SHENZHOU INTERNATIONAL GROUP HOLDINGS LIMITED
（申洲國際集團控股有限公司*）
(incorporated in the Cayman Islands with limited liability)
(stock code: 2313)

PRELIMINARY ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

- Sales for the year ended 31 December 2024 amounted to approximately RMB28,662,938,000, representing an increase of approximately 14.8% when compared with the year of 2023.

- For the year ended 31 December 2024, percentage of sportswear products sales to total sales was approximately 69.1%. Sales of sportswear products increased by approximately 9.8% when compared with the year of 2023, primarily due to rising demand for sportswear products in the markets of Mainland China and the United States.

- For the year ended 31 December 2024, percentage of casual wear products sales to total sales was approximately 25.1%. Sales of casual wear products increased significantly by approximately 27.1% when compared with the year of 2023, primarily due to significant rising demand for casual wear products in Japanese market and other markets.

* *for identification purposes only*

- For the year ended 31 December 2024, percentage of lingerie wear products sales to total sales was approximately 5.0%. Sales of lingerie wear products increased significantly by approximately 34.6% when compared with the year of 2023, primarily due to significant rising demand for lingerie in Japanese market.

- Gross profit margin was approximately 28.1% in 2024, representing an increase of 3.8 percentage points from last year. Gross profit for the year ended 31 December 2024 amounted to approximately RMB8,054,897,000, representing a significant increase of approximately 32.9% when compared with the year of 2023.

- Net profit after tax for the year ended 31 December 2024 amounted to approximately RMB6,240,581,000, representing a significant increase of approximately 36.9% when compared with the year of 2023.

- It is proposed to declare a final dividend of HKD1.28 per ordinary share, and together with interim dividend declared of HKD1.25 per ordinary share, the total dividend proposed to be declared for the year of 2024 was HKD2.53 per ordinary share, representing an increase of approximately 24.6% when compared with HKD2.03 per ordinary share of 2023. The dividend payout ratio in 2024 was approximately 55.8%.

The board of directors (the "**Board**", each a "**Director**") of Shenzhou International Group Holdings Limited ("**Shenzhou International**" or the "**Company**") is pleased to present the results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024, together with the comparative amounts for the corresponding year of 2023 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
REVENUE	4	**28,662,938**	24,969,792
Cost of sales		**(20,608,041)**	(18,909,916)
Gross profit		**8,054,897**	6,059,876
Other income	5	**1,234,771**	1,055,331
Selling and distribution expenses		**(276,283)**	(164,164)
Administrative expenses		**(1,938,336)**	(1,881,274)
Finance costs	6	**(375,348)**	(345,805)
Other gains/(expenses), net	5	**458,775**	258,700
Share of profits of an associate		**5,302**	12,837
PROFIT BEFORE TAX	7	**7,163,778**	4,995,501
Income tax expenses	8	**(923,197)**	(438,238)
PROFIT FOR THE YEAR		**6,240,581**	4,557,263
Attributable to:			
Owners of the parent		**6,240,581**	4,557,263
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted			
For profit for the year (RMB)		**4.15**	3.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**6,240,581**	4,557,263
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(68,815)**	9,295
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(68,815)**	9,295
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(68,815)**	9,295
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**6,171,766**	4,566,558
Attributable to:		
Owners of the parent	**6,171,766**	4,566,558

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**10,763,046**	10,930,784
Right-of-use assets		**1,938,816**	1,960,809
Intangible assets		**131,840**	128,528
Bank deposits – non-current	*14*	**1,165,918**	6,655,454
Long-term prepayments		**408,678**	327,710
Investment in an associate		**15,154**	13,470
Equity investments designated at fair value through other comprehensive income		**–**	720
Deferred tax assets		**112,611**	114,174
Total non-current assets		**14,536,063**	20,131,649
CURRENT ASSETS			
Inventories		**6,884,954**	6,124,735
Trade and bills receivables	*11*	**6,151,331**	5,023,635
Prepayments and other receivables		**484,563**	441,072
Amounts due from related parties		**1,195**	3,341
Financial assets at fair value through profit or loss	*13*	**1,303,978**	803,889
Pledged deposits	*14*	**5,440**	14,712
Bank deposits – current	*14*	**12,871,494**	4,471,651
Cash and cash equivalents	*14*	**10,868,830**	11,596,453
Total current assets		**38,571,785**	28,479,488

	Notes	2024 *RMB'000*	2023 *RMB'000*
CURRENT LIABILITIES			
Trade payables	*12*	**1,493,021**	1,198,212
Contract liabilities		**18,900**	23,353
Other payables and accruals		**1,695,053**	1,602,793
Amounts due to related parties		**–**	3,558
Interest-bearing bank borrowings		**12,818,564**	10,203,968
Lease liabilities		**47,371**	47,344
Tax payable		**753,254**	305,255
Total current liabilities		**16,826,163**	13,384,483
NET CURRENT ASSETS		**21,745,622**	15,095,005
TOTAL ASSETS LESS CURRENT LIABILITIES		**36,281,685**	35,226,654
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**–**	1,900,000
Lease liabilities		**66,682**	110,758
Deferred tax liabilities		**362,108**	348,580
Total non-current liabilities		**428,790**	2,359,338
NET ASSETS		**35,852,895**	32,867,316
EQUITY			
Equity attributable to owners of the parent			
Share capital		**151,200**	151,200
Reserves		**35,701,695**	32,716,116
Total equity		**35,852,895**	32,867,316

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain wealth management products and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and there is one reportable operating segment: the manufacture and sale of knitwear products. Management monitors the operating results of its business units as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**8,061,175**	7,124,052
European Union	**5,190,059**	5,027,285
Japan	**4,834,111**	3,675,539
United States of America	**4,611,826**	3,879,987
Other regions	**5,965,767**	5,262,929
Total revenue	**28,662,938**	24,969,792

The revenue information above is based on the delivery destinations of the products.

