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 2026

HIGHLIGHTS

- Sales for the six months ended 30 June 2026 amounted to approximately RMB14,179,177,000, representing a decrease of approximately 5.3% as compared with the corresponding period of 2025.
- Percentage of sportswear products sales to total sales was approximately 63.8% for the six months ended 30 June 2026. Revenue from sale of sportswear products decreased by approximately 10.7% as compared with the corresponding period of the previous year.
- Percentage of casual wear products sales to total sales was approximately 27.9% for the six months ended 30 June 2026. Revenue from sale of casual wear products increased by approximately 4.5% as compared with the corresponding period of the previous year.
- Percentage of lingerie products sales to total sales was approximately 7.0% for the six months ended 30 June 2026. Revenue from sale of lingerie products increased by approximately 6.1% as compared with the corresponding period of the previous year.
- Gross profit for the six months ended 30 June 2026 amounted to approximately RMB3,197,464,000, representing a decrease of approximately 21.2% as compared with the corresponding period of 2025. Gross profit margin was approximately 22.6%, representing a decrease of 4.5 percentage points from approximately 27.1% of the corresponding period last year.
- Net profit attributable to owners of the parent for the six months ended 30 June 2026 amounted to approximately RMB1,904,563,000, representing a decrease of approximately RMB1,272,273,000 or approximately 40.0% as compared with the corresponding period of 2025.
- Basic earnings per share were RMB1.27, representing a decrease of approximately 39.8% from RMB2.11 for the corresponding period of the previous year.
- The Board has resolved to declare an interim dividend of HK$0.88 per share, representing a decrease of approximately 36.2% from HK$1.38 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 2026 (the "Reporting Period"), together with the comparative amounts for the corresponding period of 2025. 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 2026

		Unaudited	
		For the six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**14,179,177**	14,966,384
Cost of sales	*5*	**(10,981,713)**	(10,908,366)
Gross profit		**3,197,464**	4,058,018
Other income	*6*	**681,355**	799,397
Selling and distribution expenses	*5*	**(123,086)**	(108,757)
Administrative expenses	*5*	**(1,064,184)**	(1,081,800)
Finance costs	*7*	**(156,019)**	(175,886)
Other (expenses)/gains, net	*6*	**(497,095)**	139,196
Share of profits of associates		**1,439**	1,952
PROFIT BEFORE TAX		**2,039,874**	3,632,120
Income tax expenses	*8*	**(135,311)**	(455,284)
PROFIT FOR THE PERIOD		**1,904,563**	3,176,836
Attributable to:			
Owners of the parent		**1,904,563**	3,176,836
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted for profit for the period	*9*	**RMB1.27**	RMB2.11

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Unaudited	
	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**1,904,563**	3,176,836
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss:		
Exchange differences on translation of foreign operations	**(412,627)**	(288,111)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(412,627)**	(288,111)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(412,627)**	(288,111)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,491,936**	2,888,725
Attributable to:		
Owners of the parent	**1,491,936**	2,888,725

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**11,353,836**	11,666,268
Right-of-use assets	*11*	**2,245,972**	2,218,359
Intangible assets	*11*	**117,514**	125,756
Bank deposits – non-current		**202,802**	200,968
Long-term prepayments	*14*	**475,274**	412,101
Investments in associates		**23,136**	21,697
Deferred tax assets		**244,729**	134,122
Total non-current assets		**14,663,263**	14,779,271
CURRENT ASSETS			
Inventories	*12*	**7,316,693**	6,709,855
Trade and bills receivables	*13*	**6,101,042**	6,943,819
Prepayments and other receivables	*14*	**500,834**	458,229
Amounts due from related parties	*19(b)*	**2,606**	4,020
Financial assets at fair value through profit or loss		**1,315,726**	1,702,816
Bank deposits – current		**11,297,186**	10,934,131
Cash and cash equivalents		**15,279,980**	15,410,854
Total current assets		**41,814,067**	42,163,724
CURRENT LIABILITIES			
Trade payables	*15*	**1,532,679**	1,382,544
Contract liabilities		**3,599**	5,251
Other payables and accruals	*16*	**1,628,794**	2,100,194
Amounts due to related parties	*19(b)*	**13,273**	62,534
Interest-bearing bank borrowings		**14,565,039**	14,601,497
Lease liabilities		**48,280**	13,836
Tax payable		**707,360**	677,687
Total current liabilities		**18,499,024**	18,843,543
NET CURRENT ASSETS		**23,315,043**	23,320,181
TOTAL ASSETS LESS CURRENT LIABILITIES		**37,978,306**	38,099,452

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2026

	Unaudited 30 June 2026 *RMB'000*	Audited 31 December 2025 *RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**197,000**	198,000
Lease liabilities	**103,160**	56,138
Deferred tax liabilities	**339,021**	353,396
Total non-current liabilities	**639,181**	607,534
NET ASSETS	**37,339,125**	37,491,918
EQUITY		
Equity attributable to owners of the parent		
Share capital	**151,200**	151,200
Treasury shares	**(15,895)**	–
Reserves	**37,203,820**	37,340,718
Total equity	**37,339,125**	37,491,918

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

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 25 August 2026.

2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2026 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 2025.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

The application of these amendments to HKFRS Accounting Standards that are effective from 1 January 2026 did not have any significant impact on the Group's financial positions and performance for and prior periods and on the disclosures set out in these condensed consolidated financial statements.

