

Stock Code: 000726, 200726

Stock Name: LTTC, LTTC-B

Announcement No. 2020-062

LU THAI TEXTILE CO., LTD.

INTERIM REPORT 2020 (SUMMARY)

Part I Important Notes

This Summary is based on the full text of the Interim 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 condition 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 interim cash and/or stock dividend plan for ordinary shareholders:

Applicable Not applicable

The Company has no interim dividend plan, either in the form of cash or stock.

Board-approved interim cash and/or stock dividend plan for preferred shareholders:

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	Zhang Keming	Zheng Weiyin and Li Kun	
Office 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	
Tel.	0533-5277008	0533-5285166	
E-mail address	zhangkeming@lttc.com.cn	wyzheng@lttc.com.cn, likun@lttc.com.cn	

2. Key Financial Information

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

Yes No

	H1 2020	H1 2019	Change (%)
Operating revenue (RMB)	2,286,744,080.79	3,185,448,344.01	-28.21%
Net profit attributable to the listed company's shareholders (RMB)	144,119,579.22	411,446,216.59	-64.97%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	108,105,593.17	376,816,535.93	-71.31%
Net cash generated from/used in operating activities (RMB)	209,392,265.69	119,717,062.57	74.91%
Basic earnings per share (RMB/share)	0.17	0.480	-64.58%
Diluted earnings per share (RMB/share)	0.16	0.480	-66.67%
Weighted average return on equity (%)	1.85%	5.70%	-3.85%
	30 June 2020	31 December 2019	Change (%)
Total assets (RMB)	12,863,406,129.65	11,885,431,553.08	8.23%
Equity attributable to the listed company's shareholders (RMB)	7,848,129,418.22	7,697,135,324.92	1.96%

3. Shareholders and Their Holdings as at the End of the Reporting Period

Unit: share

Number of ordinary shareholders		58,376		Number of preferred shareholders with resumed voting rights (if any)		0	
Top 10 shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares	Restricted shares	Shares in pledge or frozen		Shares
					Status	Shares	
Zibo Lucheng Textile Investment Co., Ltd.	Domestic non-state-owned legal person	16.36%	140,353,583				
Tailun (Thailand) Textile Co., Ltd.	Foreign legal person	13.78%	118,232,400	118,232,400			
Hong Kong Securities Clearing Co. Ltd	Foreign legal person	2.70%	23,180,137				
Central Huijin Assets Management Co., Ltd.	State-owned legal person	2.37%	20,315,300				
China Securities Finance Corporation Limited	Domestic non-state-owned legal person	2.13%	18,313,391				
T.ROWE PRICE INTL DISCOVERY FUND	Foreign legal person	1.71%	14,712,012				
Hong Kong Monetary Authority-self-owned funds	Foreign legal person	1.49%	12,754,384				
National Social Security Fund Portfolio 413	Domestic non-state-owned legal person	1.09%	9,360,051				
First State Investment Management (Britain) Co., Ltd.- First State China A Share Fund	Foreign legal person	1.02%	8,764,322				
Generali China Life Insurance Co., Ltd.-Dividend product 2	Domestic non-state-owned legal person	0.63%	5,385,759				
Related or acting-in-concert parties among the shareholders above	Zibo Lucheng Textile Investment Co., Ltd. is the largest shareholder and the actual controller of the Company. Tailun (Thailand) Textile Co., Ltd. is the second largest shareholder and the foreign sponsor of the Company. All the other shareholders are holding tradable A-shares or B-shares. And it is unknown whether there is any related party or acting-in-concert party among them.						
Shareholders involved in securities margin trading (if any)	N/A						

4. Change of the Controlling Shareholder or the Actual Controller in the Reporting Period

Change of the controlling shareholder in the Reporting Period:

Applicable Not applicable

The controlling shareholder remained the same in the Reporting Period.

Change of the actual controller in the Reporting Period:

Applicable Not applicable

The actual controller remained the same in the Reporting Period.

5. Number of Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

No preferred shareholders in the Reporting Period.

6. 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.

