



LU THAI TEXTILE CO., LTD.

INTERIM REPORT 2024

August 2024

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Lu Thai Textile Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Liu Zibin, the Company’s legal representative, and Zhang Keming, head of accounting affairs and head of the accounting department (equivalent to accounting manager) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.

All the Company’s directors have attended the Board meeting for the review of this Report and its summary.

The Company is subject to the disclosure requirements for listed companies engaging in textile and apparel as stated in Guideline No. 3 of the Shenzhen Stock Exchange for Self-regulation of Listed Companies—Industry-specific Information Disclosure.

In H1 2024, despite the global economy continuing to face multiple challenges such as inflation and geopolitical tensions, the overall economic landscape has displayed a modest recovery. According to the data released by the National Bureau of Statistics, China's gross domestic product (GDP) grew by 5% year on year in the first six months, and the economic performance remained generally stable. The textile industry has ensured its continued stability from the previous period, with its efficiency continuing to improve. Statistics from the General Administration of Customs of China show that the export revenue of textile products increased by 6.5% between January and June 2024. Amidst relatively stable demand in certain overseas markets and a modest restocking by international brands, China's textile and apparel exports have performed better than expected overall, with the competitiveness of the industry chain remaining stable. However, from the overall perspective of economic operations, strong supply coexists with weak demand, and insufficient effective demand remains a prominent issue. The textile industry is facing changes in the global trade landscape and the reshaping of market opportunities. In 2024, the global economy is still confronted with a complicated and grim development status. China's economy will continue to face many challenges in consolidating the good momentum of stable growth, as well as in persistently promoting high-quality development. For details, please refer to Part III Management Discussion and Analysis.

The Board has approved a final dividend plan as follows: based on the share capital of 817,305,896 shares, a cash dividend of RMB1.00 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

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.

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Documents Available for Reference

1. The financial statements signed and stamped by the Company's legal representative and head of accounting affairs and head of the accounting department; and
2. The originals of all the Company's announcements and documents disclosed to the public during the Reporting Period on Securities Times, Shanghai Securities News, China Securities Journal and Ta Kung Pao.

Definitions

Term	Definition
The “Company”, “LTTC”, “Issuer” or “we”	Lu Thai Textile Co., Ltd. and its consolidated subsidiaries, except where the context otherwise requires
The Board of Directors	The Board of Directors of Lu Thai Textile Co., Ltd.
The Supervisory Committee	The Supervisory Committee of Lu Thai Textile Co., Ltd.
CSRC	The China Securities Regulatory Commission
RMB, RMB’0,000	Expressed in the Chinese currency of Renminbi, expressed in ten thousand Renminbi
The “Company Law”	The “Company Law of the People’s Republic of China”
The “Securities Law”	The “Securities Law of the People’s Republic of China”
The “Reporting Period” or “Current Period”	The period from 1 January 2024 to 30 June 2024

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	LTTC, LTTC-B	Stock code	000726, 200726
Previous stock name (if any)	N/A		
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	鲁泰纺织股份有限公司		
Abbr. (if any)	鲁泰纺织		
Company name in English (if any)	LU THAI TEXTILE CO., LTD		
Abbr. (if any)	LTTC		
Legal representative	Liu Zibin		

II Contact Information

	Board Secretary	Securities Representative
Name	Zheng Weiyin	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
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III Other Information

1. Contact Information of the Company

Indicate by tick mark whether any change occurred to the registered address, office address and their zip codes, website address, email address and other contact information of the Company in the Reporting Period.

Applicable Not applicable

No change occurred to the said information in the Reporting Period, which can be found in the 2023 Annual Report.

2. Media for Information Disclosure and Place where this Report is Lodged

Indicate by tick mark whether any change occurred to the information disclosure media and the place for lodging the Company's periodic reports in the Reporting Period.

Applicable Not applicable

The website of the Shenzhen Stock Exchange, media and website where the Company's periodic reports are disclosed, as well as the place for lodging such reports did not change in the Reporting Period. The said information can be found in the 2023 Annual Report.

3. Other Information

Indicate by tick mark whether any change occurred to other information in the Reporting Period.

Applicable Not applicable

IV Key Financial Information

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

Yes No

	H1 2024	H1 2023	Change (%)
Operating revenue (RMB)	2,830,488,685.61	2,840,491,262.47	-0.35%
Net profit attributable to the listed company's shareholders (RMB)	169,559,969.54	221,647,998.15	-23.50%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	263,731,284.55	191,809,861.94	37.50%
Net cash generated from/used in operating activities (RMB)	451,421,652.69	148,610,216.98	203.76%
Basic earnings per share (RMB/share)	0.21	0.26	-19.23%
Diluted earnings per share (RMB/share)	0.19	0.23	-17.39%
Weighted average return on equity (%)	1.83%	2.42%	-0.59%
	30 June 2024	31 December 2023	Change (%)
Total assets (RMB)	13,765,510,933.73	13,430,286,222.94	2.50%
Equity attributable to the listed company's shareholders (RMB)	9,302,679,873.38	9,230,806,905.80	0.78%

V Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Net Profit and Equity under CAS and IFRS

Applicable Not applicable

No such differences for the Reporting Period.

2. Net Profit and Equity Differences under CAS and Foreign Accounting Standards

Applicable Not applicable

No such differences for the Reporting Period.

VI Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	Amount	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-399,351.02	

Government grants recognised in profit or loss (exclusive of those that are closely related to the Company's normal business operations and given in accordance with defined criteria and in compliance with government policies, and have a continuing impact on the Company's profit or loss)	15,013,138.75	
Gain or loss on fair-value changes in financial assets and liabilities held by a non-financial enterprise, as well as on disposal of financial assets and liabilities (exclusive of the effective portion of hedges that is related to the Company's normal business operations)	-125,669,854.28	
Non-operating income and expense other than the above	677,817.46	
Less: Income tax effects	-16,056,262.30	
Non-controlling interests effects (net of tax)	-150,671.78	
Total	-94,171,315.01	

Particulars about other items that meet the definition of exceptional gain/loss:

Applicable Not applicable

No such cases for the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable Not applicable

No such cases for the Reporting Period.

Part III Management Discussion and Analysis

I Principal Activity of the Company in the Reporting Period

During the Reporting Period, the global political and economic landscape continued to present a complex and volatile situation, with geopolitical conflicts, inflation, and mounting protectionism posing multidimensional challenges to economic recovery. In the face of the complexity, severity, and uncertainty of the external environment, the Company steadfastly adhered to a "customer-focused" philosophy, consolidating its position in the domestic market while concurrently expanding into overseas markets. Continuously executing the strategies of "Improve Quality and Efficiency" and "Overall Internationalization", the Company accelerated the launch and steady operations of new overseas projects, intensified the exploration of new markets, and dedicated to high-quality development and disciplined management practices by expanding market, adjusting structure and building capabilities.

For the Reporting Period, the Company achieved operating revenue of RMB2,830 million, operating profit of RMB192 million, a net profit attributable to the Company as the parent of RMB170 million, and a net profit attributable to the Company as the parent before exceptional gains and losses of RMB264 million, respectively down 0.35%, down 15.98%, down 23.50%, and up 37.50% when compared to the same period of last year. No changes occurred to the Company's principal operations, primary products, business models, or the primary factors driving the Company's growth in the Reporting Period.

During the Reporting Period, the Company was selected as the "Chinese Textile and Apparel Brand of 2024 with Competitive Edge" by the China National Textile and Apparel Council and named as an "Innovation Unit for Digital Transformation" by the Shandong Textile and Apparel Association in 2023. The Company mainly focused on the following aspects during the Reporting Period:

(I) Continuously improve the Lu Thai Production System (LTPS) and deeply promote cost reduction and efficiency enhancement

The Company deeply implemented the excellent performance management mode, continuously improved the LTPS, and promoted lean production. It carried out systematic training on lean production-related knowledge and stimulated the enthusiasm and creativity of its employees through management and technology research refinement, star-level plant evaluation, technology comparison, and other tasks, as well as a series of team-building activities, thereby constantly enhancing its management capabilities in quality control, production operations, and risk control. Aiming to actively respond to market changes and meet customer demands, the Company further strengthened its internal management mechanisms and continued to maintain its advantageous position in the cotton textile industry.

(II) Expand the global marketing network and improve the overall production solution capabilities

The Company built a global marketing network centered on the Group headquarters. Adhering to the big customer strategy and leveraging its global industry framework and advantages in the vertical industry chain, the Company improved its cooperation model featuring high-level interaction, middle-level communication, and node interconnection with strategic and valuable customers, stabilized strategic partnerships, and fostered a win-win development model. It maintained good relationships with and tracked key customers, promoted integrated fabric and apparel service, improved the vertical supply chain cooperation system for fabrics and clothing, and provided customers with a "one-stop" solution for various "fabrics + apparel".

(III) Focus on customer value creation and advance R&D innovation and cooperation

Leveraging its advantages in the full industry chain and "domestic + overseas" production framework, the Company continuously strengthened its market-oriented product development and technology research system. In response to market conditions, the Company further streamlined the mechanism for introducing product development needs and executing product development tasks, strengthened joint development with upstream and downstream industry partners, as well as research institutions, and promoted the implementation of research projects related to the design of casual wear and functional fabrics, centering around product functionality enhancement, green and sustainable product development, and processing technology research. During the Reporting Period, the Company was granted 17 patents, including 13 for invention and four for utility models.

(IV) Further refine the corporate culture system and enhance market competitive awareness on all fronts

In order to further employee's thinking, gather their strength, and motivate them, the Company advanced its corporate culture enhancement project, actively responding to changes in the international political and economic landscape and embracing market challenges. Adhering to the principles of "pursuing excellence" and "integrity for win-win" with all stakeholders, the Company persisted in the sustainable development approach of "green and low-carbon, intelligent manufacturing", proactively adapting to external environmental changes and continuously meeting customer and market demands, which has laid a solid ideological and cultural foundation for the next stage of development and spared no efforts to build the Company into a green and fashionable group in the textile and apparel industry centered on leading fabrics.

The Company is subject to the disclosure requirements for listed companies engaging in textile and apparel as stated in Guideline No. 3 of the Shenzhen Stock Exchange for Self-regulation of Listed Companies—Industry-specific Information Disclosure.

This year, supported by the orderly and stable functioning of the supply chain, as well as the recovery of market demands at home and abroad, the overall production situation in the textile industry has remained generally stable. According to the data from the National Bureau of Statistics, the retail sales of consumer goods in the first half of 2024 totaled RMB23.60 trillion, up 3.7% year on year. Specifically, the sales of apparel, shoes and hats, and knitwear and textiles above the designated size recorded RMB709.8 billion, up 1.3% year on year. According to the statistics bulletin of the General Administration of Customs, China's textile and apparel exports continued to maintain a stable recovery trend in the first half of 2024, with cumulative exports of textiles and apparel of USD143.18 billion in the first half of this year, a year-on-year increase of 4.7%. Based on the 2024 H1 economic operation report of China's textile industry released by the China National Textile and Apparel Council, as the efficiency of textile enterprises has continued to improve, the profitability and some operational indicators of enterprises have shown a trend of improvement. However, in terms of demand, the growth in domestic demand is still slightly less than the export data, and the domestic demand is insufficient in its stability, which needs to be further strengthened.

In 2024, the international political and economic environment is becoming increasingly complicated. Instabilities and uncertainties such as the diverging monetary policies across the world, tightening geopolitical environment, and trade protectionism will constrain the improvement of international market demand. Accompanied by a series of regulatory policies intensively introduced and implemented by the state, the domestic economy as a whole will continue to recover, but in the short term, the intertwined problems of insufficient effective demand, subdued market sentiment, and structural transformation pressures in the medium and long term will further pose challenges to steady economic growth and risk prevention.

II Core Competitiveness Analysis

1. The Company has a comprehensive vertical industrial chain and internationalized layout. It possesses the whole industrial chain integrating spinning, bleaching and dyeing, neatening, testing, and garment making, as well as excellent quality control capabilities through various links of the production of high-end yarn-dyed fabrics. In order to leverage international resources, give play to the advantage of internationalized industrial distribution and reinforce the leading international status in manufacturing the yarn-dyed fabrics for shirts, the Company has put in place production bases, design agency, and market service offices overseas.

2. The Company has better integrated management capability and high-level management system architecture. Since 1995, the Company has successively passed the certification of ISO9001 quality management system, ISO14001 environmental management system, ISO45001 Occupation Health Safety Management System, SA8000 Social Responsibility Management System, The Worldwide Responsible Apparel Production Standard (WRAP), Sustainable Textile Production (STeP), Global Organic Textile Standard (GOTS), Global Recycle Standard (GRS), HIGG (FEM and FSLM) and China National Accreditation Service for Conformity Assessment (CNAS), and realized the internationalization, standardization and normalization of the corporate management. In order to make outstanding achievement in its operating management, better improve the Company's business performance and capabilities, the Company has introduced the GB/T19580 Criteria for Performance Excellence step by step, set up the "big quality" system, promoted the management innovation and guaranteed the management quality.

3. The Company establishes its high-level technical cooperation platform by virtue of strong R&D capability. In fact, the Company

always insists on the independent innovation, enhances its technical cooperation and joint product development with various research institutes, colleges and universities, strategic clients and important suppliers by relying on various technical platforms including the national enterprise technical centre, the national industrial design centre, the national post-doctoral scientific research station and Shandong Provincial Engineering Technology Research Centre. Emphasising both cutting-edge technological reserves and the innovation of applied technologies, the Company continuously strengthens the development of new products oriented towards realizing commercial value. Gradually enhancing its capability in technological research and integrated product development, the Company continually contributes more green, low-carbon, and sustainable new technologies and high-quality products to the industry, creating more value for customers and materialising low-carbon, green, and sustainable development.

III Core Business Analysis

Overview:

See contents under the heading “I Principal Activity of the Company in the Reporting Period” above.

Year-on-year changes in key financial data:

Unit: RMB

	H1 2024	H1 2023	Change (%)	Main reason for change
Operating revenue	2,830,488,685.61	2,840,491,262.47	-0.35%	
Cost of sales	2,131,993,492.13	2,233,932,367.67	-4.56%	
Selling expense	63,286,721.28	66,411,247.30	-4.70%	
Administrative expense	158,805,160.69	175,308,361.39	-9.41%	
Finance costs	4,249,591.93	-57,007,476.34	107.45%	Decreased net exchange gain as compared to the same period of last year
Income tax expense	18,864,805.79	20,991,415.51	-10.13%	
R&D investments	115,374,597.19	131,290,032.04	-12.12%	
Net cash generated from/used in operating activities	451,421,652.69	148,610,216.98	203.76%	Decreased payments for commodities and services as compared to the same period of last year
Net cash generated from/used in investing activities	-358,741,366.46	-751,734,011.96	52.28%	Decreased payments for investments as compared to the same period of last year
Net cash generated from/used in financing activities	195,943,296.16	51,586,090.91	279.84%	Increased borrowings raised as compared to the same period of last year
Net increase in cash and cash equivalents	297,560,194.04	-533,029,486.11	155.82%	

Significant changes to the profit structure or sources of the Company in the Reporting Period:

Applicable Not applicable

No such changes in the Reporting Period.

