

# Apparel

Essential sourcing intelligence

June 2012

US\$395

## China supplier profiles

Detailed profiles of 47 companies with verified manufacturing and export credentials

## Product gallery

Specifications and full-color images of 133 top-selling products

## Industry trends

Coverage of current issues, plus insight into products, pricing, R&D and supply centers



## Supplier capability in China

## APPAREL

A challenging export situation awaits China's apparel industry, with key markets experiencing financial difficulties and local manufacturers struggling to keep prices competitive amid elevated costs.

The country sent overseas about 29 billion clothing pieces worth more than \$153 billion in 2011. While volume declined 1 percent compared with 2010, shipment value was 18 percent higher YoY. Markups contributed largely to the revenue increase.

In general, businesses are cautious with their projections for the coming months. A large number anticipates sales to stay the same as the previous period or climb only slightly. Nevertheless, there are several companies looking forward to brisk growth.

To raise product competitiveness and encourage orders, suppliers are enhancing the usability and visual appeal of their recent releases.

## Key findings

1. Shipments to the US, the EU and Japan will still be emphasized in the months ahead despite weakened demand. While suppliers are exploring alternative destinations such as ASEAN countries and the Middle East, orders from these areas often bring in minimal profits. Cultural and religious restrictions also limit the styles makers can export.
2. Companies anticipate labor outlay to continue going up at an annual rate of 10 to 15 percent. The yuan's appreciation is projected to be capped at 2 percent this year.
3. Rates for natural and synthetic materials are currently on a downturn. The decline in cotton values, which started April 2011, caused a shift in the cost of other inputs. This direction, however, is not expected to last until the end of the year, especially as cotton supply may be reduced during the latter months.
4. Businesses intend to augment prices to cover higher expenditure, but adjustments will be kept within 10 percent to prevent turning away buyers.
5. Considering the uncertain market situation, most suppliers are going to maintain capital investment at present levels or confine additional spending to 50 percent.
6. Product performance is highlighted in the latest releases. Among the properties being improved are breathability, water and wrinkle resistance, drying capability and warmth retention.
7. Recent styles are simple and conventional. Adornments and construction details are usually few. Bright hues are popular in most lines.

## Scope &amp; methodology

This report covers the major products of China's apparel industry, namely tops, bottoms, dresses, outerwear, sports apparel, and suits and separates.

The products and prices section details the typical features of various releases in each category. In addition, it provides the prices and distinctions of low-end, midrange and high-end models.

The Industry Overview discusses the challenges faced by the sector, including reduced orders from key markets and concerns regarding material costs.

Zhejiang, Jiangsu and Guangdong provinces are the main manufacturing centers for apparel. In this report, 38 percent of interviewees keep head offices in the first location. Thirteen percent is from Jiangsu. Nearly 10 percent is Guangdong-based.

Three-fourths of featured suppliers are private locally owned. Ten percent consists

of SOEs and public companies.

To produce this report, Global Sources interviewed a wide range of enterprises. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that are verified by Global Sources.

Each supplier is confirmed to be authentic with a legally registered business. All companies are visited three or more times by Global Sources to ensure they are export-ready and have real offices and products.

The listed contact person has been verified to represent the registered company. In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials.

All profiled suppliers participated in a

survey designed to provide insight into price trends, sales outlook and target markets in the next six to 12 months. All survey questions are single choice. Results were calculated based on the actual number of valid responses to each question.

## Global Sources supplier rankings

★★★★★★

Suppliers are ranked using a 6-star ranking system. Companies with a higher star ranking provide more business information and verification reports on their Global Sources online homepages.

Suppliers rated 5 or 6 stars have a Credit Check report from First Advantage or Sino-Trust and a Supplier Capability Assessment report provided by Bureau Veritas online.

The rankings are correct at the time of publication and may be subject to change.