(b) ***Non-current assets***

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**5,950,811**	6,002,770
Vietnam	**4,239,841**	4,391,634
Cambodia	**2,750,106**	2,725,300
Other regions	**301,622**	228,127
Total non-current assets	**13,242,380**	13,347,831

The non-current asset information above is based on the locations of the assets and excludes long-term time deposits at banks, investment in an associate, equity investments designated at fair value through other comprehensive income and deferred tax assets.

Information about major customers

Revenue from major customers which individually accounts for 10% or more of the Group's revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Customer A	**7,985,314**	6,001,903
Customer B	**7,398,654**	7,696,598
Customer C	**4,998,249**	3,691,682
Customer D	**2,762,240**	2,490,745

4. REVENUE

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of goods – at a point in time	**28,662,938**	24,969,792

Revenue from contracts with customers

(i) The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	**23,353**	13,461

(ii) ***Performance obligations***

The Group's performance obligation is satisfied upon delivery or pick-up of the knitwear products and payment is generally due within 30 to 180 days from delivery.

5. OTHER INCOME, OTHER GAINS/(EXPENSES), NET

	2024	2023
	RMB'000	*RMB'000*
Other income		
Government grants	**151,315**	250,305
Interest income	**1,075,710**	778,904
Rental income	**7,746**	25,888
Dividend income from equity investments at fair value through other comprehensive income	**–**	234
Total	**1,234,771**	1,055,331
Other gains/(expenses), net		
Fair value gains, net:		
Derivative instruments – transactions not qualifying as hedges	**–**	991
Financial assets at fair value through profit or loss – mandatorily classified as such	**18,910**	73,579
Gain on disposal of items of right-of-use assets	**372,553**	9,427
(Loss)/gain on disposal of items of property, plant and equipment	**(35,774)**	39,702
Foreign exchange differences, net	**105,549**	150,577
Others	**(2,463)**	(15,576)
Total	**458,775**	258,700

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	**369,809**	338,078
Interest on lease liabilities	**5,539**	7,727
Total	**375,348**	345,805

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
Cost of inventories sold		**20,572,130**	18,904,165
Depreciation of items of property, plant and equipment		**1,401,333**	1,343,267
Depreciation of right-of-use assets		**98,013**	110,238
Amortisation of intangible assets		**22,654**	20,740
Lease payments not included in the measurement of lease liabilities		**5,620**	2,665
Auditor's remuneration		**3,788**	3,700
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**6,894,284**	6,006,514
Pension scheme contributions (defined contribution scheme)*		**749,239**	691,343
Other benefits		**278,197**	284,274
Total		**7,921,720**	6,982,131
Foreign exchange differences, net		**(105,549)**	(150,577)
Impairment of inventories, net		**35,911**	124,804
Impairment of trade receivables, net		**–**	269
Impairment of other receivables, net		**–**	(1,963)
Fair value gains, net:			
Derivative instruments			
– transactions not qualifying as hedges	*5*	**–**	(991)
Financial assets at fair value through profit or loss			
– mandatorily classified as such	*5*	**(18,910)**	(73,579)
Interest income	*5*	**(1,075,710)**	(778,904)
Loss/(gain) on disposal of items of property, plant and equipment	*5*	**35,774**	(39,702)
Gain on disposal of items of right-of-use assets	*5*	**(372,553)**	(9,427)

* *There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.*

8. INCOME TAX

The major components of income tax expense for the years ended 31 December 2024 and 2023 are:

	2024	2023
	RMB'000	*RMB'000*
Current Hong Kong profits tax	**12,242**	3,170
Current overseas withholding tax	**9,534**	43,315
Current Vietnam profits tax	**117,599**	92,840
Current Cambodia profits tax	**424**	142
Current Macao profits tax	**220,958**	187,190
Current Mainland China corporate income tax	**362,666**	163,121
Pillar Two income taxes-current tax*	**184,683**	–
Deferred taxation	**15,091**	(51,540)
Total	**923,197**	438,238

* *The current tax expense mainly relates to Vietnam.*

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law enacted in the Cayman Islands imposing any tax to be levied on profits, income, gain or appreciation shall apply to the Company or its operations.

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The subsidiaries incorporated in the BVI are not subject to income tax as these subsidiaries do not have a place of business (but only a registered office) or carry on any business in the BVI.

The subsidiaries incorporated in the Kingdom of Cambodia, are subject to income tax at a rate of 20% (2023: 20%). Under the laws and regulations of Cambodia, certain subsidiaries are entitled to an exemption from income tax for three years after the first income-generating year. Furthermore, one subsidiary is entitled to enjoy a lower income tax rate of 5% for the 4^{th} to 5^{th} years, 10% for the 6^{th} to 7^{th} years and 15% for the 8^{th} to 9^{th} years. Another subsidiary is entitled to an exemption from income tax for an additional four years ended on 31 December 2024. The third subsidiary is entitled to an exemption from income tax for an additional five years ending on 31 December 2026.

The subsidiary incorporated in Japan, under the Law of Taxation in Japan, is subject to income tax at a rate of 30% (2023: 30%) of the assessable profits arising in Japan. No provision for income tax has been made as the subsidiary had no assessable profits arising in Japan during the year.

Three subsidiaries incorporated in Vietnam, are subject to income tax at a rate of 20%. Under the laws and regulations of Vietnam, two subsidiaries are entitled to enjoy a lower profits tax rate of 10%. Furthermore, one is entitled to an exemption from income tax for four years ended 31 December 2019 and a 50% reduction for nine years from 1 January 2020. The other subsidiary is entitled to an exemption from income tax for four years ended 31 December 2020 and a 50% reduction for nine years from 1 January 2021. The third subsidiary is entitled to enjoy a lower profits tax rate of 17% for three years ending on 31 December 2026.