Breakdown of operating revenue:

Unit: RMB

	H1 2024	H1 2023	Change (%)
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	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	2,830,488,685.61	100%	2,840,491,262.47	100%	-0.35%
By operating division					
Textile and apparel	2,626,711,642.70	92.80%	2,634,843,253.53	92.76%	-0.31%
Electricity and steam	136,341,429.91	4.82%	120,527,005.15	4.24%	13.12%
Others	67,435,613.00	2.38%	85,121,003.79	3.00%	-20.78%
By product category					
Fabric products	2,008,100,132.02	70.95%	1,932,688,936.22	68.04%	3.90%
Shirts	618,611,510.68	21.86%	702,154,317.31	24.72%	-11.90%
Electricity and steam	136,341,429.91	4.82%	120,527,005.15	4.24%	13.12%
Others	67,435,613.00	2.38%	85,121,003.79	3.00%	-20.78%
By operating segment					
Japan And South Korea	176,568,711.23	6.24%	189,783,688.08	6.68%	-6.96%
Southeast Asia	806,827,260.35	28.50%	825,289,532.25	29.05%	-2.24%
Europe and America	428,358,783.88	15.13%	488,539,769.45	17.20%	-12.32%
Others	362,087,336.11	12.79%	295,912,689.60	10.42%	22.36%
China	1,056,646,594.04	37.33%	1,040,965,583.09	36.65%	1.51%

Operating division, product category or operating segment contributing over 10% of operating revenue or operating profit:

Applicable Not applicable

The Company is subject to the disclosure requirements for listed companies engaging in textile and apparel as stated in Guideline No. 3 of the Shenzhen Stock Exchange for Self-regulation of Listed Companies—Industry-specific Information Disclosure.

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Textile and apparel	2,626,711,642.70	1,945,761,309.53	25.92%	-0.31%	-4.25%	3.05%
By product category						
Fabric products	2,008,100,132.02	1,479,411,285.60	26.33%	3.90%	-1.54%	4.08%
Shirts	618,611,510.68	466,350,023.93	24.61%	-11.90%	-11.95%	0.04%
By operating segment						
Southeast Asia	806,827,260.35	594,777,301.00	26.28%	-2.24%	-7.20%	3.94%
Europe and America	428,358,783.88	320,745,427.54	25.12%	-12.32%	-13.67%	1.17%
China	1,056,646,594.04	816,702,834.58	22.71%	1.51%	-3.68%	4.16%

Core business data of the prior year restated according to the changed statistical caliber for the Reporting Period:

Applicable Not applicable

Physical stores of the Company:

Yes No

New physical stores:

Yes No

Indicate by tick mark whether the Company discloses its top five franchised stores.

Yes No

IV Other Information Required by Information Disclosure Guide for Companies Engaged in Textile and Garment Services

1. Capacity

The Company's own capacity

Industry Classification	Item	H1 2024	H1 2023
Fabric	Total capacity (fabrics) (10,000 meters)	14,415.00	14,872.50
	Rate of capacity utilization	76%	70%
	Plants under construction	The Company's convertible bond fundraising project, the "Overseas Product Line Project of High-grade Fabrics (Phase I)", was in progress.	The Company's convertible bond fundraising projects: The "Functional Fabric Intelligent Eco-park Project (Phase I)" with an annual capacity of 35 million meters of high-grade functional fabrics and the "Overseas Product Line Project of High-grade Fabrics (Phase I)" were in progress.
Apparel	Total capacity (apparel) (10,000 pieces)	1,220.00	1,115.00
	Rate of capacity utilization	82%	84%
	Plants under construction		

Year-on-year change in the rate of capacity utilization above 10%

Yes No

Overseas capacity

Yes No

Industry Classification	Item	Domestic	Overseas
Fabric	Percentage of capacity	74%	26%
	Capacity layout	Mainly in Shandong Province	Mainly in Southeast Asia
	Rate of capacity utilization	76%	76%
Apparel	Percentage of capacity	31%	69%
	Capacity layout	Mainly in Shandong Province	Mainly in Southeast Asia
	Rate of capacity utilization	83%	82%

2. Sales model and channels

Product sales channels and operation methods

a. Sales model

The Company adopted the order-based sales model. With the self-owned trademark "Luthai" for its fabric sales, it provided customers with development and design plans based on customer needs, fabrics and patterns leading the market, fashion and technology, functions and environmental protection. Shirts were mainly made according to the orders of customers at home and

abroad, and sold by brand owners.

The Company's self-owned brand was operated through self-owned exclusive shops such as Lu Thai Exhibition and Sales Pavilion, counters of affiliated stores in malls and e-networking marketing. Meanwhile, the Company could provide customers with high-end customized shirts and customized business wear to meet the market demand of the high-end service industry.

b. Sales channels

Direct sales: The headquarters of the Company carried out direct investments and operation, and operated and managed a brand at the headquarters or by setting up a branch company in other regions to conclude transactions with customers offline.

Online sales: Through self-developed platforms and large third-party online shopping platforms, the Company concluded transactions with customers on the Internet and delivered goods to customers by express delivery services.

Unit: RMB

Sales channels	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue	YoY change in cost of sales	YoY change in gross profit margin
Online sales	1,258,021.12	614,546.05	51.15%	-35.90%	-23.50%	-7.92%
Direct sales	2,013,366,369.87	1,481,150,559.52	26.43%	3.86%	-1.54%	4.03%
OEM/ODM	612,087,251.71	463,996,203.96	24.19%	-11.86%	-11.98%	0.10%

3. Selling expense and breakdown thereof

Unit: RMB

Item	H1 2024	H1 2023	Amount of change	percentage of change	Note
Salaries	32,065,926.42	33,546,461.28	-1,480,534.86	-4.41%	
Marketing expense	16,111,399.23	16,171,875.20	-60,475.97	-0.37%	
Depreciation costs	3,344,566.64	3,510,556.38	-165,989.74	-4.73%	
Business travel expenses	3,231,195.05	3,906,192.17	-674,997.12	-17.28%	
Office costs	5,569,616.81	7,315,422.95	-1,745,806.14	-23.86%	
Others	2,964,017.13	1,960,739.32	1,003,277.81	51.17%	Mainly due to the increased design and testing costs
Total	63,286,721.28	66,411,247.30	-3,124,526.02	-4.70%	

4. Franchise and distribution

Franchisees and distributors recorded more than 30% of sales revenue

Yes No

5. Online sales

Online sales recorded more than 30% of sales revenue

Yes No

Self-developed sales platforms

 Yes No

Start of operation	30 March 2009
Number of registered users	148,000
Average number of active monthly users (AMU)	2,900
Return rate of main brands	2.50%
Return rate of main types	2.50%

Cooperation with third-party sales platforms

 Yes No

Online sales channels opened or closed by the Company

 Applicable Not applicable

Impact on the Company in the current period and subsequent periods:

Not applicable.

6. Agency operation model

Agency operation model involved

 Yes No**7. Inventory**

Inventory

Main products	Days of turnover of inventories	Quantity of inventory	Inventory age	Year-on-year change in inventory balance	Reason
Fabrics (10,000 meters)	98	3,688.24	Within 1 year	27.23%	Inventories increased year on year due to the inputs during the trial production period of the overseas product line project of high-grade fabrics and longer delivery days for certain orders.
Fabrics (10,000 meters)		717.69	Over 1 year	-4.07%	
Shirts (10,000 pieces)	31	142.35	Within 1 year	45.28%	Inventories increased temporarily due to the need to round up wholesale shipments for some orders.
Shirts (10,000 pieces)		15.28	Over 1 year	8.52%	

Reserves for falling prices of inventory

Item	Closing balance		
	Gross amount	Falling price reserves or provision for impairment on contract performance cost	Carrying amount
Raw materials	920,639,465.98	48,933,964.67	871,705,501.31
Goods in process	493,298,150.00	14,522,519.63	478,775,630.37
Products on hand	946,421,769.26	186,436,309.51	759,985,459.75
Commissioned products	15,097,450.37		15,097,450.37
Materials in transit	16,942,695.35		16,942,695.35

Total	2,392,399,530.96	249,892,793.81	2,142,506,737.15
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Inventory information of retail channels such as franchised stores or distributors:

Not applicable.

8. Brand building

Production and sales of brand clothing, apparel and home textile products

Yes No

Self-owned brands

Brand name	Trademark name	Main product types	Characteristics	Target consumer group	Price zone of main products	Main sales areas	City levels
LTGRFF	LTGRFF	Shirts and suits	Classic business attire	Business people	RMB500-3000	East China, South China and Southwest China	Provincial capital cities and other prefecture-level cities

Trademark ownership disputes

Applicable Not applicable

9. Others

Engaged in business related to apparel design

Yes No

Whether the Company held meetings for the placement of orders

Yes No

V Analysis of Non-Core Businesses

Applicable Not applicable

Unit: RMB

	Amount	As % of total profit	Source/Reason	Recurrent or not
Return on investment	-3,289,446.38	-1.71%	Loss on held-for-trading financial assets	Not
Gain/loss on changes in fair value	-112,539,827.27	-58.34%	Loss on changes in fair value of held-for-trading financial assets	Not
Asset impairments	-34,719,445.19	-18.00%	Inventory valuation allowances	Not
Non-operating income	2,878,019.80	1.49%	Income of non-operating compensation, etc	Not
Non-operating expense	2,366,685.20	1.23%	Expenses on non-operating compensation, etc	Not

VI Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	30 June 2024		31 December 2023		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	1,670,720,493.53	12.14%	1,558,252,048.03	11.60%	0.54%	
Accounts receivable	725,190,840.90	5.27%	826,467,684.78	6.15%	-0.88%	
Inventories	2,142,506,737.15	15.56%	2,124,139,574.70	15.82%	-0.26%	
Investment property	19,126,854.90	0.14%	19,578,175.93	0.15%	-0.01%	
Long-term equity investments	152,156,574.30	1.11%	143,537,479.77	1.07%	0.04%	
Fixed assets	5,921,271,772.02	43.02%	5,597,692,505.07	41.68%	1.34%	
Construction in progress	450,403,383.41	3.27%	868,496,878.41	6.47%	-3.20%	
Right-of-use assets	474,061,007.77	3.44%	463,226,419.21	3.45%	-0.01%	
Short-term borrowings	598,629,270.46	4.35%	580,704,772.27	4.32%	0.03%	
Contract liabilities	165,982,780.07	1.21%	188,073,335.89	1.40%	-0.19%	
Long-term borrowings	706,355,559.41	5.13%	259,992,974.40	1.94%	3.19%	
Lease liabilities	99,631,923.14	0.72%	86,580,224.41	0.64%	0.08%	

2. Major Assets Overseas

 Applicable Not applicable

Asset	Source	Asset value (RMB)	Location	Management model	Control measures to protect asset safety	Return generated (RMB)	As % of the Company's equity	Material impairment risk (yes/no)
Hong Kong project	Incorporated	224,732,318.66	Hong Kong	Marketing	Main management personnel sent by the Company as the parent	8,466,357.71	2.32%	No
America project	Incorporated	1,301,982.12	New York	Marketing	Main management personnel sent by the Company as the parent	244,745.70	0.01%	No
Southeast Asia project	Incorporated	4,488,576,072.27	Southeast Asia	Investment and production	Main management personnel sent by the Company as the parent	104,476,137.30	46.30%	No

3. Assets and Liabilities at Fair Value

Applicable Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other change	Ending amount
Financial assets								
1. Held-for-trading financial assets (excluding derivative financial assets)	713,539,243.86	-73,666,442.19			672,455,029.38	572,017,773.95		740,310,057.10
2. Derivative financial assets	10,261,031.53	-4,942,381.29			2,108,000.00	6,125,900.00		1,300,750.24
5. Other non-current financial assets	88,750,000.00							88,750,000.00
Subtotal of financial assets	812,550,275.39	-78,608,823.48			674,563,029.38	578,143,673.95		830,360,807.34
Others	18,248,205.76		-47,513.49				11,278,478.86	6,922,213.41
Total of the above	830,798,481.15	-78,608,823.48	-47,513.49		674,563,029.38	578,143,673.95	11,278,478.86	837,283,020.75
Financial liabilities	46,785,831.47	33,931,003.79			218,400.00	218,400.00		80,716,835.26

Content of other change:

Changes in accounts receivable financing.

Significant changes to the measurement attributes of the major assets in the Reporting Period:

Yes No

4. Restricted Asset Rights as at the Period-End

For details, see Part X. VII. 22. Assets with restricted ownership and using right in this Report.

VII Investments Made**1. Total Investment Amount**

Applicable Not applicable

2. Major Equity Investments Made in the Reporting Period

Applicable Not applicable

3. Major Non-Equity Investments Ongoing in the Reporting Period

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

Applicable Not applicable

No such cases in the Reporting Period.

(2) Investments in Derivative Financial Instruments

Applicable Not applicable

1) Derivative Investments for Hedging Purposes during the Reporting Period

Applicable Not applicable

Unit: RMB'0,000

Type of derivative	Initial investment amount	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes recorded in equity	Purchased in the Reporting Period	Sold in the Reporting Period	Ending amount	Proportion of closing investment amount in the Company's ending net assets
Foreign exchange option	56,400	56,400	0	0	0	56,400	0	0.00%
Total	56,400	56,400	0	0	0	56,400	0	0.00%
Whether significant changes occurred to the Company's accounting policy and specific accounting principles of derivatives in the Reporting Period compared to the previous Reporting Period	No significant changes							
Actual gain/loss in the Reporting Period	1. As of 30 June 2024, the Company held 0 undue financial derivatives contracts. 2. From January to June 2024, the total amount of all due financial derivatives of the Company was equivalent to USD94 million, which were all implemented based on contracts. USD94 million of these contracts was settled, incurring a net loss of RMB2.7570 million.							
Effectiveness of hedges	The Company conducts foreign exchange (FX) derivative transactions with the intention of hedging. Specifically, the business is carried out to fix costs, avoid exchange rate risks and improve resistance against FX rate fluctuations. As a result, the Company has gained better capabilities of avoiding and preventing the risks of FX rate fluctuations, and the financial robustness of the Company has been enhanced.							
Capital source for derivative investment	The Company's own money							
Analysis on risks and control	The Company conducted derivatives products transaction in order for hedging. And the forward settlement hedging was operated by installments, with the relevant amount not more than the planned derivatives							

measures of derivative products held in the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operation risk, law risk, etc.)	<p>products transactions. And all derivatives products transaction was zero-deposit. Meanwhile, the Company had a complete risk control system for sufficient analysis and prevention of possible risks such as market risk, liquidity risk and credit risk, operation risk and risk of laws and regulation.</p> <p>1. Market risk: When the international and domestic economic situations change, the corresponding changes in exchange rates and interest rates may have an adverse impact on the financial derivative transactions of the Company. Precautions: The Company chooses financial instruments with simple structures, high liquidity and controllable risk and strictly controls the scale of derivative transactions, performing them by stages and in batches. Means such as extension and balance settlement can be adopted to ensure contract performance after the contract expires.</p> <p>2. Liquidity risk and credit risk: Credit risk arises when the Company or counterparties in transactions couldn't perform contracts due now, to liquidity or other factors that result in further economic loss. Precautions: The derivative transactions can only be done with financial institutions qualified for derivative transactions, as authorized by relevant national authorities or financial or foreign exchange authorities in the country or region where the Company operates. Derivative transactions with other institutions or individuals are not allowed so as to control related risk concerning counterparties.</p> <p>3. Internal risk control: Derivative transactions are highly specialized and complex. Therefore, there is a risk of loss in derivative transactions due to the imperfect internal control system when business is performed. Precautions: The Company should strictly implement Management Policy for Investments in Securities and Derivative Transactions of Lu Thai Textile Co., Ltd., continuously optimize the business operation process and authorization management system, strengthen professional ethics education and business training for relevant personnel, clarify job responsibilities, engage in derivative transaction business strictly within the scope of authorization, and establish a timely reporting system for abnormal conditions to avoid operational risks.</p> <p>4. Risk of laws and regulation: Derivative transactions of the Company must be strictly in compliance with relevant national laws and regulations. Otherwise, signed contracts, commitments and other legal documents may entail compliance risk and regulatory risk in terms of effectiveness and enforceability. Precautions: The Company should strengthen the supervision and inspection of the standardization of derivative transactions, the effectiveness of internal control mechanism, and the authenticity of information disclosure to avoid possible legal risks. The Company has fulfilled relevant approval procedures for its derivative transactions business, which is in line with the relevant national laws, regulations, the Articles of Association, the Management Rules of Lu Thai for Derivatives Trading, and the Proposal on the Company's Derivative Transaction Plan deliberated and adopted at the ninth meeting of the 10th session of the Board of Directors held on 26 May 2023, and fulfilled the relevant information disclosure obligations.</p>
Changes of market prices or fair values in the Reporting Period of the invested derivatives. And the analysis on the fair value of the derivatives should include the specific use methods and the relevant assumptions and parameters.	<p>In accordance with the relevant provisions and guidelines of the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments and the Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments issued by the Ministry of Finance, the Company took the relevant accounting measures for its business of FX derivative transactions to reflect the relevant items in the balance sheet and the income statement. During the Reporting Period, the Company determined the fair value of FX options based on the bank's forward option quotations at the end of the period.</p>
Lawsuit (if applicable)	N/A
Disclosure date of board of directors announcement on approval of derivative investment (if any)	27 May 2023

2) Derivative Investments for Speculative Purposes during the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

5. Use of Funds Raised

Applicable Not applicable

(1) Overall Use of Funds Raised

Applicable Not applicable

Unit: RMB'0,000

Raising year	Raising manner	Total of raised capital	Net proceeds	Total of raised capital used in this period	Cumulative amount of raised capital used	Total of raised capital which purpose is changed in the report period	Cumulative amount of raised capital which purpose is changed	Ratio of cumulative amount which purpose is changed	Total of raised capital unused	Purpose and direction of raised capital unused	Amount of raised capital unused for two years
2020	Convertible bonds	140,000	138,546	7,241.65	141,739.49	0	51,371.58	36.69%	2,490.38	Deposited in the raised capital account	0
Total	--	140,000	138,546	7,241.65	141,739.49	0	51,371.58	36.69%	2,490.38	--	0

General use situation of raised capital

(I) Amount of actual raised capital and arrival date

Upon approval by China Securities Regulatory Commission in the document “ZJXK [2020]299”, the Company publically issued 14,000,000 convertible bonds on 9 April 2020 at par value RMB 100, the issued amount was RMB 1.4 billion, and the Company actually received the amount of raised capital RMB 1.388 billion after deducted the underwriting fee RMB 12 million. The above amount was remitted in cash in RMB. After deducted legal fee, accountant fee, credit rating fee, information disclosure fee, issuing commission and other costs RMB 2.54 million in total from the above actually raised capital, the net amount of raised capital was RMB 1385.46 million, which entered the account on 15 April 2020, and Grant Thornton International Ltd (Special General Partnership) issued the capital verification report with reference No. Grant Thornton Verification [2020] 371ZC0090 for it after verification.

