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## **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)**

### **ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025**

#### **HIGHLIGHTS**

- Sales for the six months ended 30 June 2025 amounted to approximately RMB14,966,384,000, representing an increase of approximately 15.3% as compared with the corresponding period of 2024.
- Percentage of sportswear products sales to total sales was approximately 67.7% for the six months ended 30 June 2025. Revenue from sale of sportswear products increased by approximately 9.9% as compared with the corresponding period of the previous year.
- Percentage of casual wear products sales to total sales was approximately 25.3% for the six months ended 30 June 2025. Revenue from sale of casual wear products significantly increased by approximately 37.4% as compared with the corresponding period of the previous year.
- Percentage of lingerie products sales to total sales was approximately 6.3% for the six months ended 30 June 2025. Revenue from sale of lingerie products increased by approximately 4.1% as compared with the corresponding period of the previous year.
- Gross profit for the six months ended 30 June 2025 amounted to approximately RMB4,058,018,000, representing an increase of approximately 7.9% as compared with the corresponding period of 2024. Gross profit margin was approximately 27.1%, representing a decrease of 1.9 percentage points from approximately 29.0% of the corresponding period last year.
- Net profit attributable to owners of the parent for the six months ended 30 June 2025 amounted to approximately RMB3,176,836,000, representing an increase of approximately RMB245,808,000 or approximately 8.4% as compared with the corresponding period of 2024.
- Basic earnings per share were RMB2.11, representing an increase of approximately 8.2% from RMB1.95 for the corresponding period of the previous year.
- The Board has resolved to declare an interim dividend of HK\$1.38 per share, representing an increase of approximately 10.4% from HK\$1.25 per share for the corresponding period of the previous year.

\* for identification purposes only

The board (the “Board”) of directors (the “Directors”) 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 (collectively, the “Group”) for the six months ended 30 June 2025 (the “Reporting Period”), together with the comparative amounts for the corresponding period of 2024. The interim results and interim financial statements have not been audited but have been reviewed by the Company’s audit committee (the “Audit Committee”).

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2025*

		<b>Unaudited</b>	
		<b>For the six months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
	<i>Notes</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>REVENUE</b>	4	<b>14,966,384</b>	12,975,971
Cost of sales	5	<u>(10,908,366)</u>	<u>(9,214,502)</u>
Gross profit		<b>4,058,018</b>	3,761,469
Other income	6	<b>799,397</b>	635,463
Selling and distribution expenses	5	<b>(108,757)</b>	(84,837)
Administrative expenses	5	<b>(1,081,800)</b>	(943,697)
Finance costs	7	<b>(175,886)</b>	(191,389)
Other gains/(expenses), net	6	<b>139,196</b>	69,640
Share of profits of an associate		<u><b>1,952</b></u>	<u>2,560</u>
<b>PROFIT BEFORE TAX</b>		<b>3,632,120</b>	3,249,209
Income tax expenses	8	<u><b>(455,284)</b></u>	<u>(318,181)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>3,176,836</b></u>	<u>2,931,028</u>
Attributable to:			
Owners of the parent		<u><b>3,176,836</b></u>	<u>2,931,028</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted for profit for the period	9	<u><b>RMB2.11</b></u>	<u>RMB1.95</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	<b>Unaudited</b>	
	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>PROFIT FOR THE PERIOD</b>	<u><b>3,176,836</b></u>	<u><b>2,931,028</b></u>
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>(288,111)</u>	<u>(202,262)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(288,111)</u>	<u>(202,262)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>	<u><b>(288,111)</b></u>	<u><b>(202,262)</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><b>2,888,725</b></u>	<u><b>2,728,766</b></u>
<b>Attributable to:</b>		
Owners of the parent	<u><b>2,888,725</b></u>	<u><b>2,728,766</b></u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	11,081,534	10,763,046
Right-of-use assets	11	2,249,817	1,938,816
Intangible assets	11	128,998	131,840
Bank deposits – non-current		115,502	1,165,918
Long-term prepayments	14	515,898	408,678
Investments in associates		24,486	15,154
Deferred tax assets		121,409	112,611
Total non-current assets		14,237,644	14,536,063
<b>CURRENT ASSETS</b>			
Inventories	12	6,989,920	6,884,954
Trade and bills receivables	13	6,512,967	6,151,331
Prepayments and other receivables	14	477,201	484,563
Amounts due from related parties	19(b)	2,372	1,195
Financial assets at fair value through profit or loss		2,014,441	1,303,978
Pledged deposits		505,231	5,440
Bank deposits – current		15,117,148	12,871,494
Cash and cash equivalents		10,320,273	10,868,830
Total current assets		41,939,553	38,571,785
<b>CURRENT LIABILITIES</b>			
Trade payables	15	1,496,258	1,493,021
Contract liabilities		2,084	18,900
Other payables and accruals	16	1,720,028	1,695,053
Amounts due to related parties	19(b)	13,112	–
Interest-bearing bank borrowings		14,701,280	12,818,564
Lease liabilities		31,615	47,371
Tax payable		837,466	753,254
Total current liabilities		18,801,843	16,826,163
<b>NET CURRENT ASSETS</b>		23,137,710	21,745,622
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		37,375,354	36,281,685

# **INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

*As at 30 June 2025*

	<b>Unaudited 30 June 2025 RMB'000</b>	Audited 31 December 2024 RMB'000
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	<b>64,634</b>	66,682
Deferred tax liabilities	<b>350,839</b>	362,108
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Total non-current liabilities	<b>415,473</b>	428,790
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<b>NET ASSETS</b>	<b>36,959,881</b>	35,852,895
	<hr/>	<hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	<b>151,200</b>	151,200
Reserves	<b>36,808,681</b>	35,701,695
	<hr/>	<hr/>
Total equity	<b>36,959,881</b>	35,852,895
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# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2025*

## 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 address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 24 November 2005.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacture and sale of knitwear products.

These unaudited interim condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand, except when otherwise stated. These unaudited interim condensed consolidated financial statements have been approved for issue by the Board on 27 August 2025.

## 2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting. These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period’s financial information.

Amendments to HKAS 21

*Lack of Exchangeability*

None of these amendments had an impact on the financial position or performance of the Group. The Group has not applied any new interpretation that is not yet effective for the current accounting period.

