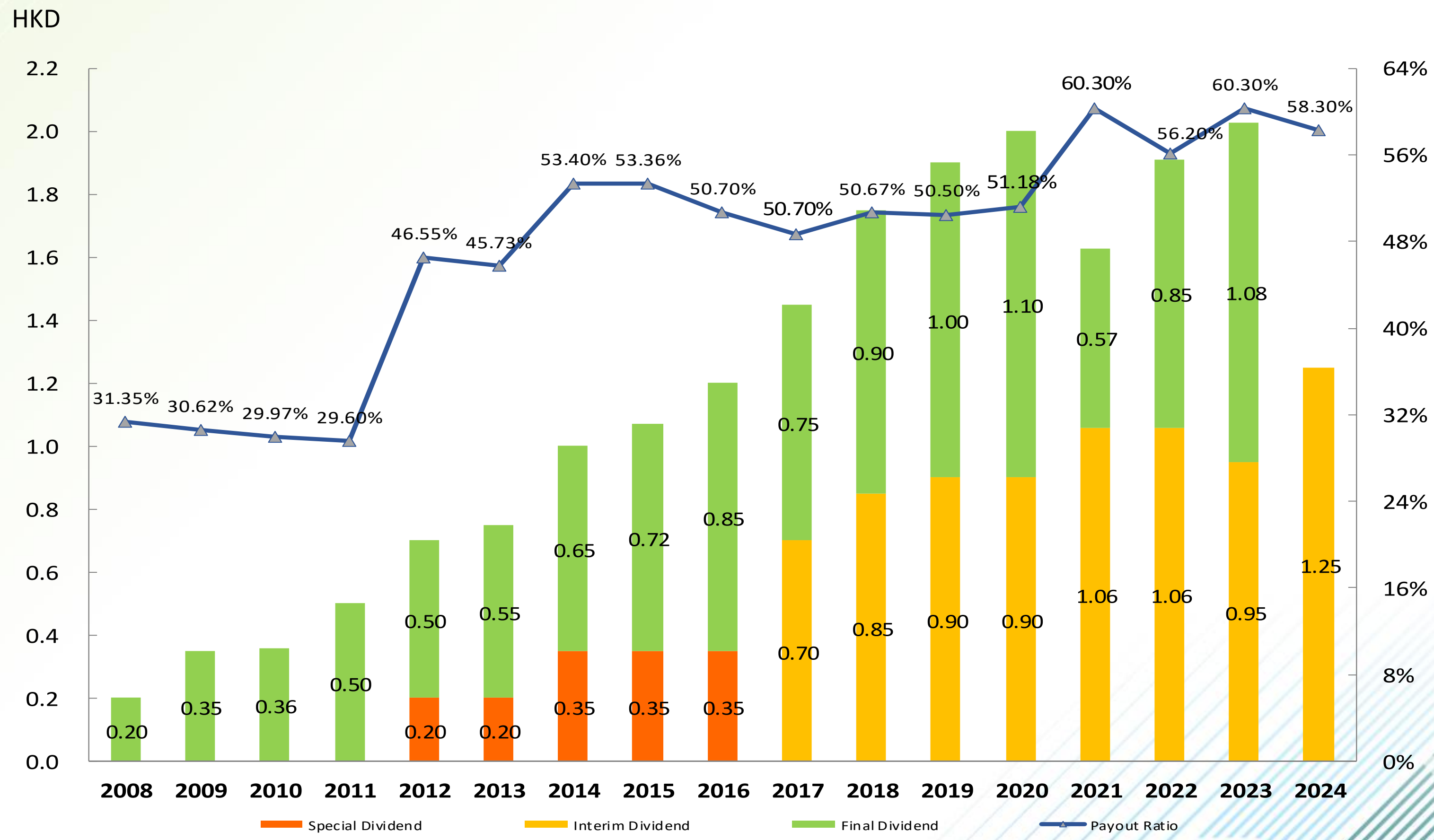
Remark:* Net Profit Excluding Government Incentives and Exchange Gain & Loss Calculation has not adjusted the tax impact. For reference only.