(II) Use situation and balance of raised capital

As at 30 June 2024, the Company directly invested RMB1,417.3949 million in total from the raised capital for its raised capital investment projects. The unused amount was RMB24.9038 million.

(2) Commitments on Projects with Funds Raised

Applicable Not applicable

Unit: RMB'0,000

Committed investment projects and use direction of over raised capital	Whether the projects are changed (including partially changed projects)	Total of committed investment of raised capital	Total investment after modification (1)	Amount invested in this report period	Cumulative investment amount by the end of period (2)	Investment progress by the end of period (3) = (2)/(1)	Date when the project reached the intended available status	Benefit realized in this report period	Whether reached the expected benefit	Whether project feasibility changed significantly
Committed investment projects										
Functional fabric smart eco-park	Yes	85,000	58,628.42	0	58,628.42	100.00%	31 December 2024	0	N/A	No

project (Phase 1)										
Overseas high-end fabric product line project (Phase I)	Yes	25,000	34,000	2,176.77	33,158.2	97.52%	31 December 2024	0	N/A	No
Supplement working capital	Yes	28,800	46,171.58	5,064.88	49,952.87	108.19%		0	N/A	No
Subtotal of committed investment projects	--	138,800	138,800	7,241.65	141,739.49	--	--	0	--	--
Use direction of over raised capital										
N/A										
Repayment of bank loans (if any)	--	0	0	0	0	0.00%	--	--	--	--
Supplement working capital (if any)	--	0	0	0	0	0.00%	--	--	--	--
Subtotal of use director of over raised capital	--	0	0	0	0	--	--		--	--
Total	--	138,800	138,800	7,241.65	141,739.49	--	--	0	--	--
Explain project by project situation and reasons that it did not reach the planned progress or expected return (including reason for inputting "N/A" for "Whether reached the expected benefit")	The functional fabric smart eco-park project (Phase 1) is in the technology and production ramp-up stage, and the overseas high-end fabric product line project (Phase I) is in the production ramp-up stage. These projects have not yet formed a large-scale production or achieved the expected revenue.									
Note for significant change of project feasibility	N/A									
Amount, purpose and use progress of over raised capital	N/A									
Change of implementati	N/A									

on site of capital raising project	
Adjustment of implementation mode of capital raising project	N/A
Advance investment and displacement of capital raising project	Applicable By 30 April 2020, the total amount of displaced capital was RMB191.4288 million, including the amount RMB 189.8388 million invested in the project with the self-raised capital of the Company in advance, and payment of issuing cost RMB1.59 million with its self-raised capital.
Temporary supplement to working capital with unused raised capital	N/A
Balance of raised capital after implementation of project and relevant reasons	N/A
Purpose and use direction of unused raised capital	By 30 June 2024, RMB24.9038 million of unused raised capital was deposited in the raised capital account.
Problems existing in use and information disclosure of raised capital or other situation	None

(3) Changes in Projects with Funds Raised

Applicable Not applicable

Unit: RMB'0,000

Items after changes	Corresponding original committed items	Amount of planned funds invested after changes (1)	Actual investment amount in the Reporting Period	Accumulative investment amount as the period-end (2)	Investment schedule as the period-end (3)=(2)/(1)	Date of reaching intended use of the project	Realized income in the Reporting Period	Whether reached anticipated income	Whether occurred significant changes in project feasibility
Overseas	High-end	34,000	2,176.77	33,158.2	97.52%	31 December	0	N/A	No

high-end fabric production line project (Phase I)	printing and dyeing fabric production line project, functional fabric smart eco-park project					2024			
Total	--	34,000	2,176.77	33,158.2	--	--	0	--	--
Notes of reasons for changes, decision-making procedures and information disclosure (by specific items)		<p>In accordance with the Company's global strategic layout and market demand, the Company planned to adjust its capacity structure.</p> <p>1. On 9 June 2022, the second extraordinary general meeting and the first bondholders' meeting of 2022 deliberated and adopted the Proposal on Changing the Purpose of Partial Raised Capital Unused. The aim was to terminate the "High-end printing and dyeing fabric production line project" and leverage the raised capital of this project of RMB250 million for construction of overseas high-end fabric production line project (Phase I), disclosed on 10 June 2022 on the cninfo website ("www.cninfo.com.cn").</p> <p>2. On 25 September 2023, the second extraordinary general meeting and the first bondholders' meeting of 2023 deliberated and adopted the Proposal on Changing the Purpose of Partial Raised Capital Unused. The Company decided to repurposed the remaining raised funds of the "functional fabric smart eco-park project (Phase I) implemented by its majority-owned subsidiary Shandong Lulian New Materials Co., Ltd., using RMB90 million of the remaining raised funds for the "overseas high-end fabric production line project (Phase I)", which have been disclosed on the cninfo website ("www.cninfo.com.cn") dated 26 September 2023 and 27 September 2023, respectively.</p>							
Condition and reason for not reaching the schedule and anticipated income (by specific items)		N/A							
Notes of condition of significant changes occurred in project feasibility after changes		N/A							

VIII Sale of Major Assets and Equity Interests

1. Sale of Major Assets

Applicable Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Interests

Applicable Not applicable

IX Major Subsidiaries

Applicable Not applicable

Major fully/majority-owned subsidiaries and those minority-owned subsidiaries with an over 10% effect on the Company's net profit:

Unit: RMB

Name	Relationship with the	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
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	Company							
Lufeng Weaving & Dyeing Co., Ltd.	Subsidiary	Fabric	706160000	1,636,673,080.72	1,492,494,621.19	642,748,692.32	51,824,048.64	43,872,724.61
Shandong Lulian New Materials Co., Ltd.	Subsidiary	Fabric	400000000	653,479,913.26	79,075,762.76	54,051,010.62	-23,926,962.11	-23,833,476.77

Subsidiaries obtained or disposed in the Reporting Period:

Applicable Not applicable

Information about major majority- and minority-owned subsidiaries:

LuFeng Company Limited (hereinafter referred to as “LuFeng”) is the holding subsidiary of the Company. Registration place: Zibo, Shandong; registered capital: RMB706.160 million. The mainly manufacturing and selling textile printing and dyeing products and the products of clothing and garments, and it were authenticated to be high-tech enterprise in October 2014. During the Reporting Period, LuFeng increased its capacity utilisation rate and enhanced the economies of scale.

Shandong Lulian New Materials Co., Ltd. (hereinafter referred to as "Lulian New Materials") is the holding subsidiary of the Company. Registration place: Zibo, Shandong; registered capital: RMB 400 million. It was established in April 2019 and mainly manufacturing and selling functional fabrics. During the Reporting Period, the relevant expenses were reduced. As approved at the 23rd Meeting of the 10th Board of Directors, the Company acquired 25% equity interests in Lulian New Materials held by the Hong Kong-based TAL Apparel Limited with its own funds of RMB25.9252 million. The registration of the change of equity interests was completed on 12 July 2024, and Lulian New Materials has become a wholly-owned subsidiary of the Company.

X Structured Bodies Controlled by the Company

Applicable Not applicable

XI Risks Facing the Company and Countermeasures

1. Impact of economic environment: under the uncertainty risk of the global economic environment, the geopolitical conflict risk and the weak economic growth, the Company will face challenges in terms of international trade policies and market changes. In response, the Company will rely on its global business network and vertical industrial chain, further utilize various resources at home and abroad, and keep developing domestic and overseas markets.
2. Price fluctuation of raw materials: cotton is the major production material of the Company, and the price of cotton is impacted by market supply and demand, climate, policy, exchange rate and other factors. Therefore, the Company coordinates domestic and overseas production, deeply studies the information of global cotton market, properly works out procurement strategy and gives full play to the advantages of global procurement of high-quality raw cotton.
3. Change of exchange rate: the Company has a large ratio in import and export business, which is mostly settled in USD. In recent years, the bi-directional fluctuations in RMB exchange rate have become increasingly normal, with a significant increase in exchange rate flexibility. To lower the impact of exchange rate fluctuations, the Company stuck to the risk-neutral management philosophy. Based on actual needs arising from production and operations, it incorporated exchange rate risks into routine operations management, and flexibly allocated different types and maturities of foreign exchange derivatives for hedging purposes to minimize the influence of exchange rate risks on its operating results. Firstly, the Company appropriately conducted foreign exchange hedging, using financial derivatives such as forwards, swaps, and option portfolios to avoid currency risks. Secondly, the

Company made reasonable arrangement on settlement day and currency and vigorously promoted cross-border settlement with RMB to avoid exchange rate-related risks. Thirdly, the Company adjusted the Renminbi and foreign-currency liabilities structure to actively prevent currency fluctuation risks.

XII Implementation of the “Quality and Earnings Dual Improvement” Action Plan

Indicate whether the Company has disclosed the “Quality and Earnings Dual Improvement” Action Plan.

Yes No

Part IV Corporate Governance

I Annual and Extraordinary General Meeting Convened during the Reporting Period

1. General Meetings Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
The First Extraordinary General Meeting of 2024	Extraordinary General Meeting	33.02%	5 February 2024	6 February 2024	10 proposals were approved, including the Proposal on Amending Certain Provisions of the Articles of Association of Lu Thai Textile Co., Ltd.
The 2023 Annual General Meeting	Annual General Meeting	35.28%	15 May 2024	16 May 2024	Six proposals were approved, including the Proposal on 2023 Annual Work Report of the Board of Directors.
The Second Extraordinary General Meeting of 2024	Extraordinary General Meeting	34.62%	14 June 2024	15 June 2024	Two proposals were approved, including the Proposal on the By-election of Mr. Shang Chenggang as a Supervisor of the 10 th Supervisory Committee.

2. Extraordinary General Meeting Convened at Request of Preference Shareholders with Resumed Voting Rights

Applicable Not applicable

II Change of Directors, Supervisors and Senior Management

Applicable Not applicable

Name	Office title	Type of change	Date	Reason
Fujiwara Matsuzaka	Senior management	Dismissed	2 January 2024	Job arrangement
Zhang Keming	Board Secretary	Dismissed	19 April 2024	Job arrangement
Zheng Weiyin	Board Secretary	Appointed	25 April 2024	
Shang Chenggang	Senior management	Dismissed	25 May 2024	Job arrangement
Zhang Shougang	Chairman of the Supervisory Committee	Resignation	14 June 2024	Personal reason
Shang Chenggang	Chairman of the Supervisory Committee	Elected	14 June 2024	

III Interim Dividend Plan

Applicable Not applicable

Bonus shares for every 10 shares (share)	0
Dividend for every 10 shares (RMB) (tax inclusive)	1.00

Total shares as the basis for the profit distribution proposal (share)	817,305,896
Cash dividends (RMB) (tax inclusive)	81,730,589.60
Cash dividends in other forms (such as share repurchase) (RMB)	37,866,957.62
Total cash dividends (including those in other forms) (RMB)	119,597,547.22
Distributable profit (RMB)	5,894,332,490.12
Total cash dividends (including those in other forms) as % of total profit distribution	100%
Cash dividend policy	
If the Company is in a mature development stage and has plans for any significant expenditure, in profit allocation, the ratio of cash dividends in the profit allocation shall be 40% or above.	
Details about the proposal for profit distribution and converting capital reserve into share capital	
The Company plans to distribute a cash dividend of RMB1.00 (inclusive of tax) for every 10 shares, based on a capital base of 817,305,896 shares. The total amount of dividends calculated on this basis is RMB81,730,589.60. The individual income tax for A Share shall be subject to related regulations under CS [2015] No. 101 Notice on Certain Question about the Differentiated Individual Income Tax Policy for Cash Dividend of Listed Companies jointly issued by Ministry of Finance, SAT, and CSRC; and that for B Share shall be converted to HKD based on the central parity rate on interbank exchange market released by the People's Bank of China on the following day after shareholder's meeting (for domestic individual shareholders, tax is paid pursuant to CS [2015] No. 101; for foreign shareholders, tax is free pursuant to CSZ (1994) No. 020 regulations; and non-residential corporate shareholders is entitled to a 10% reduction of enterprise income tax according to related regulations under Enterprise Income Tax Law of the People's Republic of China). Since the Company is in the period of transferring convertible bonds into shares, the profit distribution will be conducted based on the total share capital on the equity registration date for implementing this profit distribution plan with no change in the amount per share.	

IV Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable Not applicable

1. Equity Incentive

No.	Deliberation time	Relevant meeting	Overview of execution	Disclosure index
1	19 January 2024	18th Meeting of the 10th Board of Directors and 12th Meeting of the 10th Supervisory Committee	The Board of Directors reviewed and approved the Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition. The Supervisory Committee reviewed and approved the foregoing proposal and issued the written review opinion. Beijing DHH Law Firm Qingdao Office issued a legal opinion.	For details, see the relevant documents disclosed on 20 January 2024 on www.cninfo.com.cn .
2	5 February 2024	First Extraordinary General Meeting of 2024	It deliberated on and approved the Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition and disclosed the Announcement of Capital Reduction on Repurchase and Cancel Partial Restricted Shares on 7 February 2024.	For details, see the relevant announcement (No.: 2024-012) disclosed on 7 February 2024 on www.cninfo.com.cn .
3	10 April 2024	20th Meeting of the 10th Board of Directors and 13th Meeting of the 10th Supervisory Committee	The Board of Directors reviewed and approved the Proposal on the Achievement of Lifting the Restriction Conditions in the Second Restriction Period for the Reserved Shares for Grant under the 2021 Restricted Share Incentive Scheme. The Supervisory Committee reviewed and approved the foregoing proposal and issued the written review opinion. Beijing DHH Law Firm Qingdao Office issued a legal opinion. The number of subjects of incentive meeting the restriction lifting conditions in the second restriction period for the reserved shares for grant under the 2021 Restricted Share Incentive Scheme of the Company was up to 340, and a total of 2.9015 million restricted shares were lifted out of restrictions.	For details, see the relevant announcement disclosed on 12 April 2024 on www.cninfo.com.cn .

