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Interim Report



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

Stock Code 股份編號 : 2313

* For identification only 僅供識別

申洲針織有限公司

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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

余致力先生

授權代表

鄭妙輝女士
余致力先生

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

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

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. Yu James

Authorized Representatives

Ms. Zheng Miaohui
Mr. Yu James

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

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

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

法國巴黎融資(亞太)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 Capital (Asia Pacific) 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
Rooms 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

二零零七年中期業績摘要 Financial Highlights for 2007 Interim Results

申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」)截至二零零七年六月三十日止六個月之未經審核中期業績，連同二零零六年之比較數字。中期業績及中期財務報表未經審核，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 2007, together with the comparative amounts for the corresponding period of 2006. The interim results and 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	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
銷售額	Revenue	1,552,907	1,390,177
經營利潤	Operating profit	285,266	212,841
本公司股權持有人應佔利潤	Profit attributable to equity holders of the Company	265,937	190,593
毛利率(%)	Gross profit margin (%)	24.8	22.4
淨利潤率(%)	Net Profit margin (%)	17.1	13.7
每股盈利(人民幣元)	Earnings per share (RMB)	0.21	0.15
		二零零七年 六月三十日 30 June 2007	二零零六年 十二月三十一日 31 December 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
資產總值	Total assets	3,466,727	2,793,706 ⁽²⁾
總權益	Total equity	2,280,911	2,074,316 ⁽²⁾
現金及現金等價物	Cash and cash equivalents	118,175	273,994 ⁽²⁾
資本負債比率(%) ⁽¹⁾	Net gearing ratio (%) ⁽¹⁾	25.5	2.1
流動比率	Current ratio	1.1	1.4
應收賬款之周轉期(日)	Accounts receivable turnover period (days)	26	24
存貨之周轉期(日)	Inventory turnover period (days)	94	62

附註:

Notes:

- 資本負債比率之計算為總借貸扣除現金及現金等價物與總權益之比率。
- 二零零六年十二月三十一日之已審核數字。

- Net gearing ratio represents the ratio between total borrowings (less cash and cash equivalents) and total equity.
- Audited balances as at 31 December 2006.

管理層討論及分析

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」）截至二零零七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。

業務回顧

截至二零零七年六月三十日止六個月，本集團持續按既定之發展策略推進各項工作，並卓有成效。具體表現為：

運動類服裝所佔比例快速增長

集團綜合競爭優勢吸引國際知名運動品牌客戶的加入，並形成關係密切的戰略合作關係。這種合作關係一方面確保了訂單快速增加，也使雙方的合作從產能規劃、計劃協調、產銷配合及研發等各個領域更趨深入。這種合作關係也同時推進集團產品、客戶、市場的多元化進程，優化了集團經營結構，提高了整體盈利水平。比較截至二零零六年六月三十日止六個月的13.2%，截至二零零七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23.0%。

內衣類服裝漸成新的產品類別

得益於集團面料「ODM」的基礎，及持續開發新面料、新產品的能力，從二零零六年下半年試做的女性內衣係列產品在二零零七年上半年已漸成規模，並呈現良好的發展態勢。截至二零零七年六月三十日止六個月內衣類服裝所佔總銷售額的比例達至4.6%。

集團盈利水平恢復至可接受狀況

得益於二零零六年初大規模新聘員工在今年上半年工作效率的提升，及與新客戶業務流程合作的逐步順暢，與之相關訂單的單位成本得到有效控制並持續改善，集團整體盈利水平恢復至可接受狀況。

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 2007 as set out in this interim report.

Business Review

For the six months ended 30 June 2007, the Group has made significant achievements on its work which proceeded according to its stated development strategy, details of which are as follows:

Robust growth in the share of sports wear

The Group, with its competitive edge in integrated services, attracted well-known international sports brand customers and established close strategic co-operation with such customers. Such co-operation secured a robust growth in sales orders received and allowed a more extensive scope of co-operation in various fields, such as production capacity planning, strategy coordination, coordination between production and sales as well as research and development. It also helped promote the progress in the diversification of the Group's products, customers and market bases, streamline the Group's operating structure and improve the overall profitability. For the six months ended 30 June 2007, the contribution of sports wears to the total revenue increased to 23.0%, compared to 13.2% for the six months ended 30 June 2006.

Rise of lingerie as a new product segment

Leveraging on its fabric "ODM" foundation and sustained capacity in developing new fabrics and products, the Group experimented with the production of lady lingerie series in the second half of 2006 and this product line has matured in the first half of 2007, showing positive development prospects. For the six months ended 30 June 2007, lingerie contributed to 4.6% of the total revenue.

Satisfactory profit margin resumed

The Group resumed a satisfactory profit margin as the productivity of the large pool of staff newly hired in 2006 increased in the first half of this year and the business co-operation with new customers improved, while the unit costs of the related orders were under well control and dropped continuously.

管理層討論及分析 Management Discussion and Analysis

中國大陸、美國及亞太市場得以均衡發展

在穩固發展日本及歐洲市場的基礎上，中國大陸、美國及包括澳洲、韓國、中國香港等亞太市場也得到快速發展，並形成一個幾大市場均衡、穩步發展的格局，極大地降低單一市場所帶來的經營風險。截至二零零七年六月三十日止六個月，中國大陸銷售中，服裝成衣銷售額約為人民幣87,132,000元，比較截至二零零六年六月三十日止六個月的28,663,000元，有較大規模的增加，主要為國際知名運動品牌客戶提供產品於國內銷售。

吸引了有發展潛力的新客戶的加入

在集團重點發展 UNIQLO、NIKE、ADIDAS 等客戶的同時，也持續接觸、培育有發展潛力的新客戶。通過半年至一年多時間不等的前期商談、驗廠、試樣等工作，Kappa 在中國大陸的市場，及英國最大的零售連鎖店 Marks & Spencer 均已開始下達首批訂單。集團將視雙方合作狀況及產能配置規模確定彼此未來合作的方向。

集團經營業績

銷售額

銷售額由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，增至截至二零零七年六月三十日止六個月的人民幣1,552,907,000元，增加了人民幣162,730,000元，增幅達11.7%。增長因素主要為：1) 運動類服裝銷售額的持續快速上升；以及 2) 銷售市場的全球化拓展所取得的成效。

Balanced development among markets in Mainland China, the US and the Asia-Pacific

In addition to the stable development of markets in Japan and Europe, the markets in Mainland China, the US and the Asia-Pacific, which include Australia, Korea and Hong Kong, China, also experienced rapid growth and operational risks relating to single market has been reduced significantly as a framework with balanced and healthy growth among several major markets has been established. For the six months ended 30 June 2007, sales of garments and clothing accounted for RMB87,132,000 in the total sales in Mainland China, representing a substantial increase as compared to RMB28,663,000 for the six months ended 30 June 2006, mainly attributable to the sales of products of internationally renowned brand names to customers for their domestic sales.

New customers with development potential being attracted

While focusing on the development of customers such as UNIQLO, NIKE and ADIDAS, the Group also approached and nurtured new customers with potential for growth. After initial negotiations, factory inspections and sampling which lasted for six months to one year, Kappa has started to place orders for its market in Mainland China, while Marks & Spencer, the largest retail chain in the UK has also placed its first batch of orders. The Group will formulate a future plan for mutual co-operation after taking the results of co-operations among the parties and the allocation of production capacity into consideration.

Operating results of the Group

Revenue

Revenue for the six months ended 30 June 2007 amounted to RMB1,552,907,000, representing an increase of RMB162,730,000 or 11.7% from RMB1,390,177,000 for the six months ended 30 June 2006. The growth was mainly driven by: 1) the continuous sharp increase in the sales of sports wear; and 2) the effect of the globalized expansion in sales markets.