The COVID-19 pandemic had an enormous impact on China's foreign trade sector in the first half of 2020. In face of a slowing down macro-economy and declining demand both at home and abroad, the Company adhered to its own development philosophy and the customer-oriented principle, overcame difficulties, resumed production and explored new products and markets. However, the pandemic still adversely affected the Company's production and operation to some degree. For the Reporting Period, the Company recorded operating revenue of RMB2,287 million, an operating profit of RMB175 million, a net profit attributable to the listed company's shareholders of RMB144 million and a net profit attributable to the listed company's shareholders before exceptional gains and losses of RMB108 million, down 28.21%, 64.56%, 64.97% and 71.31% respectively from the same period of last year.

During the Reporting Period, there was no change to the Company's main businesses or major profit sources and components. As an advantaged enterprise in the textile manufacturing industry, the Company was granted with the titles of "Top 100 Private Enterprises with the Highest Brand Value of Shandong Province of 2020" by Shandong Council for Brand Development and "High-End Brand Builders in the Manufacturing Sector of Shandong Province" by Shandong Administration for Market Regulation. During the Reporting Period, the Company carried out a series of work in developing new products, expanding markets and improving staff competencies.

1. Proactively developing new products, new markets and new channels

During the Reporting Period, the Company took measures to ensure normal businesses with traditional customers, strengthened the

development of products and customers, closely followed the actual demands of customers, and positively addressed the challenge of business decline oriented by “new products and new markets”. Based on the epidemic development in the places where major foreign customers are located, the Company developed and introduced protective products to overseas customers, particularly on Japan’s market, satisfying their product demands for basic protection, environmental protection and reusability and gaining market recognition. Subsequently, the Company will continue to provide related countries and markets with protective products that meet their demands.

As the pandemic developed in foreign countries, the Company experienced increasing impact on its overseas business. By adjusting the focus of its sale, the Company proactively developed potential domestic and foreign markets and customers and exhibited the new products of its fabric exhibition hall via its official TikTok account. It launched its “NARCISU” shirt customization service on “Biyao Mall”, with good effect achieved.

2. Continuing to strengthen product development and implementing measures to reduce costs and enhance efficiency

During the Reporting Period, the Company implemented 31 corporate-level product development projects and promoted process upgrading, energy conservation and reduction of energy consumption. Meanwhile, it launched the customized development of fabrics targeting strategic and key accounts. The Company focused its investment in the development of projects concerning ecological non-iron fabrics, four-sided elastic fabrics, renewable and degradable fabrics, and anti-virus and protective fabrics and clothing, and made smooth progress in the projects. During the Reporting Period, the Company was granted with 16 patents, with the “Textile Fabric Color Digitization Key Technology and Industrialization” project winning the title of “Shandong Textile and Apparel Industrial New Technology (Achievement)” by the Department of Industry and Information Technology of Shandong Province.

3. Enhancing the professional skills of staff as part of the effort to improve its internal competitiveness

During the Reporting Period, the Company organized all its employees to hold the “100-Day Competition” activity. By advancing the activity in four stages, namely, mobilization, planning, implementation and appraisal, the Company aimed to improve the expertise and professional skills of all its employees in their respective areas, and successfully held the 30th session of technology competition activity on schedule. By carrying out the above various activities, the Company enabled its staff to maintain their enthusiasm for continuously learning new skills, and competing with, catching up with, helping and outperforming others, laying a technological and professional foundation for future business.

In the second half year of 2020, the Company will continue to implement the annual development plan, deepen its business reforms, make effort in developing products, channels and markets, and cultivate new opportunities for its future development.

2. Matters Related to Financial Reporting

(1) Changes to Accounting Policies, Accounting Estimates or Measurement Methods Compared to the Last Accounting Period

Applicable Not applicable

As required by the Accounting Standard No. 14 for Business Enterprises—Revenue (CK [2017] No. 22 issued by the Ministry of Finance on 5 July 2017, the Company has implemented the said standard since 1 January 2020.

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

Applicable Not applicable

No such cases.

(3) Changes to the Scope of Consolidated Financial Statements Compared to the Last Accounting Period

Applicable Not applicable

No such cases.

Chairman of the Board: Liu Zibin

Lu Thai Textile Co., Ltd.

28 August 2020