4	24 April 2024	-	As audited and confirmed by Shenzhen Stock Exchange and the Shenzhen Branch of China Clear, the procedures of repurchasing and canceling 66,500 shares of authorized and unlocked restricted share of the incentive personnel not conforming to the incentive condition were completed.	For details, see the relevant announcement (No.: 2024-030) disclosed on 24 April 2024 on www.cninfo.com.cn.
5	27 April 2024	-	It issued the Indicative Announcement on the Trading on the Market of Lifting the Restriction in the Second Restriction Period for the Reserved Shares for Grant of the 2021 Restricted Share Incentive Scheme. The date for trading was from 6 May 2024.	For details, see the relevant announcement (No.: 2024-035) disclosed on 27 April 2024 on www.cninfo.com.cn.
6	28 May 2024	22nd Meeting of the 10th Board of Directors and 15th Meeting of the 10th Supervisory Committee	The Board of Directors reviewed and approved the Proposal on the Achievement of Lifting the Restriction Conditions in the Third Restriction Period for the First Grant of the 2021 Restricted Share Incentive Scheme and the Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition. The Supervisory Committee reviewed and approved the foregoing two proposals and issued the written review opinions. Beijing DHH Law Firm Qingdao Office issued a legal opinion. The number of subjects of incentive meeting the restriction lifting conditions in the third restriction period for the first grant of the 2021 Restricted Share Incentive Scheme of the Company was up to 704, and a total of 6.9015 million restricted shares were lifted out of restrictions.	For details, see the relevant announcement disclosed on 29 May 2024 on www.cninfo.com.cn.
7	4 June 2024	-	It issued the Indicative Announcement on the Trading on the Market of Lifting the Restriction in the Third Restriction Period for the First Grant of the 2021 Restricted Share Incentive Scheme. The date for trading was from 7 June 2024.	For details, see the relevant announcement (No.: 2024-047) disclosed on 4 June 2024 on www.cninfo.com.cn.
8	14 June 2024	Second Extraordinary General Meeting of 2024	It deliberated on and approved the Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition and disclosed the Announcement of Capital Reduction on Repurchase and Cancel Partial Restricted Shares on 15 June 2024.	For details, see the relevant announcement (No.: 2024-051) disclosed on 15 June 2024 on www.cninfo.com.cn.

2. Implementation of Employee Stock Ownership Plan

Applicable Not applicable

3. Other Incentive Measures for Employees

Applicable Not applicable

For the second restricted period of the reserved grant of shares of the 2021 restricted share incentive scheme, the restricted shares were released for trading on 6 May 2024. Excluding directors and senior executives, the Company lifted the restrictions on 2.4265 million restricted shares for 331 mid-level managers and core personnel. For the third restricted period of the initial grant of shares of the 2021 restricted share incentive scheme, the restricted shares were released for trading on 7 June 2024. Excluding directors and senior executives, the Company lifted the restrictions on 6.3915 million restricted shares for 695 mid-level managers and core personnel.

Part V Environmental and Social Responsibility

I Major Environmental Issues

Indicate by tick mark whether the Company or any of its subsidiaries is a heavily polluting business identified by the environmental protection authorities of China.

Yes No

Policies and industry standards pertaining to environmental protection

During production and operation, Lu Thai Textile Co., Ltd. and its subsidiaries, LuFeng Company Limited and Shandong Lulian New Materials Co., Ltd., Zibo Xinsheng Thermal Power Co., Ltd., are subject to the following laws and regulations and industry standards related to environmental protection: The Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution, the Contingency Management Measures for Environmental Emergencies, the Emission Standards of Water Pollutants in Textile Dyeing and Finishing Industry (GB4287-2012), the Standard for Pollution Control on the Municipal Solid Waste Incineration (GB18485-2014), and the Emission Standard of Air Pollutants of Thermal Power Plants (DB37/664-2019).

Status of environmental protection administrative license

Lu Thai Textile Co., Ltd. and its subsidiaries, including LuFeng Company Limited, Shandong Lulian New Materials Co., Ltd., and Zibo Xinsheng Thermal Power Co., Ltd. carried out pollutant discharge permit management and were granted the pollutant discharge permit by the Ecology and Environment Bureau of Zibo. The current pollutant discharge permit of Lu Thai Textile Co., Ltd. is valid until 9 June 2026; that of LuFeng Company Limited is valid until 22 November 2026; that of Shandong Lulian New Materials Co., Ltd. is valid until 25 October 2026; that of Zibo Xinsheng Thermal Power Co., Ltd. is valid until 22 June 2025.

The regulations for industrial emissions and the particular requirements for controlling pollutant emissions those are associated with production and operational activities.

Name of polluter	Type of major pollutants	Name of major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration/intensity	Discharge standards implemented	Total discharge	Approved total discharge	Excessive discharge
Lu Thai Textile Co., Ltd	Sewage	COD and ammonia nitrogen	Continuous discharge	2	Chief discharge outlet of Huangjia pu Industrial Park ; chief discharge outlet of East Zone	COD \leq 200 mg/L; ammonia nitrogen \leq 20mg/L	Emission standard of water pollutants in textile dyeing and finishing industry GB 4287-2012	COD: 134.606t; ammonia nitrogen 1.346t	COD: 1495.08t, ammonia nitrogen: 149.51t	No
LuFeng Company Limited	Sewage	COD and ammonia nitrogen	Continuous discharge	1	Chief discharge outlet of LuFeng Company	COD \leq 200 mg/L; ammonia nitrogen \leq 20mg/L	Emission standard of water pollutants in textile dyeing and finishing	COD: 52.137t; ammonia nitrogen 0.508t	COD is 653.53t, ammonia nitrogen is 65.3t	No

					Limited		industry GB 4287-2012			
Shandong Lulian New Materials Co., Ltd.	Sewage	COD and ammonia nitrogen	Continuous discharge	1	Chief discharge outlet of Lulian New Materials	COD \leq 200 mg/L; ammonia nitrogen \leq 20 mg/L	Emission standard of water pollutants in textile dyeing and finishing industry GB 4287-2012	COD: 8.03t; ammonia nitrogen 0.189t	COD is 175.30t, ammonia nitrogen is 17.5t	No
Zibo Xinsheng Thermal Power Co., Ltd.	Waste gas	SO ₂ , NO _x , and PM	Organized continuous discharge	4	Production plant	SO ₂ : \leq 35mg/m ³ , NO _x : \leq 50mg/m ³ , PM: \leq 5mg/m ³	Emission standard of air pollutants of Thermal Power Plant in Shandong Province DB37/664-2019	SO ₂ : 11.16t, NO _x : 88.9t, PM: 3.48t	SO ₂ is 236.13t/a, NO _x : 674.63t/a, PM: 67.47t/a.	No

Treatment of pollutants

Lu Thai Textile Co., Ltd. (hereinafter referred to as “the Company”) and its subsidiary Lufeng Weaving & Dyeing Co., Ltd. (hereinafter referred to as “Lufeng Weaving & Dyeing”) and Shandong Lulian New Materials Co., Ltd. (hereinafter referred to as “Lulian New Materials”) strictly implement the “Three Simultaneous” management system for environmental protection in project constructions. The companies are equipped with complete facilities for waste gas and waste water treatment. Lu Thai Textile Co., Ltd. and its majority-owned subsidiary Lufeng Weaving & Dyeing Co., Ltd. and Shandong Lulian New Materials Co., Ltd. continuously optimize the dyeing waste water treatment progress, improve the treated water quality, ensure that the pollutant emission concentration is better than the national standard, further improve the river water quality and local ecological environment. The Company and Lufeng Weaving & Dyeing centralizedly collected and coped with the dyeing and finishing waste gas, so as to greatly reduce the pollutant emission concentration. Online supporting monitoring facilities were built, whose data was uploaded to the government environmental monitoring system, to comprehensively monitor the Company's emission pollutants such as waste water and waste gas. Support teams were set up to be responsible for daily operation maintenance and inspection to guarantee the normal operation of facilities. Both the exhaust emission and waste water discharge meet the emission standards.

The subsidiary Zibo Xinsheng Thermal Power Co., Ltd. (hereinafter referred to as “Xinsheng Thermal Power”) enforces the “Three Simultaneous” management system for environmental protection in extension project construction in accordance with the government requirements, and adopts the “limestone-gypsum method” to reduce emission concentration of sulfur dioxide, the “Low-nitrogen combustion + SNCR” and “SNCR+SCR method” to reduce emission concentration of nitrogen oxides, and the “electric-bag electrostatic precipitator + wet electrostatic precipitator” to reduce soot emission concentration. The overall system works well.

Emergency plan for environmental incidents

In order to prevent environmental pollution accidents, the Company and the subsidiary Lufeng Weaving & Dyeing and Lulian New Materials respectively prepared the Emergency Plan for Environmental Incidents, which were filed with Zibo Environmental Protection Bureau Zichuan Branch. The Plan includes contents such as environmental risk sources identification and risk assessment, prevention and early warning mechanism, emergency security, and supervision and management.

The subsidiary Zibo Xinsheng Thermal Power Co., Ltd. has formulated the “Emergency Plan for Environmental Incidents” and filed it with the ecological and environmental management department. The identification and risk assessment of environmental risk sources, prevention and early warning mechanisms, emergency protection and supervision and management were included in the plan.

Input in environment governance and protection and payment of environmental protection tax

During the Reporting Period, the input in environment governance and protection and payment of environmental protection tax for the Company and the subsidiary Lufeng Weaving & Dyeing, Lulian New Materials and Xinsheng Thermal Power are RMB22.7273 million in total, among which, RMB22.0435 million for input in environment governance and protection and RMB683,800 for payment of environmental protection tax.

Environmental self-monitoring program

In accordance with the requirements of the competent environment authorities, the Company and the subsidiary Lufeng Weaving & Dyeing and Lulian New Materials observed the requirements of the superior environmental protection department to install automatic wastewater monitoring facilities and achieve real-time monitoring of wastewater discharge. Besides, the automatic environment monitoring plan was prepared as required by emission permit. In addition, they invited a qualified testing institution to conduct tests on sewage and waste gas based on the frequency of monitoring, disclosed the monitoring data in time, and submitted the test reports to the competent environment authorities ensuring the monitoring data is true and valid.

The subsidiary Zibo Xinsheng Thermal Power Co., Ltd. has implemented online real-time monitoring of environmental data in accordance with the requirements of the superior environmental protection department, and has achieved emission standards.

Administrative penalties imposed for environmental issues during the Reporting Period

Name	Reason	Case	Result	Influence on production and operation	Rectification measures
N/A	N/A	N/A	N/A	N/A	N/A

Other environment information that should be disclosed

None

Measures taken to decrease carbon emission in the Reporting Period and corresponding effects

Applicable Not applicable

None

Other environmental information

None

The Company is subject to the disclosure requirements for listed companies engaging in textile and apparel as stated in Guideline No. 3 of the Shenzhen Stock Exchange for Self-regulation of Listed Companies—Industry-specific Information Disclosure.

Related environmental accidents information

None

II Social Responsibility

Not applicable

Part VI Significant Events

I Commitments of the Company's De Facto Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Entities Fulfilled in the Reporting Period or Ongoing at the Period-End

Applicable Not applicable

Commitment	Promisor	Type of commitment	Details of commitment	Date of commitment making	Term of commitment	Fulfillment
Commitments made in time of IPO or refinancing	Controlling shareholder, actual controller	Dilution of at sight returns on public offering A-share convertible corporate bonds	1. Not intervene the Company's operation and management beyond the authority and not occupy the Company's interests. 2. From the issuance date of this commitment to the completion of the implementation of the Company's public offering of A-share convertible corporate bonds, if the CSRC makes other new regulatory provisions on remedial measures for returns and the commitment, and the above commitment fails to meet the requirements of the CSRC, the company / I promise to issue supplementary commitment then in accordance with the latest regulations of CSRC. 3. Commitment is made to fulfill the Company's relevant remedial measures for returns and any commitment made herein by the company / me. If the company / I violate(s) such commitment and cause(s) losses to the Company or investors, the company / I will bear the compensation responsibility to the Company or investors in accordance with the law.	23 May 2019	From 23 May 2019 to 8 April 2026	On-going
	Directors and senior management of the Company	Dilution of at sight returns on public offering A-share convertible corporate bonds	1. Commitment is made not to transfer benefits to other units or individuals free of charge or under unfair conditions, and no other ways damaging the interests of the Company will be taken. 2. I will strictly abide by the budget management of the Company, and accept the strict supervision and management of the Company to avoid waste or excessive consumption. Any position-related consumption behaviors of me will occur within the scope necessary for the performance of my duties. 3. Commitment is made not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of duties. 4. Commitment is made that the remuneration system developed by the Board of Directors or the Remuneration Committee is linked to the implementation of the Company's remedial measures for returns. 5. Commitment is made that the conditions for exercising the Equity Incentive Plan to be issued in the future will be linked to the implementation of the Company's remedial measures for returns. 6. From the issuance date of this commitment to the completion of the implementation of the Company's public offering of A-share convertible corporate bonds, if the CSRC makes other new regulatory	23 May 2019	From 23 May 2019 to 8 April 2026	On-going

			provisions on remedial measures for returns and the commitment, and the above commitment fails to meet the requirements of the CSRC, I promise to issue supplementary commitment then in accordance with the latest regulations of CSRC. 7. Commitment is made to fulfill the Company's relevant remedial measures for returns and any commitment made herein by me. If I violate such commitment and causes losses to the Company or investors, I will bear the compensation responsibility to the Company or investors in accordance with the law.			
Other commitments	Controlling shareholder	Commitment to not reduce company share holdings within the next year	Based on confidence in the Company's future development and value judgment, to maintain stability in the capital market, and to promote the Company's continuous, stable, and healthy development, as well as to protect the interests of the vast number of investors, the Company's controlling shareholders commit: From the date of signing this commitment, not to reduce their holdings of the Company's shares for a period of one year, including any additional shares arising during the commitment period due to capital reserve capitalisation, distribution of stock dividends, rights issues, or additional issues, etc.	23 August 2023	23 August 2023 to 22 August 2024	On-going
Executed on time or not	Not					

II Occupation of the Company's Capital by the Controlling Shareholder or any of Its Related Parties for Non-Operating Purposes

Applicable Not applicable

No such cases in the Reporting Period.

III Irregularities in the Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

IV Engagement and Disengagement of Independent Auditor

Are the interim financial statements audited?

Yes No

The interim financial statements have not been audited.

V Explanations Given by the Board of Directors and the Supervisory Committee Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

Applicable Not applicable

VI Explanations Given by the Board of Directors Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of Last Year

Applicable Not applicable

VII Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

VIII Legal Matters

Significant lawsuits and arbitrations:

Applicable Not applicable

No such cases in the Reporting Period.

Other legal matters:

Applicable Not applicable

IX Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

X Credit Quality of the Company as well as its Controlling Shareholder and De Facto Controller

Applicable Not applicable

XI Major Related-Party Transactions

1. Continuing Related-Party Transactions

Applicable Not applicable

No such cases in the Reporting Period.

2. Related-Party Transactions Regarding Purchase or Sales of Assets or Equity Interests

Applicable Not applicable

No such cases in the Reporting Period.

3. Related-Party Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Credits and Liabilities with Related Parties

Applicable Not applicable

No such cases in the Reporting Period.

5. Transactions with Related Finance Companies

Applicable Not applicable

The Company did not make deposits in, receive loans or credit from and was not involved in any other finance business with any related finance company or any other related parties.

6. Transactions with Related Parties by Finance Companies Controlled by the Company

Applicable Not applicable

The finance company controlled by the Company did not make deposits, receive loans or credit from and was not involved in any other finance business with any related parties.