管理層討論及分析 Management Discussion and Analysis

以下為本集團截至二零零七年六月三十日止六個月及截至二零零六年六月三十日止六個月按產品類別分析的銷售額比較：

The comparisons by product categories between revenue of the Group for the six months ended 30 June 2007 and the six months ended 30 June 2006 are as follows:

		截至六月三十日止六個月 For the six months ended 30 June					
		二零零七年 2007		二零零六年 2006		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	1,082,993	69.7	1,147,514	82.5	(64,521)	(5.6)
運動類服裝	Sports wear	356,192	23.0	183,168	13.2	173,024	94.5
內衣類服裝	Lingerie	71,298	4.6	—	—	71,298	n/a
其他針織品	Other knitting products	42,424	2.7	59,495	4.3	(17,071)	(28.7)
銷售額總計	Total revenue	1,552,907	100.0	1,390,177	100.0	162,730	11.7

截至二零零七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知名運動品牌代工的業務得以持續大幅增加。比較截至二零零六年六月三十日止六個月的13.2%，截至二零零七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23.0%。

For the six months ended 30 June 2007, contribution from sports wear increased substantially, mainly due to a substantial increase in OEM manufacturing for renowned brands. Sports wear accounted for 23.0% of the total revenue for the six months ended 30 June 2007, representing a continual increase as compared with 13.2% for the six months ended 30 June 2006.

休閒類服裝銷售額由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，輕微下降至截至二零零七年六月三十日止六個月的人民幣1,082,993,000元，下降了人民幣64,521,000元，降幅為5.6%，主要原因係公司在保證對重要客戶供應的基礎上，對產品結構、客戶結構進行了調整，適當減少了部分客戶利潤率較低產品的銷售量。

For the six months ended 30 June 2007, revenue for casual wear amounted to RMB1,082,993,000, representing a decrease of RMB64,521,000 or 5.6% from RMB1,147,514,000 for the six months ended 30 June 2006, mainly due to a proper reduction of sales of products to certain customers with lower profit margins as the Group adjusted its products and customers bases after the Company had secured the supplies to its major customers.

管理層討論及分析 Management Discussion and Analysis

以下為本集團截至二零零七年六月三十日止六個月及截至二零零六年六月三十日止六個月按市場劃分的銷售額比較：

The comparisons by regions between revenue of the Group for the six months ended 30 June 2007 and the six months ended 30 June 2006 are as follows:

		截至六月三十日止六個月 For the six months ended 30 June					
		二零零七年 2007		二零零六年 2006		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	1,080,189	69.6	1,078,259	77.6	1,930	0.2
歐洲	Europe	183,439	11.8	160,404	11.5	23,035	14.4
美國	The US	74,655	4.8	35,029	2.5	39,626	113.1
其他國家	Others	94,167	6.1	49,230	3.6	44,937	91.3
國際銷售小計	Sub-total for international sales	1,432,450	92.3	1,322,922	95.2	109,528	8.3
國內銷售	Domestic sales	120,457	7.7	67,255	4.8	53,202	79.1
銷售額總計	Total revenue	1,552,907	100.0	1,390,177	100.0	162,730	11.7

在鞏固日本市場的基礎上，截至二零零七年六月三十日止六個月，美國市場以及包括中國香港、韓國和澳洲等的其他市場所佔比例有較大幅度的提高，其主要原因在於本公司的市場多元化策略及配合部分客戶的全球市場供應需求所致。比較截至二零零六年六月三十日止六個月的2.5%和3.6%，截至二零零七年六月三十日止六個月美國市場和其他國家佔本集團的銷售額分別提高至4.8%和6.1%。

On the solid foundation in the Japanese market, shares contributed by the US market and other markets, which include Hong Kong, China, Korea and Australia, increased significantly, mainly attributable to the market diversification strategy of the Company as well as the global market demands from certain customers. For the six months ended 30 June 2007, sales in the US market and other countries accounted for 4.8% and 6.1% of the Group's sales, respectively, representing an increase from 2.5% and 3.6%, respectively, for the six months ended 30 June 2006.

於截至二零零七年六月三十日止六個月，國內銷售中，成衣銷售額為人民幣87,132,000元（截至二零零六年六月三十日止六個月：人民幣28,663,000元），主要受中國大陸對高檔運動類服裝需求的增加及二零零八年北京舉辦奧運會的影響，公司為國際知名運動品牌客戶提供更多的運動類服裝產品於國內市場銷售。

Domestic sales of normal garments amounted to RMB87,132,000 for the six months ended 30 June 2007 (Six months ended 30 June 2006: RMB28,663,000), mainly attributable to the demand of high-end sportswear in Mainland China and the supply of more products by the Company for customers with internationally renowned brand names for their domestic sales as a result of the 2008 Beijing Olympic Games.

管理層討論及分析 Management Discussion and Analysis

銷售成本及毛利

本集團截至二零零七年六月三十日止六個月的銷售成本約為人民幣1,167,858,000元(截至二零零六年六月三十日止六個月:人民幣1,079,164,000元)。截至二零零七年六月三十日止六個月本集團銷售毛利率為24.8%，較截至二零零六年六月三十日止六個月的22.4%上升約2.4%。毛利率上升的主要原因是2006年度新聘員工在經歷上崗培訓期後產出量基本達到正常之水準，以及通過產品結構的有效調整減少了低附加值產品的銷售比例。

本公司股權持有人應佔權益

於二零零七年六月三十日，本公司股權持有人應佔本集團權益為人民幣2,267,674,000元(二零零六年十二月三十一日:人民幣2,061,802,000元)。其中非流動資產為人民幣2,162,253,000元(二零零六年十二月三十一日:人民幣1,821,114,000元)、流動資產淨值為人民幣138,741,000元(二零零六年十二月三十一日:人民幣253,202,000元)及少數股東權益為人民幣13,237,000元(二零零六年十二月三十一日:人民幣12,514,000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。

流動資金及財務資源

截至二零零七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911,000元(二零零六年六月三十日止六個月:人民幣282,959,000元)。本集團於二零零七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581,823,000元，二零零六年十二月三十一日之借貸淨額為人民幣43,342,000元，借貸淨額增加了人民幣538,481,000元，主要原因是為擴大產能而增加對廠房、設備等的資金投入以及存貨佔用資金餘額的提高，存貨餘額由二零零六年十二月三十一日的人民幣428,196,000元，增至截至二零零七年六月三十日的人民幣776,511,000元，增加了人民幣348,315,000元，主要原因是公司為保證下半年之生產能力，利用上半年之產能餘量，提前生產了部分半成品，以及已完工尚未交貨的產成品增加之影響，公司根據訂單安排生產的經營模式並無發生改變，交貨期亦較為穩定。

Cost of sales and gross profit

The Group's cost of sales for the six months ended 30 June 2007 amounted to approximately RMB1,167,858,000 (Six months ended 30 June 2006: RMB1,079,164,000). The gross profit margin of the Group for the six months ended 30 June 2007 was 24.8%, approximately 2.4% higher as compared with 22.4% for the six months ended 30 June 2006. The main reason for the increase in the gross profit margin was that the production volume of the staff newly recruited in year 2006 has in principle reached normal level after having their on-the-job training sessions and the proportion of sales for products with low added-values has been reduced through an effective adjustment in the products portfolio.

Equity attributable to the equity holders of the Company

As at 30 June 2007, the Group's equity attributable to the equity holders of the Company amounted to RMB2,267,674,000 (31 December 2006: RMB2,061,802,000), of which non-current assets amounted to RMB2,162,253,000 (31 December 2006: RMB1,821,114,000), net current assets amounted to RMB138,741,000 (31 December 2006: RMB253,202,000) and minority interests amounted to RMB13,237,000 (31 December 2006: RMB12,514,000). The increase in equity attributable to the equity holders of the Company was mainly due to the increase in retained earnings.

Liquidity and financial resources

For the six months ended 30 June 2007, net cash generated from the Group's operating activities amounted to approximately RMB911,000 (Six months ended 30 June 2006: RMB282,959,000). Net borrowings (bank borrowings less cash and cash equivalents) of the Group as at 30 June 2007 amounted to RMB581,823,000, an increase by RMB538,481,000 as compared with the net borrowings as at 31 December 2006 of RMB43,342,000 mainly due to increased investment in plants and equipment, etc. to further improve production capabilities as well as the increase of balance of financial resources occupied by inventories. The balance of inventories increased to the amount of RMB776,511,000 as at 30 June 2007 from RMB428,196,000 as at 31 December 2006, representing an increase of RMB348,315,000, mainly because the Company early produced part of the work in progress using the surplus production capacity in the first half of the year with a view to maintaining its capacity in the second half of the year and that the amount of finished goods undelivered has increased. The operating mode of the Company to arrange production according to orders received remains unchanged and the term of delivery is relatively stable.