#### 4. 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

	Unaudited For the six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Mainland China	3,645,508	3,724,258
European Union	3,028,824	2,526,925
United States of America	2,554,890	1,881,045
Japan	2,499,175	2,115,984
Other regions	3,237,987	2,727,759
Total sales	<b>14,966,384</b>	<b>12,975,971</b>

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

##### (b) Non-current assets

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Mainland China	6,014,127	5,950,811
Vietnam	4,588,128	4,239,841
Cambodia	3,090,806	2,750,106
Other regions	283,186	301,622
Total non-current assets	<b>13,976,247</b>	<b>13,242,380</b>

The non-current assets information above is based on the locations of the assets and excludes long-term time deposits at banks, investments in associates and deferred tax assets.

## Information about major customers

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

	Unaudited	
	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Customer A	4,333,071	3,400,553
Customer B	3,435,558	3,242,206
Customer C	2,992,450	2,333,796
Customer D	1,532,209	1,336,282
	<u>12,293,288</u>	<u>10,312,837</u>

## 5. EXPENSES BY NATURE

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

	Unaudited	
	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Employee benefit expenses		
Wages and salaries	3,831,878	3,219,762
Retirement benefit contributions	419,732	341,766
Other benefits	142,548	139,446
	<u>4,394,158</u>	<u>3,700,974</u>
Depreciation, amortisation and impairment expenses	734,083	726,171
Changes in inventories of finished goods and work in progress	(16,322)	(561,905)
Raw materials and consumables utilised	5,883,036	5,372,764
Utilities expenses	609,450	565,741
Transportation expenses	155,905	119,471
Outsourcing	71,334	38,299
Taxation	44,514	37,325
Inspection fees	19,164	16,544
Traveling expenses	18,411	21,386
Charges for disposing pollutants	14,016	11,778
Operating lease expenses for properties	11,647	8,669
Repair expenses	7,937	36,018
Entertainment expenses	6,138	9,869
Donation	1,511	974
Other expenses	143,941	138,958
	<u>12,098,923</u>	<u>10,243,036</u>
Total cost of sales, selling and distribution expenses and administrative expenses	<u>12,098,923</u>	<u>10,243,036</u>

## 6. OTHER INCOME, OTHER GAINS/(EXPENSES), NET

	Unaudited	
	For the six months ended 30 June	
	2025 RMB'000	2024 RMB'000
<b>Other income</b>		
Government incentives	274,321	95,436
Interest income	521,930	536,524
Rental income	3,146	3,503
	<u>799,397</u>	<u>635,463</u>
<b>Other gains/(expenses), net</b>		
Fair value gains, net:		
Derivative instruments		
– transactions not qualifying as hedges	5,495	–
Financial assets at fair value through profit or loss		
– mandatorily classified as such	13,057	9,094
Loss on disposal of items of property, plant and equipment	(4,527)	(13,410)
Foreign exchange gains, net	126,431	75,165
Others	(1,260)	(1,209)
	<u>139,196</u>	<u>69,640</u>

## 7. FINANCE COSTS

	Unaudited	
	For the six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Interest on bank borrowings	173,788	188,387
Interest on lease liabilities	2,098	3,002
	<u>175,886</u>	<u>191,389</u>

## 8. INCOME TAX

The major components of income tax expenses for the six months ended 30 June 2025 and 2024 are:

	<b>Unaudited</b>	
	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current Hong Kong profits tax	<b>3,223</b>	5,496
Current overseas withholding tax	<b>3,211</b>	5,563
Current Vietnam profits tax	<b>63,368</b>	53,415
Current Cambodia profits tax	<b>104</b>	234
Current Macao profits tax	<b>144,013</b>	102,757
Current Mainland China corporate income tax ("CIT")	<b>157,976</b>	140,710
Pillar Two income taxes-current tax*	<b>103,456</b>	–
Deferred taxation	<b>(20,067)</b>	10,006
	<hr/>	<hr/>
Total	<b>455,284</b>	318,181
	<hr/>	<hr/>

\* 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% (for the six months ended 30 June 2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. The first HKD2,000,000 (for the six months ended 30 June 2024: HKD2,000,000) of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The subsidiaries incorporated in the British Virgin Islands ("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% (for the six months ended 30 June 2024: 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 4th to 5th years, 10% for the 6th to 7th years and 15% for the 8th to 9th years. Another subsidiary is entitled to an exemption from income tax for five years after the first profit-generating year until 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% (for the six months ended 30 June 2024: 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 period.

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 31 December 2026.

Pursuant to Macao's relevant tax legislations, the subsidiary incorporated in Macao is subject to income tax at a rate of 12% of the assessable profits arising in Macao.

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 period in accordance with the New CIT Law are subject to tax at a rate of 25% on their assessable income. And the qualified High-New Technology Enterprise ("HNTE") is entitled to a concessionary rate of income tax at 15%. The recognition period of HNTE qualification of a subsidiary has expired on 31 December 2024, and is currently reapplying. Two subsidiaries are qualified as micro and small companies and entitled to a concessionary rate of income tax of 5%.

#### **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 30 June 2025 in Vietnam and Hong Kong.

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 and Hong Kong where the Pillar Two effective tax rate is below 15% due to certain income exclusions and incentives received by them. 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. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

#### **(a) Basic**

The calculation of the basic earnings per share attributable to ordinary equity holders of the parent for the period is based on the consolidated profit attributable to owners of the parent of approximately RMB3,176,836,000 (for the six months ended 30 June 2024: RMB2,931,028,000) and the weighted average number of ordinary shares of 1,503,222,397 (for the six months ended 30 June 2024: 1,503,222,397) outstanding during the period.

#### **(b) Diluted**

The Group had no potentially dilutive ordinary shares outstanding during the six months ended 30 June 2025 and the six months ended 30 June 2024.

### **10. DIVIDEND**

Pursuant to resolution passed by the Board on 27 August 2025, the Board declared an interim dividend of HKD1.38 per share (for the six months ended 30 June 2024: HKD1.25 per share), totaling approximately HKD2,074,447,000 (approximately RMB1,891,896,000). This declared dividend is not reflected as a dividend payable in this interim condensed consolidated financial information, but will be reflected as an appropriation of reserve for the year ending 31 December 2025.