Pursuant to Macao's relevant tax legislations, the subsidiaries incorporated in Macao are subject to income tax at a rate of 12% of the accessible profits arising in Macao during the current year.

Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "**New CIT Law**"), the PRC subsidiaries as determined for the year in accordance with the New CIT Law are subject to tax at a rate of 25% on their assessable income. A subsidiary is qualified as a High-New Technology Enterprise, and is entitled to a concessionary rate of income tax at 15% for three years commencing 1 January 2022. Two subsidiaries are qualified as micro and small companies and entitled to a concessionary rate of income tax of 5%.

A reconciliation between the tax expense and the product of accounting profit multiplied by the PRC's domestic tax rate for the tax years ended 31 December 2024 and 2023 is as follows:

	2024	2023
	RMB'000	*RMB'000*
Profit before tax	**7,163,778**	4,995,501
Tax at the statutory tax rate of 25% (2023: 25%)	**1,790,944**	1,248,875
Lower tax rates for specific jurisdictions or enacted by local authorities	**(818,672)**	(777,431)
Additional deductible allowance for qualified research and development costs	**(63,533)**	(64,824)
Adjustments in respect of current tax of previous periods	**2,721**	(25,498)
Income not subject to tax	**(42,544)**	(17,592)
Expenses not deductible for tax	**14,115**	6,725
Overseas withholding tax	**9,534**	43,315
Tax losses not recognised during the year	**74,797**	68,964
Utilisation of previously unrecognised tax losses	**(44,165)**	(44,296)
Tax charge at the effective rate	**923,197**	438,238

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the additional Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted as at 31 December 2024 in Vietnam.

The Group has performed an assessment of its exposure to Pillar Two income taxes based on the information available regarding the Group's financial performance in the current year. Based on the assessment, the Group has identified potential exposure from the subsidiaries in respect of profits earned in Vietnam where the Pillar Two effective tax rate is below 15% due to certain income exclusions and incentives received by them. The proportion of the Group's profit before tax for the year ended 31 December 2024 that would have been subject to Pillar Two income taxes was approximately 33%. The average effective tax rate applicable to those profits was 4.97%. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

9. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Interim – HK$1.25 (2023: HK$0.95) per ordinary share	**1,714,989**	1,316,672
Proposed final – HK$1.28 (2023: HK$1.08) per ordinary share	**1,781,739**	1,471,198

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,503,222,397 (2023: 1,503,222,397) in issue during the year.

The Group had no potentially dilutive ordinary shares outstanding during the years ended 31 December 2024 and 31 December 2023.

The calculation of basic and diluted earnings per share is based on:

Earnings

	2024	2023
	RMB'000	*RMB'000*
Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculation	**6,240,581**	4,557,263

Shares

	Number of shares	
	2024	2023
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	**1,503,222,397**	1,503,222,397

Earnings per share

	2024	2023
	RMB	*RMB*
Basic and diluted	**4.15**	3.03

11. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade and bills receivables	**6,151,331**	5,023,635

The Group's trading terms with its customers are mainly on credit with credit terms of within six months. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade and bill receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within three months	**5,943,074**	4,888,706
Three to six months	**166,085**	110,121
Over six months	**42,172**	24,808
Total	**6,151,331**	5,023,635

The ageing analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	2024	2023
	RMB'000	*RMB'000*
Neither past due nor impaired	**5,920,033**	4,770,643
Less than three months past due	**203,502**	223,446
Over three months past due	**27,796**	29,546
Total	**6,151,331**	5,023,635

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience and forward-looking information, the directors of the Company were of the opinion that no provision for expected credit losses was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

At 31 December, the trade and bills receivables were denominated in the following currencies:

	2024		2023	
	Original currency *in thousand*	**RMB equivalent** *RMB'000*	Original currency *in thousand*	RMB equivalent *RMB'000*
US$	**607,796**	**4,369,084**	485,026	3,435,297
RMB		**1,782,247**		1,588,338
Total		**6,151,331**		5,023,635

The carrying amounts of the trade and bills receivables approximate to their fair values.

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Within six months	**1,468,589**	1,183,301
Six months to one year	**2,246**	2,974
One year to two years	**11,437**	2,177
Over two years	**10,749**	9,760
Total	**1,493,021**	1,198,212

The trade payables are non-interest-bearing. The carrying amounts of the trade payables approximate to their fair values.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RMB'000	*RMB'000*
Financial products issued by financial institutions*	**1,303,978**	803,889

* *The above financial products were wealth management products issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows were not solely payments of principal and interest. The applicable size test results in respect of the purchases of these financial products are all below 5% and thus these purchases are not subject to the notifiable transaction requirements under Chapter 14 of the Listing Rules.*

14. CASH AND BANK BALANCES AND TIME DEPOSITS

	2024	2023
	RMB'000	*RMB'000*
Cash and bank balances	**3,468,872**	10,539,092
Time deposits	**21,442,810**	12,199,178
	24,911,682	22,738,270
Less:		
Deposits pledged for construction payment guarantee	**(5,440)**	(14,712)
Bank deposits-current	**(12,871,494)**	(4,471,651)
Bank deposits-non-current	**(1,165,918)**	(6,655,454)
Cash and cash equivalents	**10,868,830**	11,596,453

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in RMB amounted to approximately RMB7,707,043,000 (31 December 2023: RMB10,962,855,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between 3 months and 36 months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

Cash and cash equivalents include bank deposits with original maturity of more than three months held by the Group. As at 31 December 2024, bank deposits held by the Group with original maturity of more than three months, which can be withdrawn on demand without prior notice to banks, were RMB598,177,000 (31 December 2023: RMB637,643,000).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE PROSPECTS AND STRATEGIES