7. Other Major Related-Party Transactions

Applicable Not applicable

No such cases in the Reporting Period.

XII Major Contracts and Execution thereof**1. Entrustment, Contracting and Leases****(1) Entrustment**

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leases

Applicable Not applicable

No such cases in the Reporting Period.

2. Major Guarantees

Applicable Not applicable

Unit: RMB'0,000

Guarantees provided by the Company as the parent and its subsidiaries for external parties (exclusive of those for subsidiaries)											
Obligor	Disclosure	Line of	Actual	Actual	Type of	Collate	Counter-	Term of	Having	Guarantee	

	date of the guarantee line announcement	guarantee	occurrence date	guarantee amount	guarantee	collateral (if any)	guarantee (if any)	guarantee	expired or not	for a related party or not
Guarantees provided by the Company for its subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Wholly-owned subsidiary	26 August 2022	23,518.44	24 August 2022	204.82	Joint-liability	N/A	N/A	Three years since the approval of the board of the Company	No	Yes
Wholly-owned subsidiary	1 July 2023	7,126.8	30 June 2023	4,902.53	Joint-liability	N/A	N/A	Three years since the approval of the board of the Company	No	Yes
Total approved line for such guarantees in the Reporting Period (B1)			0	Total actual amount of such guarantees in the Reporting Period (B2)						553.54
Total approved line for such guarantees at the end of the Reporting Period (B3)			30,645.24	Total actual balance of such guarantees at the end of the Reporting Period (B4)						5,107.35
Guarantees provided between subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Total guarantee amount (total of the three kinds of guarantees above)										
Total guarantee line approved in the Reporting Period (A1+B1+C1)			0	Total actual guarantee amount in the Reporting Period (A2+B2+C2)						553.54
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)			30,645.24	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)						5,107.35
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets										0.55%
Of which:										
Balance of guarantees provided for shareholders, actual controller and their related parties (D)										0
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)										0
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)										0
Total of the three amounts above (D+E+F)										0

Joint responsibilities possibly borne or already borne in the Reporting Period for undue guarantees (if any)	N/A
Explanation about external guarantee violating established procedure (if any)	N/A

Compound guarantees:

N/A

The Company is subject to the disclosure requirements for listed companies engaging in textile and apparel as stated in Guideline No. 3 of the Shenzhen Stock Exchange for Self-regulation of Listed Companies—Industry-specific Information Disclosure.

Whether the Company provides guarantees or financial assistance for dealers

Yes No

3. Cash Entrusted for Wealth Management

Applicable Not applicable

RMB'0,000

Specific type	Capital resources	Amount incurred	Undue Balance	Overdue amount	Overdue amount with provision for impairment
Bank's financial products	Self-owned funds	29,500	15,000	0	0
Bank's financial products	Raised funds	5,000	0	0	0
Brokerage financial products	Self-owned funds	24,000	15,000	0	0
Others	Self-owned funds	0	40,000	0	0
Total		58,500	70,000	0	0

Particulars of entrusted cash management with single significant amount or low security, bad liquidity, and no capital preservation

Applicable Not applicable

Whether there is the case where the principal cannot be recovered at maturity or other case which may cause impairment for entrusted asset management

Applicable Not applicable

4. Other Major Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XIII Other Significant Events

Applicable Not applicable

The *Proposal on Repurchase of Domestically Listed Foreign Shares (B-Share)* was approved at the 10th Meeting of the 10th Board of Directors and the First Extraordinary General Meeting of 2023. As such, an amount of no more than RMB200 million would be used to repurchase shares, with a price limit of HKD4.80 per share, within 12 months from the date when the share repurchase plan was approved at the general meeting. On 21 August 2023, the Company carried out the first repurchase. As of 21 February 2024, the Company had completed the implementation of above-mentioned Repurchase Plan of Domestically Listed Foreign Shares (B-Share). The Company accumulatively repurchased 46,176,428 B-shares (5.35% of the Company's total share capital). With the highest repurchase price being HKD4.80/share and the lowest being HKD4.53/share, the total payment for this repurchase plan was HKD218,386,229.84 (inclusive of commissions and alike).

The Company completed the formalities for cancellation of the foregoing repurchased shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 1 March 2024.

XIV Significant Events of Subsidiaries

Applicable Not applicable

Part VII Share Changes and Shareholder Information

I Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)				After		
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
I. Restricted shares	11,467,817	1.33%				-8,712,150	-8,712,150	2,755,667	0.34%
1. Shares held by State									
2. Shares held by state-owned legal person									
3. Shares held by other domestic investors	11,467,817	1.33%				-8,712,150	-8,712,150	2,755,667	0.34%
Among which: Shares held by domestic legal person									
Shares held by domestic natural person	11,467,817	1.33%				-8,712,150	-8,712,150	2,755,667	0.34%
4. Shares held by other foreign investors									
Among which: Shares held by foreign corporations									
Shares held by foreign natural person									
II. Unrestricted shares	852,139,817	98.67%				-37,530,588	-37,530,588	814,609,229	99.66%

1. RMB ordinary shares	579,894,874	67.15%				8,649,115	8,649,115	588,543,989	72.00%
2. Domestically listed foreign shares	272,244,943	31.52%				-46,179,703	-46,179,703	226,065,240	27.66%
3. Overseas listed foreign shares									
4. Other									
III. Total shares	863,607,634	100.00%				-46,242,738	-46,242,738	817,364,896	100.00%

Reasons for share changes:

Applicable Not applicable

① Due to the fact that the Company had issued convertible A-share bonds on 9 April 2020, convertible bonds were converted to 190 shares in the period from the beginning of 2024 to 30 June 2024.

② On 6 May and 7 June 2024, 2,901,500 and 6,901,500 shares of equity incentive restricted shares were lifted from restriction, respectively.

③ On 1 March 2024, 46,176,428 domestically listed foreign shares (B shares) were repurchased and canceled.

④ 66,500 shares of equity incentive restricted shares were repurchased and cancelled.

⑤ The shares held by the directors, supervisors and senior management shall be locked and adjusted in accordance with relevant regulations on executive share management.

Approval of share changes:

Applicable Not applicable

① On 10 April 2024, the Company held the 20th Meeting of the 10th Board of Directors and the 13th Meeting of the 10th Supervisory Committee, and reviewed and approved the Proposal on the *Achievement of Lifting the Restriction Conditions in the Second Restriction Period for the Reserved Shares for Grant under the 2021 Restricted Share Incentive Scheme*. Also, the Company agreed to process the restriction lifting matters for 2,901,500 restricted shares held by 340 incentive personnel who met the restriction lifting conditions in the second restriction period for the reserved shares for grant under the 2021 Restricted Share Incentive Scheme.

② On 28 May 2024, the Company held the 22nd Meeting of the 10th Board of Directors and the 15th Meeting of the 10th Supervisory Committee, and reviewed and approved the *Proposal on the Achievement of the Lifting Restriction Conditions in the Third Restriction Period for the First Grant of the 2021 Restricted Share Incentive Scheme*. Also, the Company agreed to process the restriction lifting matters for 6,901,500 restricted shares held by 704 incentive personnel who met the restriction lifting conditions in the third restriction period for the first grant of the 2021 Restricted Share Incentive Scheme.

③ The Company held the 10th Meeting of the 10th Board of Directors on 19 June 2023 and the 1st Extraordinary General Meeting of 2023 on 6 July 2023, reviewing and approving the *Proposal on Repurchase of the Company's Domestically Listed Foreign Shares (B Share)*. The Company repurchased 46,176,428 B shares in total through call auction via its securities account for repurchase and completed the formalities for cancellation of the foregoing repurchased shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 1 March 2024.

④ On 19 January 2024, the *Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition* was deliberated and approved at the 18th Meeting of the 10th Board of Directors of the Company, as ten of the incentive personnel of the 2021 restricted share incentive scheme no longer met the condition of being incentive personnel due to resignation, retirement, or position changes. The restricted shares held by the ten personnel with a volume of 66,500 shares, which were authorized but not lifted from restricted sales, shall be repurchased and cancelled by the Company in accordance with the *2021 Restricted Share Incentive Scheme* (hereinafter referred to as the "Incentive Scheme") of the Company and relevant provisions of laws and regulation. The aforesaid matters were deliberated and approved at the 1st Extraordinary General Meeting in 2024 that was held on 5 February 2024.

Transfer of share ownership:

Applicable Not applicable

The Company completed the formalities for repurchase and cancellation of the 46,176,428 repurchased B-shares and 66,500 shares of equity incentive restricted shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited respectively on 1 March 2024 and 22 April 2024.

Progress on any share repurchases:

Applicable Not applicable

① The Company first repurchased B shares on 21 August 2023 and disclosed relevant progress during the repurchase period as required by relevant laws and regulations. As at 21 February 2024, all the repurchased shares had been delivered, and the total amount of funds used had hit the ceiling on the repurchase fund as stipulated in the repurchase program. The Company repurchased 46,176,428 B shares in total through call auction via its securities account for repurchase, accounting for approximately 16.96% of the Company's B shares and 5.35% of the Company's total share capital. The highest transaction price of the repurchase reached HKD4.80 per share, and the lowest reached HKD4.53 per share. The total amount paid was HKD218,386,229.84 (including the transaction cost), equivalent to RMB199,999,670.86, no more than RMB200 million. The foregoing repurchased shares were canceled at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 1 March 2024.

② 66,500 shares of equity incentive restricted shares were repurchased and cancelled completely by the Company on 22 April 2024.

Progress on reducing the repurchased shares by means of centralized bidding:

Applicable Not applicable

Effects of share changes on the basic and diluted earnings per share, equity per share attributable to the Company's ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

Applicable Not applicable

See relevant contents of "IV Key Financial Information" under "Part II Corporate Information and Key Financial Information".

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

Unit: share

Name of the shareholders	Restricted shares amount at the period-begin	Restricted shares relieved of the period	Restricted shares increased of the period	Restricted shares amount at the period-end	Restricted reasons	Restricted shares relieved date
Zhang Zhanqi	435,225	190,000	190,000	435,225	Locked public shares held by senior management	100000 shares on 6 May 2024 and 90000 shares on 7 June 2024
Shang Chenggan	247,500	110,000	192,500	330,000	Locked public shares held by senior management	50000 shares on 6 May 2024 and 60000 shares on 7 June 2024
Yu	287,325	110,000	110,000	287,325	Locked	50000 shares on 6 May

Shouzheng					public shares held by senior management	2024 and 60000 shares on 7 June 2024
Zhang Keming	283,275	110,000	110,000	283,275	Locked public shares held by senior management	50000 shares on 6 May 2024 and 60000 shares on 7 June 2024
Wang Jiabin	313,700	168,425	90,000	235,275	Locked public shares held by senior management	78425 shares on 12 January 2024 and 90000 shares on 7 June 2024
Guo Heng	225,000	110,000	110,000	225,000	Locked public shares held by senior management	50000 shares on 6 May 2024 and 60000 shares on 7 June 2024
Li Wenji	195,000	110,000	110,000	195,000	Locked public shares held by senior management	50000 shares on 6 May 2024 and 60000 shares on 7 June 2024
Du Lixin	187,500	110,000	110,000	187,500	Locked public shares held by senior management	50000 shares on 6 May 2024 and 60000 shares on 7 June 2024
Lyu Wenquan	150,000	70,000	70,000	150,000	Locked public shares held by senior management	25000 shares on 6 May 2024 and 45000 shares on 7 June 2024
Xu Feng	142,500	95,000	95,000	142,500	Locked public shares held by senior management	50000 shares on 6 May 2024 and 45000 shares on 7 June 2024
Other restricted shareholders	9,000,792	8,698,000	48,275	284,567	Locked public shares held by senior management and Restricted shares from equity incentive	2426500 shares on 6 May 2024 and 6271500 shares on 7 June 2024; while 66500 shares were cancelled on 22 April 2024

Total	11,467,817	9,881,425	1,235,775	2,755,667	--	--
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II. Issuance and Listing of Securities

Applicable Not applicable

III Total Number of Shareholders and Their Shareholdings

Unit: share

Total number of ordinary shareholders at the period-end		45,713		Total number of preference shareholders with resumed voting rights at the period-end (if any) (see Note 8)			0	
5% or greater ordinary shareholders or the top 10 ordinary shareholders (exclusive of shares lent in refinancing)								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Increase/decrease during the Reporting Period	Number of restricted shares held	Number of non-restricted shares held	Pledged, marked or frozen shares	
							Status	Number
Zibo Lucheng Textile Investment Co., Ltd.	Domestic non-state-owned legal person	17.17%	140,353,583	0	0	140,353,583	N/A	0
Tailun (Thailand) Textile Co., Ltd.	Foreign legal person	14.10%	115,232,400	-3000000	0	115,232,400	N/A	0
Central Huijin Assets Management Co., Ltd.	State-owned legal person	2.43%	19,884,100	0	0	19,884,100	N/A	0
National Social Security Fund Portfolio 413	Other	1.81%	14,760,051	570000	0	14,760,051	N/A	0
ICBC Credit Suisse Innovation Power Stock Type Securities Investment Fund	Other	1.36%	11,100,000	-810000	0	11,100,000	N/A	0
Dongfanghong Zhihua Three-Year Holding Mixed Securities Investment Fund	Other	0.90%	7,394,950	943200	0	7,394,950	N/A	0
National Social Security Fund Portfolio 502	Other	0.80%	6,537,940	6537940	0	6,537,940	N/A	0
Dongfanghong Jingdong Big Data Dynamic Asset Allocation Mixed Securities Investment Fund	Other	0.77%	6,324,582	1324500	0	6,324,582	N/A	0
FEDERATED	Foreign	0.77%	6,309,111	108928	0	6,309,111	N/A	0

HERMES GLOBAL INVESTMENT FD (CAYMAN) MASTER, SPC OBOAFTAO FEDERATED HERMES EMG ASIA EQUITY FD MASTER S.P.	legal person							
Dongfanghong Dingyuan 3-Month Fixed Term Open Mixed Initiating Securities Investment Fund	Other	0.73%	5,927,800	651400	0	5,927,800	N/A	0
Strategic investors or general corporations becoming top-ten shareholders due to placing of new shares (if any) (see Note 3)	Naught							
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.							
Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights	Naught							
Special account for share repurchases (if any) among the top 10 shareholders (see note 11)	Naught							
Shareholdings of the top ten non-restricted ordinary shareholders(exclusive of shares lent in refinancing and executive lock-up shares)								
Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares						
		Type	Shares					
Zibo Lucheng Textile Investment Co., Ltd.	140,353,583	RMB ordinary share	140,353,583					
Tailun (Thailand) Textile Co., Ltd.	115,232,400	Domestically listed foreign shares	115,232,400					
Central Huijin Assets Management Co., Ltd.	19,884,100	RMB ordinary share	19,884,100					
National Social Security Fund Portfolio 413	14,760,051	RMB ordinary share	14,760,051					
ICBC Credit Suisse Innovation Power Stock Type Securities Investment Fund	11,100,000	RMB ordinary share	11,100,000					
Dongfanghong Zhihua Three-	7,394,950	RMB	7,394,950					

Year Holding Mixed Securities Investment Fund		ordinary share	
National Social Security Fund Portfolio 502	6,537,940	RMB ordinary share	6,537,940
Dongfanghong Jingdong Big Data Dynamic Asset Allocation Mixed Securities Investment Fund	6,324,582	RMB ordinary share	6,324,582
FEDERATED HERMES GLOBAL INVESTMENT FD (CAYMAN) MASTER, SPC OBOAFTAO FEDERATED HERMES EMG ASIA EQUITY FD MASTER S.P.	6,309,111	Domestically listed foreign shares	6,309,111
Dongfanghong Dingyuan 3-Month Fixed Term Open Mixed Initiating Securities Investment Fund	5,927,800	RMB ordinary share	5,927,800
Explanation on connected relationship among the top ten shareholders of tradable share not subject to trading moratorium, as well as among the top ten shareholders of tradable share not subject to trading moratorium and top ten shareholders, or explanation on acting-in-concert	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.		
Particular about shareholder participate in the securities lending and borrowing business (if any) (note 4)	Naught		

5% or greater shareholders, top 10 shareholders and Top 10 unrestricted shareholders involved in refinancing shares lending

Applicable Not applicable

Changes in top 10 shareholders and top 10 unrestricted shareholders due to refinancing shares lending/return compared with the prior period

Applicable Not applicable

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yes No

No such cases in the Reporting Period.