## 11. CAPITAL EXPENDITURES

	Property, plant and equipment <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Water use right <i>RMB'000</i>	Software <i>RMB'000</i>
<b>Unaudited</b>				
<b>For the six months ended 30 June 2024</b>				
Opening net book amount at 1 January 2024	10,930,784	1,960,809	28,484	100,044
Additions	623,110	6,258	–	10,791
Disposals	(63,991)	–	–	–
Depreciation/amortisation	(666,248)	(48,897)	(3,225)	(7,801)
Exchange differences	(132,641)	(12,898)	–	–
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Closing net book amount at 30 June 2024	<u><u>10,691,014</u></u>	<u><u>1,905,272</u></u>	<u><u>25,259</u></u>	<u><u>103,034</u></u>
<b>Unaudited</b>				
<b>For the six months ended 30 June 2025</b>				
Opening net book amount at 1 January 2025	10,763,046	1,938,816	22,034	109,806
Additions	1,146,047	378,569	–	9,023
Disposals	(26,866)	–	–	–
Depreciation/amortisation	(671,544)	(50,675)	(3,225)	(8,639)
Exchange differences	(129,149)	(16,893)	–	(1)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Closing net book amount at 30 June 2025	<u><u>11,081,534</u></u>	<u><u>2,249,817</u></u>	<u><u>18,809</u></u>	<u><u>110,189</u></u>

## 12. INVENTORIES

	Unaudited 30 June 2025 <i>RMB'000</i>	Audited 31 December 2024 <i>RMB'000</i>
Raw materials	1,561,350	1,453,959
Work in progress	3,614,689	3,456,660
Finished goods	<u>2,129,742</u>	<u>2,271,449</u>
	<u>7,305,781</u>	<u>7,182,068</u>
Provision	<u>(315,861)</u>	<u>(297,114)</u>
Total	<u><u>6,989,920</u></u>	<u><u>6,884,954</u></u>

### 13. TRADE AND BILLS RECEIVABLES

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:

	<b>Unaudited</b> <b>30 June</b> <b>2025</b> <b>RMB'000</b>	Audited 31 December 2024 <i>RMB'000</i>
Within three months	<b>6,315,112</b>	5,943,074
Three to six months	<b>148,173</b>	166,085
Over six months	<b>49,682</b>	42,172
Total	<b>6,512,967</b>	6,151,331

At 30 June 2025, the trade and bills receivables were denominated in the following currencies:

	<b>Unaudited</b> <b>30 June 2025</b>		Audited 31 December 2024	
	<b>Original currency in thousand</b>	<b>RMB equivalent RMB'000</b>	Original currency in thousand	RMB equivalent RMB'000
US\$	<b>722,703</b>	<b>5,173,539</b>	607,796	4,369,084
RMB		<b>1,339,428</b>		1,782,247
Total		<b>6,512,967</b>		6,151,331

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

#### 14. PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
<b>Current</b>		
Prepayments and deposits		
– Purchase of raw materials	85,080	121,332
– CIT advance payment	37	3,155
– Rental deposits	9,358	9,292
– Others	98,523	58,817
VAT receivable and recoverable	189,513	170,840
Other receivables	94,690	121,127
Total	477,201	484,563
	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
<b>Non-Current</b>		
Long-term prepayments		
– Land use rights	279,476	273,663
– Purchase of items of property, plant and equipment	236,422	135,015
Total	515,898	408,678

None of above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

The carrying amounts of the financial assets included in prepayments and other receivables approximate to their fair values.

## 15. TRADE PAYABLES

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

	<b>Unaudited</b> <b>30 June</b> <b>2025</b> <i>RMB'000</i>	<b>Audited</b> <b>31 December</b> <b>2024</b> <i>RMB'000</i>
Within six months	<b>1,469,453</b>	1,468,589
Six months to one year	<b>11,664</b>	2,246
One year to two years	<b>2,763</b>	11,437
Over two years	<b>12,378</b>	10,749
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Total	<b>1,496,258</b>	1,493,021
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The trade payables are non-interest-bearing. The carrying amounts of the trade payables approximate to their fair values.

## 16. OTHER PAYABLES AND ACCRUALS

	<b>Unaudited</b> <b>30 June</b> <b>2025</b> <i>RMB'000</i>	<b>Audited</b> <b>31 December</b> <b>2024</b> <i>RMB'000</i>
Accrued expenses	<b>935,771</b>	1,191,328
Payables for purchase of property, plant and equipment	<b>551,678</b>	246,842
Payables and guarantee deposits related to construction projects	<b>16,053</b>	16,095
Other taxes payable	<b>102,546</b>	138,823
Others	<b>113,980</b>	101,965
	<hr/>	<hr/>
Total	<b>1,720,028</b>	1,695,053
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of other payables and accruals approximate to their fair values. Other payables are non-interest-bearing.

## 17. COMMITMENTS

The Group had the following capital commitments at the end of the Reporting Period:

	<b>Unaudited</b> <b>30 June</b> <b>2025</b> <i>RMB'000</i>	<b>Audited</b> <b>31 December</b> <b>2024</b> <i>RMB'000</i>
Contracted, but not provided for:		
Acquisition of property, plant and equipment	<b>929,742</b>	666,268
Acquisition of land use rights	<b>163,646</b>	103,816
	<hr/>	<hr/>
Total	<b>1,093,388</b>	770,084
	<hr/> <hr/>	<hr/> <hr/>

## 18. CONTINGENT LIABILITIES

As at 30 June 2025, the Group had no significant contingent liabilities (at 31 December 2024: Nil).

## 19. RELATED PARTY TRANSACTIONS

### (a) Continuing transactions with related parties

The Group had the following continuing significant transactions with its related parties, including associates, directors and their associates and companies controlled by the controlling shareholder, for the six months ended 30 June 2025 and 2024:

	<b>Unaudited</b>	
	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Lease of apparel production properties from Ningbo Shenzhou Properties Co., Ltd. ("Shenzhou Properties")*		
Depreciation of right-of-use assets	<b>17,696</b>	17,696
Interest expense on lease liabilities	<b>518</b>	1,225
Printing service provided by Ningbo Avery Dennison Shenzhou Knitting and Printing Co., Ltd. ("Ningbo Avery") **	<b>65,883</b>	74,558
Sales and marketing services and general support services provided to Ningbo Avery**	<b>4,937</b>	5,484

\* Shenzhou Properties is controlled by one of the Company's executive directors. Transactions with Shenzhou Properties are continuing connected transactions.

On 29 December 2022, Shenzhou Knitting, a wholly-owned subsidiary of the Company, entered into a lease agreement with Shenzhou Properties, pursuant to which Shenzhou Properties agreed to lease the properties to Shenzhou Knitting. The Lease Agreement is for a term of three years commencing on 1 January 2023 and expiring on 31 December 2025. The monthly rent under the Lease Agreement is RMB3,233,169.

\*\* Ningbo Avery is an associate of the Group and is considered to be a related party of the Group. This transaction does not constitute a continuing connected transaction as defined in Chapter 14A of the Listing Rules.

