

Stock Code: 000726, 200726

Stock Name: LTTC, LTTC-B

Announcement No. 2019-016

LU THAI TEXTILE CO., LTD.

ANNUAL REPORT 2018 (SUMMARY)

Part I Important Notes

This Summary is based on the full text of the 2018 Annual Report of Lu Thai Textile Co., Ltd. (together with its consolidated subsidiaries, the “Company”, except where the context otherwise requires). In order for a full understanding of the Company’s operating results, financial position and future development plans, investors should carefully read the aforesaid full text, which has been disclosed together with this Summary on the media designated by the China Securities Regulatory Commission (the “CSRC”).

Independent auditor’s modified opinion:

Applicable Not applicable

Board-approved final cash and/or stock dividend plan for ordinary shareholders for the Reporting Period:

Applicable Not applicable

Bonus issue from capital reserves:

Yes No

The Board has approved a final dividend plan for the ordinary shareholders as follows: based on the 858,121,541 shares, a cash dividend of RMB5.00 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

Board-approved final cash and/or stock dividend plan for preferred shareholders for the Reporting Period:

Applicable Not applicable

This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.

Part II Key Corporate Information

1. Stock Profile

Stock name	LTTC, LTTC-B	Stock code	000726, 200726
Stock exchange for stock listing	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Qin Guiling	Zheng Weiyin and Li Kun	
Address	No. 81, Songling East Road, Zichuan District, Zibo, Shandong, P.R.China	No. 81, Songling East Road, Zichuan District, Zibo, Shandong, P.R.China	
Fax	0533-5418805	0533-5418805	

Tel.	0533-5266188	0533-5285166
Email address	qinguilin@ltdc.com.cn	wyzheng@ltdc.com.cn, likun@ltdc.com.cn

2. Principal Activities or Products in the Reporting Period

No changes occurred to the Company's core businesses, primary products, business models and major growth drivers in the Reporting Period.

Lu Thai has always adhered to its mission of "creating wealth, contributing to the society, clothing the world and weaving our way to every corner of the globe", as well as to its values of "people foremost policy, rigorous scientific attitude, client oriented principle and integrity for win-win outcome" for a long time. It is devoted to improving and expanding its industrial chain, making it a renowned textile and garment business group combing cotton growing, spinning, bleaching and dyeing, neatening, testing, garment making and marketing. Lu Thai produces and sells middle and high-grade yarn-dyed fabric and dyeing fabric for shirts and garment. It claimed its fame for its comprehensive management, R&D ability, advanced technology, international development plan and stable quality. Moreover, it also attaches great importance to improve the added value of its products, explore the emerging market and renew its service philosophy. With natural fabric as its flagship, multi-component functional fiber fabric as its spearhead and wash-and-wear non-ironing technology as its core competency, the Company kept a watchful eye on the latest consumption trend. Great attention was paid to improve its healthy product series so as to satisfy the needs from the diversified and personalized market. Lu Thai has become the world's largest high-grade yarn dyed fabric producer and a world-class premium shirt provider. It had paved its development pattern featured in going green, low-carbon growth, science and technology and humanism. Its operation performance was always among the top comparing to its peers. 70% of Lu Thai's products are exported to over 30 countries and regions including America, the EU and Japan, of which more than 70% is under the Company's own brand. So far, the Company has taken up around 18% of the world market of yarn dyed fabric for medium- and high-end shirts.

3. Key Financial Information

(1) Key Financial Information of the Past Three Years

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes No

Unit: RMB

	2018	2017	2018-over-2017 change (%)	2016
Operating revenue	6,879,058,813.93	6,409,224,044.97	7.33%	5,990,493,909.36
Net profit attributable to the listed company's shareholders	811,526,477.83	841,150,934.75	-3.52%	808,760,025.91
Net profit attributable to the listed company's shareholders before exceptional items	805,197,824.28	780,637,833.47	3.15%	762,785,364.02
Net cash generated from/used in operating activities	1,430,341,663.16	1,070,510,653.43	33.61%	1,314,732,284.45
Basic earnings per share (RMB/share)	0.90	0.91	-1.10%	0.85

Diluted earnings per share (RMB/share)	0.90	0.91	-1.10%	0.85
Weighted average return on equity (%)	11.24%	11.87%	-0.63%	11.70%
	31 December 2018	31 December 2017	Change of 31 December 2018 over 31 December 2017 (%)	31 December 2016
Total assets	10,537,759,811.84	10,170,624,027.75	3.61%	9,464,604,315.39
Equity attributable to the listed company's shareholders	7,146,548,467.86	7,230,942,770.16	-1.17%	6,970,913,125.59