IV Change in Shareholdings of Directors, Supervisors and Senior Management

Applicable Not applicable

Name	Office title	Incumbent/former	Beginning shareholding (share)	Increase in the Current Period (share)	Decrease in the Current Period (share)	Ending shareholding (share)	Number of granted restricted shares at the period-begin (share)	Number of restricted shares granted in the Current Period (share)	Number of granted restricted shares at the period-end (share)

Liu Zibin	Chairman and President	Incumbent	148,290			148,290			
Xu Zhinan	Vice Chairman	Incumbent							
Xu Jianlyu	Director	Incumbent							
Zheng Huishe ng	Director	Incumbent							
Liu Deming	Director, Vice Controller of Global Marketing Department	Incumbent							
Zhang Zhanqi	Director, Vice president, Controller of Global Marketing Department	Incumbent	580,300			580,300	190,000		0
Zhang Keming	Director, Chief Accountant, Controller of Financial Management Department	Incumbent	377,700			377,700	110,000		0
Du Lixin	Director, Chief Engineer, Executive Dean of Lu Thai Engineering Technology Research Institute	Incumbent	250,000			250,000	110,000		0
Zhou Zhiji	Independent Director	Incumbent							
Qu Dongmei	Independent Director	Incumbent							
Peng Yanli	Independent Director	Incumbent							
Quan Yuhua	Independent Director	Incumbent							
Shang Chenggang	Chairman of the Supervisory Committee, President Assistant, Head of Garment Product Line	Incumbent	330,000			330,000	110,000		0
Liu Zilong	Supervisor	Incumbent	10,000			10,000			
Dong Shibing	Supervisor, Manager of Logistics Management Department	Incumbent	5,000			5,000			
Yu	President Assistant,	Incumbent	383,100			383,100	110,000		0

Shouzheng	Controller of Energy and Environment Protection Department	nt							
Li Wenji	Dean of Lu Thai Engineering Technology Research Institute	Incumbent	260,000			260,000	110,000		0
Guo Heng	Controller of Functional Fabric Product Line	Incumbent	300,000			300,000	110,000		0
Lyu Wenquan	Vice Controller of Yarn Dyed Fabric Product Line, Manager of Yarn Dyed Production Management Department	Incumbent	200,000			200,000	70,000		0
Xu Feng	Vice Controller of Yarn Dyed Fabric Product Line	Incumbent	190,000			190,000	95,000		0
Zheng Weiyin	Board Secretary	Incumbent	40,000			40,000	40,000		0
Zhang Shougang	Chairman of the Supervisory Committee	Former	73,100			73,100			
Total	--	--	3,147,490	0	0	3,147,490	1,055,000	0	0

V Change of the Controlling Shareholder or the De Facto Controller

Change of the controlling shareholder in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

Change of the de facto controller in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

Part VIII Preference Shares

Applicable Not applicable

No preference shares in the Reporting Period.

Part IX Bonds

Applicable Not applicable

I Enterprise Bonds

Applicable Not applicable

No enterprise bonds in the Reporting Period.

II Corporate Bonds

Applicable Not applicable

No corporate bonds in the Reporting Period.

III Debt Financing Instruments of Non-financial Enterprises

Applicable Not applicable

No such cases in the Reporting Period.

IV Convertible Corporate Bonds

Applicable Not applicable

1. Previous Adjustments and Correction of Conversion Price

On 9 April 2020, the Company publicly issued 14 million A-share convertible corporate bonds (short name: Lu Thai Convertible Bonds, bond code: 127016) on Shenzhen Stock Exchange with an issue price of RMB100 per share and a share conversion price of RMB9.01 per share. The bonds were listed on Shenzhen Stock Exchange on 13 May 2020. In accordance with related terms of the “Prospectus for the Public Offering of A-Share Convertible Corporate Bonds of Lu Thai Textile Co., Ltd.”, as well as the regulations of China Securities Regulatory Commission on the public offering of convertible corporate bonds, if the Company has any distribution of share dividends, conversion into share capital, additional issue of new shares (excluding share capital increase due to conversion into shares from the convertible corporate bonds issued this time), share allotment and distribution of cash dividends after the issue of “Lu Thai Convertible Bonds”, adjustment shall be made to the share conversion price.

On 21 May 2020, the Company held the Annual General Meeting of 2019, where the “Proposal on the Company’s Profit Distribution Plan for 2019” was considered and approved. According to the Proposal, a cash amount of RMB 1.00 (inclusive of tax) would be distributed to every 10 shares, with the 858,121,541 shares of share capital on 31 December 2019 as the base. The share registration date for the Company’s equity distribution of 2019 was 8 July 2020 and the ex-rights and ex-dividend date was 9 July 2020. Therefore, the share conversion price of “Lu Thai Convertible Bonds” was adjusted from RMB9.01 per share to RMB8.91 per share, and the new price after the adjustment took effect on and as of 9 July 2020 (the ex-rights and ex-dividend date).

On 3 June 2021, the Company completed the registration of first-granted restricted stocks of restricted share incentive scheme at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (China Clear). 7 June 2021 is designated as the listing date of first-granted restricted stocks of the Company in 2021. The Company grants 750 subjects of incentive 24,285,000 restricted shares at a price of RMB3.31 per share, accounting for 2.83% of total share capital of the Company. The source of the stock is RMB A-share ordinary shares issued by the Company to subjects of incentive. Therefore, the conversion price of Lu Thai Convertible Bond will be adjusted from RMB8.91 per share to RMB8.76 per share, with the adjusted conversion price coming into force from 7 June 2021.

The 2020 annual general meeting convened on 20 April 2021 deliberated on and adopted the Company's Proposal on Profit Appropriation Plan in 2020, which distributes cash of RMB0.50 per 10 shares (including tax) with total share capital at the record date of this distribution scheme as base. The record date of the Company's interest distribution in 2020 is set on 17 June 2021. The ex-date is set on 18 June 2021. Therefore, the conversion price of Lu Thai Convertible Bond will be adjusted from RMB8.76 per share to RMB8.71 per share, with the adjusted conversion price coming into force from 18 June 2021 (the ex-date).

On 22 March 2022, the Company completed the registration of granting reserved shares under the 2021 restricted share incentive scheme at the Shenzhen Branch of China Clear. 22 March 2022 was designated as the listing date for granting reserved restricted shares of the Company. The Company granted 343 incentive personnel 5,838,000 restricted shares at a price of RMB3.56 per share, accounting for 0.66% of total share capital of the Company. The source of the stock is RMB A-share ordinary shares issued by the Company to incentive personnel. Therefore, the conversion price of Lu Thai convertible bond will be adjusted from RMB8.71 per share to RMB8.68 per share, with the adjusted conversion price coming into force from 22 March 2022.

The 2021 annual general meeting convened on 20 May 2022 deliberated and adopted the Company's Proposal on Profit Appropriation Plan in 2021, which distributes cash of RMB0.70 per ten shares (including tax) with total share capital at the record date of this distribution scheme as base. The record date of the Company's interest distribution in 2021 was set on 22 June 2022. The ex-date was set on 23 June 2022. Therefore, the conversion price of Lu Thai convertible bond will be adjusted from RMB8.68 per share to RMB8.61 per share, with the adjusted conversion price coming into force from 23 June 2022.

The Company completed the formalities for cancellation of the 23,935,748 repurchased B shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 25 May 2023. In accordance with the issuance clauses in the Company's Prospectus and relevant regulations of the China Securities Regulatory Commission (CSRC) on the issuance of convertible bonds, the conversion price of Lu Thai convertible bond shall be adjusted from RMB8.61 per share to RMB8.73 per share. The adjusted conversion price came into force on 26 May 2023.

The Company implemented the 2022 Equity Distribution Plan on 16 June 2023. In accordance with the issuance clauses in the Company's Prospectus and relevant regulations of the CSRC on the issuance of convertible bonds, the conversion price of Lu Thai convertible bond shall be adjusted from RMB8.73 per share to RMB8.63 per share. The adjusted conversion price came into force on 16 June 2023.

The Company completed the formalities for cancellation of the 46,176,428 repurchased B shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 1 March 2024. In accordance with

the issuance clauses in the Company's Prospectus and relevant regulations of the China Securities Regulatory Commission (CSRC) on the issuance of convertible bonds, the conversion price of Lu Thai convertible bond shall be adjusted from RMB8.63 per share to RMB8.87 per share. The adjusted conversion price came into force on 4 March 2024.

The Company implemented the 2023 Equity Distribution Plan on 19 June 2024. In accordance with the issuance clauses in the Company's Prospectus and relevant regulations of the CSRC on the issuance of convertible bonds, the conversion price of Lu Thai convertible bond shall be adjusted from RMB8.87 per share to RMB8.74 per share. The adjusted conversion price came into force on 19 June 2024.

2. Accumulative Conversion

Applicable Not applicable

Abbreviation	Start date	Total circulation (piece)	Total amount (RMB)	Accumulative amount converted (RMB)	Accumulative shares converted (share)	Converted shares as % of total shares issued by the Company before the start date of conversion	Unconverted amount (RMB)	Unconverted amount as % of total amount
Lu Thai Convertible Bonds	From 15 October 2020 to 8 April 2026	14,000,000	1,400,000,000.00	152,300.00	17,031	0.00%	1,399,847,700.00	99.99%

3. Top 10 Convertible Bond Holders

No.	Name of holders	Nature of holders	Number of convertible bonds held at the period-end (share)	Amount of convertible bonds held at the period-end (RMB)	As % of convertible bonds held at the period-end
1	China Construction Bank - E Fund Enhanced Income Bond Securities Investment Fund	Other	694,212	69,421,200.00	4.96%
2	Fuguo Fumin Fixed Income Pension Product - China Construction Bank Corporation	Other	640,009	64,000,900.00	4.57%
3	Bank of China Co., Ltd.-GF Juxin Bond-Type Securities Investment Fund	Other	526,285	52,628,500.00	3.76%
4	Shanghai Pudong Development Bank Co., Ltd. - E Fund Yuxiang Return Bond Securities Investment Bond	Other	485,552	48,555,200.00	3.47%
5	China Merchants Bank Co., Ltd. - Dongfanghong Juli Bond Securities Investment Fund	Other	327,356	32,735,600.00	2.34%
6	Agricultural Bank of China Co., Ltd.-Penghua Convertible Bonds Bond Securities Investment Bond	Other	312,470	31,247,000.00	2.23%

7	TruValue Asset Management-China Merchants Bank-TruValue Asset Management Zhaoyi No. 3 Collective Asset Management Plan	Other	266,898	26,689,800.00	1.91%
8	Ping An Fund-Ping An Life Insurance Company of China, Ltd.-Dividend-Individual Insurance Dividend-Ping An Life - Ping An Fund Fixed Income Entrusted Investment No. 1-Asset Management Plan	Other	264,697	26,469,700.00	1.89%
9	Huatai Yousheng Convertible Bond Fixed Income Pension Product—China Merchants Bank Co., Ltd.	Other	246,800	24,680,000.00	1.76%
10	CPIC-Dividend-Individual Dividend	Other	241,283	24,128,300.00	1.72%

4. Significant Changes in Profitability, Assets Condition and Credit Status of Guarantors

Applicable Not applicable

5. The Company's Liabilities, Credit Changes at the Period-end and Cash Arrangements to Repay Debts in Future Years

For the relevant indicators, please refer to the Part IX Bonds- VI The Major Accounting Data and the Financial Indicators of the Recent 2 Years of the Company up the Period-end.

The credit rating of the Company's convertible bonds for the reporting period is AA+, which has not changed compared with that of the same period of last year.

V Losses of Scope of Consolidated Financial Statements during the Reporting Period Exceeding 10% of Net Assets up the Period-end of Last Year

Applicable Not applicable

VI The Major Accounting Data and the Financial Indicators of the Recent 2 Years of the Company up the Period-end

Unit: RMB'0,000

Item	30 June 2024	31 December 2023	Increase/decrease
Current ratio	3.93	3.43	14.58%
Debt/asset ratio	29.58%	28.39%	1.19%
Quick ratio	2.43	2.12	14.62%
	H1 2024	H1 2023	YoY increase/decrease
Net profit before exceptional gains and losses	26,373.13	19,180.99	37.50%
EBITDA/debt ratio	17.30%	20.29%	-2.99%
Interest cover (times)	4.76	5.49	-13.30%
Cash-to-interest cover (times)	9.47	2.95	221.02%

EBITDA-to-interest cover (times)	9.85	10.90	-9.63%
Loan repayment ratio	100.00%	100.00%	
Interest payment ratio	100.00%	100.00%	

Part X Financial Statements

I Independent Auditor's Report

Are these interim financial statements audited by an independent auditor?

Yes No

They are unaudited by such an auditor.

II Financial Statements

Currency unit for the financial statements and the notes thereto: RMB

1. Consolidated Balance Sheet

Prepared by Lu Thai Textile Co., Ltd.

30 June 2024

Unit: RMB

Item	30 June 2024	1 January 2024
Current assets:		
Monetary assets	1,670,720,493.53	1,558,252,048.03
Held-for-trading financial assets	741,610,807.34	723,800,275.39
Notes receivable	76,158,996.20	99,642,708.67
Accounts receivable	725,190,840.90	826,467,684.78
Accounts receivable financing	6,922,213.41	18,248,205.76
Prepayments	88,309,101.31	51,863,447.56
Other receivables	24,299,740.14	22,168,807.43
Including: Interest receivable		
Dividends receivable		
Inventories	2,142,506,737.15	2,124,139,574.70
Other current assets	144,860,987.32	145,112,114.03
Total current assets	5,620,579,917.30	5,569,694,866.35
Non-current assets:		
Long-term receivables		
Long-term equity investment	152,156,574.30	143,537,479.77
Other equity instrument investment		
Other non-current financial assets	88,750,000.00	88,750,000.00
Investment property	19,126,854.90	19,578,175.93
Fixed assets	5,921,271,772.02	5,597,692,505.07
Construction in progress	450,403,383.41	868,496,878.41
Right-of-use assets	474,061,007.77	463,226,419.21

Intangible assets	337,998,823.87	343,347,879.42
Goodwill	20,563,803.29	20,563,803.29
Long-term deferred expenses	4,443,686.50	1,815,838.60
Deferred income tax assets	157,913,267.50	157,892,110.06
Other non-current assets	518,241,842.87	155,690,266.83
Total non-current assets	8,144,931,016.43	7,860,591,356.59
Total assets	13,765,510,933.73	13,430,286,222.94
Current liabilities:		
Short-term borrowings	598,629,270.46	580,704,772.27
Held-for-trading financial liabilities	80,716,835.26	46,785,831.47
Derivative financial liabilities		
Notes payable		
Accounts payable	221,724,967.80	275,502,915.05
Advances from customers		
Contract liabilities	165,982,780.07	188,073,335.89
Payroll payable	234,219,345.20	284,344,973.72
Taxes payable	30,381,726.69	42,633,232.55
Other payables	18,715,402.34	47,549,373.52
Including: Interest payable		
Dividends payable	441,113.64	441,113.64
Current portion of non-current liabilities	23,319,201.45	96,207,192.49
Other current liabilities	57,471,030.54	63,646,908.11
Total current liabilities	1,431,160,559.81	1,625,448,535.07
Non-current liabilities:		
Long-term borrowings	706,355,559.41	259,992,974.40
Bonds payable	1,482,171,331.99	1,476,572,070.79
Lease liabilities	99,631,923.14	86,580,224.41
Long-term payables		
Long-term payroll payable	57,276,675.61	57,276,675.61
Provisions		
Deferred income	148,386,995.71	151,768,947.92
Deferred income tax liabilities	146,711,645.69	155,178,797.04
Other non-current liabilities		
Total non-current liabilities	2,640,534,131.55	2,187,369,690.17
Total liabilities	4,071,694,691.36	3,812,818,225.24
Owners' equity:		
Share capital	817,364,896.00	863,607,634.00