Business Review

In the fiscal year 2024, the Group achieved total sales revenue of approximately RMB28,662,938,000, representing an increase of approximately 14.8% compared to the previous year. Gross profit amounted to approximately RMB8,054,897,000, up by approximately 32.9% year-on-year. Profit attributable to owners of the parent reached approximately RMB6,240,581,000, reflecting a year-on-year increase of approximately 36.9%. Both revenue and net profit after tax for the year reached record highs in the Group's history. During the year, the Group's capacity utilisation returned to normal levels, and the workforce across domestic and overseas production bases further expanded. Production efficiency also improved significantly, effectively contributing to the recovery of profitability. The Group's gross profit margin for the year increased by 3.8 percentage points to 28.1% compared to the previous year. However, the gross profit margin for the second half of the year was approximately 27.4%, which declined by approximately 1.6 percentage points compared to the first half, primarily due to a significant wage increase for frontline employees in the second half of the year. Looking back on the year, the Group remained committed to enhancing service quality and actively expanding market demand. The Group also further expanded production capacity, improved overall workforce productivity, and strengthened supplier management, thereby enhancing the overall competitiveness and synergy of the supply chain.

Throughout the year, the market demand in the apparel retail industry did not show a significant recovery. In response, the Group strengthened new product development and diversified its product offerings. The Group also enhanced vertical integration within the supply chain to further improve product delivery. Additionally, production capacity was strategically allocated across domestic and overseas manufacturing facilities based on order demands from different customer markets. The Group further increased its share of procurement among core customers and expanded production capacity to accommodate new customers. These efforts effectively drove market demand, enabling the Group to achieve solid business growth despite the challenging operating environment.

Currently, the construction of the new garment factory in Phnom Penh, Cambodia, is nearing completion, and recruitment of staff started in March 2025. The new factory is expected to employ approximately 6,000 people. Following the completion of the equity acquisition project in Tay Ninh Province, Vietnam, the Group has utilised the assets obtained from the acquisition to commence the construction of new fabric production capacity. This capacity will be gradually released, with an expected increase in fabric production capacity of 200 tons per day, which will support the expansion of the production capacity of overseas garment factories. During the year, the number of employees at both domestic and overseas bases has increased. Following the wage adjustment for frontline employees in the second half of 2024, workforce stability has strengthened, contributing to a notable improvement in production efficiency.

The Group places great emphasis on establishing long-term, mutually beneficial partnerships with high-quality suppliers, aiming to foster a business environment rooted in integrity and transparency. By enhancing overall supply chain competitiveness, the Group seeks to fully leverage the synergies of "quality excellence, prompt responsiveness, fair pricing, and innovation-led development". While strengthening supplier management, the Group has also implemented centralised procurement across its operations. Furthermore, the Group is committed to the sustainable development of its supply chain, guiding partners to prioritise the adoption and promotion of eco-friendly materials and green manufacturing processes, thereby enhancing supply chain transparency and traceability. In addition, the Group actively promotes data integration and information sharing within the supply chain, leveraging digitalisation and flexible production capabilities to swiftly respond to market demands and alleviate inventory pressure for brand clients.

FINANCIAL REVIEW

Sales Revenue

For the fiscal year ended 31 December 2024, sales revenue reached approximately RMB28,662,938,000, marking a 14.8% increase (approximately RMB3,693,146,000) from RMB24,969,792,000 in 2023. Key drivers of this growth include the successful expansion in customer demand, improved capacity utilisation at domestic production bases, and increased production efficiency and capacity expansion at overseas production facilities.

The following is a comparative analysis of the Group's sales revenue by product category for the years 2024 and 2023:

	For the year ended 31 December					
	2024		2023		Change	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
By product						
Sportswear	**19,799,350**	**69.1**	18,031,526	72.2	1,767,824	9.8
Casual wear	**7,207,239**	**25.1**	5,672,653	22.7	1,534,586	27.1
Lingerie wear	**1,435,780**	**5.0**	1,066,643	4.3	369,137	34.6
Other knitwear	**220,569**	**0.8**	198,970	0.8	21,599	10.9
Total sales	**28,662,938**	**100.0**	24,969,792	100.0	3,693,146	14.8

For the fiscal year ended 31 December 2024, sales revenue from sportswear products reached approximately RMB19,799,350,000, representing an increase of approximately RMB1,767,824,000 or 9.8% compared to RMB18,031,526,000 for the fiscal year ended 31 December 2023. The growth in sales revenue from sportswear products was primarily driven by increased demand for sports apparel in the Mainland China and U.S. markets.

Sales revenue from casual wear products increased from approximately RMB5,672,653,000 for the fiscal year ended 31 December 2023, to approximately RMB7,207,239,000 for the fiscal year ended 31 December 2024, marking an increase of approximately RMB1,534,586,000 or 27.1%. This growth was mainly attributable to rising demand for casual apparel in the Japanese market and other regions.

For the fiscal year ended 31 December 2024, sales revenue from lingerie products increased to approximately RMB1,435,780,000, up from approximately RMB1,066,643,000 for the fiscal year ended 31 December 2023. This represents an increase of approximately RMB369,137,000 or 34.6%. The growth was primarily driven by increased procurement demand from the Japanese market.

For the fiscal year ended 31 December 2024, sales revenue from other knitwear increased to approximately RMB220,569,000, up from approximately RMB198,970,000 for the fiscal year ended 31 December 2023. This represents an increase of approximately RMB21,599,000 or 10.9%.