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	
	2026	2025
	RMB'000	*RMB'000*
Mainland China	**3,457,143**	3,645,508
European Union	**2,760,752**	3,028,824
Japan	**2,565,177**	2,499,175
United States of America	**2,257,066**	2,554,890
Other regions	**3,139,039**	3,237,987
Total sales	**14,179,177**	14,966,384

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

(b) Non-current assets

	Unaudited	Audited
	30 June	31 December
	2026	2025
	RMB'000	*RMB'000*
Mainland China	**5,835,872**	5,987,214
Vietnam	**5,236,840**	5,199,947
Cambodia	**2,825,138**	2,968,534
Other regions	**294,746**	266,789
Total non-current assets	**14,192,596**	14,422,484

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	
	2026	2025
	RMB'000	*RMB'000*
Customer A	**4,752,404**	4,333,071
Customer B	**3,368,115**	2,992,450
Customer C	**2,641,926**	3,435,558

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	
	2026	2025
	RMB'000	*RMB'000*
Employee benefit expenses		
Wages and salaries	**3,872,237**	3,831,878
Retirement benefit contributions	**475,055**	419,732
Other benefits	**190,851**	142,548
	4,538,143	4,394,158
Depreciation, amortisation and impairment expenses	**735,556**	734,083
Changes in inventories of finished goods and work in progress	**(409,703)**	(16,322)
Raw materials and consumables utilised	**6,147,592**	5,883,036
Utilities expenses	**626,229**	609,450
Transportation and customs clearance expenses	**224,012**	195,260
Outsourcing	**54,569**	71,334
Taxation	**45,200**	44,514
Repair expenses	**37,950**	7,937
Inspection fees	**23,074**	19,164
Operating lease expenses for properties	**16,910**	11,647
Traveling expense	**16,505**	18,411
Effluent charges	**14,638**	14,016
Entertainment expenses	**8,254**	6,138
Donation	**936**	1,511
Other expenses	**89,118**	104,586
Total cost of sales, selling and distribution expenses and administrative expenses	**12,168,983**	12,098,923

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

	Unaudited For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Other income		
Government incentives	**111,994**	274,321
Interest income	**568,676**	521,930
Rental income	**685**	3,146
Total	**681,355**	799,397
Other (expenses)/gains, net		
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	**13,355**	13,057
Loss on disposal of items of property, plant and equipment	**(3,547)**	(4,527)
Foreign exchange (expenses)/gains, net	**(506,160)**	126,431
Others	**(743)**	(1,260)
Total	**(497,095)**	139,196

7. FINANCE COST

	Unaudited For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Interest on bank borrowings	**152,990**	173,788
Interest on lease liabilities	**3,029**	2,098
Total	**156,019**	175,886

8. INCOME TAX

The major components of income tax expenses for the six months ended 30 June 2026 and 2025 are:

	Unaudited	
	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Current Hong Kong profits tax	**2,312**	3,223
Current overseas withholding tax	**3,360**	3,211
Current Vietnam profits tax	**45,838**	63,368
Current Cambodia profits tax	**225**	104
Current Macao profits tax	**135,665**	144,013
Current Mainland China corporate income tax ("CIT")	**3,336**	157,976
Pillar Two income taxes-current tax*	**69,557**	103,456
Deferred taxation	**(124,982)**	(20,067)
Total	**135,311**	455,284

* 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 2025: 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 2025: 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 2025: 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 2025: 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% (for the six months ended 30 June 2025: 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 subsidiary incorporated in Macao is subject to income tax at a rate of 12% (for the six months ended 30 June 2025: 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% (for the six months ended 30 June 2025: 25%) on their assessable income. And the qualified High-New Technology Enterprise ("HNTE") is entitled to a concessionary rate of income tax at 15%. One subsidiary is entitled to enjoy a tax rate of 15% for three years from 1 January 2025. 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 2026 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

Basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the parent by the weighted average number of ordinary shares issued during the period (excluding treasury shares).

For the six months ended 30 June 2026, the consolidated profit attributable to owners of the parent was approximately RMB1,904,563,000 (for the six months ended 30 June 2025: RMB3,176,836,000). The number of ordinary shares in issue was 1,503,222,397, of which 386,400 were treasury shares, and the weighted average number of shares was approximately 1,502,932,597 (for the six months ended 30 June 2025: 1,503,222,397).

(b) Diluted

The Group had no potentially dilutive ordinary shares outstanding during the six months ended 30 June 2026 and the six months ended 30 June 2025.

10. DIVIDEND

Pursuant to resolution passed by the Board on 25 August 2026, the Board declared an interim dividend of HKD0.88 per share (for the six months ended 30 June 2025: HKD1.38 per share), totaling approximately HKD1,322,496,000 (approximately RMB1,148,720,000). 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 2026.

11. CAPITAL EXPENDITURE

	Property, plant and equipment *RMB'000*	Right-of-use assets *RMB'000*	Water use right *RMB'000*	Software *RMB'000*
Unaudited				
For the six months ended 30 June 2025				
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)
Closing net book amount at 30 June 2025	11,081,534	2,249,817	18,809	110,189
Unaudited				
For the six months ended 30 June 2026				
Opening net book amount at 1 January 2026	**11,666,268**	**2,218,359**	**15,584**	**110,172**
Additions	**613,234**	**125,956**	**–**	**4,116**
Disposals	**(8,688)**	**–**	**–**	**–**
Depreciation/amortisation	**(669,200)**	**(53,999)**	**(3,225)**	**(9,132)**
Exchange differences	**(247,778)**	**(44,344)**	**–**	**(1)**
Closing net book amount at 30 June 2026	**11,353,836**	**2,245,972**	**12,359**	**105,155**