(2) Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	1,519,803,691.24	1,760,604,084.58	1,743,184,011.30	1,855,467,026.81
Net profit attributable to the listed company's shareholders	159,278,371.57	218,077,587.45	209,540,056.51	224,630,462.30
Net profit attributable to the listed company's shareholders before exceptional items	138,044,830.06	228,388,087.15	224,130,296.96	214,634,610.11
Net cash generated from/used in operating activities	84,118,827.13	613,665,883.64	425,367,905.98	307,189,046.41

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes No

4. Share Capital and Shareholder Information at the Period-End

(1) Numbers of Ordinary Shareholders and Preferred Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

Number of ordinary shareholders at the period-end	54,163	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	54,494	Number of preferred shareholders with resumed voting rights at the period-end	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	0
Top 10 shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Restricted shares held	Shares in pledge or frozen		
					Status	Shares	
Zibo Lucheng Textile Investment Co., Ltd.	Domestic non-state-owned legal person	15.21%	140,353,583	0			
Tailun (Thailand) Textile Co., Ltd.	Foreign legal person	12.82%	118,232,400	118,232,400			
Hong Kong Securities Clearing Co. Ltd	Foreign legal person	3.69%	34,015,548	0			
Central Huijin Assets Management Co., Ltd.	State-owned legal person	2.20%	20,315,300	0			
T.Rowe Price Intl Discovery Fund	Foreign legal person	2.16%	19,948,219	0			

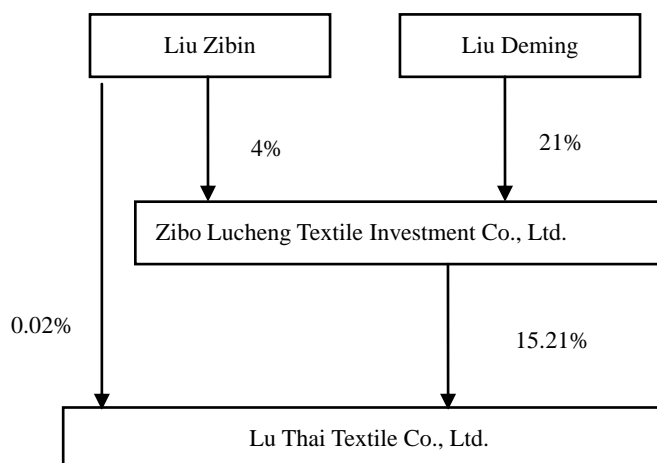
China Securities Finance Corporation Limited	Other	1.98%	18,313,391	0		
National Social Security Fund Portfolio 103	Other	1.30%	11,999,947	0		
Hong Kong Monetary Authority-self-owned funds	Other	1.26%	11,635,393	0		
Industrial and Commercial Bank of China Co., Ltd.—Bosera Selected Mixed Securities Investment Fund	Other	1.08%	9,991,034	0		
Agricultural Bank of China Co., Ltd.—Invesco Great Wall Energy Capital Construction Mixed Securities Investment Fund	Other	1.08%	9,939,476	0		
Related or acting-in-concert parties among the shareholders above	Zibo Lucheng Textile Investment Co., Ltd. is the largest shareholder of the Company and the actual controller. Tailun (Thailand) Textile Co., Ltd. is the second largest shareholder as well as sponsor of foreign capital of the Company. All of other shareholders are people holding public A share or public B share and the Company is not able to confirm whether there is associated relationship or concerted action among other shareholders.					
Shareholders involved in securities margin trading (if any)	None					

(2) Number of Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

No preferred shareholders in the Reporting Period.

(3) Ownership and Control Relations between the Actual Controller and the Company



5. Corporate Bonds

Does the Company have any corporate bonds publicly offered on the stock exchange, which were outstanding before the date of this Report's approval or were due but could not be redeemed in full?

No.

Part III Operating Performance Discussion and Analysis

1. Business Overview of the Reporting Period

Is the Company subject to any industry-specific disclosure requirements?

No.

In face of complicated and harsh market environments at home and abroad in 2018, the Company continued to push forward its strategies of “Improve Quality and Efficiency” and “Overall Internationalization”. In light of the new positioning of the textile industry—“Technology, Fashionable and Green”, as well as following the strategies of high-quality development and new driving force creation, the Company carried out the “Year for Further Deepening Market Service” and other activities. As a result, it maintained a healthy, stable development momentum. For 2018, the Company recorded operating revenue of RMB6,879 million, an operating profit of RMB969 million, a net profit attributable to the listed company’s shareholders of RMB812 million, a net profit attributable to the listed company’s shareholders before exceptional items of RMB805 million, up 7.33%, -3.19%, -3.52% and 3.15% year-on-year, respectively. No changes have occurred to the principal activities, the main profit sources and structure of the Company in the year.