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本集團於二零零七年六月三十日的現金及現金等價物為人民幣 118,175,000元(二零零六年十二月三十一日:人民幣273,994,000元),總借貸餘額為人民幣699,998,000元(二零零六年十二月三十一日:人民幣317,336,000元),其中短期貸款為人民幣696,190,000元,長期貸款為人民幣3,808,000元。本公司股權持有人應佔權益為人民幣2,267,674,000元(二零零六年十二月三十一日:人民幣2,061,802,000元)。本集團現金流動狀況保持良好,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30.9%(二零零六年十二月三十一日:15.4%)。

於二零零七年六月三十日,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。

融資成本及稅項

於截至二零零七年六月三十日止六個月,融資成本從截至二零零六年六月三十日止六個月之人民幣7,984,000元,增加至人民幣11,429,000元,主要是期內公司銀行貸款增加使相應的利息支出上升。

於截至二零零七年六月三十日止六個月,集團的所得稅支出從截至二零零六年六月三十日止六個月之人民幣15,919,000元減少至人民幣7,741,000元,主要是本公司之一家附屬公司自二零零七年起享受二免三減半的企業所得稅優惠政策,二零零七年為免稅期之第一年,以及主要附屬公司寧波申洲針織有限公司因地方部分所得稅減免和購買國產設備退還所得稅而收到的稅款沖減當期支出計人民幣3,336,000元。

Cash and cash equivalents of the Group at 30 June 2007 amounted to RMB118,175,000 (31 December 2006: RMB273,994,000). The total amount of outstanding borrowings was RMB699,998,000 (31 December 2006: RMB317,336,000), in which short-term loans amounted to RMB696,190,000 and long-term loans amounted to RMB3,808,000. Equity attributable to equity holders of the Company amounted to RMB2,267,674,000 (31 December 2006: RMB2,061,802,000). 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 equity holders of the Company) of 30.9% (31 December 2006: 15.4%).

As at 30 June 2007, the majority of borrowings of the Group is subject to interest payable at fixed rates. The Group did not enter into any interest rate swaps to hedge itself against interest rate risks.

Finance costs and tax

For the six months ended 30 June 2007, finance cost increased substantially to RMB11,429,000 from RMB7,984,000 for the six months ended 30 June 2006, mainly due to the increase of the interest expenses arising from more bank loans being raised by the Company during the period.

For the six months ended 30 June 2007, income tax expense of the Group decreased to RMB7,741,000 from RMB15,919,000 for the six months ended 30 June 2006, mainly because a subsidiary of the Company was entitled to a preferential EIT treatment of 2 years of exemption from and 3 years of 50% reduction in EIT starting from 2007, which is the first year of the tax holiday, as well as an elimination of the current tax charges of Ningbo Shenzhou Knitting Co., Ltd., a major subsidiary of the Company, in the amount of RMB3,336,000 arising from a reduction of part of its local EIT and taxes recovered from purchasing equipment produced in China.

本集團之資產抵押

於二零零七年六月三十日，本集團合共約人民幣227,000元（二零零六年十二月三十一日：人民幣182,000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，以及為獲取中國進出口銀行浙江省分行21,000,000美元之中長期貸款額度，集團已將截至二零零七年六月三十日止帳面價值為人民幣187,142,000元的廠房和土地使用權作相應之抵押，截至二零零七年六月三十日止，公司已向該銀行貸款500,000美元，貸款期限為5年。

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二零零七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」）所載之建議用途用，載列如下：

- 約 156,869,000 港元（約 人民幣 159,669,000 元）用作本集團在中國生產設施購置新染整設備；
- 約 128,874,000 港元（約 人民幣 129,048,000 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 68,214,000 港元（約 人民幣 68,854,000 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。

Pledge of the Group's assets

As at 30 June 2007, the Group's deposits with certain banks amounted to approximately RMB227,000 (31 December 2006: RMB182,000) were pledged to secure certain trade financing facilities granted by the banks, while plants and land use rights of the Group with a carrying amount of RMB187,142,000 as at 30 June 2007 were also pledged to secure a medium to long-term loan facilities of USD21,000,000 granted by the Zhejiang branch of the Export-Import Bank of China. As at 30 June 2007, the Company has borrowed USD500,000 from the bank with a borrowing term of 5 years.

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 share issue expenses therefrom, amounted to approximately HK\$856 million. During the period from the listing date to 30 June 2007, part of such proceeds were utilized in accordance with the proposed uses as set out in the prospectus of the Company dated 15 November 2005 (the "Prospectus"), as follows:

- approximately HK\$156,869,000 (approximately RMB159,669,000) for the acquisition of new dyeing and finishing equipment for the Group's production facilities in China;
- approximately HK\$128,874,000 (approximately RMB129,048,000) for the acquisition of new plants and equipment in China for the production of functional fabrics mainly used in sports wear;
- approximately HK\$68,214,000 (approximately RMB68,854,000) 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
- approximately HK\$48,000,000 (approximately RMB49,930,000) as additional general working capital of the Group.

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於二零零七年六月三十日餘下之所得款項淨額約98,043,000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。

外匯風險

由於本集團銷售以美元結算為主，採購以人民幣結算為主，匯率波動對本集團的成本及經營利潤率構成一定影響。本集團針對美元兌人民幣的匯率波動的現狀，採用相應政策對沖部份有關外匯風險。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兌人民幣的匯率波動而定。

為免因人民幣兌美元的匯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，於二零零七年六月三十日，銀行借貸總額中，美元借款為人民幣438,348,000元（計原幣金額為57,560,000美元）（二零零六年十二月三十一日：人民幣177,336,000元（計原幣金額為22,710,000美元））；此外，本集團為對沖若干外匯風險，尤其是美元的外匯風險，已安排訂立了美元遠期銷售合約及美元兌人民幣無本金交割遠期交易合約（USD/CNY Non-Deliverable Forward），截至二零零七年六月三十日止，美元的遠期銷售合約總值約736,000,000美元，美元兌人民幣無本金交割遠期交易合約的總值約676,000,000美元。本集團並無進行任何外匯交易用作投機用途。

As at 30 June 2007, the balance of the net proceeds of approximately HK\$98,043,000 were deposited with banks in Hong Kong and China. The Directors intend to utilize such net proceeds in the manner disclosed in the Prospectus.

Exposure to exchange risks

As the Group's sales were mainly settled in United States Dollars ("USD") while its purchases were mainly settled in RMB, its costs and operating profit margin were subject to exchange rate fluctuations. The Group has adopted a policy to hedge part of its exchange rate risks in light of the existing fluctuations of exchange rate between USD and RMB. The amount to be hedged will 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 from reductions in value and the volatility of future cash flows which might be resulted from any exchange rate movement between RMB and USD, the Group has arranged for USD borrowings of an appropriate amount. As at 30 June 2007, out of the total bank borrowings, USD borrowings amounted to RMB438,348,000 (USD57,560,000 based on the original currency) (31 December 2006: RMB177,336,000 (USD22,710,000 based on the original currency)). In addition, the Group entered into USD forward sales contracts and USD/CNY Non-Deliverable Forward contracts in order to hedge certain of its foreign exchange risk, particularly the foreign exchange risk relating to USD. As at 30 June 2007, the total amount of the USD forward sales contracts and USD/CNY Non-Deliverable Forward contracts were approximately USD736,000,000 and USD676,000,000, respectively. The Group did not enter into any foreign exchange transactions for speculative purposes.

僱用、培訓及發展

於二零零七年六月三十日，本集團共僱用逾32,700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20.8%(截至二零零六年六月三十日止六個月：18.9%)。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，本公司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。例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

於截至二零零七年六月三十日止六個月內，本集團於物業、廠房及設備和土地使用權之總投資約為人民幣308,520,000元，其中約58%用作購買廠房及設備、約39%用作興建新工廠大樓，而餘款則用作購買其他固定資產。

於二零零七年六月三十日，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104,962,000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。

根據本集團與寧波市北侖區政府訂立之協議，本集團向當地政府支付人民幣126,000,000元(包括相關的管道建設費用約人民幣2,600萬)後，當地政府將以優惠之價格，向集團保證一定數量的供水量，為期20年。於二零零七年六月三十日，本集團已支付預付款項人民幣50,000,000元，並有達人民幣76,000,000元的尚未支付承擔。

Employment, training and development

As at 30 June 2007, the Group had over 32,700 employees. Total staff costs, including administrative and management staff, amounted to approximately 20.8% (Six months ended 30 June 2006: 18.9%) of the Group's revenue 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 rewards based on their ratings in annual performance appraisals. The Company 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 of the Group are required to attend an introductory course, while there are also various types of training courses available to all the Group's employees.