12. INVENTORIES

	Unaudited 30 June 2026 *RMB'000*	Audited 31 December 2025 *RMB'000*
Raw materials	**1,670,700**	1,430,541
Work in progress	**4,116,187**	3,673,162
Finished goods	**1,936,984**	1,970,306
	7,723,871	7,074,009
Provision	**(407,178)**	(364,154)
Total	**7,316,693**	6,709,855

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

	Unaudited 30 June 2026 *RMB'000*	Audited 31 December 2025 *RMB'000*
Within three months	**6,019,300**	6,772,272
Three to six months	**56,961**	119,182
Over six months	**24,781**	52,365
Total	**6,101,042**	6,943,819

At 30 June 2026, the trade and bills receivables were denominated in the following currencies:

	Unaudited 30 June 2026		Audited 31 December 2025	
	Original currency *in thousand*	**RMB equivalent** *RMB'000*	Original currency *in thousand*	RMB equivalent *RMB'000*
US$	**697,418**	**4,750,045**	746,288	5,245,511
RMB		**1,350,997**		1,698,308
Total		**6,101,042**		**6,943,819**

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

14. PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 30 June 2026 *RMB'000*	Audited 31 December 2025 *RMB'000*
Current		
Prepayments and deposits		
– Purchase of raw materials	**163,550**	109,029
– CIT advance payment	**608**	1,119
– Rental deposits	**2,126**	5,196
– Others	**74,652**	61,359
VAT receivable and recoverable	**209,616**	199,855
Other receivables	**50,282**	81,671
Total	**500,834**	458,229

	Unaudited 30 June 2026 *RMB'000*	Audited 31 December 2025 *RMB'000*
Non-Current		
Long-term prepayments		
– Land use rights	**310,802**	274,937
– Purchase of items of property, plant and equipment	**164,472**	137,164
Total	**475,274**	412,101

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:

	Unaudited 30 June 2026 ***RMB'000***	Audited 31 December 2025 *RMB'000*
Within six months	**1,515,598**	1,367,943
Six months to one year	**4,682**	3,424
One year to two years	**3,446**	718
Over two years	**8,953**	10,459
Total	**1,532,679**	1,382,544

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

16. OTHER PAYABLES AND ACCRUALS

	Unaudited 30 June 2026 ***RMB'000***	Audited 31 December 2025 *RMB'000*
Accrued expenses	**1,052,687**	1,346,936
Payables for purchase of property, plant and equipment	**358,742**	505,133
Payables and guarantee deposits related to construction projects	**24,217**	19,030
Other taxes payable	**108,630**	151,130
Others	**84,518**	77,965
Total	**1,628,794**	2,100,194

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:

	Unaudited 30 June 2026 ***RMB'000***	Audited 31 December 2025 *RMB'000*
Contracted, but not provided for:		
Acquisition of property, plant and equipment	**515,840**	623,065
Acquisition of land use rights	**321,664**	135,450
Acquisition of building use rights	**–**	116,394
Total	**837,504**	874,909

18. CONTINGENT LIABILITIES

As at 30 June 2026, the Group had no significant contingent liabilities (at 31 December 2025: 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 2026 and 2025:

	Unaudited For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Lease of apparel production properties from Ningbo Shenzhou Properties Co., Ltd. ("Shenzhou Properties")* Lease payment	**19,399**	19,399
Printing service provided by Ningbo Avery Dennison Shenzhou Knitting and Printing Co., Ltd. ("Ningbo Avery")**	**69,996**	65,883
Purchase of materials from Avery Dennison Worldon Vietnam JV Co., Ltd. ("Worldon Avery")**	**26,001**	–
Sales and marketing services and general support services provided to Ningbo Avery**	**4,328**	4,937

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

On 8 December 2025, 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 2026 and expiring on 31 December 2028. The monthly rent under the Lease Agreement is RMB3,233,169.

** Ningbo Avery and Worldon Avery are associates of the Group and are considered to be the related parties of the Group. These transactions do not constitute a continuing connected transactions 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:

	Unaudited 30 June 2026 *RMB'000*	Audited 31 December 2025 *RMB'000*
Amounts due from related parties – trade-related		
Shenzhou Properties	**–**	111
Ningbo Avery	**2,606**	3,909
Total	**2,606**	4,020

	Unaudited 30 June 2026 *RMB'000*	Audited 31 December 2025 *RMB'000*
Amounts due to related parties – trade-related		
Ningbo Avery	**9,068**	57,893
Worldon Avery	**4,205**	4,641
Total	**13,273**	62,534

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

(c) Key management compensation

	Unaudited	
	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	**28,051**	28,328
Post-employment benefits	**105**	101
Total	**28,156**	28,429

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 2026.