Other equity instruments	71,383,591.09	71,383,677.78
Including: Preferred shares		
Perpetual bonds		
Capital reserves	184,401,293.30	334,792,614.76
Less: Treasury stock	186,060.00	193,438,720.78
Other comprehensive income	140,719,631.20	131,343,141.63
Specific reserve	2,567,760.32	
Surplus reserves	1,260,661,015.34	1,260,661,015.34
General reserve		
Retained earnings	6,825,767,746.13	6,762,457,543.07
Total equity attributable to owners of the Company as the parent	9,302,679,873.38	9,230,806,905.80
Non-controlling interests	391,136,368.99	386,661,091.90
Total owners' equity	9,693,816,242.37	9,617,467,997.70
Total liabilities and owners' equity	13,765,510,933.73	13,430,286,222.94

Legal representative: Liu Zibin

Chief Accountant: Zhang Keming

Financial Manager: Zhang Keming

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	30 June 2024	1 January 2024
Current assets:		
Monetary assets	1,035,981,981.57	932,232,103.80
Held-for-trading financial assets	472,701,594.27	446,874,251.41
Derivative financial assets		
Notes receivable	44,283,816.54	54,622,178.42
Accounts receivable	283,809,495.22	356,483,425.59
Accounts receivable financing	5,289,974.58	11,214,873.48
Prepayments	59,005,416.11	21,426,761.45
Other receivables	1,886,991,725.68	2,064,459,414.54
Including: Interest receivable		
Dividends receivable		
Inventories	952,786,915.28	955,634,154.13
Including: Data resources		
Contract assets		
Available-for-sale assets		
Current portion of non-current assets		
Other current assets	7,315,243.72	2,443,246.51
Total current assets	4,748,166,162.97	4,845,390,409.33

Non-current assets:		
Investment on debt obligations		
Investment on other debt obligations		
Long-term receivables		
Long-term equity investments	3,588,116,900.80	3,579,497,806.27
Investments in other equity instruments		
Other non-current financial assets	76,750,000.00	76,750,000.00
Investment property	62,990,492.40	64,745,052.00
Fixed assets	1,960,953,873.80	2,048,332,131.98
Construction in progress	8,210,097.62	3,320,771.05
Right-of-use assets	101,770,445.49	90,043,845.90
Intangible assets	194,564,640.89	197,852,690.71
Including: Data resources		
Development costs		
Including: Data resources		
Goodwill		
Long-term deferred expenses	471,697.33	689,403.73
Deferred income tax assets	78,576,889.45	80,728,077.79
Other non-current assets	495,059,935.69	153,767,959.47
Total non-current assets	6,567,464,973.47	6,295,727,738.90
Total assets	11,315,631,136.44	11,141,118,148.23
Current liabilities:		
Short-term borrowings	3,215,018.43	3,180,000.00
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	93,633,814.85	108,266,517.50
Advances from customers		
Contract liabilities	106,810,242.63	106,140,758.76
Payroll payable	155,389,864.88	188,784,236.01
Taxes payable	16,759,691.55	23,490,180.58
Other payables	14,399,709.94	133,819,575.89
Including: Interest payable		
Dividends payable	441,113.64	441,113.64
Liabilities held for sale		
Current portion of non-current liabilities	23,277,160.10	95,832,728.97

Other current liabilities	43,691,327.71	44,293,993.88
Total current liabilities	457,176,830.09	703,807,991.59
Non-current liabilities:		
Long-term borrowings	706,355,559.41	259,992,974.40
Bonds payable	1,482,171,331.99	1,476,572,070.79
Lease liabilities	102,196,701.55	89,388,836.15
Long-term payables		
Long-term payroll payable	57,276,675.61	57,276,675.61
Provisions		
Deferred income	111,948,953.74	114,149,056.16
Deferred income tax liabilities	112,306,913.16	120,804,925.25
Other non-current liabilities		
Total non-current liabilities	2,572,256,135.46	2,118,184,538.36
Total liabilities	3,029,432,965.55	2,821,992,529.95
Owners' equity:		
Share capital	817,364,896.00	863,607,634.00
Other equity instruments	71,383,591.09	71,383,677.78
Including: Preferred shares		
Perpetual bonds		
Capital reserves	245,781,327.54	396,172,649.00
Less: Treasury stock	186,060.00	193,438,720.78
Other comprehensive income	-30,349.56	-41,439.79
Specific reserve		
Surplus reserves	1,257,552,275.70	1,257,552,275.70
Retained earnings	5,894,332,490.12	5,923,889,542.37
Total owners' equity	8,286,198,170.89	8,319,125,618.28
Total liabilities and owners' equity	11,315,631,136.44	11,141,118,148.23

3. Consolidated Income Statement

Unit: RMB

Item	H1 2024	H1 2023
1. Revenue	2,830,488,685.61	2,840,491,262.47
Including: Operating revenue	2,830,488,685.61	2,840,491,262.47
2. Costs and expenses	2,502,834,949.04	2,584,294,892.42
Including: Cost of sales	2,131,993,492.13	2,233,932,367.67
Taxes and surcharges	29,125,385.82	34,360,360.36
Selling expense	63,286,721.28	66,411,247.30
Administrative expense	158,805,160.69	175,308,361.39

Development cost	115,374,597.19	131,290,032.04
Finance costs	4,249,591.93	-57,007,476.34
Including: Interest expense	48,731,472.34	39,502,439.47
Interest income	24,797,577.48	30,385,764.21
Add: Other income	14,929,113.83	27,724,922.40
Return on investment (“-” for loss)	-3,289,446.38	46,798,662.00
Including: Share of profit or loss of joint ventures and associates	8,619,094.53	-1,333,148.86
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	-112,539,827.27	-42,471,705.81
Credit impairment loss (“-” for loss)	587,454.42	16,809,724.05
Asset impairment loss (“-” for loss)	-34,719,445.19	-75,665,553.95
Asset disposal income (“-” for loss)	-232,868.16	-404,759.16
3. Operating profit (“-” for loss)	192,388,717.82	228,987,659.58
Add: Non-operating income	2,878,019.80	4,231,250.89
Less: Non-operating expense	2,366,685.20	2,464,360.53
4. Profit before tax (“-” for loss)	192,900,052.42	230,754,549.94
Less: Income tax expense	18,864,805.79	20,991,415.51
5. Net profit (“-” for net loss)	174,035,246.63	209,763,134.43
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	174,035,246.63	209,763,134.43
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to shareholders of the Company as the parent (“-” for net loss)	169,559,969.54	221,647,998.15
5.2.1 Net profit attributable to non-controlling interests (“-” for net loss)	4,475,277.09	-11,884,863.72
6. Other comprehensive income, net of tax	9,376,489.57	70,872,279.88
Attributable to owners of the Company as the parent	9,376,489.57	70,872,279.88
6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes caused by re-measurements on defined benefit schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments		

6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss	9,376,489.57	70,872,279.88
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Credit impairment allowance for investments in other debt obligations		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements	9,340,942.61	70,961,260.92
6.2.7 Other	35,546.96	-88,981.04
Attributable to non-controlling interests		
7. Total comprehensive income	183,411,736.20	280,635,414.31
Attributable to owners of the Company as the parent	178,936,459.11	292,520,278.03
Attributable to non-controlling interests	4,475,277.09	-11,884,863.72
8. Earnings per share		
8.1 Basic earnings per share	0.21	0.26
8.2 Diluted earnings per share	0.19	0.23

Where business combinations under common control occurred in the current period, the net profit achieved by the acquirees before the combinations was RMB0.00, with the amount for the same period of last year being RMB0.00.

Legal representative: Liu Zibin

Chief Accountant: Zhang Keming

Financial Manager: Zhang Keming

4. Income Statement of the Company as the Parent

Unit: RMB

Item	H1 2024	H1 2023
1. Operating revenue	1,468,386,291.35	1,609,909,822.43
Less: Cost of sales	1,111,556,899.05	1,277,031,824.62
Taxes and surcharges	18,109,295.49	21,096,525.14
Selling expense	41,139,342.57	43,132,295.18
Administrative expense	96,570,932.90	109,290,133.53
R&D expense	79,830,730.20	89,977,015.81
Finance costs	-3,675,230.34	-76,975,133.92
Including: Interest expense	27,601,294.75	17,569,729.67

Interest income	19,298,232.20	22,004,783.28
Add: Other income	11,824,461.76	8,593,238.09
Return on investment (“-” for loss)	14,834,483.02	219,763,969.54
Including: Share of profit or loss of joint ventures and associates	8,619,094.53	-1,333,148.86
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	-73,211,657.14	-45,480,664.13
Credit impairment loss (“-” for loss)	2,881,097.53	6,259,781.13
Asset impairment loss (“-” for loss)	-2,519,219.13	-19,582,479.49
Asset disposal income (“-” for loss)	1,256,454.63	-295,512.79
2. Operating profit (“-” for loss)	79,919,942.15	315,615,494.42
Add: Non-operating income	2,179,686.89	2,814,084.00
Less: Non-operating expense	56,573.70	792,483.54
3. Profit before tax (“-” for loss)	82,043,055.34	317,637,094.88
Less: Income tax expense	5,350,341.11	8,203,834.07
4. Net profit (“-” for net loss)	76,692,714.23	309,433,260.81
4.1 Net profit from continuing operations (“-” for net loss)	76,692,714.23	309,433,260.81
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	11,090.23	-77,408.91
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes caused by re-measurements on defined benefit schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
5.1.3 Changes in the fair value of investments in other equity instruments		
5.1.4 Changes in the fair value arising from changes in own credit risk		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss	11,090.23	-77,408.91
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Credit impairment allowance for investments in other debt		

obligations		
5.2.5 Reserve for cash flow hedges		
5.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
5.2.7 Other	11,090.23	-77,408.91
6. Total comprehensive income	76,703,804.46	309,355,851.90
7. Earnings per share		
7.1 Basic earnings per share	0.09	0.36
7.2 Diluted earnings per share	0.10	0.32

5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2024	H1 2023
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	2,870,197,776.21	2,809,154,113.13
Tax rebates	34,473,335.94	75,305,681.28
Cash generated from other operating activities	15,241,585.40	68,114,428.99
Subtotal of cash generated from operating activities	2,919,912,697.55	2,952,574,223.40
Payments for commodities and services	1,495,937,361.55	1,823,197,285.44
Cash paid to and for employees	815,258,158.98	849,321,563.91
Taxes paid	84,393,030.40	64,065,437.19
Cash used in other operating activities	72,902,493.93	67,379,719.88
Subtotal of cash used in operating activities	2,468,491,044.86	2,803,964,006.42
Net cash generated from/used in operating activities	451,421,652.69	148,610,216.98
2. Cash flows from investing activities:		
Proceeds from disinvestment	366,961,000.00	1,525,821,962.14
Return on investment	1,477,671.32	22,361,582.82
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	5,007,425.81	1,794,347.29
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	55,092,528.36	61,197,806.89
Subtotal of cash generated from investing activities	428,538,625.49	1,611,175,699.14
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	133,899,391.95	352,801,937.92
Payments for investments	466,000,000.00	2,006,213,736.27
Cash used in other investing activities	187,380,600.00	3,894,036.91
Subtotal of cash used in investing activities	787,279,991.95	2,362,909,711.10

Net cash generated from/used in investing activities	-358,741,366.46	-751,734,011.96
3. Cash flows from financing activities:		
Capital contributions received	1,312,631,494.80	590,526,602.96
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings raised	1,312,631,494.80	590,526,602.96
Cash generated from other financing activities	919,859,118.54	416,309,860.45
Subtotal of cash generated from financing activities	149,684,828.86	113,125,135.43
Repayment of borrowings		
Interest and dividends paid	47,144,251.24	9,505,516.17
Including: Dividends paid by subsidiaries to non-controlling interests	1,116,688,198.64	538,940,512.05
Cash used in other financing activities	195,943,296.16	51,586,090.91
Subtotal of cash used in financing activities	8,936,611.65	18,508,217.96
Net cash generated from/used in financing activities	297,560,194.04	-533,029,486.11
4. Effect of foreign exchange rates changes on cash and cash equivalents	1,353,615,305.93	1,822,897,270.16
5. Net increase in cash and cash equivalents	1,651,175,499.97	1,289,867,784.05

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	H1 2024	H1 2023
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	1,488,240,200.81	1,621,793,418.78
Tax rebates	6,378,709.40	35,559,906.66
Cash generated from other operating activities	19,682,005.66	56,719,401.33
Subtotal of cash generated from operating activities	1,514,300,915.87	1,714,072,726.77
Payments for commodities and services	832,282,435.46	1,259,042,871.11
Cash paid to and for employees	404,265,209.55	459,317,676.05
Taxes paid	42,371,401.25	24,388,725.60
Cash used in other operating activities	41,833,676.11	33,086,342.08
Subtotal of cash used in operating activities	1,320,752,722.37	1,775,835,614.84
Net cash generated from/used in operating activities	193,548,193.50	-61,762,888.07
2. Cash flows from investing activities:		
Proceeds from disinvestment	320,961,000.00	1,395,821,962.14
Return on investment	5,054,535.92	21,094,108.64
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	798,733.70	2,637,307.50

Net proceeds from the disposal of subsidiaries and other business units		431,493,365.00
Cash generated from other investing activities	1,388,052,365.00	1,200,787,279.07
Subtotal of cash generated from investing activities	1,714,866,634.62	3,051,834,022.35
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	14,125,317.07	32,526,882.27
Payments for investments	420,000,000.00	2,318,818,000.00
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	1,316,340,560.00	1,238,001,959.48
Subtotal of cash used in investing activities	1,750,465,877.07	3,589,346,841.75
Net cash generated from/used in investing activities	-35,599,242.45	-537,512,819.40
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings raised	763,875,061.70	188,065,597.90
Cash generated from other financing activities	92,001,000.00	
Subtotal of cash generated from financing activities	855,876,061.70	188,065,597.90
Repayment of borrowings	387,245,597.90	13,868,839.85
Interest and dividends paid	137,445,683.64	110,643,219.41
Cash used in other financing activities	229,318,998.82	92,590,001.16
Subtotal of cash used in financing activities	754,010,280.36	217,102,060.42
Net cash generated from/used in financing activities	101,865,781.34	-29,036,462.52
4. Effect of foreign exchange rates changes on cash and cash equivalents	1,982,612.10	8,061,427.42
5. Net increase in cash and cash equivalents	261,797,344.49	-620,250,742.57
Add: Cash and cash equivalents, beginning of the period	765,705,926.26	1,283,846,116.80
6. Cash and cash equivalents, end of the period	1,027,503,270.75	663,595,374.23

7. Consolidated Statements of Changes in Owners' Equity

H1 2024

Unit: RMB

Item	H1 2024													
	Equity attributable to owners of the Company as the parent											Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings			Other
Preferred shares		Reserves	Other											
1. Balances as at the end of the prior year	863,607,634.00		71,383,677.78	334,792,614.76	193,438,720.78	131,343,141.63		1,260,661,015.34		6,762,457,543.07		9,230,806,905.80	386,661,091.90	9,617,467,997.70
Add: Adjustments for changed accounting policies														
Adjustments for corrections of previous errors														
Other adjustments														
2. Balances as at the beginning of the year	863,607,634.00		71,383,677.78	334,792,614.76	193,438,720.78	131,343,141.63		1,260,661,015.34		6,762,457,543.07		9,230,806,905.80	386,661,091.90	9,617,467,997.70