The transactions with the related parties were mutually agreed by counterparties.

**(b) Outstanding balances with related parties**

The Group had the following balances with its related parties:

	<b>Unaudited</b> <b>30 June</b> <b>2025</b> <i>RMB'000</i>	<b>Audited</b> <b>31 December</b> <b>2024</b> <i>RMB'000</i>
Amounts due from related parties – trade-related		
Shenzhou Properties	<b>176</b>	167
Ningbo Avery	<b>2,196</b>	1,028
	<hr/>	<hr/>
Total	<b>2,372</b>	1,195
	<hr/> <hr/>	<hr/> <hr/>

	<b>Unaudited</b> <b>30 June</b> <b>2025</b> <i>RMB'000</i>	<b>Audited</b> <b>31 December</b> <b>2024</b> <i>RMB'000</i>
Amounts due to related parties – trade-related		
Ningbo Avery	<b>13,112</b>	–
	<hr/> <hr/>	<hr/> <hr/>

The balances with the related parties are unsecured, interest-free and has no fixed terms of repayment.

**(c) Key management compensation**

	<b>Unaudited</b> <b>For the six months ended 30 June</b> <b>2025</b> <i>RMB'000</i>	<b>2024</b> <i>RMB'000</i>
Salaries and other short-term employee benefits	<b>28,328</b>	26,495
Post-employment benefits	<b>101</b>	94
	<hr/>	<hr/>
Total	<b>28,429</b>	26,589
	<hr/> <hr/>	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the unaudited interim condensed consolidated financial statements and the notes thereto (the “Financial Statements”) of the Group for the six months ended 30 June 2025.

### BUSINESS REVIEW

According to statistics from China Customs, the total export value of China’s textile and apparel (including textile yarn, fabrics and made-ups, and apparel and clothing accessories, same hereinafter) from January to June 2025 was approximately US\$143.98 billion, representing an increase of about 0.8% compared to the same period last year. Of this, textile exports amounted to approximately US\$70.52 billion, up about 1.8% as compared with the corresponding period last year, while apparel exports were about US\$73.46 billion, with a slight decrease of approximately 0.2% as compared with the corresponding period last year. During the same period, exports of apparel products from mainland China to the United States (the “US” or “U.S.”), the European Union 27 countries (the “EU”), Japan and the United Kingdom (the “UK”) were approximately US\$15.34 billion, US\$13.76 billion, US\$5.49 billion, and US\$2.49 billion respectively. Compared to the same period last year, exports to the EU, Japan, and the UK increased by approximately 11.3%, 1.6% and 15.9% respectively, while exports to the US declined by approximately 3.6% due to the impact of US tariff policies. In China’s domestic apparel consumption market, according to information released by the National Bureau of Statistics of China, from January to June 2025, the total retail sales of clothing goods of enterprises above the designated size reached approximately RMB534.13 billion, representing an increase of about 2.5% as compared with the corresponding period last year; the online retail sales of apparel goods nationwide increased by approximately 1.4% as compared with the corresponding period last year. During the period, global demand for apparel products saw a restorative growth; however, uncertainties in US tariff policies affected China’s apparel market share in the US. Domestic apparel consumption demand remained relatively weak, but under the government’s policies to boost domestic demand, the domestic market is still believed to have growth potential.

According to preliminary statistics from Vietnam Customs, from January to June 2025, Vietnam’s textile and apparel exports amounted to approximately US\$18.67 billion, representing an increase of about 12.3% as compared with the corresponding period last year. Exports to the US, Japan and South Korea were approximately US\$8.47 billion, US\$2.11 billion and US\$1.34 billion respectively, representing increases of approximately 17.1% and 12.5% for the US and Japan, and a decrease of about 1.6% for South Korea as compared with the corresponding period last year. The US market accounted for about 45.4% of Vietnam’s total apparel exports (same period in 2024: about 43.5%). According to statistics from the US Department of Commerce, in the first half of 2025, Vietnam accounted for approximately 19.7% of US apparel and accessories imports, with an increase of about 2.0 percentage points as compared with the corresponding period last year, becoming the largest source country for US apparel imports. In addition, Vietnam’s textile and apparel exports to the EU and the UK amounted to approximately US\$2.22 billion and US\$0.44 billion respectively, up

about 15.8% and 24.1% as compared with the corresponding period last year; exports to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership member countries were approximately US\$3.74 billion, with an increase of about 11.4% as compared with the corresponding period last year. From January to June 2025, Vietnam's yarn exports totaled approximately US\$2.08 billion, down about 4.0% as compared with the corresponding period last year, of which exports to China were approximately US\$0.95 billion, representing a decrease of about 9.4% as compared with the corresponding period last year. During the same period, Vietnam's total fabric imports from abroad amounted to approximately US\$7.54 billion, with an increase of about 3.5% as compared with the corresponding period last year. Imports from mainland China were approximately US\$5.16 billion, up about 5.2% as compared with the corresponding period last year, accounting for about 68.5% of Vietnam's total fabric imports (same period in 2024: about 67.4%). Imports from Taiwan, China and South Korea amounted to approximately US\$0.79 billion and US\$0.71 billion respectively, accounting for 10.4% and 9.5% of Vietnam's total fabric imports (same period in 2024: 10.0% and 10.5% respectively). During the period, Vietnam's apparel exports grew significantly, especially to the US market, where Vietnamese products partially replaced the market share of Chinese products.

During the period, although apparel consumption demand in major markets such as the US, the EU, and Japan showed some recovery, overall global demand remained relatively weak, and domestic demand rebounded only slowly. The overall production capacity of the apparel industry exceeded consumption demand, leading to a certain degree of price-based competition, which in turn placed pressure on overall industry profitability. Affected by uncertainties in U.S. import tariff policies, exports of Chinese apparel products to the US experienced significant fluctuations, and their market share in the U.S. continued to decline. Meanwhile, U.S. policy restrictions on re-export trade and the potential threat of higher tariffs may trigger changes in the industry's export competition landscape. During the period, the Renminbi appreciated by 0.4% against the U.S. dollar based on the official reference rate, with an even greater appreciation under the market exchange rate, further weighing on the profitability of export-oriented enterprises. Cotton prices fluctuated slightly during the period but remained generally stable. At present, the operating pressures faced by textile and apparel export enterprises mainly stem from the absence of finalized China-U.S. tariff policies, uncertainties in global trade dynamics, and relatively weak market demand.