BUSINESS REVIEW

According to statistics from China's customs authorities, the total value of China's exports of textiles and clothing (including textile yarns, fabrics and manufactured goods, as well as clothing and clothing accessories; the same applies hereafter) from January to June 2026 was approximately US$145.96 billion, representing an increase of approximately 1.4% as compared with the same period last year. Of this total, the value of textile exports was approximately US$73.00 billion, up by approximately 3.5% year-on-year; the value of apparel exports was approximately US$72.96 billion, a decrease of approximately 0.7% year-on-year. From January to June 2026, the value of apparel products exported from mainland China to the United States, the 27 European Union Member States ("EU-27"), Japan and the United Kingdom was approximately US$17.17 billion, US$13.55 billion, US$5.43 billion and US$2.44 billion respectively; of this, the value of exports to the US market rose by approximately 12.0% as compared with the same period last year, whilst the value of exports to the EU-27, Japan and the UK fell by approximately 1.5%, 1.1% and 1.6% respectively as compared with the same period last year. Furthermore, according to statistics from the US Department of Commerce, from January to June 2026, China accounted for approximately 10.7% of the US market share for imports of clothing and accessories, representing a significant decrease of approximately 5.0 percentage points as compared with the same period in the previous year, causing it to slip to third place as a source of clothing imports for the US. With regard to the domestic clothing consumption market, according to information released by the National Bureau of Statistics of China, from January to June 2026, the total retail sales of clothing by enterprises above a specified scale amounted to approximately RMB559.89 billion, representing a year-on-year increase of approximately 6.8%, a growth rate higher than that of total retail sales of consumer goods by enterprises above a specified scale; nationwide online retail sales of clothing and related goods rose by approximately 6.2% year-on-year. During this period, demand for textile intermediates remained relatively resilient overseas, thanks to the advantages of a comprehensive industrial chain; however, clothing exports came under pressure due to a slowdown in global consumption growth and the impact of trade policies, whilst the global clothing supply chain is undergoing rapid restructuring; domestic demand for clothing, meanwhile, is showing signs of stabilisation and recovery.

According to preliminary statistics from the Vietnam Customs Department, from January to June 2026, the value of Vietnam's textile and garment exports stood at approximately US$18.86 billion, representing an increase of around 0.9% as compared with the same period last year. Of this total, exports to the United States and the EU-27 amounted to approximately US$8.63 billion and US$2.43 billion respectively, marking increases of around 1.9% and 7.9% as compared with the same period last year. The US market accounted for approximately 45.8% of the total value of Vietnam's garment exports (compared with approximately 45.4% in the same period of 2025); whilst exports to Japan and South Korea amounted to approximately US$1.98 billion and US$1.23 billion respectively, representing decreases of approximately 6.2% and 7.9% as compared with the same period last year. According to statistics from the US Department of Commerce, between January and June 2026, Vietnam accounted for approximately 21.7% of the US market share for imports of clothing and accessories, representing an increase of around 2.0 percentage points as compared with the same period the previous year, making it the United States' largest source of clothing imports. Between January and June 2026, the value of Vietnam's yarn exports stood at approximately US$2.29 billion, representing an increase of around 10.3% as compared with the same period the previous year. From January to June 2026, the total value of fabrics imported by Vietnam from other countries amounted to approximately US$7.67 billion, representing an increase of around 1.7% as compared with the same period last year. Affected by fluctuations in global demand, the growth rate of Vietnam's textile and garment exports has also slowed significantly, whilst rising labour costs are placing some pressure on the long-term development of the country's garment industry.

During the period, although end-consumer spending in Europe and the US showed signs of stabilising and recovering, the volume of clothing imports from these regions still declined year-on-year due to the cautious restocking pace adopted by overseas brands. The overall situation, in which the industry's production capacity exceeds market demand, has not fundamentally changed, and the sustainability of the recovery in end-consumer spending remains to be seen. At the same time, the factors putting pressure on the sector's operations have become particularly pronounced; during the Reporting Period, the average exchange rate of the Renminbi against the US dollar rose by approximately 4% as compared with the same period in 2025, significantly eroding the profit margins of export-oriented enterprises that primarily settle in US dollars. Cotton prices rose across the board, whilst prices of raw materials such as chemical fibres and polyester experienced sharp fluctuations due to the violent volatility in crude oil prices triggered by geopolitical conflicts in the Middle East. Coupled with the persistent and rigid rise in domestic labour costs, the overall cost pressures on enterprises have increased markedly. Furthermore, the United States' new round of Section 301 tariff policies continues to exert significant pressure on China's textile and apparel exports; China's composite tariff rate on exports to the US remains among the highest globally, whilst Southeast

Asian countries continue to attract transferred orders by capitalising on the benefits of tariff policies, leading to an ongoing reshaping of the industry's export competitive landscape. Overall, textile and apparel exporters are currently facing multiple operational pressures, including insufficient momentum in the recovery of end-consumer demand, persistently rising raw material and labour costs, uncertainty surrounding US tariff policies, and weak order stability due to global geopolitical tensions.

From January to June 2026, the Group achieved sales revenue of approximately RMB14,179,177,000, representing a decrease of approximately 5.3% as compared with the same period last year, whilst operating revenue in US dollars fell by approximately 1.8% year-on-year; gross profit amounted to approximately RMB3,197,464,000, representing a decrease of approximately 21.2 % as compared with the same period last year, whilst the gross profit margin fell by 4.5 percentage points year-on-year to 22.6 %; profit attributable to owners of the parent company amounted to approximately RMB1,904,563,000, representing a decrease of approximately 40.0% as compared with the same period last year. The principal reasons for the significant decline in the Group's profit during the period were as follows: 1) the Group's sales are primarily derived from export operations, which are settled in US dollars, whilst the financial statements are prepared in Renminbi; the rapid appreciation of the Renminbi against the US dollar had a negative impact on the gross profit margin for the period and resulted in accounting losses arising from the revaluation of net assets denominated in US dollars (primarily bank balances and trade receivables); 2) due to the macroeconomic environment, end-user demand for stockpiling remained subdued, brand clients were more cautious in placing orders, and order demand from certain clients became more volatile. At the same time, the Group experienced increases in wages and retirement benefit costs at its production bases in mainland China and Vietnam, and the total number of employees rose as the Group expanded its production capacity in Vietnam and Cambodia; as a result, production-related labour costs as a percentage of revenue rose by approximately 2 percentage points during the period; furthermore, 3) the cost of synthetic fibre raw materials has risen in line with fluctuations in international oil prices, pushing up overall production costs. Looking back at the key activities during the period, the Group continued to optimise its production capacity layout and stepped up its market expansion efforts.