Comparison of Sales Revenue by Market for Fiscal Years 2024 and 2023

	For the year ended 31 December					
	2024		2023		Change	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
By market						
Europe	**5,190,059**	**18.1**	5,027,285	20.1	162,774	3.2
Japan	**4,834,111**	**16.9**	3,675,539	14.7	1,158,572	31.5
U.S.	**4,611,826**	**16.1**	3,879,987	15.6	731,839	18.9
Other markets	**5,965,767**	**20.8**	5,262,929	21.1	702,838	13.4
Sub-total revenue from international market	**20,601,763**	**71.9**	17,845,740	71.5	2,756,023	15.4
Revenue from China domestic markets	**8,061,175**	**28.1**	7,124,052	28.5	937,123	13.2
Total sales	**28,662,938**	**100.0**	24,969,792	100.0	3,693,146	14.8

For the fiscal year ended 31 December 2024, the Group's sales revenue in the European market reached approximately RMB5,190,059,000, representing an increase of approximately RMB162,774,000 or 3.2% compared to RMB5,027,285,000 for the fiscal year ended 31 December 2023. The growth was primarily driven by increased procurement demand for casual apparel in the European market.

For the fiscal year ended 31 December 2024, the Group's sales revenue in the Japanese market reached approximately RMB4,834,111,000, representing an increase of approximately RMB1,158,572,000 or 31.5% compared to RMB3,675,539,000 for the fiscal year ended 31 December 2023. The growth was primarily driven by rising demand for casual wear and lingerie products in the Japanese market.

For the fiscal year ended 31 December 2024, the Group's sales revenue in the U.S. market reached approximately RMB4,611,826,000, representing an increase of approximately RMB731,839,000 or 18.9% compared to RMB3,879,987,000 for the fiscal year ended 31 December 2023. This growth was primarily driven by increased demand for sportswear.

Sales revenue in other overseas markets totaled approximately RMB5,965,767,000, marking a 13.4% increase from RMB5,262,929,000 in 2023, representing an increase of approximately RMB702,838,000. The growth was mainly due to higher exports to Canada, South Korea, Philippine and others.

The Group's sales revenue in the China domestic market grew by 13.2% year-over-year. Revenue from apparel sales reached approximately RMB7,870,002,000, up 13.0% from RMB6,964,278,000 in 2023, representing an increase of approximately RMB905,724,000. This increase was primarily driven by rising demand for sportswear in Mainland China.

Cost of Sales and Gross Profit

For the fiscal year ended 31 December 2024, the Group's cost of sales was approximately RMB20,608,041,000 (2023: RMB18,909,916,000). The Group's gross profit margin for 2024 was approximately 28.1%, representing an increase of about 3.8 percentage points from 24.3% in 2023. The rise in gross profit margin was mainly attributed to: 1) the overall increase in customer order demand, leading to a significant improvement in capacity utilisation compared to the previous year; and 2) enhanced operational efficiency at overseas factories and an increase in the number of employees.

Equity Attributable to Owners of the Parent

As of 31 December 2024, the equity attributable to owners of the parent was approximately RMB35,852,895,000 (2023: RMB32,867,316,000). This includes non-current assets of approximately RMB14,536,063,000 (2023: RMB20,131,649,000), net current assets of approximately RMB21,745,622,000 (2023: RMB15,095,005,000), and non-current liabilities of approximately RMB428,790,000 (2023: RMB2,359,338,000). The increase in equity attributable to owners of the parent was primarily due to: 1) the increase in the Group's annual operating profit, which added to reserves; and 2) dividends paid to the shareholders, which partially offset the increase in reserves.

Liquidity and Financial Resources

For the fiscal year ended 31 December 2024, the Group's net cash generated from operating activities was approximately RMB5,272,964,000, compared to RMB5,226,525,000 in 2023. As of 31 December 2024, the Group's cash and cash equivalents amounted to approximately RMB10,868,830,000, of which approximately RMB2,742,633,000 was denominated in RMB, approximately RMB7,876,257,000 in USD, approximately RMB210,157,000 in HKD, approximately RMB33,002,000 in VND, and with the remaining balance in other currencies (2023: RMB11,596,453,000, with approximately RMB5,878,154,000 in RMB, approximately RMB5,669,442,000 in USD, approximately RMB19,588,000 in HKD, approximately RMB25,546,000 in VND, and the balance in other currencies).

The Group's bank borrowings as of 31 December 2024, totaled approximately RMB12,818,564,000, all of which were short-term borrowings (2023: RMB12,103,968,000, of which approximately RMB10,203,968,000 were short-term borrowings and approximately RMB1,900,000,000 were long-term borrowings).

As of 31 December 2024, the Group's net borrowings (bank borrowings less cash and cash equivalents) amounted to approximately RMB1,949,734,000, compared to net borrowings of approximately RMB507,515,000 as of 31 December 2023. The increase in net borrowings by approximately RMB1,442,219,000 was mainly due to an increase in time deposits with a maturity of more than three months within the Group's monetary assets.

Equity attributable to owners of the parent amounted to approximately RMB35,852,895,000 (2023: RMB32,867,316,000). The Group was in a good cash flow position, with a debt-to-equity ratio (calculated based on the percentage of total outstanding borrowings over equity attributable to owners of the parent) of 35.8% (2023: 36.8%), representing a decrease of 1.0 percentage point as compared with the end of last year. As at 31 December 2024, in addition to cash and cash equivalents, the Group also held other deposit financial assets of approximately RMB15,346,830,000 (2023: RMB11,945,706,000), which can be used as the source of capital for debt adjustment.

As part of the Group's overall financial management policy, the Group purchased financial products (including financial assets at fair value through profit or loss and time deposits) from several licensed banks in China. This strategy aimed to maximise the return on idle funds through legal and low-risk channels. The results of the related scale tests for such purchases were all below 5%, and therefore, these purchases were not subject to the disclosure requirements of Chapter 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The purchase of these financial products was approved by the investment and lending committee of the Company, which had been established by the Board to oversee the implementation of the Group's treasury management policy.

Finance Costs and Taxation

For the fiscal year ended 31 December 2024, finance costs increased to approximately RMB375,348,000 from approximately RMB345,805,000 for the fiscal year ended 31 December 2023. The increase of approximately RMB29,543,000 was mainly due to the higher average loan balance during the year.