CONTENTS

<b>EXECUTIVE SUMMARY</b> .....	3	Vests .....	23
Key findings		Sports tops.....	25
Scope & methodology		Basketball uniforms.....	26
<b>INDUSTRY OVERVIEW</b> .....	7	Golf apparel.....	27
Main production centers of apparel		Men's suits.....	28
Supplier survey		Women's suits.....	29
<b>PRODUCT OVERVIEW</b>		Dress shirts.....	30
Sweaters & pullovers .....	9	Corporate dresses .....	31
Skirts.....	13	<b>RANKING OF PROFILED EXPORTERS</b>	
Leather garments.....	24	Tops .....	9
<b>TYPICAL FEATURES &amp; PRICE GUIDES</b>		Bottoms .....	13
T-shirts.....	10	Outerwear.....	24
Polo shirts.....	11	<b>SUPPLIER PROFILES</b> .....	35
Blouses.....	12	Supplier matrix: Comparison of supplier location, sales revenue & export capability	
Casual pants.....	14	Profiles of 47 verified suppliers	
Shorts .....	15	<b>PRODUCT GALLERY</b> .....	87
Jeans.....	16	Tops	
Casual dresses.....	17	Bottoms	
Cocktail dresses.....	18	Dresses	
Bridal gowns.....	19	Outerwear	
Coats .....	20	Sports apparel	
Casual jackets.....	21		
Windbreakers.....	22		

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## Industry Overview

Apparel suppliers in China are facing a tough year ahead as they continue to deal with unstable markets and elevated costs.

The EU's ongoing debt crisis has affected exports to the region. Overall, 2011 sales increased 20 percent YoY. The growth rate between July and December, however, narrowed from 29 percent in the first half of the year to only 13 percent.

Shipments to the US also slowed during the six months starting July, which saw revenue go up 10 percent. Figures for January to June were about 4 percentage points higher. The stagnant economy is a key factor for sluggish demand.

Japan, the country's third-largest apparel destination, is still recovering from the effects of the March 2011 earthquake. The disaster created a shift in buying behavior, with consumers prioritizing energy efficiency. Customers are now more focused on practicality rather than trendiness.

Several companies have turned to emerging nations to boost sales. Deliveries to ASEAN countries climbed at least 30 percent YoY in 2011. In addition, Latin America, Africa and the Middle East are absorbing a significant portion of exports.

Nevertheless, businesses will not concentrate on these markets. One reason is that clients purchase mainly the least expensive models, from which suppliers acquire minimal profits. The different cultures and religions have varied restrictions on acceptable clothing as well. Therefore, suitable designs are limited.

Keeping production expenses down is another challenge for China manufacturers. This is essential as buyers continuously ask for lower prices.

Makers are anticipating labor outlay to rise 10 to 15 percent annually. The movement in material costs, however, is harder to predict.

The rates of natural and synthetic

inputs went up beginning 2009, but started to decline after 1Q11. By the end of the year, cotton was valued at \$1,970 per ton, decreasing approximately 40 percent. Consequently, the cost of 32s yarn and greige fabric dropped 30 to 45 percent.

Further, the reduction in cotton rates resulted in lower T/C, viscose and rayon values. Many textile plants have shifted to synthetics because they found it difficult to sell the natural material at competitive levels, even with the decreased costs. The larger output of polymer- and cellulose-based inputs then led to oversupply, thereby shrinking values.

The downward trend is anticipated to cease come 2H12. As some farmers shifted to other crops during last year's planting season, cotton resources are likely to dwindle in the latter months. The change in the supply and demand of the natural fiber may cause material outlay to go up again.

The stronger yuan is also a concern, although the industry believes appreciation will be tempered this year and top out at 2 percent.