Expenses Analysis by Nature

For the 6 months ended 30 Jun

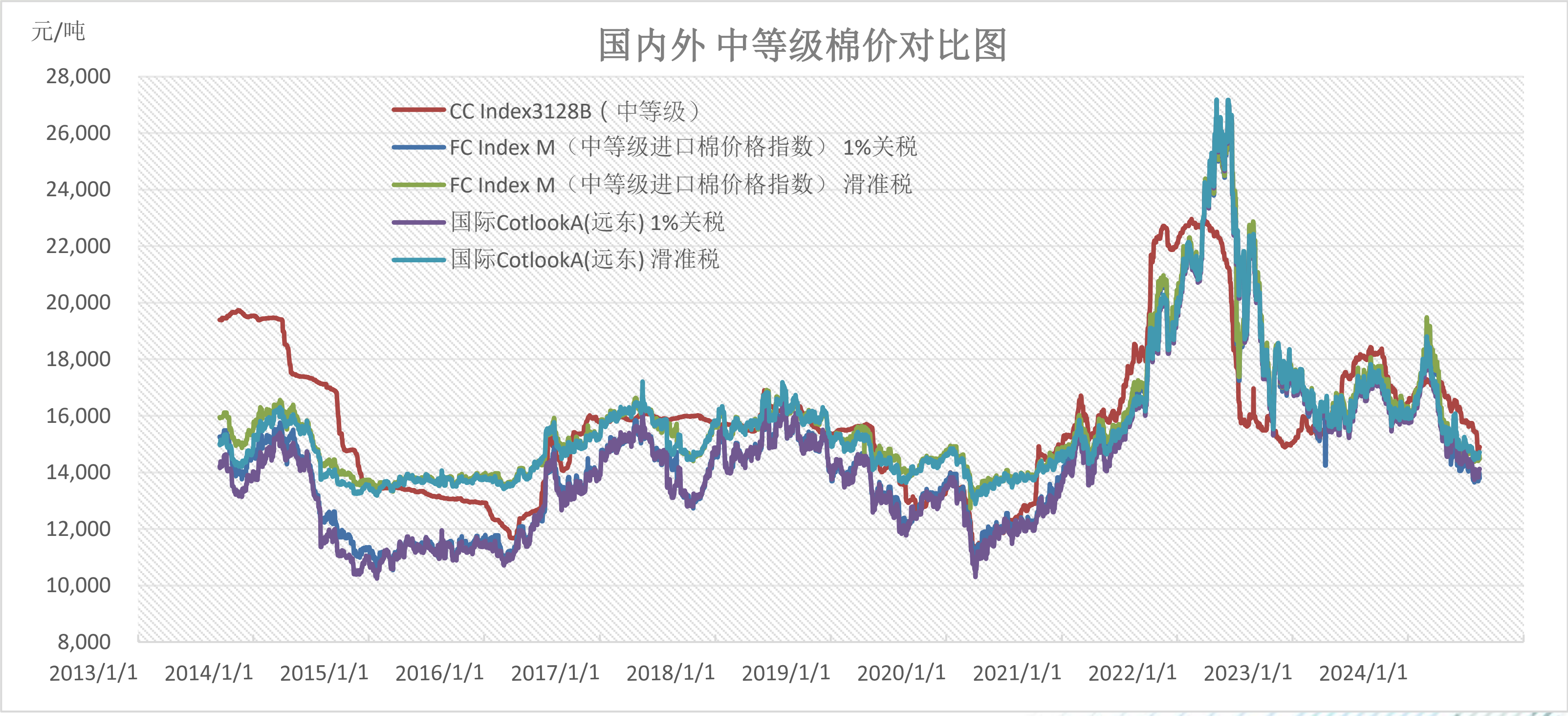
(RMB '000)	2024	2023	Change
Employee benefit expenses:			
Wages and salaries	**3,219,762**	2,906,471	**313,291**
Retirement benefit contributions	**341,766**	339,110	**2,656**
Other benefits	**139,446**	120,134	**19,312**
Total	**3,700,974**	3,365,715	**335,259**
Depreciation, amortization and impairment expenses	**726,171**	751,018	**(24,847)**
Raw materials and consumables utilized	**5,372,764**	4,942,394	**430,370**
Utilities expenses	**565,741**	564,397	**1,344**
Net Exchange gain	**75,165**	243,663	**(168,498)**

Dividend and Payout Ratio



Domestic and International Cotton Prices

(RMB/tonne)



Turnover Breakdown by Products

- Revenue from sales of sportswear increased mainly due to the increase in sportswear products demand in Mainland China market
- Recorded growth in casual wear sales was led by the increase in demand in Japan, Europe and other markets
- Revenue significant increased in lingerie wear due to the increase in demand in Japan market

	1H2024		1H2023		Change	
	RMB'000	%	RMB'000	%	RMB'000	%
By Product						
Sports wear	**9,212,546**	**71.0**	8,560,723	74.0	**651,820**	**7.6**
Casual wear	**2,760,739**	**21.3**	2,299,766	19.9	**460,973**	**20.0**
Lingerie	**903,182**	**7.0**	612,784	5.3	**290,398**	**47.4**
Other knitting products	**99,504**	**0.7**	88,689	0.8	**10,815**	**12.2**
Total	**12,975,971**	**100.0**	11,561,962	100.0	**1,414,009**	**12.2**