For the six months from January to June 2025, the Group recorded sales revenue of approximately RMB14,966,384,000, representing an increase of about 15.3% compared with the same period of the previous year. Gross profit was approximately RMB4,058,018,000, up by around 7.9% as compared with the corresponding period last year. Due to the impact of rising labor costs, the gross profit margin decreased by 1.9 percentage points to 27.1% compared with the same period of the previous year. Profit attributable to owners of the parent company amounted to approximately RMB3,176,836,000, representing an increase of about 8.4% as compared with the corresponding period last year. Both sales revenue and net profit after tax reached historical highs for the Group in the corresponding period. Looking back on the main work during the Reporting Period, the Group further expanded the production capacity of its overseas production bases, advanced the upgrading and transformation of its domestic production facilities, and refined and improved the Group's internal control systems.

During the period, the Group's new fabric factory project in Tây Ninh Province, Vietnam (the "Vietnam Second Fabric Factory"), progressed smoothly. In addition to acquiring production land through equity acquisition, the Vietnam Second Fabric Factory also purchased land use rights for a parcel of approximately 50 hectares from the local industrial zone. At present, most of the civil construction works of the Vietnam Second Fabric Factory are close to completion, and equipment installation and commissioning will commence in succession. It is expected that production will gradually commence before the end of this year. The project mainly comprises weaving, dyeing and finishing processes, as well as supporting processes for certain self-produced auxiliary materials. It will supply fabrics to the Group's garment factories in Southeast Asia. This vertically integrated upstream and downstream industrial chain layout at overseas bases will enable quicker responses to customers' product demands in global markets. In addition, the Group's newly built garment factory in Cambodia commenced production in March 2025. It has currently employed approximately 4,000 workers, and with the continued increase in the workforce and improvements in production efficiency, the garment production capacity of the Group in Cambodia will be further expanded.

While expanding production capacity overseas, the Group is also advancing the upgrading and transformation of existing capacity at its domestic bases. Through equipment upgrades and process optimization, the Group aims to effectively enhance product quality stability and reduce workforce requirements. In Ningbo, a newly built weaving factory with a construction area of approximately 167,000 square meters was recently completed, and certain weaving equipment will be upgraded. With the commissioning of the new weaving factory, production will be more centralized, layouts more rational, and management more efficient. During the period, the Ningbo garment factory also underwent comprehensive repair and refurbishment, and part of the assembly lines were consolidated and rearranged, resulting in a more streamlined management team and more efficient use of resources. Furthermore, the Anhui garment base will also undergo upgrading and transformation to enhance its level of automation. During the period, the Group acquired approximately 7 hectares of new land in Anhui, on which it will first build a new garment factory with a higher degree of automation. This will allow for the relocation and replacement of part of the capacity of the original factory, enabling a comprehensive upgrade of the Anhui garment base without affecting overall capacity.

Improving internal control systems and optimizing management processes are particularly important to the Group's globalized operations. During the period, the Group further promoted the standardization and digitalization of control processes, enhanced the automation level of business reviews, and strengthened internal control over procurement activities and the management of raw material consumption. The Group maintains a pool of high-quality and long-term cooperative suppliers, values the protection of suppliers' interests, and regards suppliers as an important link in the competitiveness of the industrial chain. Nevertheless, in order to achieve a fairer business environment, the Group has also strengthened its supplier admission and evaluation processes, thereby further improving its internal control system for procurement.

## OPERATING RESULTS OF THE GROUP

### Sales

For the six months ended 30 June 2025, the Group recorded sales of approximately RMB14,966,384,000, representing an increase of approximately RMB1,990,413,000, or 15.3%, as compared with sales of approximately RMB12,975,971,000 for the six months ended 30 June 2024. The increase in the Group's sales revenue during the period was mainly attributable to: 1) the provision of a more diversified product portfolio to customers, which further increased the proportion of purchases from major customers; and 2) the expansion of production scale and enhancement of operational efficiency at the Group's overseas factories, which ensured sufficient capacity to meet the rising demand in overseas markets.

The following table sets forth a comparison of the Group's sales by product category for the six months ended 30 June 2025 and the six months ended 30 June 2024:

	For the six months ended 30 June					
	2025		2024		Change	
	RMB'000	%	RMB'000	%	RMB'000	%
<b>By product</b>						
Sportswear	10,128,586	67.7	9,212,546	71.0	916,040	9.9
Casual wear	3,792,133	25.3	2,760,739	21.3	1,031,394	37.4
Lingerie wear	940,211	6.3	903,182	7.0	37,029	4.1
Other knitwear	105,454	0.7	99,504	0.7	5,950	6.0
Total sales	<u>14,966,384</u>	<u>100.0</u>	<u>12,975,971</u>	<u>100.0</u>	<u>1,990,413</u>	<u>15.3</u>

For the six months ended 30 June 2025, sales of sportswear products amounted to approximately RMB10,128,586,000, representing an increase of approximately RMB916,040,000, or 9.9%, as compared with sales of approximately RMB9,212,546,000 for the six months ended 30 June 2024. The increase in sales of sportswear products during the period was primarily attributable to rising demand for sports apparel in the European and U.S. markets.

Sales of casual wear products increased from approximately RMB2,760,739,000 for the six months ended 30 June 2024 to approximately RMB3,792,133,000 for the six months ended 30 June 2025, representing an increase of approximately RMB1,031,394,000, or 37.4%. The growth in sales of casual wear products during the period was mainly due to higher demand for casual apparel in the Japanese, European, and other markets.

Sales of lingerie wear products rose from approximately RMB903,182,000 for the six months ended 30 June 2024 to approximately RMB940,211,000 for the six months ended 30 June 2025, representing an increase of approximately RMB37,029,000, or 4.1%. The increase in sales of lingerie wear products during the period was primarily attributable to rising demand for lingerie apparel in the Japanese and European markets.

Sales of other knitwear products increased from approximately RMB99,504,000 for the six months ended 30 June 2024 to approximately RMB105,454,000 for the six months ended 30 June 2025, representing an increase of approximately RMB5,950,000, or 6.0%.

