

Stock Code: 000726, 200726

Stock Name: LTTC, LTTC-B

Announcement No. 2021-054

Bond Code: 127016

Bond Name: LTTC Convertible Bonds

LU THAI TEXTILE CO., LTD.

INTERIM REPORT 2021 (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”).

Except for the following directors, all the other directors attended in person the Board meeting for the review of this Report and its summary.

Name	Office title	Reason for not attending meeting in person	Proxy

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@lffc.com.cn	wyzheng@lffc.com.cn, likun@lffc.com.cn
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2. Key Financial Information

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

Yes No

	H1 2021	H1 2020	Change (%)
Operating revenue (RMB)	2,220,313,650.94	2,286,744,080.79	-2.91%
Net profit attributable to the listed company's shareholders (RMB)	153,497,344.66	144,119,579.22	6.51%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	54,281,532.08	108,105,593.17	-49.79%
Net cash generated from/used in operating activities (RMB)	182,761,025.14	209,392,265.69	-12.72%
Basic earnings per share (RMB/share)	0.17	0.17	0.00%
Diluted earnings per share (RMB/share)	0.19	0.16	18.75%
Weighted average return on equity (%)	1.97%	1.85%	0.12%
	30 June 2021	31 December 2020	Change (%)
Total assets (RMB)	12,400,765,912.80	12,129,903,960.65	2.23%
Equity attributable to the listed company's shareholders (RMB)	7,868,221,583.13	7,687,577,590.72	2.35%

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

Unit: share

Number of ordinary shareholders	58,740	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, marked or frozen	
					Status	Shares
Zibo Lucheng Textile Investment Co., Ltd.	Domestic non-state-owned legal person	15.91%	140,353,583	0		
Tailun (Thailand) Textile Co., Ltd.	Foreign legal person	13.40%	118,232,400	118,232,400		
Central Huijin Assets Management Co., Ltd.	State-owned legal person	2.30%	20,315,300	0		
Bank of Communications- ICBC Credit Suisse Double Interest Bond Securities Investment Fund	Other	1.36%	11,999,859	0		
National Social Security Fund Portfolio 413	Domestic non-state-owned legal person	1.09%	9,600,051	0		
Zhong Ou Asset Management-Agricultural Bank of China-Zhong Ou China Securities Asset Management Plan	Other	0.59%	5,235,900	0		
Dacheng Fund-Agricultural Bank of China- Dacheng China Securities Asset Management Plan	Other	0.59%	5,235,900	0		
Harvest Fund-Agricultural Bank of China-Harvest China Securities Asset Management Plan	Other	0.59%	5,235,900	0		
GF Fund Management-Agricultural Bank of China-GF China Securities Asset Management Plan	Other	0.59%	5,235,900	0		
China Asset Management-Agricultural Bank of China-China China Securities Asset Management Plan	Other	0.59%	5,235,900	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)	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. Outstanding Bonds at the Date when this Report Was Authorized for Issue

Applicable Not applicable

(1) Bond Profile

Bond name	Abbr.	Bond code	Date of issue	Maturity	Balance (RMB'0,000)	Coupon rate
Convertible Corporate Bonds of Lu Thai Textile Co., Ltd.	LTTC Convertible Bonds	127016	9 April 2020	8 April 2026	1,399,880,600	First year: 0.3% Second year: 0.6% Third year: 1.0% Fourth year: 1.5% Fifth year: 1.8% Sixth year: 2.0%。

(2) Relevant Financial Information as of the End of the Reporting Period

Unit: RMB'0,000

Item	30 June 2021	31 December 2020
Debt/asset ratio	32.33%	33.29%
Item	H1 2021	H1 2020
EBITDA-to-interest coverage (times)	10.95	10.66

Part III Significant Events

The economic environment has been complicated since 2021. The uncertainties in the recovery of the post-pandemic era are a lot,

especially when it comes to the situations like the surging in the prices of mass merchandise and the high cost of human resources. The Company is centered on the clients and continues to implement the strategies of “Improve Quality and Efficiency” and “Overall Internationalization”. The Company focuses on expanding the market, adjusting the structure and building capabilities to make sure all programs running smoothly. For the Reporting Period, the Company recorded revenue of RMB2,220 million, an operating profit of RMB167 million, a net profit attributable to the listed company’s shareholders of RMB153 million and a net profit attributable to the listed company’s shareholders before exceptional gains and losses of RMB54 million, down 2.91%, down 4.71%, up 6.51%, and down 49.79% respectively from the same period of last year. No changes occurred to the Company’s principal operations, products or business models, or the primary factors driving the Company’s growth in the Reporting Period.