Turnover Breakdown by Regions

- The European market recorded increase in sales, which were primarily due to the increase in demands for casual wear
- Achieved satisfactory increase in revenue in the Japanese market mainly due to an increase in demand of casual wear and lingerie wear
- Recorded a slightly increase in revenue in the US market mainly due to the increase in demands for sportswear
- A satisfactory sales growth in the domestic market was mainly due to the increase in order demand of sportswear brands in the market of Mainland China

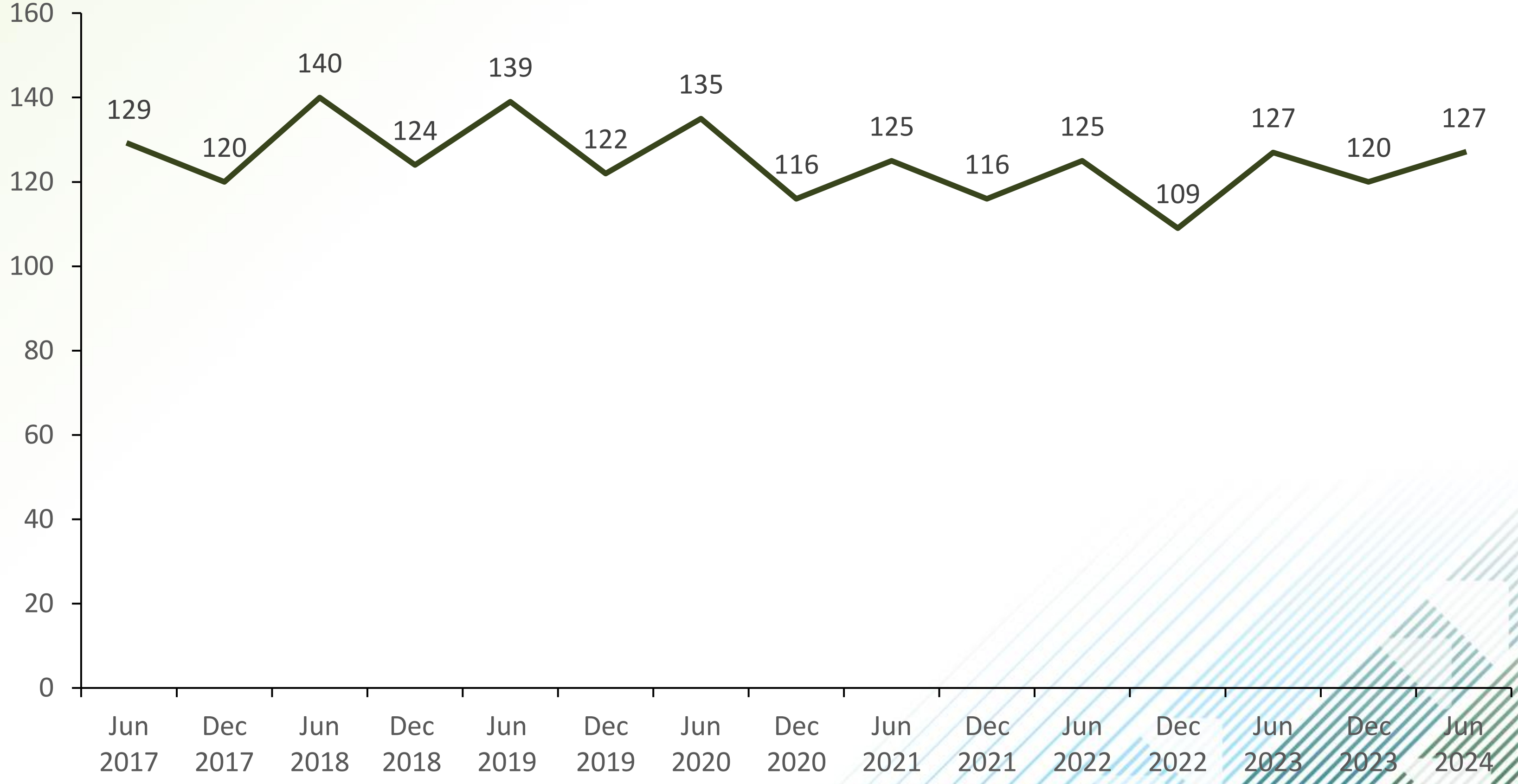
	1H2024		1H2023		Change	
	RMB'000	%	RMB'000	%	RMB'000	%
By Region						
Europe	2,526,925	19.5	2,421,402	20.9	105,523	4.4
Japan	2,115,984	16.3	1,666,147	14.4	449,837	27.0
United States	1,881,045	14.5	1,831,356	15.9	49,689	2.7
Others	2,727,759	21.0	2,539,800	22.0	187,959	7.4
Domestic market	3,724,258	28.7	3,103,257	26.8	621,001	20.0
Total	12,975,971	100.0	11,561,962	100.0	1,414,009	12.2