The following table sets forth a comparison of the Group's sales by market for the six months ended 30 June 2025 and the six months ended 30 June 2024:

	For the six months ended 30 June					
	2025		2024		Change	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
<b>By market</b>						
International sales						
Europe	<b>3,028,824</b>	<b>20.2</b>	2,526,925	19.5	501,899	19.9
U.S.	<b>2,554,890</b>	<b>17.1</b>	1,881,045	14.5	673,845	35.8
Japan	<b>2,499,175</b>	<b>16.7</b>	2,115,984	16.3	383,191	18.1
Other markets	<b>3,237,987</b>	<b>21.6</b>	2,727,759	21.0	510,228	18.7
Sub-total sales from international markets	<b>11,320,876</b>	<b>75.6</b>	9,251,713	71.3	2,069,163	22.4
Sales from China domestic market	<b>3,645,508</b>	<b>24.4</b>	3,724,258	28.7	(78,750)	(2.1)
Total sales	<b>14,966,384</b>	<b>100.0</b>	12,975,971	100.0	1,990,413	15.3

During the six months ended 30 June 2025, sales in the European market were approximately RMB3,028,824,000, representing an increase of approximately RMB501,899,000 or about 19.9% compared to approximately RMB2,526,925,000 for the same period in 2024. The increase was mainly attributable to higher demand for sportswear and casual wear in the European market.

Sales in the U.S. market were approximately RMB2,554,890,000, representing an increase of approximately RMB673,845,000 or about 35.8% compared to approximately RMB1,881,045,000 for the same period in 2024. The increase was mainly due to higher demand for sportswear in the U.S. market during the period.

Sales in the Japanese market were approximately RMB2,499,175,000, representing an increase of approximately RMB383,191,000 or about 18.1% compared to approximately RMB2,115,984,000 for the same period in 2024. The increase was mainly due to rising demand for casual wear in the Japanese market during the period.

Sales in other markets (including Canada, South Korea, Australia and other countries) were approximately RMB3,237,987,000, representing an increase of approximately RMB510,228,000 or about 18.7% compared to approximately RMB2,727,759,000 for the same period in 2024. The increase was mainly due to rising demand for sportswear and casual wear in South Korea, Australia, and certain Southeast Asian countries.

Domestic market sales decreased by approximately 2.1% compared to the same period last year. Sales of apparel in the domestic market were approximately RMB3,553,673,000, down by approximately RMB87,792,000 or about 2.4% from approximately RMB3,641,465,000 in the same period last year. The decrease was mainly due to reduced order demand from sports brands in the mainland China market during the period.

### **Cost of sales and Gross profit**

For the six months ended 30 June 2025, the Group's cost of sales was approximately RMB10,908,366,000 (for the six months ended 30 June 2024: approximately RMB9,214,502,000). The Group's gross profit margin for the period was approximately 27.1%, representing a decrease of 1.9 percentage points from approximately 29.0% for the same period last year. The main factor affecting the gross profit margin was the increase in wages for frontline employees in the second half of 2024, resulting in a higher proportion of labour costs in production expenses relative to sales revenue during the period.

### **EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT**

As at 30 June 2025, equity attributable to owners of the parent was approximately RMB36,959,881,000 (31 December 2024: approximately RMB35,852,895,000). This comprised non-current assets of approximately RMB14,237,644,000 (31 December 2024: approximately RMB14,536,063,000), net current assets of approximately RMB23,137,710,000 (31 December 2024: approximately RMB21,745,622,000), and non-current liabilities of approximately RMB415,473,000 (31 December 2024: approximately RMB428,790,000). Changes in equity attributable to owners of the parent were mainly due to: (1) the increase in its reserve balances by retained earnings resulting from the Group's operating profit during the period; and (2) the partial offset of this increase by the payment of the final dividend for the year ended 31 December 2024 to owners of the parent.

## LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 June 2025, the Group recorded net cash generated from operating activities of approximately RMB2,692,920,000, representing an increase of approximately RMB383,344,000 compared to approximately RMB2,309,576,000 for the same period in 2024. As at 30 June 2025, the Group's cash and cash equivalents amounted to approximately RMB10,320,273,000, of which approximately RMB9,237,084,000 was denominated in US dollars (the "USD" or "US\$"), approximately RMB919,670,000 in Renminbi (the "RMB"), approximately RMB114,983,000 in Vietnamese Dong (the "VND"), approximately RMB42,128,000 in Hong Kong dollars (the "HKD" or "HK\$"), approximately RMB3,458,000 in Euros (the "EUR"), and the remainder in other currencies (31 December 2024: approximately RMB10,868,830,000, of which approximately RMB7,876,257,000 was denominated in USD, approximately RMB2,742,633,000 in RMB, approximately RMB210,157,000 in HKD, approximately RMB33,002,000 in VND, and the remainder in other currencies).

The balance of bank borrowings was approximately RMB14,701,280,000, all of which were short-term bank borrowings (31 December 2024: approximately RMB12,818,564,000, all short-term bank borrowings). As at 30 June 2025, the Group's net borrowings (bank borrowings less cash and cash equivalents) amounted to approximately RMB4,381,007,000, compared to approximately RMB1,949,734,000 as at 31 December 2024, representing an increase of approximately RMB2,431,273,000. The increase was mainly due to the increase in non-cash term deposits during the period.

Equity attributable to owners of the parent was approximately RMB36,959,881,000 (31 December 2024: approximately RMB35,852,895,000). The Group maintained a healthy cash flow position. The gearing ratio (calculated as total borrowings outstanding divided as a percentage of equity attributable to owners of the parent) was approximately 39.8% (31 December 2024: 35.8%), representing an increase of 4.0 percentage points from the end of last year. As at 30 June 2025, in addition to cash and cash equivalents, the Group held other deposit financial assets of approximately RMB17,752,322,000 (31 December 2024: approximately RMB15,346,830,000). The total of deposit-type financial assets (including cash and cash equivalents, term deposits, pledged deposits and financial assets at fair value through profit or loss) amounted to approximately RMB28,072,595,000. After deducting interest-bearing bank borrowings of approximately RMB14,701,280,000, the net balance of deposit-type financial assets was approximately RMB13,371,315,000 (31 December 2024: approximately RMB13,397,096,000). The Group will adjust the scale of its bank borrowings in a timely manner according to changes in market interest rates.

As part of the Group's overall treasury policy, the Group purchases financial products (including financial assets at fair value through profit or loss and term deposits) from several licensed banks in Mainland China and Hong Kong, in order to maximise returns on the Group's idle funds through legal and low-risk channels. The principal of such financial products is guaranteed by the licensed banks under the agreements. The relevant size tests for the purchase of such financial products were all below 5%, and therefore such purchases are not subject to the disclosure requirements for transactions under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The purchase of such financial products has been approved by the Investment and Financing Committee established by the Board to monitor the implementation of the Group's treasury management policies.