I. Continue to "Improve Quality and Efficiency" and Pursue High-quality Development

During the reporting period, the Company took the initiative to adapt to the current economic and market changes at home and abroad through organizational structure adjustment, high-quality project construction, technical transformation, scientific and technological innovation, new business model exploration, and deep integration of informatization and industrialization. The Company actively promoted budget management information construction and group subsidiary budget control; conducted effective cost control from procurement, production, sales, quality and other links; strengthened human resources management, perfected compensation, performance management and incentive mechanism; On the basis of system management, the Company comprehensively promoted the excellent performance management, perfected and improved Lu Thai production style (LTPS) and steadily advance the strategy of "Improve Quality and Efficiency". During the reporting period, "Lu Thai Intelligent Manufacturing System Based on Cloud Architecture" won "The First Prize for Innovative Application" of Information Achievement Award in textile industry. The Company was named "National Technological Innovation Demonstration Enterprise" by the Ministry of Industry and Information Technology, and awarded the "Evaluation Certificate of Informatization and Industrialization Integration Management system" issued by CICS-CERT.

II. Steadily Advance the Strategy of "All-round Internationalization" and Perfect the Global Strategic Layout

During the reporting period, the Company's overseas projects have progressed smoothly and the company's planning deployment has been completed as a whole. The production, quality indicators, employee relationship management, system construction, cultural construction and other aspects have been further improved. During the reporting period, the Company set up an office in Tokyo,

Japan. Together with the existing offices in New York and Milan, the Company has further improved its international service structure and actively expanded in the effective communication with its customers, product promotion, market investigation and other aspects to further grasp the market and understand the customer requirements.

In order to better grasp the trend of fashion and train the design team, the Company has successively hired famous Italian fabric designers, French fashion consultants, British textile and garment designers, and other international designers as the design guides. At the same time, the Company has strengthened cooperation with European professional trend organizations, achieved the industry upgrade from manufacturing to creation to creativity through the international design layout to lay a foundation for the cultivation of high-end design talents and the creation of fashionable and creative brands.

III. Implement the Year of Continuous Deepening of Market Service and Build a Community with a Shared Future with Customers

The Company promotes the establishment of a community with a shared future with customers in three business fields (yarn-dyed, dyeing and clothing), improves the pre-control management, basic work advancement, process standardization through information systems such as yarn-dyed production system, printing and dyeing production system and garment production system, etc., strengthens the process management and control, meets the customers' requirements for quality, delivery period and services, and shortens the production cycle of fabrics and shirts at home and abroad. The Company actively grasps the fashion trend, optimizes the product structure, increases custom R & D and new product development efforts, provides customers with a wealth of product design solutions around the Company's core technology products, unique products, environment-friendly products, original products, functional and fashionable products five major directions. The Company has held more than 30 promotional meetings at home and abroad.

The Company deepens the customer relationship through the product structure adjustment, supply chain fusion, design research and development docking, brand cooperation, overseas expansion, e-commerce platform and other positive measures, unceasingly improves the product design idea and innovative service model according to the market new characteristics and new demands to meet customer needs and adapt to market trends. During the reporting period, the Company started to build Luthai•1987 new retail platform based on S2B2C model and opened the online and offline OMO model to provide high-quality services for the terminal customers with the partners.

During the reporting period, the Company was rated "Top-20 Enterprise in China's Printing and Dyeing Industry in 2018" by CDPA and won "National Textile Industry Quality Award" awarded by CNTAC. After the rating of China Brand Promotion Association, the Company was shortlisted as a top-50 enterprise in the field of textile, clothing, shoes and hats. The Company was rated as "Top-10 Enterprise in Business income in Color Weaving Industry in 2017" and "Top-100 Enterprise in Main Business Income in Cotton Textile Industry in 2017" by CCTA. In 2018 China International Fabrics Design Completion, Excellence Award for Spring/Summer Chinese Fashion Fabric 2019, the company's works "Luxury and Unique Flow" won the Best Market Application Award and "Crisscross Footpaths between Fields" and "Time Wheel" won the first prize of good fabrics in Chinese printing and

dyeing industry.

