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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)

BUSINESS UPDATE — INVESTMENT PROJECT IN VIETNAM

The board of directors (the “**Board**”) of Shenzhou International Group Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to provide investors and shareholders of the Company with an update on the Group’s investment project in Vietnam.

Reference is made to the announcement of the Company dated 17 June 2013 where it was disclosed that the Company would use the proceeds from the placing of 69,000,000 new shares of the Company for the building and construction of production facility for the manufacture of knitwear products and textile in Vietnam (the “**Vietnam Project**”) in phases, as to approximately HK\$777 million for the building and construction of phase I of the Vietnam Project, including the acquisition of land, construction of buildings and staff quarters, construction of sewage system and infrastructure, purchase of machinery and equipment; and as to approximately HK\$751 million for the building and construction of phase II of the Vietnam Project.

The Board is pleased to announce that the progress of the Vietnam Project is on track and that the Company intends to increase its total investment in the Vietnam Project to an aggregate of US\$300 million (including the abovementioned amounts). Under the laws of Vietnam, provided that (i) the total investment is paid by June 2016 and (ii) the relevant wholly-owned project company of the Group (the “**Project Company**”) maintains a minimum annual revenue of US\$500 million within 3 years from the date of generating revenue, or the Project Company employs more than 3,000 staff members within 3 years from the date of generating revenue, the Project Company will be subject to a profits tax rate of 20%, and the profits tax of the Project Company will be waived for 4 years and 50% of its profits tax will be waived for 9 years thereafter.

* For identification purposes only

The Company will keep investors and shareholders of the Company informed of any material development in connection with the above matter by way of further announcement(s) as and when appropriate.

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

Hong Kong, 27 August 2014

As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Ma Jianrong, Mr. Huang Guanlin, Mr. Ma Renhe, Ms. Zheng Miaohui, Mr. Wang Cunbo and Ms. Chen Zhifen and four independent non-executive Directors, namely Mr. Chen Genxiang, Mr. Chen Xu, Mr. Jiang Xianpin and Mr. Qiu Weiguo.