The Group continues to optimise its global production capacity layout, steadily expanding the production capacity of its overseas manufacturing bases, whilst vigorously advancing the integration of upstream and downstream segments of the industrial chain; at the same time, it is stepping up technical upgrades at its domestic production bases, achieving staff reductions and efficiency gains by enhancing the level of production automation, thereby offsetting the pressure from the sustained rise in labour and manufacturing costs within the industry. With regard to overseas operations, the ramp-up of production at the Group's second fabric factory in Tay Ninh Province, Vietnam, has proceeded smoothly. The facility now has a daily production capacity of 100 tonnes of fabric, and its flexible production line configuration enables it to better accommodate the production requirements of a wide range of product categories and customised orders. In China, the civil engineering works for the new factory building at the Anhui Province, the PRC ready-to-wear base have been fully completed. Work is currently underway to install supporting facilities and production equipment, thereby creating sufficient workspace for the base's comprehensive technological upgrade. The expansion of new overseas bases is proceeding in an orderly manner; the land for the new garment manufacturing project in Indonesia was formally handed over to the Group in early August 2026. Civil engineering works for the project will commence immediately, thereby steadily advancing the diversification of our overseas production capacity.

Faced with an uncertain business environment characterised by weak global demand and escalating trade barriers, the Group has focused on strengthening its resilience to market fluctuations as a key priority, further enhancing the flexibility and adaptability of its supply chain, as well as its ability to fulfil orders swiftly. On the one hand, the Group remains committed to a technology-driven approach to research and development, focusing on two key product strategies: differentiated functional attributes and consistent, high-quality output. Leveraging its in-house R&D capabilities across the entire supply chain, the Group develops high-value-added products, expands market opportunities through innovative offerings, forges close ties with core brand clients, and works collaboratively with them to overcome challenges and jointly withstand cyclical pressures within the industry. On the other hand, the Group is working to diversify its customer base. Building on a solid foundation of long-term, high-quality major clients, it is proactively analysing global industrial shifts and regional consumption trends, and introducing new clients with growth potential at appropriate times to ensure the sustainable growth of the Group's business scale.

OPERATING RESULTS OF THE GROUP

Sales

For the six months ended 30 June 2026, the Group recorded sales of approximately RMB14,179,177,000, representing a decrease of approximately RMB787,207,000, or 5.3%, as compared with sales of approximately RMB14,966,384,000 for the six months ended 30 June 2025. The decrease in the Group's sales revenue during the period was mainly attributable to: 1) influenced by macroeconomic uncertainty, tariff policies and inflationary risks, end-user demand for stockpiling remained subdued and customers were more cautious in placing orders, leading to increased volatility in order demand during this period; and 2) the exchange rate of the Renminbi against the US dollar rose year-on-year; had sales been denominated in US dollars, the decline would have been approximately 1.8%.

The following table sets forth a comparison of the Group's sales by product category for the six months ended 30 June 2026 and the six months ended 30 June 2025:

	For the six months ended 30 June					
	2026		2025		Change	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
By product						
Sportswear	**9,041,833**	**63.8**	10,128,586	67.7	(1,086,753)	(10.7)
Casual wear	**3,962,863**	**27.9**	3,792,133	25.3	170,730	4.5
Lingerie wear	**997,752**	**7.0**	940,211	6.3	57,541	6.1
Other knitwear	**176,729**	**1.3**	105,454	0.7	71,275	67.6
Total sales	**14,179,177**	**100.0**	14,966,384	100.0	(787,207)	(5.3)

For the six months ended 30 June 2026, sales of sportswear products amounted to approximately RMB9,041,833,000, representing a decrease of approximately RMB1,086,753,000, or 10.7%, as compared with sales of approximately RMB10,128,586,000 for the six months ended 30 June 2025. The decrease in sales of sportswear products during the period was primarily attributable to a fall in demand for sportswear in the European, US and other markets.

Sales of casual wear products increased from approximately RMB3,792,133,000 for the six months ended 30 June 2025 to approximately RMB3,962,863,000 for the six months ended 30 June 2026, representing an increase of approximately RMB170,730,000, or 4.5%. 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 RMB940,211,000 for the six months ended 30 June 2025 to approximately RMB997,752,000 for the six months ended 30 June 2026, representing an increase of approximately RMB57,541,000, or 6.1%. The increase in sales of lingerie products during the period was primarily attributable to rising demand for lingerie apparel in the Chinese and European markets.

Sales of other knitwear products increased from approximately RMB105,454,000 for the six months ended 30 June 2025 to approximately RMB176,729,000 for the six months ended 30 June 2026, representing an increase of approximately RMB71,275,000, or 67.6%. This was mainly due to increased sales of grey fabric.