Capital expenditure and commitments

For the six months ended 30 June 2007, the Group's total investment in properties, plants and equipment and land use rights amounted to approximately RMB308,520,000, of which approximately 58% was used for the acquisition of plants and equipment and approximately 39% for the construction of new factory buildings, while the balance was used for the purchase of other fixed assets.

As at 30 June 2007, the Group had contracted capital commitments of approximately RMB104,962,000 in connection with the acquisition and construction of properties, plants and equipment, which will be financed by proceeds from the initial public offering and internal resources.

Pursuant to an agreement entered into between the Group and the government of Beilun District, Ningbo City, the local government will guarantee the supply of certain amount of water to the Group at a discounted price for a term of 20 years upon the Group paying it RMB126,000,000, which included the relevant costs of pipes construction in the amount of approximately RMB26,000,000. At 30 June 2007, the Group has paid a prepayment in the amount of RMB50,000,000, while a commitment amounted to RMB76,000,000 remained outstanding.

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或然負債

於二零零七年六月三十日，本集團概無任何重大或然負債。

未來前景及策略

二零零五年一月一日撤銷紡織品配額限制後至現時，集團進一步感受到完整且充分整合的縱向一體化工序所具有的競爭力，該競爭力綜合表現為完整的客戶服務能力、品質保障、快速反應能力及規模化產能。集團管理層相信，該競爭力將會在未來幾年有著更顯著的表現。因此，本集團將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。

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為應對勞動力及工業用地成本等的持續上升，集團有意於未來幾年在中國大陸中西部地區營運部分製衣工廠，亦將視客戶之需要不斷提升柬埔寨製衣工廠的生產與綜合服務能力，逐步形成以中國寧波為面料與成衣製造中心，以柬埔寨與中國大陸中西部為二個具支援作用的成衣生產基地，保障重要客戶產品供應上的穩定與安全，並具成本上的優勢。

除穩固發展日本市場外，為應對歐盟市場二零零八年一月一日及美國市場二零零九年一月一日撤銷過渡性紡織品配額後新的、可能的紡織品限制措施，集團力求實現對各主要市場相對均衡化發展，也積極推進澳洲、韓國、東南亞國家及地區等非配額區市場的發展。同時，為應對人民幣持續升值及出口退稅率的調整，也積極推動在中國市場的銷售額比例的持續上升。因此，集團未來幾年將大力推進市場均衡化發展策略，降低市場單一、集中下的經營風險。

Contingent liabilities

As at 30 June 2007, the Group had no material contingent liabilities.

Future prospects and strategies

After the lifting of garments quota restrictions on 1 January 2005 and up to the date hereof, the Group has further experienced the competitiveness brought by the comprehensive and vertically-integrated production processes, which is represented by the Group's all-rounded abilities in terms of customer-services, quality control, timely responses and scale of production. The management of the Group believes that such competitiveness will bring about more significant contributions in the coming years. As a result, the Group will continue to strengthen the capacity of each production process, improve its production techniques, increase the operation efficiencies, tighten its control over costs and shorten the time of delivery in order to improve the overall competitiveness.

In view of the rising labour cost and the cost of lands for industrial uses, the Group intends to operate certain garment factories in the Mid West region of Mainland China in the next few years and continue to increase the production and integrated servicing capacity of the garment factory in Cambodia according to the customers' needs. It is aimed that a network with Ningbo, China as the production center for fabrics and garments and Cambodia and the Mid West region of Mainland China, as two supportive garment production bases will be formed. The Group will strive to ensure stable and secured product supplies for the major customers and achieve cost advantage.

On the solid foundation in the development of the Japanese market, the Group will also put more efforts in realizing balanced development among each major markets in anticipation of any new and possible restriction on garments to be implemented after the withdrawal of the transitional garments quota restrictions by the EU and the US on 1 January 2008 and 1 January 2009, respectively. The Group will also actively promote its development in quota free markets, such as Australia, Korea as well as countries and regions in Southeast Asia. Meanwhile, the Group will strive to promote the sales shared by the Chinese market in view of the continuous appreciation of RMB and the adjustment in the export tax refund rate. On such basis, the Group will implement a development strategy of promoting a balanced market development in order to mitigate the operation risk relating to the reliance on a single market.

管理層討論及分析 Management Discussion and Analysis

集團面臨著運動類服裝前所未有的發展機會，因此本集團將繼續提高運動類服裝的銷售額與銷售比例，進一步加深與國際知名運動名牌客戶的合作層面，建立更牢固的戰略合作關係。此外，集團將推進面料研發至更高水準與技術，實現女性內衣向更高檔次發展。

在實現面料“ODM”基礎上，集團在未來幾年將穩步建設服裝設計“ODM”。除與國際知名運動品牌客戶合作運行服裝設計中心，集團已自行在巴黎、東京聘請高級服裝設計師。

未來幾年，中國紡織服裝行業還將面臨翻天覆地的變化。憑藉行業明顯具競爭優勢的地位，本集團深信能應對未來各種困難，確保資產質量與盈利水準保持行業領先地位，並進一步做強做大，成為全球最具競爭力的針織服裝製造商，為股東和投資者創造可觀的回報。

The Group is presented with an unprecedented opportunity for growth in its sports wear business and it will, therefore, continue to increase the proportion of sales and sales volume attributable to sports wear, broaden the scope of co-operation with internationally renowned sports brands, and establish closer and tighter strategic co-operation with them. In addition, the Group will raise the standards and techniques of its research and development in fabrics and expand its lingerie business to higher-end markets.

Leveraging on its fabric “ODM” foundation, the Group will steadily build up its “ODM” garments design operation. In addition to co-operating with internationally renowned sports brands in running fashion design centers, the Group has also recruited its own senior fashion designers in Paris and Tokyo.

In the coming years, textile and garment industry in China will experience more world-shaking changes. The Group believes that, leveraging on its apparent competitive advantage in the industry, it will be able to overcome all kinds of challenges in the future, secure its leading position in terms of assets quality and profitability, as well as strengthening and expanding itself in order to become the most competitive knitwear manufacturer in the world with a view to generating considerable return for shareholders and investors.

綜合資產負債表

Consolidated Balance Sheet

於二零零七年六月三十日
As at 30 June 2007

			未經審核 Unaudited 二零零七年 六月三十日 30 June 2007 人民幣千元 RMB'000	已審核 Audited 二零零六年 十二月三十一日 31 December 2006 人民幣千元 RMB'000
資產	ASSETS			
非流動資產	Non-current assets			
土地使用權	Land use rights	5	152,533	132,374
物業、廠房及設備	Properties, plants and equipment	5	1,841,824	1,638,031
無形資產	Intangible assets		526	—
遞延所得稅資產	Deferred income tax assets		831	709
衍生金融工具	Derivative financial instruments	6	116,539	—
預付款項	Prepayment		50,000	50,000
			2,162,253	1,821,114
流動資產	Current assets			
存貨	Inventories	7	776,511	428,196
應收賬款及應收票據	Accounts and bills receivable	8	238,796	204,875
預付款項及其他應收款項	Prepayments and other receivables	9	123,361	60,762
衍生金融工具	Derivative financial instruments	6	47,404	4,583
有抵押銀行存款	Pledged bank deposits		227	182
現金及現金等價物	Cash and cash equivalents		118,175	273,994
			1,304,474	972,592
總資產	Total assets		3,466,727	2,793,706
權益	EQUITY			
本公司股權持有人應佔 股本及儲備	Capital and reserves attributable to the equity holders of the Company			
股本	Share capital		129,717	129,717
儲備	Reserves	10	2,137,957	1,932,085
			2,267,674	2,061,802
少數股東權益	Minority interests		13,237	12,514
總權益	Total equity		2,280,911	2,074,316