IV. Adhere To Scientific and Technological Innovation, Attach Importance to R & D and Application

During the reporting period, the Company continued to promote scientific and technological innovation and focus on the research and development of new topics, new technologies and new materials. In view of the key core technologies and weak links affecting the Company's industrial chain, as well as the technical key and difficult issues such as quality, cost, efficiency, environmental protection, and so on, which have a strong reaction in the production process, 18 technical improvement projects at the corporate level and 154 technical topics at the departmental level have been promoted. The Company always adheres to the "intelligent, energy-saving, low-carbon, environmental protection" concept of green, low-carbon and sustainable development, strives to create "healthy, comfortable, environmentally friendly" ecological textiles that the process can be traced back and the quality can be trusted. The project of "Key Technology and industrialization Application of Color Digitization of Yarn and Fabric in Textile and Garment Industry" has won the first prize for scientific and technological progress in Shandong province in 2018;

In recent years, the Company has successfully developed more than 600 new technologies and new products, of which 48 products have passed the scientific and technological achievements appraisal at provincial and ministerial level. Among them, 13 products have reached the international leading level and 30 products have reached the international advanced level; The Company has won 53 rewards at the national and provincial level, including 1 first prize and 2 second prizes for scientific and technological progress; The Company has undertaken 17 scientific and technical programs above the provincial level; The Company boasts the core technology and equipment, such as "a complete set of technology and equipment for digital automatic dyeing of cylindrical yarn", "key processing technology and industrialization of super high pure cotton fabric" and "high flux membrane treatment and reuse technology and industrialization of printing and dyeing wastewater", etc. The Company has been authorized 335 patents and 3 software copyrights; The Company has presided over or participated in the formulation of 44 national and industrial standards.

V. Dig Deeply into the Connotation of Enterprise Culture and Assume Social Responsibility

The Company continues to build a regular, scientific, standardized learning management organization, organizes the management to learn and understand from the traditional culture, modern management, professional technology and other aspects to improve the management and production management ability. In addition, the Company guides the employees to attach importance to the improvement of skills through technical competition activities. During the reporting period, the Company strengthened the construction and training of design talent teams and continued to deepen communication and cooperation with strategic customers in the early design of fabric and shirt. The Company has received good market response. Lu Thai Textile was rated as the advanced unit for the cultivation of designers in the fifth rating of "Golden Shuttle Award" for textile fabrics. During the reporting period, the Company was rated as "Demonstration Enterprise of Fulfilling Social Responsibility in Shandong Province" and was shortlisted into "Top-30 Private Listed Company with Social Responsibility in China in 2018". The Company also won the honorary title of "Forty Exemplary Organizations of Chinese Enterprise Culture in the 40 Years of Reform and Opening-up" by China Research Institute of

Enterprise Culture.

During the reporting period, the Company continued to promote chemical control and strengthen supply chain environmental management; to promote the preparation and revision of environmental emergency plans; to study on the improvement of sewage Station Standard raising and the wastewater liquid membrane separation technology, and increase annual waste water treatment amount and recycled water recycling amount. To carry out more than 110 energy-saving and water-saving projects and promote the comprehensive utilization of energy sources.

At the current stage, Lu Thai, with natural fabric as its flagship, multi-component functional fiber fabric as its spearhead, wash-and-wear non-ironing technology as its core competency, the latest consumption trend as its guidance and internationalized industrial manufacturing as its basis, is sparing every effort to attain a global integrated development, so as to ensure its leading position in the yarn-dyed shirt fabric sector.

2. Significant Change to Principal Activities in the Reporting Period

Yes No

3. Product Category Contributing over 10% of Principal Business Revenue or Profit

Applicable Not applicable

Unit: RMB

Product category	Operating revenue	Operating profit	Gross profit margin	YoY change in operating revenue (%)	YoY change in operating profit (%)	YoY change in gross profit margin (%)
Fabric	4,926,081,389.35	735,200,211.08	30.69%	6.51%	2.00%	-0.76%
Shirts	1,282,485,455.21	166,459,535.63	29.10%	0.05%	11.36%	0.84%

4. Business Seasonality that Calls for Special Attention

Yes No

5. Significant YoY Changes in Operating Revenue, Cost of Sales and Net Profit Attributable to the Listed Company's Ordinary Shareholders or Their Compositions

Applicable Not applicable

6. Possibility of Listing Suspension or Termination

Applicable Not applicable

7. Matters Related to Financial Reporting

(1) YoY Changes to Accounting Policies, Accounting Estimates or Measurement Methods

Applicable Not applicable

No such cases.

(2) Retrospective Restatements due to Correction of Material Accounting Errors in the Reporting Period

Applicable Not applicable

No such cases.

(3) YoY Changes to the Scope of Consolidated Financial Statements

Applicable Not applicable

During the Reporting Period, Beijing Sichaung Apparel Co., Ltd was cancelled, and Shanghai Zhinuo Textile New Material Co., Ltd was newly established.

Chairman of the Board: Liu Zibin

Lu Thai Textile Co., Ltd.

29 March 2019