The following table sets forth a comparison of the Group's sales by market for the six months ended 30 June 2026 and the six months ended 30 June 2025:

	For the six months ended 30 June					
	2026		2025		Change	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
By market						
International sales						
Europe	**2,760,752**	**19.5**	3,028,824	20.2	(268,072)	(8.9)
Japan	**2,565,177**	**18.1**	2,499,175	16.7	66,002	2.6
U.S.	**2,257,066**	**15.9**	2,554,890	17.1	(297,824)	(11.7)
Other markets	**3,139,039**	**22.1**	3,237,987	21.6	(98,948)	(3.1)
Sub-total sales from international markets	**10,722,034**	**75.6**	11,320,876	75.6	(598,842)	(5.3)
Sales from China domestic market	**3,457,143**	**24.4**	3,645,508	24.4	(188,365)	(5.2)
Total sales	**14,179,177**	**100.0**	14,966,384	100.0	(787,207)	(5.3)

During the six months ended 30 June 2026, sales in the European market were approximately RMB2,760,752,000, representing a decrease of approximately RMB268,072,000 or about 8.9% as compared to approximately RMB3,028,824,000 for the same period in 2025. The decrease was mainly attributable to a fall in demand for sportswear in the European market.

During the six months ended 30 June 2026, sales in the Japanese market were approximately RMB2,565,177,000, representing an increase of approximately RMB66,002,000 or about 2.6% as compared to approximately RMB2,499,175,000 for the same period in 2025. The increase was mainly due to rising demand for casual wear in the Japanese market during the period.

During the six months ended 30 June 2026, sales in the U.S. market were approximately RMB2,257,066,000, representing a decrease of approximately RMB297,824,000 or about 11.7% as compared to approximately RMB2,554,890,000 for the same period in 2025. The decrease was mainly due to a fall in demand for sportswear in the U.S. market during the period.

During the six months ended 30 June 2026, sales in other markets (including Canada, South Korea, Australia and other countries) were approximately RMB3,139,039,000, representing a decrease of approximately RMB98,948,000 or about 3.1% as compared to approximately RMB3,237,987,000 for the same period in 2025. During the period, sales in other markets declined, mainly due to a fall in demand for sportswear in Australia and India.

During the six months ended 30 June 2026, domestic market sales decreased by approximately 5.2% as compared to the same period last year. Sales of apparel in the domestic market were approximately RMB3,334,784,000, down by approximately RMB218,889,000 or about 6.2% from approximately RMB3,553,673,000 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 2026, the Group's cost of sales was approximately RMB10,981,713,000 (for the six months ended 30 June 2025: approximately RMB10,908,366,000). The Group's gross profit margin for the period was approximately 22.6%, representing a decrease of 4.5 percentage points from approximately 27.1% for the same period last year. The main factors affecting the Group's gross profit margin were as follows: 1) during the period, the average exchange rate of the Renminbi against the US dollar appreciated by approximately 4% as compared with the same period last year. As the Group's principal business is export-oriented and its trade revenue is primarily denominated in US dollars, whilst the financial statements are prepared in Renminbi, fluctuations in the Renminbi-US dollar exchange rate had a negative impact on the gross profit margin for the period; 2) affected by macroeconomic uncertainties, consumer growth lacked momentum and order demand from certain customers became more volatile. At the same time, there was an increase in wage and pension benefit costs at the Group's production bases in China and Vietnam. Furthermore, as the Group expanded its production capacity in Vietnam and Cambodia, the total number of employees rose, resulting in production-related labour costs as a proportion of revenue increasing by approximately 2 percentage points during the period; furthermore, 3) the cost of synthetic fibre raw materials rose in line with fluctuations in international oil prices, driving up overall production costs.

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

As at 30 June 2026, equity attributable to owners of the parent was approximately RMB37,339,125,000 (31 December 2025: approximately RMB37,491,918,000). This comprised non-current assets of approximately RMB14,663,263,000 (31 December 2025: approximately RMB14,779,271,000), net current assets of approximately RMB23,315,043,000 (31 December 2025: approximately RMB23,320,181,000), and non-current liabilities of approximately RMB639,181,000 (31 December 2025: approximately RMB607,534,000). 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; (2) the partial offset of this increase by the payment of the final dividend for the year ended 31 December 2025 to owners of the parent; and (3) the increase in negative foreign currency translation differences on the financial statements was due to the appreciation of the Renminbi.

LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 June 2026, the Group recorded net cash generated from operating activities of approximately RMB1,924,371,000, representing a decrease of approximately RMB768,549,000 as compared to approximately RMB2,692,920,000 for the same period in 2025. As at 30 June 2026, the Group's cash and cash equivalents amounted to approximately RMB15,279,980,000, of which approximately RMB14,246,568,000 was denominated in US dollars (the "USD" or "US$"), approximately RMB964,485,000 in Renminbi (the "RMB"), approximately RMB37,697,000 in Vietnamese Dong (the "VND"), approximately RMB25,505,000 in Hong Kong dollars (the "HKD" or "HK$"), and the remainder in other currencies (31 December 2025: approximately RMB15,410,854,000, of which approximately RMB13,873,055,000 was denominated in USD, approximately RMB1,473,738,000 in RMB, approximately RMB41,219,000 in VND, approximately RMB16,154,000 in HKD, and the remainder in other currencies).

The outstanding balance of bank borrowings was approximately RMB14,762,039,000, of which short-term bank borrowings amounted to approximately RMB14,565,039,000 and long-term bank borrowings amounted to RMB197,000,000 (31 December 2025: approximately RMB14,799,497,000, of which short-term bank borrowings amounted to approximately RMB14,601,497,000 and long-term bank borrowings amounted to RMB198,000,000). The Group's net cash position (cash and cash equivalents less bank borrowings) as at 30 June 2026 was approximately RMB517,941,000, compared with approximately RMB611,357,000 as at 31 December 2025, representing a decrease of approximately RMB93,416,000.