綜合資產負債表

Consolidated Balance Sheet

於二零零七年六月三十日
As at 30 June 2007

			未經審核 Unaudited 二零零七年 六月三十日 30 June 2007 附註 Notes	已審核 Audited 二零零六年 十二月三十一日 31 December 2006 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	11	369,444	259,845
應計款項及其他應付款項	Accruals and other payables	12	97,999	142,165
應付關連人士款項	Due to related parties	22(b)	2,100	44
銀行借貸	Bank borrowings		696,190	317,336
			1,165,733	719,390
非流動負債	Non-current liabilities			
銀行借貸	Bank borrowings		3,808	—
遞延所得稅負債	Deferred income tax liabilities		16,275	—
			20,083	—
總負債	Total liabilities		1,185,816	719,390
總權益及負債	Total equity and liabilities		3,466,727	2,793,706
流動資產淨值	Net current assets		138,741	253,202
總資產減流動負債	Total assets less current liabilities		2,300,994	2,074,316

附註為該等綜合財務報表的組成部份。

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

綜合損益表

Consolidated Income Statement

截至二零零七年六月三十日止六個月
For the six months ended 30 June 2007

		未經審核 Unaudited 截至六月三十日止六個月 For the six months ended 30 June 二零零七年 二零零六年 2007 2006 附註 人民幣千元 人民幣千元 Notes RMB'000 RMB'000		
銷售額	Revenue	4	1,552,907	1,390,177
銷售成本	Cost of sales	13	(1,167,858)	(1,079,164)
毛利	Gross profit		385,049	311,013
分銷成本	Distribution costs	13	(17,498)	(13,774)
一般及行政費用	General and administrative expenses	13	(118,010)	(81,665)
其他收入／(損失)	Other income/(losses)	14	35,899	(2,498)
其他虧損	Other losses	15	(174)	(235)
經營利潤	Operating profit		285,266	212,841
融資收入	Finance income	16	564	2,241
融資成本	Finance costs	16	(11,429)	(7,984)
融資成本淨額	Finance costs, net		(10,865)	(5,743)
除所得稅前利潤	Profit before income tax		274,401	207,098
所得稅開支	Income tax expense	17	(7,741)	(15,919)
期內利潤	Profit for the period		266,660	191,179
以下人士應佔權益：	Attributable to:			
本公司股權持有人	Equity holders of the Company		265,937	190,593
少數股東權益	Minority interests		723	586
			266,660	191,179
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 the profit attributable to the equity holders of the Company for the period (expressed in RMB per share)	18		
— 基本	— Basic		0.21	0.15
— 攤薄	— Diluted		不適用 N/A	不適用 N/A

附註為該等綜合財務報表的組成部份。

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

綜合權益變動表

Consolidated Statement of Changes in Equity

截至二零零七年六月三十日止六個月
For the six months ended 30 June 2007

		本公司股權持有人應佔 Attributable to the 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	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	1,572,305	12,152	1,714,174
期內利潤	Profit for the period	—	190,593	586	191,179
換算差額	Translation differences	—	(1,032)	—	(1,032)
已於二零零六年六月派 發之二零零五年股息	Dividends for the year 2005 paid in June 2006	—	(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	1,735,963	12,738	1,878,418
截至二零零七年六月三十日 止六個月(未經審核)		For the six months ended 30 June 2007 (unaudited)			
於二零零七年一月一日 的結餘	Balance at 1 January 2007	129,717	1,932,085	12,514	2,074,316
期內利潤	Profit for the period	—	265,937	723	266,660
套期儲備	Hedging reserve	—	130,232	—	130,232
換算差額	Translation differences	—	(2,669)	—	(2,669)
已於二零零七年六月派 發之二零零六年股息	Dividends for the year 2006 paid in June 2007	—	(187,628)	—	(187,628)
於二零零七年 六月三十日的結餘	Balance at 30 June 2007	129,717	2,137,957	13,237	2,280,911

附註為該等綜合財務報表的組成部份。

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

綜合現金流量表

Consolidated Cash Flow Statement

截至二零零七年六月三十日止六個月
For the six months ended 30 June 2007

		未經審核 Unaudited	
		截至六月三十日止六個月 For the six months ended 30 June	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
經營業務所得現金淨額	Net cash generated from operating activities	911	282,959
投資活動所用現金淨額	Net cash used in investing activities	(353,526)	(275,916)
融資活動(所用)／ 所得現金淨額	Net cash (used in)/generated from financing activities	195,599	(172,823)
現金及現金等價物減少	Decrease in cash and cash equivalents	(157,016)	(165,780)
期初現金及現金等價物	Cash and cash equivalents at beginning of the period	273,994	559,801
匯率變動的影響	Effect of foreign exchange rate changes	1,197	(2,996)
期末現金及現金等價物	Cash and cash equivalents at end of the period	118,175	391,025

附註為該等綜合財務報表的組成部份。

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

截至二零零七年六月三十日止六個月
For the six months ended 30 June 2007

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。董事會於二零零七年八月十一日批准刊發該等綜合中期財務報表。

2. 呈列基準

截至二零零七年六月三十日止半年的該等未經審核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。該等未經審核綜合中期財務報表應與截至二零零六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

編製本綜合財務資料所採用之會計政策及編製基礎與截至二零零六年十二月三十一日止年度之年度之已審核財務報表所採用的會計政策一致。

以下新訂準則、對準則的修訂和詮釋必須在截至二零零七年十二月三十一日止財政年度採用。

- 香港財務報告準則7「金融工具：披露」，自二零零七年一月一日或以後開始的會計期間生效。本集團已評估香港財務報告準則7的影響，參見會計報表附註6；
- 香港會計準則1「資本披露的修訂」，自二零零七年一月一日或以後開始的會計期間生效。集團正在評估該新訂準則對集團賬目的影響；

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 consolidated interim financial statements are presented in Renminbi ("RMB") unless otherwise stated. These consolidated interim financial statements have been approved for issue by the Board of Directors on 11 August 2007.

2. BASIS OF PREPARATION

These unaudited consolidated interim financial statements for the six months ended 30 June 2007 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". These unaudited consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

3. ACCOUNTING POLICIES

The accounting policies and basis of presentation adopted are consistent with the accounting policies adopted for the annual audited financial statements for the year ended 31 December 2006.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31 December 2007:

- HKFRS 7, "Financial Instruments: Disclosures", effective for annual periods beginning on or after 1 January 2007. The Group has assessed the impact of HKFRS 7, please refer to Note 6;
- HKAS 1, "Amendments to Capital Disclosures", effective for annual periods beginning on or after 1 January 2007. The Group is currently assessing the impact of this new standard on the Group's financial statements;

3. 會計政策(續)

- 香港(國際財務報告詮釋委員會) — 詮釋7「應用香港財務報告準則29下的重列法」,自二零零六年三月一日或以後開始的會計期間生效。集團預期此項詮釋與本集團並不相關;
- 香港(國際財務報告詮釋委員會) — 詮釋8「香港財務報告準則2的範圍」,自二零零六年五月一日或以後開始的會計期間生效。集團預期此項詮釋對本集團綜合財務報表不構成任何影響;
- 香港(國際財務報告詮釋委員會) — 詮釋9「重新評估勘入式衍生工具」,自二零零六年六月一日或以後開始的會計期間生效。由於本集團各實體概無更改該等工具之合約條款,故此項詮釋與本集團並不相關;及
- 香港(國際財務報告詮釋委員會) — 詮釋10「中期財務報告及減值」,自二零零六年十一月一日或以後開始的會計期間生效。預期對本集團財務報表並不構成任何影響。

以下是二零零七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:

- 香港財務報告準則8「營運分部」,自二零零九年一月一日或以後開始的會計期間生效。集團正在評估該新訂準則對集團的財務報表影響;