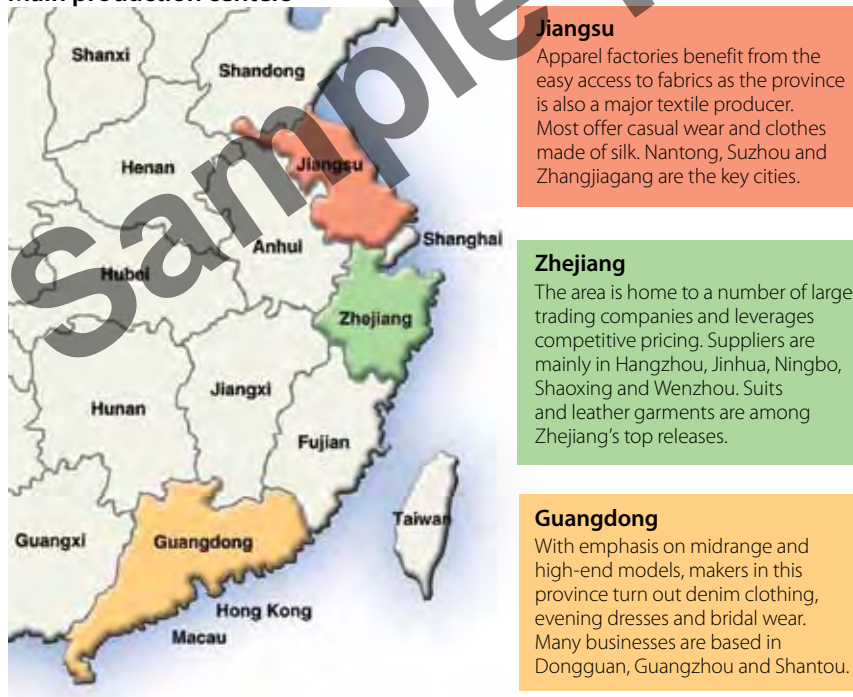
Given the circumstances, a large number of companies project 2012 exports will stay the same as the previous period. According to customs statistics, China shipped abroad roughly 29 billion apparel pieces in 2011, generating at least \$153 billion in revenue.

The export volume is 1 percent lower compared with 2010 figures, but value increased 18 percent. The rise is attributed to higher quotes.

More optimistic businesses are forecasting sales growth of at least 10 percent. To boost orders, suppliers are improving designs in terms of performance and aesthetics.

The latest sports apparel, for

### Main production centers



## SUPPLIER MATRIX

Company	Location	Years established	Total sales \$mn/yr	Export sales \$mn/yr	R&D spending \$mn/yr	No. of full-time staff	Capacity pieces/mth	Average output pieces/mth	Average exports pieces/mth
█	Shanghai	6	4.8	4.8	0.04	185	11,250	11,250	11,250
█	Fujian	23	7.0	7.0	0.2	400	100,000	32,000	32,000
█	Jiangsu	6	11.0	11.0	0.1	100	330,000	330,000	330,000
█	Zhejiang	14	12.0	12.0	0.1	200	50,000	45,000	45,000
█	Jiangsu	8	14.0	10.0	0.3	200	50,000	30,000	21,000
█	Jiangsu	12		4.0	0.04	12			30,000
█	Guangdong	6	5.0	4.9	0.15	350	100,000	100,000	95,000
█	Fujian	15	40.0	5.0	1.0	1,600	500,000	400,000	50,000
█	Fujian	20	10.0	10.0	0.05	1,000	60,000	50,000	50,000
█	Fujian	7	8.0	8.0	0.03	400	100,000	50,000	50,000
█	Guangdong	15		19.0	0.4	50			200,000
█	Shanghai	10	24.0	19.2	0.2	1,620	500,000	250,000	200,000
█	Guangdong	4	1.5	1.0	0.5	750	40,000	40,000	25,000
█	Zhejiang	17	85.0	85.0	0.5	2,500	1,250,000	1,250,000	1,250,000
█	Zhejiang	29		200.0	2.0	200			1,000,000
█	Zhejiang	23	4.0	4.0	0.06	250	70,000	70,000	70,000
█	Fujian	8	1.0	1.0	0.02	150	60,000	13,000	13,000
█	Zhejiang	7	10.0	10.0	0.1	300	300,000	200,000	200,000
█	Zhejiang	10	2.7	2.7	0.05	200	30,000	30,000	30,000
█	Zhejiang	20		5.0		15			40,000
█	Zhejiang	13		48.0	0.8	28			650,000
█	Shandong	14	1.8	1.2	0.3	150	10,000	6,000	4,000
█	Shandong	8	4.0	2.0	0.2	336	30,000	20,000	10,000
█	Shandong	3		8.0	0.1	72			200,000
█	Fujian	11		1.0	0.5	10			20,000
█	Fujian	12	10.0	10.0	0.2	800	500,000	200,000	200,000
█	Shanghai	14	12.0	12.0	0.2	1,200	85,000	85,000	85,000

## A&C International Co. Ltd



**INQUIRE NOW**

Established in 2006, locally owned A&C manufactures tops, bottoms, dresses and outerwear.