### **Finance costs and tax**

For the six months ended 30 June 2025, finance costs decreased from approximately RMB191,389,000 for the six months ended 30 June 2024 to approximately RMB175,886,000, representing a decrease of approximately RMB15,503,000. This was mainly due to a decrease in the Group's average financing outstanding balance on loans during the period as compared to the same period last year.

For the six months ended 30 June 2025, the Group's income tax expense increased from approximately RMB318,181,000 for the six months ended 30 June 2024 to approximately RMB455,284,000, representing an increase of approximately RMB137,103,000. The increase was mainly due to the recognition during the period of the estimated impact of changes in the tax burden on the Group's subsidiaries in Vietnam, which was not recognised in the same period of 2024.

### **Exposure to foreign exchange**

As the Group's sales are mainly settled in USD and purchases are mainly settled in RMB, exchange rate fluctuations have a certain impact on the Group's costs and operating profit margins. In response to fluctuations in the USD/RMB exchange rate, the Group adopts corresponding policies to hedge part of the relevant foreign exchange risk. The hedging amount is determined based on the Group's expected USD revenue, procurement, capital expenditure, and market forecasts of USD/RMB exchange rate movements.

To mitigate any depreciation or volatility in future cash flows caused by changes in the RMB/USD exchange rate, the Group has arranged an appropriate amount of borrowings in USD and in HKD (which are pegged to the USD). As at 30 June 2025, the Group's total bank borrowings included USD loans of approximately RMB1,529,399,000 (equivalent to approximately USD213,645,000) and HKD loans of approximately RMB6,631,881,000 (equivalent to approximately HKD7,271,800,000) (31 December 2024: USD loans of approximately RMB1,685,327,000, equivalent to approximately USD234,451,000; HKD loans of approximately RMB5,113,187,000, equivalent to approximately HKD5,521,800,000).

## **Employment, training and development**

As at 30 June 2025, the Group employed approximately 110,930 employees (31 December 2024: 102,690 employees). During the period, total staff costs (including management and administrative personnel) accounted for approximately 29.4% of the Group's sales revenue (six months ended 30 June 2024: approximately 28.5%). The Group determines employees' remuneration based on their performance, qualifications, and industry practices, and reviews its remuneration policy regularly. Based on annual performance evaluations, employees may be granted bonuses and incentives. In addition, the Group provides rewards or other forms of encouragement to promote personal growth and career development. All new employees are required to attend an induction course, and all employees may participate in various training programmes to enhance their technical skills, product knowledge, and understanding of industry quality standards.

## **Capital expenditure and commitments**

During the six months ended 30 June 2025, the Group's total investment in property, plant and equipment, right-of-use assets, and intangible assets amounted to approximately RMB1,533,639,000, of which approximately 23% was used for the purchase of production equipment, approximately 74% for the construction and purchase of new factory buildings and right-of-use assets, and the remainder for the purchase of other fixed assets and software.

As at 30 June 2025, the Group's contracted commitments for the acquisition and construction of property, plant and equipment amounted to approximately RMB1,093,388,000, which will be funded mainly from the Group's internal resources.

## **Significant investments, acquisitions and disposals**

To further expand its fabric production capacity in Vietnam, in 2024, the Group acquired 100% equity interest in a company located in Tay Ninh Province, Vietnam (the "Target Company") from an independent third party. Following the acquisition, the Target Company became a wholly-owned subsidiary of the Company and will be developed into the Group's second fabric factory in Vietnam, with a planned fabric production capacity of 200 tonnes per day. As at present, the Vietnam Second Fabric Factory is under construction. Including the USD50,000,000 equity acquisition payment which has already been made, the Group has cumulatively invested approximately USD150,000,000 in this project.

Apart from the above, during the six months ended 30 June 2025, the Group did not have any other major investments, acquisitions, or disposals of subsidiaries, associates or joint ventures requiring disclosure.

## **Gearing ratio**

As at 30 June 2025, the Group's gearing ratio was approximately 39.8%, calculated as total borrowings outstanding divided by equity attributable to owners of the parent.

## **Contingent liabilities**

As at 30 June 2025, the Group had no significant contingent liability (31 December 2024: Nil).

## **FUTURE PROSPECTS AND STRATEGIES**

At present, the global textile and apparel industry is undergoing profound transformation. The tariff uncertainties and restrictions on re-export trade arising from China – U.S. trade frictions have weakened the competitiveness of Chinese products, prompting orders to shift toward low-cost countries such as Vietnam. Meanwhile, the sluggish external demand and a slowdown in domestic consumption have led to partial overcapacity, and intensified industry competition. In addition, the rising compliance costs for environmental protection, increasing labor expenses, and the global trend of carbon reduction have further compressed profit margins and accelerated industry consolidation. However, this period of challenges also represents a critical window for industry transformation and upgrading. Breakthroughs in industrial robotics, artificial intelligence, big data, and the Internet of Things are driving traditional manufacturing toward intelligent and flexible models. These developments create strategic opportunities for companies that take the lead in digital transformation to build new supply chain ecosystems and achieve sustainable growth. Against this backdrop, enterprises must actively pursue market diversification, accelerate smart manufacturing upgrades, and optimize operational management systems. By leveraging technology to shift from cost-based to value-based competition, companies can secure new growth opportunities during the industry's restructuring.

To effectively address the challenges posed by today's complex and dynamic business environment, the Group will focus on advancing the following strategic initiatives: market expansion, capacity optimization, and institutional enhancement. These initiatives will be guided by the core principles of "technology empowerment, green development, efficiency improvement, and agile response", aiming to systematically build core competitiveness and continuously consolidate and strengthen the Group's leading position in the industry.

The Group has consistently adhered to the business philosophy of “creating value for customers”. While continuing to increase the proportion of purchases from core customers, the Group is also actively cultivating new customers with growth potential. To this end, the Group will prioritize strengthening its product development capabilities, applying innovative processes and advanced materials to continuously enhance product value-added features. Particular emphasis will be placed on achieving technological upgrades and breakthroughs in functionality, differentiation, and environmental performance in self-produced fabrics. In parallel, the Group will expand the breadth of its product portfolio to provide customers with a wider range of choices. Furthermore, the Group will continue to optimize the vertically integrated industrial chain layout of its global production bases, deepen collaboration with strategic suppliers, and ensure the timely and efficient delivery of high-quality, innovative products to customers, thereby comprehensively enhancing customer service value.