3. ACCOUNTING POLICIES (Continued)

- HK(IFRIC)-Int 7, "Applying the Restatement Approach under HKAS 29", effective for annual periods beginning on or after 1 March 2006. The Group does not expect this 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. The Group does not expect this interpretation to be relevant for the Group;
- HK(IFRIC)-Int 9, "Reassessment of Embedded Derivatives", effective for annual periods beginning on or after 1 June 2006. As none of the group entities have changed the terms of their contracts, this interpretation is not relevant for the Group; and
- HK(IFRIC)-Int 10, "Interim Financial Reporting and Impairment", effective for annual periods beginning on or after 1 November 2006. The Group does not expect this interpretation to be relevant for the Group.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2007 and have not been early adopted:

- HKFRS 8, "Operating Segments", effective for annual periods beginning on or after 1 January 2009. The Group is currently assessing the impact of this new standard on the Group's financial statements;

截至二零零七年六月三十日止六個月
For the six months ended 30 June 2007

3. 會計政策 (續)

- 香港(國際財務報告詮釋委員會) — 詮釋11「香港財務報告準則2 — 集團及庫存股份交易」, 自二零零七年三月一日或以後開始的會計期間生效。集團預期此項詮釋與本集團並不相關; 及
- 香港(國際財務報告詮釋委員會) — 詮釋12「服務經營權安排」, 自二零零八年一月一日或以後開始的會計期間生效。集團預期此項詮釋與本集團並不相關。

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)

3. ACCOUNTING POLICIES (Continued)

- HK(IFRIC)-Int 11, "HKFRS 2 — Group and Treasury Share Transactions", effective for annual periods beginning on or after 1 March 2007. The Group does not expect this interpretation to be relevant for the Group; and
- HK(IFRIC)-Int 12, "Service Concession Arrangements", effective for annual periods beginning on or after 1 January 2008. The Group does not expect this interpretation to be relevant for the Group.

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in a single business segment, the manufacture and sale of knitwear products, the majority of the operations and assets of which are located in Mainland China. Therefore, no business segment is presented.

Revenue by geographical locations of customers (by market locations where merchandise was sold):

		截至六月三十日止六個月	
		For the six months ended 30 June	
		二零零七年	二零零六年
		2007	2006
		人民幣千元	人民幣千元
		RMB'000	RMB'000
銷售予對外之客戶	Sales to external customers		
日本	Japan	1,080,189	1,078,259
歐洲	Europe	183,439	160,404
中國	Mainland China	120,457	67,255
其他	Others	168,822	84,259
		1,552,907	1,390,177

財務報表附註

Notes to the Financial Statements

截至二零零七年六月三十日止六個月
For the six months ended 30 June 2007

5. 資本開支

5. CAPITAL EXPENDITURES

		物業、 廠房及設備 Properties, plants and equipment 人民幣千元 RMB'000	土地 使用權 Land use rights 人民幣千元 RMB'000
截至二零零六年			
For the six months ended			
六月三十日止六個月			
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
截至二零零七年			
For the six months ended			
六月三十日止六個月			
30 June 2007			
於二零零七年一月一日 之年初賬面淨額	Opening net book amount at 1 January 2007	1,638,031	132,374
添置	Additions	287,431	21,089
出售	Disposals	(820)	—
折舊／攤銷	Depreciation/Amortisation	(81,842)	(930)
滙兌差額	Exchange differences	(976)	—
於二零零七年六月三十日 之期末賬面淨額	Closing net book amount at 30 June 2007	1,841,824	152,533

截至二零零七年六月三十日止六個月
For the six months ended 30 June 2007

6. 衍生金融工具 — 資產

6. DERIVATIVE FINANCIAL INSTRUMENTS
— ASSETS

		截至二零零七年 六月三十日止六個月 For the six months ended 30 June 2007 人民幣千元 RMB'000	截至二零零六年 十二月三十一日止 For the year ended 31 December 2006 人民幣千元 RMB'000
遠期外匯合約	Forward foreign exchange		
— 現金流套期	contracts — cash flow hedges	163,943	4,583
減非流動部分：	Less non-current portion:		
遠期外匯合約	Forward foreign exchange		
— 現金流套期	contracts — cash flow hedges	116,539	—
流動部分	Current portion	47,404	4,583

買賣性衍生工具分類為流動資產或負債。若被對沖項目的剩餘期間超過12個月，則對沖衍生工具的全數公平值分類為非流動資產或負債，而若被對沖項目的剩餘期間少於12個月，則分類為流動資產或負債。

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the maturity of the hedge item is less than 12 months.

(a) 遠期外匯合約

於二零零七年六月三十日，仍未結算的遠期外匯合約的設定本金額為736,000,000美元(二零零六年十二月三十一日：123,500,000美元)。

被對沖的外幣非常可能預測交易預期將於未來24個月內的多個日期產生。於二零零七年六月三十日，就遠期外匯合約在權益內的對沖儲備中確認的盈虧(附註10)，在對沖交易影響損益表的一個或多個期間內確認。

(a) Forward foreign exchange contracts

The notional principal amounts of the outstanding forward foreign exchange contracts at 30 June 2007 are USD736,000,000 (31 December 2006: USD123,500,000).

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 24 months. Gains and losses recognised in the hedging reserve in equity (Note 10) on forward foreign exchange contracts as of 30 June 2007 are recognised in the income statement in the period or periods during which the hedged transaction affects the income statement.

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Notes to the Financial Statements

截至二零零七年六月三十日止六個月
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7. 存貨

7. INVENTORIES

		二零零七年 六月三十日 30 June 2007 人民幣千元 RMB'000	二零零六年 十二月三十一日 31 December 2006 人民幣千元 RMB'000
原材料	Raw materials	148,024	134,276
在製品	Work in progress	409,555	278,666
製成品	Finished goods	218,932	15,254
		776,511	428,196

8. 應收賬款及應收票據

8. ACCOUNTS AND BILLS RECEIVABLE

本集團的大部份銷售以信用證進行。其餘數額一般獲授1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：

The majority of the Group's sales are on letters of credit. The remaining amounts are generally granted with credit terms ranging from 1 to 6 months. The ageing analysis of accounts and bills receivable is as follows:

		二零零七年 六月三十日 30 June 2007 人民幣千元 RMB'000	二零零六年 十二月三十一日 31 December 2006 人民幣千元 RMB'000
0至6個月	0 to 6 months	238,657	204,717
6個月至1年	6 months to 1 year	119	158
1年至2年	1 year to 2 years	20	—
		238,796	204,875

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 approximate to their fair values.

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Notes to the Financial Statements

截至二零零七年六月三十日止六個月
For the six months ended 30 June 2007

9. 預付款項及其他應收款項

9. PREPAYMENTS AND OTHER RECEIVABLES

		二零零七年 六月三十日 30 June 2007 人民幣千元 RMB'000	二零零六年 十二月三十一日 31 December 2006 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	29,344	10,421
— 購買出口配額	— Purchase of export quotas	11,117	6,813
— 其他	— Others	15,021	931
應收增值稅退款(附註a)	VAT refund receivable (note a)	37,024	22,713
可收回即期所得稅	Current income tax recoverable	7,971	6,421
其他應收款項	Other receivables	22,884	13,463
		123,361	60,762

(a) 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，自二零零七年七月一日起，服裝的退稅率則為由之前的13%下調為11%。

預付款項及其他應收款項的賬面值與其公允值相若。

(a) The Group's sales of self-manufactured products are subject to Value Added Tax ("VAT") of Mainland China. Input VAT on purchases can be deducted from output VAT. 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. Starting from 1 July 2007, the rate of tax refund for garments is reduced from 13% to 11%.