During the Reporting Period, the Company has been rated as the leader in the cotton textile industry during the 13th Five Year Plan by China Cotton Textile Association and as the top 30 enterprises in 2021 in the dyeing and printing industry by China Dyeing and Printing Association. Besides, it has been conferred the Special Contribution Award (2016-2020) in the textile and apparel industry of Shandong Province and appraised as the advanced enterprise in corporate culture development in 2020 by Shandong Textile and Apparel Association. The Company has prioritized the following aspects:

(I) The Company has put the customer on the first place, optimized the product structure and expanded the market.

1. It has built an all-around relationship with its customers so as to stabilize order and production.

The Company has established a high-level docking mechanism and a multi-tiered communication mechanism with its strategic customers. What’s more, it has advanced the development of front-end design services, especially the service that aims at strategic customers. It has also stepped up the efforts to complete 16 tailored projects including the development of viscose and knitted fabrics. The Company has set up a specialized service group targeted at the strategic and valuable customers. In doing so, it can improve the marketing capability and enhance the capability of defusing and controlling marketing risks. With the above measures, the Company has witnessed an increase in its order and its revenue has also increased.

2. The Company has driven the development of business wear and expanded the domestic market of business wear.

The Company has constantly adjusted the product structure in domestic market based on its competitive businesses and the situation of domestic market. Moreover, it has kept enhancing the cooperation with strategic customers of domestic market and planned its business development and the focus of cooperation in the future. During the Reporting Period, the profit of the Company’s career apparel in domestic market has seen a significant rise and the career apparel’s share in the Company’s domestic businesses has also witnessed an increase.

3. The Company has stepped up its efforts to enrich the variety of its products and expanded its market.

During the Reporting Period, the Company has made endeavors to develop new fabrics like knitted and pants fabrics. Moreover, it has diversified its garment products including yoga pants and T-shirt. Therefore, its volume of business and new customers have increased. What’s more, it has actively explored new models of business cooperation, which includes the cooperation with e-commerce platforms.

(II) The Company now has put an emphasis on its product lines and fully leveraged the strength of its international industrial distribution.

The Company has possessed six product lines including yan, yarn-dyed, printing and dyeing, functional and knitted fabrics and garment. Although the severe international market situation and the significant price rise of raw materials have had an impact on the Company, it has adjusted the structure of its product lines and explored new operation models. The technology of high-quality and ironing-free knitted fabrics of shirts developed by the Company has passed the science evaluation and reached the advanced international level.

Faced with the pressure brought by COVID-19 pandemic, Lu Thai (Burma) Textile Co., Ltd and Lu Thai (Tan Chau) Textile Co., Ltd have fully leveraged geographical advantages to cushion the impacts of tariff barrier and Sino-US trade friction. During the Reporting Period, the yarn-dyed factory of Lu Thai (Burma) Textile Co., Ltd has completed the task of taking orders of strategic customers. Lu Thai (Cambodia) Textile Co., Ltd has seen a reduction in its order due to the impact of the pandemic. Despite that, the Company has made constant endeavors to control and prevent COVID-19 and stressed the building of company staff with a lowest rate of employee turnover.

(III) The Company has taken various measures to stabilize the number of its employees.

A stable number of employees is the cornerstone for the Company's development. During the Reporting Period, the Company was pressured by a shortage of employees. Therefore, it has implemented the 2021 restricted stock incentive plan, adjusted its salary structure and improved staff benefits. In doing so, it has stabilized the number of ordinary employees and core technical staff.

The Company has always upheld its mission of creating wealth and making contributions to the society. It has practiced the value of putting people on the first place, customers coming first, and being honest and seeking win-win outcome. Besides, it has kept improving and extending its industrial chains. So, it has gradually become a textile and apparel enterprise that integrates spinning, bleaching, weaving and clothing manufacture. It has laid its emphasis on the production of yarn-dyed, printing and dyeing, and knitted fabrics for medium-and-high end shirts and the sale of ready-made clothes. The Company has prioritized its comprehensive management capability, R&D capability, technology, stable product quality and international industrial distribution. What's more, it keeps improving its service, stepping up innovation, expanding its market and increasing the added-value of its products. At the moment, the Company has formed the fashionable, functional and comfortable product lines that focus on natural fiber fabric, multi-component functional fiber fabric and ironing-free fabric. Its product lines now have satisfied the diversified and personalized market demand.

The Company now has become a large-scale manufacturer of high-quality yarn-dyed fabric and a first-line shirt manufacturer at the international level. It has embarked on a green, low-carbon, scientific and humanistic path of development based on the traditional textile industry.

Chairman of the Board: Liu Zibin

Lu Thai Textile Co., Ltd.

28 August 2021