The factory in Huzhou, Zhejiang province, is running at full capacity and turns out 11,250 pieces each month. All products are exported.

Ninety-four percent of shipments go to the Asia-Pacific region. The EU absorbs the rest. It will be the target

market in the year ahead. Overseas sales, which amounted to \$4.8 million in 2011, are projected to grow 10 to 20 percent.

The Shanghai-based company has 185 full-time staff members, including R&D personnel. The annual product development budget is \$35,000.

A&C intends to raise export prices 5 percent at most during the next six months.

### Company facts

Year established	2006
Business type	Manufacturer
Company ownership	Mainland China-owned
Head office location	Shanghai
Factory location(s)	Huzhou (Zhejiang)
No. of full-time employees	185
Annual sales (all products)	\$4.8mn
Annual R&D spending	\$35,000

### Sales & output: Apparel

Annual sales	\$4.8mn
Share of total sales	100%
Annual export sales	\$4.8mn
Total monthly capacity	11,250 pieces
Average monthly output	11,250 pieces
Capacity utilized	100%
Average monthly exports	11,250 pieces
Export ratio	100%

### Contact details

Business contact	CUI June
Phone	(86-21) 5596-3106
Fax	(86-21) 5596-7813
E-mail	junec@acprod.cn
URL	www.acprod.cn www.globalsources.com/acprod.co
Address	Room 3105, 3539 Dongfang Road, Shanghai, China



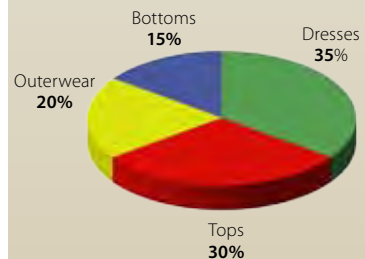
**Model:** AC1095

**MOQ:** 200 pieces

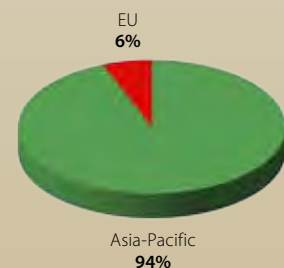
**Description:** Sheath dress; viscose jersey; polyester eyelash lace yoke, sleeves, hem; Peter Pan collar; piece-dyed; in various sizes, colors

See more popular export models in the [Product Gallery](#).

### Exports by product



### Exports by market



## PRODUCT GALLERY

### Tops



**A&C**  
 (profile page 38)  
**Model:** ACT12561-LD  
**MOQ:** 200 pieces  
**Description:** Women's belted blouse; 100% silk satin; 16 momme; piece-dyed; in various sizes, colors



**A&C**  
 (profile page 38)  
**Model:** ACOT12012  
**MOQ:** 200 pieces  
**Description:** Women's sleeveless button-down shirt; organic cotton muslin; asymmetrical hem; handstitched details; piece-dyed; in various sizes, colors



**Beta**  
 (profile page 40)  
**Model:** Beta-1  
**MOQ:** 1,000 pieces per color  
**Description:** Men's long-sleeved T-shirt; 60:40 PP-polyester; 155gsm; anti-bacterial; piece-dyed; in various sizes, colors



**Beta**  
 (profile page 40)  
**Model:** Beta-2  
**MOQ:** 1,000 pieces per color  
**Description:** Women's long-sleeved turtleneck; 55:45 polyester-nylon; 160gsm; piece-dyed; in various sizes, colors



**Beta**  
 (profile page 40)  
**Model:** Beta-3  
**MOQ:** 1,000 pieces per color  
**Description:** Women's long-sleeved T-shirt; 55:40:5 wool-cotton-nylon; 195gsm; yarn-dyed; dye sublimation-printed motif; in various sizes, colors



**Changshu Eastar**  
 (profile page 42)  
**Model:** ES0301  
**MOQ:** 1,000 pieces  
**Description:** Women's blouse; 100% cotton; plastic button closure; long sleeves; in various sizes, colors

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