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

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Notes to the Financial Statements

截至二零零七年六月三十日止六個月
For the six months ended 30 June 2007

10. 儲備

10. RESERVES

		股份溢價	股本儲備	法定公積	滙兌差額	衍生 金融工具	保留盈利	擬派 末期股息	總計
		Share Premium	Capital reserve	Statutory reserve	Translation differences	Derivative financial instruments	Retained earnings	Proposed final dividend	Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
於二零零六年 一月一日	At 1 January 2006	762,499	265,060	65,574	(1,370)	—	454,639	25,903	1,572,305
期內利潤	Profit for the period	—	—	—	—	—	190,593	—	190,593
滙兌差額	Translation differences	—	—	—	(1,032)	—	—	—	(1,032)
向本公司股東 派發股息	Dividends paid to the Company's shareholders	—	—	—	—	—	—	(25,903)	(25,903)
於二零零六年 六月三十日	At 30 June 2006	762,499	265,060	65,574	(2,402)	—	645,232	—	1,735,963
於二零零七年 一月一日	At 1 January 2007	762,499	265,060	67,811	(4,718)	—	653,805	187,628	1,932,085
期內利潤	Profit for the period	—	—	—	—	—	265,937	—	265,937
轉撥自保留盈利	Transfer from retained earnings	—	—	39,639	—	—	(39,639)	—	—
滙兌差額	Translation differences	—	—	—	(2,669)	—	—	—	(2,669)
套期工具	Hedging instruments	—	—	—	—	130,232	—	—	130,232
向本公司股東 派發股息	Dividends paid to the Company's shareholders	—	—	—	—	—	—	(187,628)	(187,628)
於二零零七年 六月三十日	At 30 June 2007	762,499	265,060	107,450	(7,387)	130,232	880,103	—	2,137,957

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11. 應付賬款及應付票據

11. ACCOUNTS AND BILLS PAYABLE

		二零零七年 六月三十日 30 June 2007 人民幣千元 RMB'000	二零零六年 十二月三十一日 31 December 2006 人民幣千元 RMB'000
應付賬款	Accounts payable	206,240	137,362
應付票據	Bills payable	163,204	122,483
		369,444	259,845

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:

		二零零七年 六月三十日 30 June 2007 人民幣千元 RMB'000	二零零六年 十二月三十一日 31 December 2006 人民幣千元 RMB'000
0至6個月	0 to 6 months	368,910	258,988
6個月至1年	6 months to 1 year	462	811
1年至2年	1 year to 2 years	53	20
2年以上	Over 2 years	19	26
		369,444	259,845

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截至二零零七年六月三十日止六個月
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12. 應計款項及其他應付款項

12. ACCRUALS AND OTHER PAYABLES

		二零零七年 六月三十日 30 June 2007 人民幣千元 RMB'000	二零零六年 十二月三十一日 31 December 2006 人民幣千元 RMB'000
客戶按金	Customer deposits	3,001	2,988
應計開支	Accrued expenses	55,727	78,704
購置物業、廠房及設備 的應付款項	Payable for purchase of property, plant and equipment	13,144	30,868
有關建築工程之 保證金	Guarantee deposits in relation to construction projects	11,155	4,400
收購一家附屬公司 之應付款項	Payable for acquisition of a subsidiary	130	16,467
其他	Others	14,842	8,738
		97,999	142,165

13. 按性質分類的費用

13. EXPENSES BY NATURE

包括於銷售成本、分銷成本和一般及
行政費用之內費用分析如下：

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

		截至六月三十日止六個月 For the six months ended 30 June	
		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
僱員福利開支	Employee benefit expenses		
工資及薪金	Wages and salaries	306,819	252,256
退休福利供款	Retirement benefit contributions	10,760	7,265
其他福利	Other benefits	5,233	3,400
		322,812	262,921
折舊、攤銷及減值開支	Depreciation, amortisation and impairment expenses	81,842	66,877
製成品及在製品的 存貨變動	Changes in inventories of finished goods and work in progress	(334,567)	(124,117)
所用的原材料及消耗品	Raw materials and consumables utilised	1,002,535	801,337
公用開支	Utilities expenses	99,272	88,087
外判	Outsourcing	54,290	27,458
佣金	Commission	10,993	5,057
運輸開支	Transportation expenses	9,399	2,590
物業經營租賃開支	Operating lease expenses for properties	7,799	5,710
辦公室開支	Office expenses	4,277	2,079
檢測費	Inspection fees	3,865	4,911
差旅費	Traveling expenses	3,144	1,858
交際費用	Entertainment expenses	3,139	2,013
其他開支	Other expenses	34,566	27,822
總銷售成本、分銷成本 和一段及行政費用	Total cost of sales, distribution costs and general and administrative expenses	1,303,366	1,174,603

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Notes to the Financial Statements

截至二零零七年六月三十日止六個月
For the six months ended 30 June 2007

14. 其他收入／(損失)

14. OTHER INCOME/(LOSSES)

		截至六月三十日止六個月	
		For the six months ended 30 June	
		二零零七年	二零零六年
		2007	2006
		人民幣千元	人民幣千元
		RMB'000	RMB'000
政府補助(附註a)	Government subsidies (note a)	11,585	3,655
滙兌收益／(損失)淨額	Exchanges gains/(losses), net	6,447	(2,797)
以公允值於損益表列賬的 遠期外滙公允值變動	Gains/(losses) arising from the changes of fair values in forward foreign exchange contracts		
合約所得收益／(損失)	at fair value through profit and loss	17,863	(3,356)
其他	Others	4	—
		35,899	(2,498)

(a) 政府補助主要為當地政府授予本集團的各項獎勵。

(a) Government subsidies mainly represent incentives granted to the Group by local governments.

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15. 其他虧損

15. OTHER LOSSES

		截至六月三十日止六個月	
		For the six months ended 30 June	
		二零零七年	二零零六年
		2007	2006
		人民幣千元	人民幣千元
		RMB'000	RMB'000
出售物業、廠房及設備 虧損淨額	Loss on disposal of property, plant and equipment, net	174	235
		174	235

16. 融資收入及成本

16. FINANCE INCOME AND COSTS

		截至六月三十日止六個月	
		For the six months ended 30 June	
		二零零七年	二零零六年
		2007	2006
		人民幣千元	人民幣千元
		RMB'000	RMB'000
利息開支 — 須於五年內 悉數償還的銀行借貸	Interest expenses — on bank borrowings wholly repayable within 5 years	11,429	7,984
融資收入 — 利息收入	Finance income — Interest income	(564)	(2,241)
		10,865	5,743

17. 所得稅開支

17. INCOME TAX EXPENSE

		截至六月三十日止六個月 For the six months ended 30 June	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	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")	6,032	16,674
遞延稅項	Deferred tax	1,709	(755)
		7,741	15,919

本公司及本公司的一家附屬公司永泰投資有限公司均獲豁免繳納其各自註冊成立地方的所得稅。

於中國大陸成立的附屬公司須繳納16.5%至33%稅率的企業所得稅。除大進出口外，其他於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，根據中國大陸適用於外商投資企業的有關稅法及法規，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。

根據稅法，在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。

在香港註冊成立的全資附屬公司申洲貿易有限公司須按17.5%利得稅率就於香港產生的估計應課稅利潤繳納所得稅。期內本公司並無於香港產生任何應課稅利潤，故並無就香港利得稅計提撥備。

The Company and Top Always Investments Limited, a subsidiary of the Company, are exempted from payment of income tax in their respective places of incorporation.

The subsidiaries established in Mainland China are subject to EIT at a rate of 16.5% to 33%. Except for Daqian Import & Export, the other subsidiaries which were incorporated as foreign investment enterprises in Mainland China have obtained approvals from the relevant tax authorities in Mainland China for their entitlement to an exemption from EIT for the first 2 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 previous years in accordance with the relevant tax rules and regulations applicable to foreign investment enterprises in Mainland China.

Under the Law on Taxation, Shenzhou Cambodia Co., Ltd., a wholly-owned subsidiary incorporated in the Kingdom of Cambodia, is subject to income tax at a rate of 9% and is entitled to an exemption from income tax for the first four profit-making years in accordance with the relevant tax rules.

Shenzhou Trading Co., Ltd., a wholly-owned subsidiary incorporated in Hong Kong, is subject to a profits tax rate of 17.5% on the estimated assessable profits arising in Hong Kong. No provision of Hong Kong profits tax has been made as the company did not generate any assessable profits in Hong Kong during the period.