For the fiscal year ended 31 December 2024, the Group's income tax expense was approximately RMB923,197,000, representing an increase of approximately RMB484,959,000 or 110.7% compared to RMB438,238,000 for the fiscal year ended 31 December 2023. This increase was primarily due to a significant rise in the Group's profit before tax and a substantial increase in the tax burden of its subsidiaries in Vietnam.

Foreign Exchange Risk

As the Group's sales are primarily denominated in USD, while its procurement is mainly settled in RMB, exchange rate fluctuations have an impact on the Group's costs and operating profit margins. In response to the volatility of the USD/RMB exchange rate, the Group has adopted policies to hedge some of the related foreign exchange risks. The hedging amount depends on the Group's USD revenues, procurement, and capital expenditures, taking into account market forecasts for the fluctuation of the USD/RMB exchange rate.

To mitigate potential future cash flow impairment and fluctuations due to changes in the RMB/USD exchange rate, the Group has arranged an appropriate amount of USD-denominated borrowings and HKD borrowings linked to the USD exchange rate. As of 31 December 2024, of the total bank borrowings, approximately RMB1,685,327,000 was in USD (equivalent to approximately USD234,451,000), and approximately RMB5,113,187,000 was in HKD (equivalent to approximately HKD5,521,800,000) (as of 31 December 2023: USD borrowings of approximately RMB1,600,113,000 (equivalent to approximately USD225,918,000) and HKD borrowings of approximately RMB5,003,855,000 (equivalent to approximately HKD5,521,800,000)).

Employment, Training, and Development

As of 31 December 2024, the Group employed approximately 102,690 employees (2023: 92,030). During the year, total employee costs (including administrative and management personnel) accounted for approximately 27.6% of the Group's sales (2023: 28.0%), representing a decrease of about 0.4 percentage points compared to the previous year. The Group determines employee compensation based on individual performance, qualifications, and industry practices, and the compensation policy is reviewed periodically. Based on annual performance evaluations, employees may receive bonuses and incentives. Additionally, the Group offers rewards or other forms of encouragement to support the personal growth and career development of employees. The Group also provides continuous training to employees to enhance their skills, product knowledge, awareness of industry quality standards, and understanding of the Group's operations. All new employees are required to attend an induction program, and all employees have access to a variety of training courses.

Capital Expenditure and Capital Commitments

During the year, the Group's total investment in property, plant and equipment, and prepaid land lease payments amounted to approximately RMB1,708,473,000. Of this, approximately 46% was used to purchase production equipment, about 49% was allocated for the construction and purchase of new factory buildings and prepaid land lease payments, and the remaining balance was used to acquire other fixed assets and software.

As of 31 December 2024, the Group had capital commitments for land use rights, property, plant, and equipment amounted to approximately RMB770,084,000, which will mainly be financed through internal resources and bank loans.

Significant Investments, Acquisitions, and Disposals

During the year, a wholly-owned subsidiary of the Group entered into a share transfer memorandum of understanding with an independent third-party company in South Korea (hereinafter referred to as the "**Seller**"). Under this agreement, the Group acquired the entire equity interest in a subsidiary of the Seller, located in Tay Ninh Province, Vietnam (the "**Target Company**"). The main assets of the Target Company include land use rights, buildings, and production equipment located in Tay Ninh Province, Vietnam, as well as certain wastewater discharge rights required for fabric production. The transfer price for the entire equity interest in the Target Company was set at USD50,000,000. The formal share transfer agreement was signed by both parties on 12 July 2024, and the change of the business registration certificate was completed on 16 July 2024. As a result, the Target Company became a wholly-owned subsidiary of the Group, and the Group is now expanding its fabric production capacity in Vietnam through the Target Company.

During the year, a wholly-owned subsidiary of the Group entered into a share transfer agreement with Shanghai Zhangqiao Economic Development Corporation (the "**Buyer**"). Under this agreement, the Group sold the entire equity interest in its wholly-owned subsidiary, Shanghai Maxwin Industrial Co., Ltd. ("**Maxwin Industrial**"), to the Buyer for a transaction price of RMB582,526,000. Maxwin Industrial was acquired by the Group in May 2010 through a share transfer for RMB297,000,000 from a third party. The primary assets of Maxwin Industrial include land use rights and buildings located at Chuanqiao Road, Pudong New Area, Shanghai. Prior to the share transfer, the main business of Maxwin Industrial was property leasing. On 27 June 2024, Maxwin Industrial completed the change of its business license in relation to the share transfer.

Except for the above-mentioned matters, for the year ended 31 December 2024, the Group had no other significant investments, acquisitions, or disposals related to subsidiaries, associates, and joint ventures that required disclosure.

Gearing Ratio (or capital to debt ratio)

As of 31 December 2024, the Group's gearing ratio was 35.8%, calculated as the percentage of total outstanding borrowings to equity attributable to the parent company's owners.

Contingent Liabilities

As of 31 December 2024, the Group had no significant contingent liabilities.

Future Prospects and Strategies

The global economic recovery currently faces significant challenges, with trade growth encountering numerous obstacles. Geopolitical uncertainties persist, potentially impacting commodity price fluctuations. Numerous governments are facing increasing debt risks, while household income growth slows, making it difficult for market demand to achieve substantial growth in the short term. The additional tariffs imposed by the United States are expected to drive up the prices of imported goods, exacerbating domestic inflationary pressures and potentially delaying the pace of interest rate cuts. As inflationary pressures impact consumer behavior, there is a potential shift toward lower-cost goods. Additionally, these policies are likely to impact the scale of China's exports to the U.S., with certain segments of the industrial supply chain continuing to shift from China to other countries. However, in the short term, large-scale substitution of China's well-established and integrated supply chain remains challenging. In response, China's industrial chains are accelerating their transformation and upgrading while exploring new market opportunities. The increasing influence of trade unilateralism and protectionism is reshaping global supply chains and trade structures, reinforcing regionalisation trends. Supply chain layouts are becoming more closely aligned with consumer markets, with a growing tendency toward geographical diversification. Meanwhile, China's domestic market is also grappling with insufficient demand. However, the country's vast market size, comprehensive industrial system, well-developed infrastructure, and abundant high-quality human resources – combined with government policies aimed at stimulating domestic consumption – continue to provide significant growth potential.