Equity attributable to owners of the parent was approximately RMB37,339,125,000 (31 December 2025: approximately RMB37,491,918,000). 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 39.5% (31 December 2025: 39.5%), remained the same as at the end of last year. As at 30 June 2026, in addition to cash and cash equivalents, the Group held other deposit financial assets of approximately RMB12,815,714,000 (31 December 2025: approximately RMB12,837,915,000). The total of deposit-type financial assets (including cash and cash equivalents, term deposits and financial assets at fair value through profit or loss) amounted to approximately RMB28,095,694,000. After deducting interest-bearing bank borrowings of approximately RMB14,762,039,000, the net balance of deposit-type financial assets was approximately RMB13,333,655,000 (31 December 2025: approximately RMB13,449,272,000). 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited the ("Stock Exchange"). 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 2026, finance costs decreased from approximately RMB175,886,000 for the six months ended 30 June 2025 to approximately RMB156,019,000, representing a decrease of approximately RMB19,867,000. This is mainly due to the average interest rate of loans during the period having decreased compared with the same period last year.

For the six months ended 30 June 2026, the Group's income tax expense decreased from approximately RMB455,284,000 for the six months ended 30 June 2025 to approximately RMB135,311,000, representing a decrease of approximately RMB319,973,000. The decrease was mainly due to the decline in the Group's profit before tax during the period compared with the same period last year.

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 2026, the Group's total bank borrowings included USD loans of approximately RMB2,156,484,000 (equivalent to approximately USD316,622,000) and HKD loans of approximately RMB6,316,459,000 (equivalent to approximately HKD7,272,000,000) (31 December 2025: USD loans of approximately RMB2,444,348,000, equivalent to approximately USD347,762,000; HKD loans of approximately RMB6,568,070,000, equivalent to approximately HKD7,272,000,000).

Employment, training and development

As at 30 June 2026, the Group employed approximately 117,930 employees (31 December 2025: 108,680 employees). During the period, total staff costs (including management and administrative personnel) accounted for approximately 32.0% of the Group's sales revenue (six months ended 30 June 2025: approximately 29.4%). 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 2026, the Group's total investment in property, plant and equipment, right-of-use assets, and intangible assets amounted to approximately RMB743,306,000, of which approximately 50% was used for the purchase of production equipment, approximately 45% 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 2026, the Group's contracted commitments for the acquisition and construction of land use rights, property, plant and equipment amounted to approximately RMB837,504,000, which will be funded mainly from the Group's internal resources.

Significant investments, acquisitions and disposals

During the six months ended 30 June 2026, 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 2026, the Group's gearing ratio was approximately 39.5%, calculated as total borrowings outstanding divided by equity attributable to owners of the parent.

Contingent liabilities

As at 30 June 2026, the Group had no significant contingent liability (31 December 2025: Nil).

FUTURE PROSPECTS AND STRATEGIES

The global economy is currently experiencing a slow recovery, characterised by significant regional divergence. Although end-consumer spending in Europe and the US has stabilised slightly, brands remain cautious about restocking overall, and the volume of overseas clothing imports continues to be relatively weak. Coupled with the impact of geopolitical conflicts and the lagged effects of inflation, the scope for expanding the industry's external demand remains relatively limited. As wearing scenarios continue to become increasingly segmented — including loungewear, daily commuting, outdoor excursions, business attire and functional sportswear — consumer demands for fabric functionality, fit, personalised design and low-carbon, eco-friendly attributes are steadily rising, leading to rapid expansion in market demand for small-batch, quick-response production and flexible customisation. On the distribution side, new business models such as cross-border e-commerce, brand-owned websites and social media live-streaming continue to expand, significantly shortening the supply chain through which brands reach end consumers. This has also intensified price competition and the race for traffic within the industry, forcing industry players to restructure their pricing strategies and adapt their business models. Rigid cost pressures remain a long-term challenge: the demographic dividend in China's textile and apparel sector is gradually waning, whilst salaries for frontline production, technical and managerial staff are rising year on year; fluctuations in crude oil prices have led to significant volatility in the cost of chemical fibre raw materials, continuously squeezing profit margins at the manufacturing end. With uncertainty in the trade environment as the key external factor, US tariff barriers on clothing imports from China remain high, whilst economies in South-East Asia and South Asia continue to attract industrial relocation by leveraging their tariff advantages and low-cost base, driving the global textile and apparel supply chain towards an accelerated transition to a decentralised 'China plus multiple countries' model.

The sector as a whole is characterised by a situation of oversupply, and the textile and apparel industry has officially moved from a phase of scale expansion into a cycle of structural improvement and upgrading. In the short term, the sector will continue to face multiple operational pressures, including weak demand, high costs and a volatile trade environment; From a medium- to long-term perspective, leading enterprises with a global production footprint, intelligent and flexible manufacturing capabilities, and core competencies in independent R&D of new products can mitigate external risks through high-end upgrading, integrated consolidation across the entire industrial chain, and the coordinated operation of domestic and overseas production bases. By leveraging comprehensive supply chains to specialise in high-value-added sectors, they can continue to strengthen their core competitiveness amidst the industry's process of natural selection, thereby achieving long-term, steady growth. Faced with the dual challenges of weakening demand and rising costs, the Group has prioritised strengthening its core capabilities, including the coordinated management of global operations, technological innovation in digitalisation and intelligentisation, and lean management across the entire process. This has comprehensively enhanced the resilience of its operations against risks, smoothed out cyclical fluctuations in the industry, and laid a solid foundation for long-term, steady development.