18. 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265,937,000元(截止二零零六年六月三十日止六個月:人民幣190,593,000元)以及已發行普通股的加權平均股數約1,245,000,000股(二零零六年六月三十日止六個月:1,245,000,000股)計算。

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。

19. 股息

根據董事會於二零零七年八月十一日通過之一項決議案,董事並不建議派發截至二零零七年六月三十日止六個月的中期股息。

20. 承擔

資本承擔

於結算日尚未產生的資本開支如下:

已訂約但未撥備:

- 購置物業、
廠房及設備
- 興建物業、
廠房及設備
- 水資源使用費
(附註20(a))

Contracted but not provided for:

- Acquisition of property, plant
and equipment
- Construction of properties, plant
and equipment
- Water utilisation (note 20(a))

	二零零七年 六月三十日 30 June 2007 人民幣千元 RMB'000	二零零六年 十二月三十一日 31 December 2006 人民幣千元 RMB'000
	56,771	104,681
	48,191	84,889
	76,000	76,000
	180,962	265,570

18. 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 RMB265,937,000 (Six months ended 30 June 2006: RMB190,593,000) and on the weighted average number of approximately 1,245,000,000 (Six months ended 30 June 2006: 1,245,000,000) ordinary shares in issue during the period.

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

19. DIVIDEND

Pursuant to a resolution passed by the Board on 11 August 2007, the directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007.

20. COMMITMENTS

Capital commitments

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

20. 承擔 (續)

資本承擔 (續)

- (a) 本集團於二零零六年四月十日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，北侖區政府同意以擬定之價格，向集團每日保證供應一定數量的水源，供水期限為二十年，而代價為人民幣10,000萬元，分兩期支付。其中首期人民幣5,000萬元在簽定合約三個月內支付，餘額在完成用水管鋪設後一個月內支付。另外，集團尚需承擔相關的管道建設費用約人民幣2,600萬元。該管線鋪設工程預計於二零零七年底鋪設完成，並將於二零零七年底實現供水。有關的首期已付款項人民幣5,000萬元已包括在預付款項內，代價餘額及管道建設費用已計算在資本承擔。

21. 或然負債

本集團於二零零七年六月三十日並無重大或然負債(二零零六年十二月三十一日：無)。

22. 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。

20. COMMITMENTS (Continued)

Capital commitments (Continued)

- (a) The Group and the People's Government of Beilun District, Ningbo City ("Beilun District Government"), an independent third party, entered into a water supply agreement dated 10 April 2006, whereby Beilun District Government agreed to supply with a minimum guaranteed amount of water at a pre-determined price to the Group, for a term of 20 years for a consideration of RMB100 million. The consideration is payable by two installments, of which RMB50 million is payable within 3 months of the contract date and the remaining balance is payable within one month upon the completion of the pipeline construction. In addition, the Group will also be responsible for the pipeline constructing costs of approximately RMB26 million. The construction of the water pipes will be accomplished by the end of 2007 and the commencement of water supply is expected to take place in 2007. The balance included in the prepayments represented the first installments of RMB50 million paid and the remaining balances and the pipeline construction costs, are included in the capital commitments.

21. CONTINGENT LIABILITIES

The Group did not have significant contingent liabilities as at 30 June 2007 (31 December 2006: nil).

22. 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.

22. 關連人士交易 (續)

(a) 與關連人士的交易

本集團截至二零零七年及二零零六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」) 收購土地使用權及廠房，現金代價約為人民幣 27,500,000 元。

持續 —

22. RELATED PARTY TRANSACTIONS (Continued)

(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 2007 and 2006:

Discontinuing —

- (i) Pursuant to several agreements dated 21 April 2006, the Group acquired a land use right and a plant from Ningbo Tianshan Shitong Weaving Co., Ltd. ("Tianshan Shitong") for an aggregate cash consideration of RMB27,500,000.

Continuing —

		截至六月三十日止六個月 For the six months ended 30 June		
		二零零七年 2007	二零零六年 2006	
		人民幣千元 RMB'000	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")	4,234	4,234
(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")	20,671	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")	1,318	575
(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")	12,576	9,355

截至二零零七年六月三十日止六個月
For the six months ended 30 June 2007

22. 關連人士交易(續)

(b) 與關連人士的結餘

		二零零七年 六月三十日 30 June 2007 人民幣千元 RMB'000	二零零六年 十二月三十一日 31 December 2006 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	527	13
申洲大港	Shenzhou Dagang	1,542	—
寧波申洲世通針織 有限公司	Ningbo Shenzhou Shitong Knitwear Co., Ltd.	31	31
		2,100	44

(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 the six months ended 30 June	
		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 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	4,021	3,337
離職後福利	Post-employment benefits	34	34
		4,055	3,371

主要客戶及供應商

截至二零零七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76%。本集團自五大供應商的採購額佔總採購額約33%。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。

董事於競爭業務的權益

於截至二零零七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。

董事及最高行政人員於本公司股份的權益及淡倉

於二零零七年六月三十日，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：

於本公司普通股中之好倉

姓名	附註	身份及權益類別	股份數目	佔本公司已發行股本百分比(%)
Name	Notes	Capacity and nature of interest	Number of shares	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

Major customers and suppliers

During the six months ended 30 June 2007, the Group's sales to the top 5 customers accounted for approximately 76% of its total revenue; the Group's purchases from the top 5 suppliers accounted for approximately 33% of its total purchases. The Group aims to maintain long-term cooperative relationship with reputable customers and suppliers in the expansion of its business.

Directors' interests in competing business

During the six months ended 30 June 2007, none of the directors of the Company had any interest in any competing business with the Company or any of its subsidiaries.

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

As at 30 June 2007, 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:

Long positions in ordinary shares of the Company

附註：

- 於二零零七年六月三十日，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之投票權，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。
- 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。

除上述披露外，於二零零七年六月三十日，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。

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。

主要股東於本公司股份的權益及淡倉

於二零零七年六月三十日，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：

於本公司普通股中之好倉

名稱	附註	身份及權益類別	股份數目	佔本公司已發行股本百分比 (%)
Name	Notes	Capacity and nature of interest	Number of shares	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 及 2	實益持有人 Beneficial owner	900,000,000	72.29

Note:

- As at 30 June 2007, 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.
- Mr. Huang Guanlin is indirectly interested in a 13% interest in Excelbright, which owns a 72.29% interest in the Company.

Save as disclosed above, as at 30 June 2007, none of the directors and chief executive of the Company had or was deemed to have any interests or short positions 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 pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code as set out in the Listing Rules.

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 that enable the directors and chief executives of the Company or their spouse and children under 18 years of age to purchase any shares or underlying shares in, or debentures of, the Company or its associated corporation.

Substantial shareholders' interests and short positions in the shares of the Company

At 30 June 2007, 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:

Long position in ordinary shares of the Company

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。於二零零七年六月三十日，世通持有卓耀全數已發行股本。
2. 於二零零七年六月三十日，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，於二零零七年六月三十日，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。

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股息

在本公司於二零零七年六月八日舉行之股東週年大會上，股東通過派發截至二零零六年十二月三十一日止年度之末期股息每股0.15港元，予二零零七年六月五日名列本公司股東名冊上之股東。該現金股息已於二零零七年六月二十二日派發。

董事會不建議派付截至二零零七年六月三十日止六個月中期股息（截至二零零六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。

本公司截至二零零七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 the British Virgin Islands on 12 April 2005, held a 72.29% interest in the issued share capital of the Company. As at 30 June 2007, the entire issued share capital of Excelbright was held by Worldon.
2. As at 30 June 2007, 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 over 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 2007, 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 8 June 2007, shareholders approved the payment of a final dividend of HK\$0.15 per share for the year ended 31 December 2006 to shareholders whose names appeared on the register of members of the Company on 5 June 2007. The dividend was paid on 22 June 2007 in cash.

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2007 (Six months ended 30 June 2006: Nil) and propose that the profit for the period be retained.

Corporate Governance Practices

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 has complied with all the code provisions of the CG Code as set out in the Listing Rules during the six months ended 30 June 2007.

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《上市公司董事進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至二零零七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、錢鋒先生及宗平生先生，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。

Model Code for Securities Transactions of Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers 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 have confirmed their strict compliance with the relevant provisions of the Securities Trading Code during the period.

The 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 the Company's Listed 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 2007.

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 Pingsheng. 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 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.

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（包括審閱截至二零零七年六月三十日止六個月之未經審核財務報表）進行磋商。

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

中國香港，二零零七年八月十一日

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed matters relating to auditing, internal control and financial statements, including a review of the unaudited financial statements for the six months ended 30 June 2007.

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 of the Board and make recommendations to the Board for any proposed changes.

On behalf of the Board

Ma Jianrong
Chairman

Hong Kong, China, 11 August 2007