In 2024, the Group emerged from its business trough and returned to a growth trajectory, despite persistent macroeconomic challenges, including weak market demand, intensifying industry competition, and rising manufacturing costs. Against this backdrop, the industrial supply chain is evolving toward high-quality development through market-driven optimisation and consolidation. The application of artificial intelligence and automation in manufacturing is accelerating the transformation of traditional production models. The Group remains committed to its core operational philosophy of "creating value for customers", with a strategic focus on strengthening its core competitiveness and laying a solid foundation for long-term development. The Group maintains full confidence and an optimistic outlook for the future.

The Group will further integrate and optimise the respective advantages of its domestic and overseas facilities, expanding production capacity at overseas bases while enhancing the vertical integration of overseas supply chains. By leveraging localised synergies within the supply chain, the Group will continue to improve overall production efficiency, enhance technical knowledge sharing between different facilities, and accelerate responsiveness to customer demands. A structured allocation of production capacity across domestic and overseas bases will be implemented to meet diverse market needs while effectively reducing customers' overall procurement costs.

Furthermore, the Group will proactively expand market demand through multiple channels. Product portfolio adjustments will be made flexibly in response to evolving consumer preferences to ensure optimal capacity utilisation. Investments in new fabric R&D will be intensified, with a focus on the adoption of advanced materials and processes. Through product diversification and differentiated performance features, the Group aims to enhance market competitiveness. By offering high-quality products, rapid response capabilities, and comprehensive services, the Group seeks to strengthen its share of procurement among key customers. In line with production capacity expansion, new high-potential customers will be selectively introduced while ensuring stable support for existing core clients.

The Group places a strong emphasis on leveraging "new productive forces" to drive industry progress. It will increase investments in the collaborative development and industrial application of automation technologies, the exploration of AI-driven manufacturing solutions, and the enhancement of workplace environments and employee welfare facilities. The Group's objective is to achieve "de-skilling, efficiency enhancement, and workplace comfort" across its production processes. De-skilling focuses on reducing training periods, improving employee productivity, ensuring product quality consistency, and shortening the ramp-up time for new factories. Efficiency enhancement aims to maximise resource utilisation reduce production costs, and optimise overall operational performance. Workplace comfort involves improving working conditions, reducing labor intensity, enhancing employee well-being in areas such as housing and dining, and fostering workforce stability by sharing the benefits of corporate growth with employees.

In 2025, the Group will closely monitor shifts in the operating environment and demand trends, employing agile business strategies to navigate industry competition and market uncertainties. Confident in sustaining the strong growth momentum of the previous year, the Group anticipates maintaining a high capacity utilisation rate, with new overseas production capacity gradually coming online. The Group's industrial foundation will be further strengthened.

Looking ahead, the Group will remain committed to technology-driven innovation and sustainable development as fundamental pillars of its growth strategy. By advancing Intelligent Manufacturing, green production, and digital transformation, the Group will drive industrial upgrades, enhance supply chain synergies, deepen engagement with customers, and achieve sustained improvements in production efficiency and stable business expansion.

EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period that had significant impacts on the Group after 31 December 2024 and up to the date of this announcement.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HKD1.28 (equivalent to approximately RMB1.19) per ordinary share for the year ended 31 December 2024 to shareholders whose names appear on the register of members of the Company on 11 June 2025. However, the proposed payment of the dividend shall be subject to approval by shareholders at the forthcoming annual general meeting (the "**AGM**") to be held on 27 May 2025 and subject to such approval having been obtained, the payment of such dividend is expected to be on 25 June 2025.

BOOK CLOSURE

The register of members of the Company will be closed from Thursday, 22 May 2025 to Tuesday, 27 May 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to establish the identity of the shareholders who are entitled to attend and vote at the AGM, all transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 21 May 2025.

The register of members of the Company will be closed from Friday, 6 June 2025 to Wednesday, 11 June 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to establish the identity of the shareholders who are entitled to the said final dividend which will be resolved and voted at the AGM, all transfer forms, accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 5 June 2025.

CORPORATE GOVERNANCE

The Group's stated objective is to enhance its corporate value, focusing on the solid growth in net profit and consistently stable cash flow, to ensure the Group's long-term, sustainable development and to achieve sound returns for shareholders. The Group is committed to raising its corporate governance standards and increasing the transparency of its operations. Such objective will be achieved by constantly improving the quality of corporate governance of the Company through the provision of continuous training for Directors as well as staff and the appointment of external professional advisers.

The Board adopted its own Code of Corporate Governance, which covers all of the code provisions and most of the recommended best practices of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules since 9 October 2005. The Company had complied with all the code provisions of the CG Code throughout the year ended 31 December 2024.

Terms of Reference of Board Committees

In order to comply with the Listing Rules and the CG Code, the terms of reference of each of the audit committee (the "**Audit Committee**"), nomination committee (the "**Nomination Committee**") and remuneration committee (the "**Remuneration Committee**") of the Company are regularly revised based on amendments to the Listing Rules and the CG Code. Such terms of reference and the list of Directors and their roles and functions are published on the websites of the Company and the Stock Exchange, respectively.

Responsibilities of Directors

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills pursuant to the code provision C.1.4 set out in the CG Code. The Company arranged for continuous professional development on the update of the Listing Rules and the related legal and regulatory requirements for the Directors.

Independent non-executive directors

For the year ended 31 December 2024, the Board had complied with (1) the requirement that the board of a listed issuer must include at least three independent non-executive directors under Rule 3.10(1) of the Listing Rules; (2) the requirement that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules; and (3) the requirement that the number of independent non-executive directors must represent at least one-third of the Board under Rule 3.10A of the Listing Rules.