The Group will adopt a dual-track strategy of “new construction + transformation” to implement its capacity upgrade plan. While expanding new production facilities, it will also systematically promote the automation and intelligent transformation of existing production systems. This includes optimizing overall factory layout, implementing automation upgrades in logistics, warehousing, and cutting operations, and deploying 3D machine vision inspection systems to achieve intelligent quality control. With technological advancements, robotic applications will gradually be extended to high-difficulty processes such as precision sewing and flexible material handling. At the same time, the Group will leverage artificial intelligence technologies to build intelligent decision-making systems, realizing end-to-end optimization from production scheduling to supply chain responsiveness. Through the path of “automation as the foundation, intelligence as the driver of upgrading”, the Group aims to create a synergistic effect of efficiency improvement, cost optimization, and quality assurance, thereby significantly enhancing its ability to withstand operational pressures such as rising labor costs.

As the Group’s business continues to globalize and scale up, internal control requirements are becoming increasingly stringent. To address this, the Group will systematically advance the optimization and upgrading of its management system. By comprehensively reviewing the existing framework, the Group will strengthen the standardization of processes and the institutionalization of operations, working toward building a modern management system that balances control and authorization, as well as supervision and incentives. Key focus areas will include compensation incentives and procurement controls. On one hand, the Group will establish a performance-oriented dynamic compensation adjustment mechanism to fully stimulate organizational vitality. On the other hand, it will implement closed-loop supervision throughout the procurement process, strictly enforce the segregation of approval authorities, and improve the supplier dynamic evaluation system. These measures will enhance both operational efficiency and risk management, providing a solid institutional foundation for the Group’s sustainable development.

In the face of a complex and ever-changing market environment, the Group will remain steadfast in driving technological innovation and green transformation as dual engines. By building an agile and flexible supply chain system, deepening the application of intelligent technologies, and improving its ESG governance framework, the Group will continue to strengthen its differentiated competitive advantages. Confident in its ability to achieve sustainable, high-quality growth, the Group will use innovation as its engine and efficiency as its cornerstone – creating solid returns for shareholders and setting a benchmark for transformation within the industry.

## **EVENTS AFTER THE REPORTING PERIOD**

There were no events after the Reporting Period that had significant impacts on the Group after 30 June 2025 and up to the date of this announcement.

## **DIVIDEND**

During the Reporting Period, at the Company's annual general meeting held on 27 May 2025, the shareholders of the Company approved the payment of a final dividend of HK\$1.28 per share for the year ended 31 December 2024 to the shareholders whose names appeared on the register of members of the Company at the close of business on 11 June 2025. The dividend was paid by the Company on 25 June 2025 in cash.

The Board had resolved to declare an interim dividend of HK\$1.38 (equivalent to approximately RMB1.26) per share for the six months ended 30 June 2025 (for the six months ended 30 June 2024: HK\$1.25 per share) to the shareholders whose names appeared on the register of members of the Company at the close of business on 16 September 2025, being the record date. The interim dividend is expected to be paid on or before 26 September 2025.

## **Closure of Register of Members**

To ascertain shareholders' entitlement to the 2025 interim dividend, the register of members of the Company will be closed from 11 September 2025 to 16 September 2025, both days inclusive, during which period no transfer of the shares of the Company will be effected. To determine entitlement to the 2025 interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong Special Administrative Region by no later than 4:30 p.m. on 10 September 2025.

## **CORPORATE GOVERNANCE**

The Company has 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 as amended from time to time.

The Company has complied with all the code provisions of the CG Code throughout the six months ended 30 June 2025. There have not been any material changes to the Company's corporate governance practices during the Reporting Period as compared with the information disclosed in the 2024 annual report.

### **Terms of Reference of Board Committees**

The terms of reference for each Board committee and the list of Directors and their roles and functions have been 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 has arranged for continuous professional development on the updates of the Listing Rules and the related legal and regulatory requirements for the Directors.

### **Corporate Governance Functions**

The Company has 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, reviewing and/or monitoring the policies and practices on corporate governance of the Group; training and continuous professional development of the Directors and senior management and making recommendations; compliance with legal and regulatory requirements; the code of conduct and compliance manual (if any) applicable to employees and the 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 annual general meeting of the Company held on 27 May 2025 to answer shareholders' questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditors' independence.

The Company has adopted a shareholders' communication policy and procedures for shareholders to propose a person for election as a Director with effect from 26 March 2012. Such policy and procedures are available on the website of the Company.

In order to promote environmental protection, the Company is conducting consultation on arrangement of electronic dissemination of corporate communications. For details, please refer to the announcement of the Company dated 8 July 2024.

## **SECURITIES TRANSACTIONS OF DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules as the Company's code of conduct regarding Directors' securities transactions (the "Securities Trading Code"). A copy of the Securities Trading Code is provided to all Directors on their appointment. Reminders 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 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 on this matter, all Directors have confirmed their strict compliance with the relevant provisions of the Securities Trading Code throughout the six months ended 30 June 2025.

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

## **CHANGES TO INFORMATION OF DIRECTORS**

During the six months ended 30 June 2025, 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 has purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares, if any) for the six months ended 30 June 2025. As at 30 June 2025, the Company did not hold any treasury shares.

## **SHARE SCHEME**

No share scheme was adopted by the Company as at 30 June 2025.

## **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 of the effectiveness of management strategies.

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

## **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 date 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 chairwoman 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 accounts 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 HKICPA and the provisions of the CG Code, and are updated and amended according to the relevant requirements from time to time.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed matters relating to auditing, risk management, internal control and financial statements, including a review of the unaudited financial statements for the six months ended 30 June 2025.

## **REMUNERATION COMMITTEE**

The Company established the Remuneration Committee in compliance with the CG Code on 9 October 2005. As at the date of this announcement, the Remuneration Committee comprises Mr. Renhe Ma, an executive Director, and Mr. Bingsheng Zhang, Ms. Chunhong Liu and Ms. Feirong Wang, who are 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 date of this announcement, the Nomination Committee comprises Mr. Jianrong Ma, an executive Director, and Mr. Xinggao Liu, Mr. Bingsheng Zhang and Ms. Feirong Wang, who are 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 composition (including skills, knowledge and experience) of the Board and make recommendations to the Board for any proposed changes.

## **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 as at the date of this announcement.

## **PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE**

The interim report of the Company containing all the information required by the Listing Rules will be sent to the shareholders of the Company and published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.shenzhouintl.com](http://www.shenzhouintl.com)) in due course.

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

Hong Kong, PRC, 27 August 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, Ms. Chunhong Liu and Mr. Xinggao Liu.*