Key Financial Indicators

	2024.06.30	2023.12.31	2023.06.30
Inventory turnover days	**127**	120	127
Debtor turnover days	**72**	73	75
Creditor turnover days	**25**	21	20

	2024.06.30	2023.12.31	2023.06.30
Gross gearing ratio (debt to equity) (%)	**31.7**	36.8	33.5
Current ratio (times)	**2.5**	2.1	2.2
Cash and cash equivalent (RMB million)	**10,081.7**	11,596.5	10,365.7
Net assets (RMB million)	**34,124.9**	32,867.3	32,154.3
Total assets (RMB million)	**49,015.8**	48,611.1	46,335.6

Inventory Turnover Days Analysis



Inventory

(RMB'000)	2024.06.30	2023.12.31	%	2023.06.30	%
Raw materials	**1,325,671**	1,302,932	**1.7**	1,241,118	**6.8**
Work in progress	**3,389,289**	3,111,255	**8.9**	3,027,303	**12.0**
Finished goods	**2,255,622**	1,971,751	**14.4**	2,209,152	**2.1**
	6,970,582	6,385,938	**9.2**	6,477,573	**7.6**
Provision	**(276,192)**	(261,203)	**5.7**	(158,078)	**74.7**
	6,694,390	6,124,735	**9.3**	6,319,495	**5.9**

Treasury Management

(RMB'000)	1H2024	1H2023	Change
Bank Interest Income	**536,524**	325,831	**210,693**
Other Interest Income/ Fair Value Gain	**9,094**	90,568	**(81,474)**
	545,618	416,399	**129,219**
Less: Bank Interest Expenses	**188,387**	142,023	**46,364**
Other Interest Expenses on lease liabilities	**3,002**	4,235	**(1,233)**
	191,389	146,258	**45,131**
Net Interest Income	**354,229**	270,141	**84,088**

Treasury Management (Cont'd)

(RMB'000)	2024.06.30	2023.12.31	Change
Cash & Cash Equivalents	**10,081,734**	11,596,453	**(1,514,719)**
Less: Bank Loan	**(10,827,793)**	(12,103,968)	**1,276,175**
Net Debts	**(746,059)**	(507,515)	**(238,544)**
Long Time Deposits (+1 year)	**3,788,817**	6,655,454	**(2,866,637)**
Bank Deposit (+3 months)	**9,236,322**	4,471,651	**4,764,671**
Pledged Deposit	**8,840**	14,712	**(5,872)**
Financial Assets	**406,172**	803,889	**(397,717)**
Total Fixed Deposit & Financial Assets	**13,440,151**	11,945,706	**1,494,445**
Net Free Cash & Financial Assets	**12,694,092**	11,438,191	**1,255,901**

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02 Business Review

Major Achievements in 1H2024

Facilitating the optimal utilization of existing production capacity

Employee

Increased efforts in employee recruitment	Introduced recruitment incentive policy and employee salary enhancement plan	• Salary Enhancement Plan focused more on front-line employees and grassroots cadres • Further improved the working environment and dormitory conditions of employees • Optimized salary system

Production

Made adjustments to production management model	Focus more on on-site management	• Especially in terms of quality management, lean production, and material control • Served as the main assessment indicators for the performance of front-line management cadres

Major Achievements in 1H2024 (Cont'd)

Increasing the production capacity scale of overseas factories

With approximately 18,000 employees, reaching the expected scale and Continued improvement of the production efficiency of its employees

Hired more than 2,200 new employees

Launched an equity acquisition project, including land use rights, buildings and production equipment in Tỉnh Tây Ninh, Vietnam; to further expand its fabric production capacity

Major Achievements in 1H2024 (Cont’d)

Accelerating the special training of production frontline cadres

Outstanding young talents with high quality, potential and aspiring to engage in the industry from colleges and universities

Launched two batches of talent training projects - “Young Seedlings Plan”

Better promote the application effects of automation and digital intelligence

Strengthen lean management and material control in the production process

Major Achievements in 1H2024 (Cont'd)

ESG achievements

IR excellence

Highly recognized suppliers

Optimization of Product Structure

Sportswear customers

Casual wear customers

- Strengthened cooperation with strategic customers by prioritizing the allocation of production resources and Increased sales to domestic brand customers, the Group also introduced certain quality new clients
- Revenue from sportswear products represented 71.0% of total revenue. Four renowned customers, ADIDAS, NIKE, PUMA and UNIQLO , accounted for 79.5% (1H2023: 79.8%) of the Group's total turnover

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03 Strategies & Plans

Future Strategies

- Expect the Group's business will continue to maintain year-on-year growth in 2H 2024
- The overall capacity utilization rate will also remain at an ideal level

Optimizing the global layout of the industrial chain

Focusing on the echelon construction of the talent team

Promoting the industrial application of digital intelligence and automation

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04 Open Forum