The Company has received written annual confirmation from each of its independent non-executive Directors in respect of his or her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Corporate governance functions

The Company adopted the terms of reference for corporate governance functions on 26 March 2012 in compliance with the code provision A.2.1 set out in the CG Code, effective from 1 April 2012. Pursuant to the terms of reference of the corporate governance functions, the Board shall be responsible for developing and reviewing and/or monitoring: the policies and practices on corporate governance of the Group and making recommendations; training and continuous professional development of Directors and senior management; policies and practices on compliance with legal and regulatory requirements; the code of conduct and compliance manual (if any) applicable to employees and Directors; and the Group's compliance with the CG Code.

Communications with shareholders

Pursuant to the code provision F.2.2 set out in the CG Code, the Company invited representatives of the external auditors of the Company to attend the AGM of the Company to be convened to be held on 27 May 2025 to answer shareholders' questions relating to the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

The Company adopted a shareholders' communication policy and procedures with effect from 26 March 2012 for shareholders to propose a person for election as a Director. The shareholders' communication policy is to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its implementation and effectiveness. The policy and the procedures are available on the website of the Company.

SECURITIES TRANSACTIONS OF DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions ("**Securities Trading Code**"). A copy of the Securities Trading Code is provided to all Directors upon their appointment. Reminder will be issued twice a year, being 30 days prior to the Board meeting approving the Company's interim results and 60 days prior to the Board meeting approving the Company's annual results, reminding the Directors that they are not allowed to deal in the Company's securities prior to the announcement of its results (the period during which the Directors are prohibited from dealing in shares) and that all transactions must comply with the Securities Trading Code. Upon specific enquiries, all Directors confirmed their strict compliance with the relevant provisions of the Securities Trading Code throughout the year ended 31 December 2024.

Senior management may be in possession of unpublished price sensitive information or inside information due to their positions in the Company, and hence, are required to comply with dealing restrictions under the Securities Trading Code.

CHANGES TO INFORMATION OF DIRECTORS

During the twelve months ended 31 December 2024, there were no changes to the information which are required to be disclosed and has been disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities for the year ended 31 December 2024.

SHARE SCHEME

No share scheme was operated by the Company as at 31 December 2024.

THE BOARD

The Board is responsible for governing the Company and managing assets entrusted by the shareholders. The principal responsibilities of the Board include formulating the Group's business strategies and management objectives, supervising the management and evaluating the effectiveness of management strategies.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public for the year ended 31 December 2024 and as at the date of this announcement.

AUDIT COMMITTEE

The Company established the Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules on 9 October 2005. As at the publication of this announcement, the Audit Committee comprises four independent non-executive Directors, namely Ms. Feirong Wang, Ms. Chunhong Liu, Mr. Xinggao Liu and Mr. Bingsheng Zhang. Ms. Feirong Wang is the chairman of the Audit Committee.

The principal responsibilities of the Audit Committee are to conduct critical and objective reviews of the Group's financial and accounting practices, risk management and internal controls. These include determining the nature and scope of statutory audit, reviewing the Group's interim and annual financials and assessing the completeness and effectiveness of the Group's accounting and financial controls.

The terms of reference of the Audit Committee are consistent with the recommendations as set out in "A Guide for Effective Audit Committee" published by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the provisions of the CG Code and are subject to amendments in response to the regulatory requirements from time to time (including the Listing Rules).

The Audit Committee has reviewed with the management and the external auditors of the Company the annual results and the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial statements matters including the review of the financial statements for the year ended 31 December 2024. During the year, the Audit Committee also met with the external auditors twice with full attendance, to discuss the audit procedures and accounting issues.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee in compliance with the CG Code on 9 October 2005. As at the publication of this announcement, the Remuneration Committee comprises Mr. Renhe Ma, an executive Director, and Mr. Bingsheng Zhang, Ms. Feirong Wang and Ms. Chunhong Liu, three independent non-executive Directors. Mr. Bingsheng Zhang 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. The Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive Directors and senior management. No Director will take part in any discussion on his or her own remuneration.

The Company's objective for its remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration and fees paid to members of the Board, market rates and factors such as each Director's workload, responsibility, and job complexity are taken into account.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 9 October 2005. As at the publication of this announcement, the Nomination Committee comprises Mr. Jianrong Ma, an executive Director, Mr. Xinggao Liu, Ms. Feirong Wang and Mr. Bingsheng Zhang, three independent non-executive Directors. Mr. Jianrong Ma 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 accordingly; regularly review the structure, size and diversity composition (including skills, knowledge and experience) of the Board and make recommendations to the Board for any proposed changes.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2024 have been agreed by the Group's auditors, Ernst & Young, certified public accountants, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement of the results.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

The annual report of the Company for the year ended 31 December 2024, which contains all the information required by the Listing Rules, will be sent to shareholders and published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (www.shenzhouintl.com) in due course and in any event before 30 April 2025.

ANNUAL GENERAL MEETING

The AGM will be held at 7th Floor, the Group's Office Building, No. 18 Yongjiang Road, Beilun District, Ningbo, Zhejiang Province, the PRC, at 10:00 a.m. on 27 May 2025. Notice of the AGM will be published and issued in due course.

By order of the Board of
Shenzhou International Group Holdings Limited
Jianrong Ma
Chairman

Hong Kong, 25 March 2025

As at the date of this announcement, the five executive directors of the Company are Mr. Jianrong Ma, Mr. Guanlin Huang, Mr. Renhe Ma, Mr. Cunbo Wang and Mr. Jijun Hu; and the four independent non-executive directors are Ms. Feirong Wang, Mr. Bingsheng Zhang, Mr. Xinggao Liu and Ms. Chunhong Liu.