As the proportion of overseas production capacity continues to rise steadily, the Group is continuously optimising its global operational structure and strengthening its cross-border coordination and global supply chain adaptability in order to respond efficiently to the delivery requirements of its global customers. On the one hand, it is consolidating the centralised management functions of its head office and refining its specialised management capabilities in R&D, the supply chain and business segments. By focusing on the standardisation of end-to-end processes and the implementation of business digitalisation, we will strengthen the Head Office's capacity to provide technical empowerment, resource allocation, operational oversight and back-office support to overseas production bases. We will establish a regular mechanism for the development and secondment of key overseas talent, continuously deploying management and technical teams to overseas bases, thereby consolidating the Head Office's support infrastructure for our global footprint. On the other hand, by adhering to a dual-drive model of 'centralised coordination by headquarters combined with in-depth local engagement', we are gradually enhancing the independent operational capabilities of our overseas bases in areas such as autonomous production scheduling, sample development, client liaison and day-to-day operations. Within the Group's unified strategic framework, we are granting regional offices the flexibility to manage their operations, whilst continuously optimising the allocation of global production capacity, order scheduling and delivery response efficiency, thereby consolidating the Group's competitive position in the global textile and apparel sector.

Furthermore, the Group is accelerating the deep integration of digitalisation, smart manufacturing and production automation, whilst stepping up efforts to recruit specialised technical talent. Through the upgrading of smart production lines, the interconnectivity of production data and the end-to-end online processing of orders, the Group is reducing order delivery times and enhancing overall production efficiency, thereby better meeting market demand for a growing number of orders characterised by diverse product categories, small batch sizes and short lead times. At the same time, we will continue to increase investment in the research and development of functional fabrics, new materials and differentiated ready-to-wear garments, building competitive barriers through technological advancement and product innovation, whilst steadily expanding our market reach both domestically and internationally to increase our overall market share.

In an industry environment characterised by rising fixed costs and shrinking profit margins, promoting meticulous management across the entire production chain, strictly controlling all operational expenditure, and systematically improving efficiency whilst reducing consumption are key measures for stabilising profit levels and strengthening core competitiveness. The Group routinely implements lean production practices and dynamically optimises production line balancing; it strictly controls material consumption to minimise waste of raw materials; By coordinating the procurement, warehousing and rotation of raw and auxiliary materials in advance, we ensure the precise supply of materials to each production site. At the same time, by upgrading automated equipment and modularising production processes, we effectively reduce the workload of frontline staff and lower the skill requirements for their roles, whilst shortening the ramp-up period for new production facilities. This enables new projects to rapidly reach full production capacity and meet targets, thereby offsetting the adverse effects of external market fluctuations through stable, controllable manufacturing costs and flexible, efficient manufacturing capabilities.

Looking ahead, the Group will steadfastly adhere to its core strategic direction of high-end development, smart transformation and globalisation. It will focus on enhancing the quality and upgrading the industry, consolidate its competitive moat, and continue to strengthen its risk resilience and long-term operational quality, thereby maintaining a steady and positive trajectory of development amidst the industry's cycle of structural adjustment. The Group will continue to expand its overseas production capacity to meet customers demand. In addition to its existing facilities in Vietnam and Cambodia, the Group will commence construction of a garment factory in Indonesia in September 2026, the factory is expected to commence operations in phases from the fourth quarter of 2027.

EVENTS AFTER THE REPORTING PERIOD

There were no events after the Reporting Period that had significant impacts on the Group after 30 June 2026 and up to the date of this announcement.

DIVIDEND

During the Reporting Period, at the Company's annual general meeting held on 27 May 2026, the shareholders of the Company approved the payment of a final dividend of HK$1.20 per share for the year ended 31 December 2025 to the shareholders whose names appeared on the register of members of the Company at the close of business on 10 June 2026. The dividend was paid by the Company on 23 June 2026 in cash.

The Board had resolved to declare an interim dividend of HK$0.88 (equivalent to approximately RMB0.76) per share for the six months ended 30 June 2026 (for the six months ended 30 June 2025: HK$1.38 per share) to the shareholders whose names appeared on the register of members of the Company at the close of business on 15 September 2026, being the record date. The interim dividend is expected to be paid on or before 24 September 2026.

Closure of Register of Members

To ascertain shareholders' entitlement to the 2026 interim dividend, the register of members of the Company will be closed from 10 September 2026 to 15 September 2026, both days inclusive, during which period no transfer of the shares of the Company will be effected. To determine entitlement to the 2026 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 9 September 2026.

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 2026. 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 2025 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 in compliance with the code provision A.2.1 set out in the CG Code. 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 o n 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 2026 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. 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 Director's securities transaction (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 2026.

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 2026, 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

During the six months ended 30 June 2026, the Company repurchased a total of 386,400 of its own listed securities (ordinary shares) on the Stock Exchange. These repurchased shares were held as treasury shares and were not cancelled during the period. As at 30 June 2026, the Company held 386,400 treasury shares.

These share repurchases were made pursuant to the repurchase authorisation granted by the Company's shareholders on 27 May 2025. During the Reporting Period, the total consideration paid by the Company for the aforementioned repurchased shares amounted to approximately HK$18,149,000, with the repurchase price per share ranging from HK$46.22 to HK$47.74. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any other listed securities of the Company during the period.

SHARE SCHEME

No share scheme was adopted by the Company as at 30 June 2026.

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 has established the Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules. 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 2026).

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee in compliance with the CG Code. 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 has established the Nomination Committee in compliance with the CG Code. 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 throughout the Reporting Period and 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) and the Company's website (www.shenzhouintl.com) in due course.

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

Hong Kong, PRC, 25 August 2026

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.