3. Increase/decrease in the period ("-" for decrease)	- 46,242,738.00			-86.69	- 150,391,321.46	- 193,252,660.78	9,376,489.57	2,567,760.32			63,310,203.06	71,872,967.58	4,475,277.09	76,348,244.67
3.1 Total comprehensive income							9,376,489.57				169,559,969.54	178,936,459.11	4,475,277.09	183,411,736.20
3.2 Capital increased and reduced by owners	- 46,242,738.00			-86.69	- 150,391,321.46	- 193,252,660.78						-3,381,485.37		-3,381,485.37
3.2.1 Ordinary shares increased by shareholders	- 46,242,738.00				- 153,711,878.22							- 199,954,616.22		- 199,954,616.22
3.2.2 Capital increased by holders of other equity instruments														
3.2.3 Share-based payments included in owners' equity					3,320,515.96							3,320,515.96		3,320,515.96
3.2.4 Other				-86.69	40.80	- 193,252,660.78						193,252,614.89		193,252,614.89
3.3 Profit distribution										- 106,249,766.48	- 106,249,766.48	- 106,249,766.48		- 106,249,766.48
3.3.1 Appropriation to surplus reserves														
3.3.2 Appropriation to														

comprehensive income transferred to retained earnings														
3.4.6 Other														
3.5 Specific reserve							2,567,760.32				2,567,760.32		2,567,760.32	
3.5.1 Increase in the period							4,090,000.00				4,090,000.00		4,090,000.00	
3.5.2 Used in the period							1,522,239.68				1,522,239.68		1,522,239.68	
3.6 Other														
4. Balances as at the end of the period	817,364,896.00			71,383,591.09	184,401,293.30	186,060.00	140,719,631.20	2,567,760.32	1,260,661,015.34	6,825,767,746.13	9,302,679,873.38	391,136,368.99	9,693,816,242.37	

H1 2023

Unit: RMB

Item	H1 2023													Non-controlling interests	Total owners' equity
	Equity attributable to owners of the Company as the parent											Subtotal			
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings		Other		
Preferred shares		Perpetual bonds	Other												
1. Balances as at	887,633,151.00			71,383,830.75	395,872,135.71	154,396,198.73	107,628,898.09		1,215,124,336.54		6,490,910,719.35		9,014,156,872.71	393,749,387.23	9,407,906,259.94

the end of the prior year														
Add: Adjustments for changed accounting policies														
Adjustments for corrections of previous errors														
Other adjustments														
2. Balances as at the beginning of the year	887,633,151.00		71,383,830.75	395,872,135.71	154,396,198.73	107,628,898.09		1,215,124,336.54		6,490,910,719.35		9,014,156,872.71	393,749,387.23	9,407,906,259.94
3. Increase/ decrease in the period ("-" for decrease)	23,935,632.00		-50.99	64,785,911.20	122,552,833.73	70,872,279.88	2,777,410.71			135,287,246.25		242,768,176.38	11,884,863.72	230,883,312.66

3.1 Total compr ehensi ve income						70,872,279. 88					221,647,998.1 5	292,520,278.0 3	11,884,863. 72	280,635,41 4.31
3.2 Capital increas ed and reduced by owners	23,935,632. 00		-50.99	64,785,911. 20	122,552,833 .73							33,831,239.54		33,831,239. 54
3.2.1 Ordina ry shares increas ed by shareh olders	116.00			923.91								1,039.91		1,039.91
3.2.2 Capital increas ed by holders of other equity instru ments														
3.2.3 Share- based payme nts include d in owners ' equity				11,076,415. 02								11,076,415.02		11,076,415. 02
3.2.4 Other	23,935,748. 00		-50.99	75,863,250. 13	122,552,833 .73							22,753,784.61		22,753,784. 61
3.3											-	-		-

Profit distribution										86,360,751.90		86,360,751.90		86,360,751.90
3.3.1 Appropriation to surplus reserves														
3.3.2 Appropriation to general reserve														
3.3.3 Appropriation to owners (or shareholders)										86,360,751.90 ⁻		86,360,751.90 ⁻		86,360,751.90 ⁻
3.3.4 Other														
3.4 Transfers within owners' equity														
3.4.1 Increase in capital (or share capital)														

) from capital reserves														
3.4.2 Increase in capital (or share capital) from surplus reserves														
3.4.3 Loss offset by surplus reserves														
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings														
3.4.5 Other compr														

Share income transferred to retained earnings													
3.4.6 Other													
3.5 Specific reserve							2,777,410.71				2,777,410.71		2,777,410.71
3.5.1 Increase in the period							5,275,200.00				5,275,200.00		5,275,200.00
3.5.2 Used in the period							2,497,789.29				2,497,789.29		2,497,789.29
3.6 Other													
4. Balances as at the end of the period	863,697,519.00		71,383,779.76	331,086,224.51	31,843,365.00	178,501,177.97	2,777,410.71	1,215,124,336.54		6,626,197,965.60	9,256,925,049.09	381,864,523.51	9,638,789,572.60

8. Statements of Changes in Owners' Equity of the Company as the Parent

H1 2024

Unit: RMB

Item	H1 2024									
	Share capital	Other equity instruments	Capital	Less: Treasury	Other	Specific	Surplus reserves	Retained	Other	Total owners'

		Preferred shares	Perpetual bonds	Other	reserves	stock	comprehensive income	reserve		earnings		equity
1. Balances as at the end of the prior year	863,607,634.00			71,383,677.78	396,172,649.00	193,438,720.78	-41,439.79		1,257,552,275.70	5,923,889,542.37		8,319,125,618.28
Add:												
Adjustments for changed accounting policies												
Adjustments for corrections of previous errors												
Other adjustments												
2. Balances as at the beginning of the year	863,607,634.00			71,383,677.78	396,172,649.00	193,438,720.78	-41,439.79		1,257,552,275.70	5,923,889,542.37		8,319,125,618.28
3. Increase/decrease in the period ("-" for decrease)	-46,242,738.00			-86.69	150,391,321.46	193,252,660.78	11,090.23			-29,557,052.25		-32,927,447.39
3.1 Total comprehensive income							11,090.23			76,692,714.23		76,703,804.46
3.2 Capital increased and reduced by owners	-46,242,738.00			-86.69	150,391,321.46	193,252,660.78						-3,381,485.37
3.2.1 Ordinary shares increased by shareholders	-46,242,738.00				153,711,878.22							-199,954,616.22
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in					3,320,515.96							3,320,515.96

owners' equity												
3.2.4 Other				-86.69	40.80	-						193,252,614.89
3.3 Profit distribution											-106,249,766.48	-106,249,766.48
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)											-106,249,766.48	-106,249,766.48
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to												

retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balances as at the end of the period	817,364,896.00			71,383,591.09	245,781,327.54	186,060.00	-30,349.56		1,257,552,275.70	5,894,332,490.12		8,286,198,170.89

H1 2023

Unit: RMB

Item	H1 2023											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balances as at the end of the prior year	887,633,151.00			71,383,830.75	457,252,169.95	154,396,198.73	-30,162.34		1,212,015,596.90	5,600,420,185.06		8,074,278,572.59
Add: Adjustments for changed accounting policies												
Adjustments for corrections of previous errors												
Other adjustments												
2. Balances as at the beginning of the year	887,633,151.00			71,383,830.75	457,252,169.95	154,396,198.73	-30,162.34		1,212,015,596.90	5,600,420,185.06		8,074,278,572.59
3. Increase/decrease in the period ("-" for decrease)	-23,935,632.00			-50.99	-64,785,911.20	122,552,833.73	-77,408.91			223,072,508.91		256,826,339.54

3.1 Total comprehensive income								-77,408.91			309,433,260.81		309,355,851.90
3.2 Capital increased and reduced by owners	-23,935,632.00				-50.99	-64,785,911.20	122,552,833.73	-					33,831,239.54
3.2.1 Ordinary shares increased by shareholders	116.00					923.91							1,039.91
3.2.2 Capital increased by holders of other equity instruments													
3.2.3 Share-based payments included in owners' equity						11,076,415.02							11,076,415.02
3.2.4 Other	-23,935,748.00				-50.99	-75,863,250.13	122,552,833.73	-					22,753,784.61
3.3 Profit distribution											-86,360,751.90		-86,360,751.90
3.3.1 Appropriation to surplus reserves													
3.3.2 Appropriation to owners (or shareholders)											-86,360,751.90		-86,360,751.90
3.3.3 Other													
3.4 Transfers within owners' equity													
3.4.1 Increase in capital (or share capital) from capital reserves													
3.4.2 Increase in													

capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balances as at the end of the period	863,697,519.00			71,383,779.76	392,466,258.75	31,843,365.00	-107,571.25		1,212,015,596.90	5,823,492,693.97		8,331,104,912.13

III Company Profile

Lu Thai Textile Co., Ltd. (hereinafter referred to as the “Company”) is a joint venture invested by Zibo Lucheng Textile Investment Co., Ltd (originally named Zibo Lucheng Textile Co., Ltd, hereinafter referred to as Lucheng Textile) and Thailand Tailun Textile Co., Ltd. On 3 February 1993, the Company is approved by the former Ministry of Foreign Trade and Economy of the State (1993) in WJMZEHZ No. 59 to convert into a joint-stock enterprise. Zibo Administration for Industry and Commerce issued the Company corporate business license with the registration No. of QGLZZZ No. 000066.

In July 1997, the Company is approved by the Securities Committee of the Department of the State in the ZWF (1997) No. 47 to issue 80 million shares of domestically listed foreign share(B-shares) at the price of RMB 1.00 per share. Upon approved by Shenzhen Stock Exchange with No. (1997) 296 Listing Notice, the Company is listed on the Shenzhen Stock Exchange on 19 August 1997 with B-shares stock code of 200726. On 24 November 2000, approved by ZJGSZ [2000] No.199 by CSRC, the Company increased publication of 50 million shares of general share (A-shares) at the book value of RMB 1.00, which are listed on the Shenzhen Stock Exchange on 25 December 2000 with A-shares stock code of 000726 through approval by Shenzhen Stock Exchange with No. (2000) 162 Listing Notice.

As approved by 2000 Annual General Meeting in May 2001, the Company carried out the distribution plan that 10 shares of capital public reserve are converted to 3 more shares for each 10 shares.

As approved by Resolutions of 2001 Annual General Meeting in June 2002, the Company implemented the distribution plan that 10 shares of capital public reserve are converted 3 more shares for each 10 shares again.

As approved by 2002 Annual General Meeting in May 2003, the Company implemented the distribution plan that 10 shares of capital public reserve are 2 more shares for each 10 shares, and inner employees’ shared increased to 40.56 million shares. As examined and approved by ZJGSZ No. [2000] 199 of CSRC, the inner employees’ shares will start circulation 3 years later since listing on the A-share market. On 25 December 2003, the inner employees’ shares reach 3 years since listing on the A-share stock market, and they set out circulation on 26 December 2003.

As approved by the Annual General Meeting 2006 held in June 2007, the Company implemented the plan on converting 10 shares to all its shareholders with capital reserves for every 10 shares. After capitalization, the registered capital of the Company was RMB 844.8648 million.

The Company, in accordance with the official reply on approving Lu Thai Textile Co., Ltd. to issue additional shares (ZJXK [2008] No. 890 document) from CSRC, issued the Renminbi common shares (A shares) amounting to 150 million shares on 8 December 2008.

According to the relevant resolution of the 2nd Special Extraordinary General Meeting of 2011, the relevant resolution of the 15th Meeting of the 6th Board of Directors, the Opinion of China Securities Regulatory Commission on the Restricted Share Incentive Plan of Lu Thai Textile Co., Ltd. (Shang-Shi-Bu-Han [2011] No. 206), the Company applied for a registered capital increment of RMB 14.09 million, which was contributed by restricted share incentive receivers with monetary funds.

In accordance with the resolution of Proposal on Repurchasing and Canceling Partial Restricted Shares already Granted for the Original Incentive Targets not Reaching the Incentive Conditions made at the 23rd Session of the 6th Board of Directors on 13 August 2012, the Company canceling a total of 60,000.00 shares already granted for the original incentive targets not reaching the incentive conditions.

According to the second temporary resolution of Proposal on counter purchase of part of the domestic listed foreign share (B share) on 25 June 2012, the Company counter purchase domestic listed foreign share (B share) 48,837,300 shares.

According to the Proposal on Repurchase and Cancel Part of Unlocked Restricted Share of the Original Incentive Personnel not

Conforming to the Incentive Condition, Proposal on Repurchase and Cancel unlocked Restricted Share in Second Unlocked Period of all the Incentive Personnel reviewed and approved by the 26th Meeting of the 6th Board of Directors on 27 March 2013, the Company repurchase and cancel 4,257,000 shares owned by original people whom to motivate.

According to the Proposal on Repurchase and Write-off of Partly of the Original Incentive Targets Not Met with the Incentive Conditions but Granted Restricted Shares approved on the 11th Meeting of the 7th Board of Directors on 11 June 2014, to execute repurchase and write-off of the whole granted shares of 42,000 shares of the original incentive targets not met with the incentive targets of the Company.

As per the Proposal on Buy-back of Some A- and B-shares considered and approved as a resolution at the 1st special meeting of shareholders on 5 August 2015, the Company repurchased 33,156,200 domestically listed foreign shares (B-shares).

As per the Proposal on Buy-back of Some B-shares considered and approved as a resolution at the 2nd Extraordinary General Meeting on 23 March 2018, the Company repurchased 64,480,800 domestically listed foreign shares (B-shares).

There were 10,800 shares of the Company which were converted from the convertible bonds in 2020.

In line with the resolution of the 1st Extraordinary General Meeting of the Company on 13 May 2021 and the resolution of the 24th Meeting of the 9th Board of Directors on 17 May 2021, the Company implemented the restricted share incentive scheme and applied for a registered capital increment of RMB24,285,000 which was contributed by restricted share incentive receivers with monetary funds.

In line with the resolutions of the 26th Meeting of the 9th Board of Directors and the 2nd Extraordinary General Meeting of 2021 convened by the Company respectively on 26 August 2021 and 13 September 2021 that the Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition, the Company applied to reduce the registered capital of RMB80,000.

There were 4,000 shares of the Company which were converted from the convertible bonds in 2021.

In line with the resolution of the first Extraordinary General Meeting of the Company on 13 May 2021 and the resolution of the 30th session of the Ninth Board of Directors on 18 February 2022, the Company applied for an increase of the share capital by RMB 5,838,000, which was contributed by 343 restricted share incentive receivers with monetary funds.

In conformity with the resolution of the 30th session of the Ninth Board of Directors of the Company on 18 February 2022 and the resolution of the 1st Extraordinary General Meeting of 2022 of the Company on 7 March 2022, the Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition, all the 240,000 shares authorized to the original incentive personnel who did not conform to the incentive condition of the Company were repurchased and cancelled.

In conformity with the resolution of the second session of the Tenth Board of Directors on 29 June 2022 and the resolution of the third Extraordinary General Meeting of the Company on 15 July 2022, the Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition, all the 308,000 shares authorized to the original incentive personnel who did not conform to the incentive condition of the Company were repurchased and cancelled.

There were 1,900 shares of the Company which were converted from the convertible bonds in 2022.

In line with the resolution of the 3rd Extraordinary General Meeting of the Company on 15 July 2022, the Proposal on Repurchasing the Domestically Listed Foreign Shares (B Shares) of the Company, the Company repurchased 23,935,700 B shares.

In conformity with the resolution of the 7th session of the Tenth Board of Directors on 10 April 2023 and the resolution of the

2022 General Meeting of the Company on 12 May 2023, the Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition, all the 90,000 shares authorized to the original incentive personnel who did not conform to the incentive condition of the Company were repurchased and cancelled.

There were 200 shares of the Company which were converted from the convertible bonds in 2023.

In line with the resolution of the 1st Extraordinary General Meeting of the Company on 6 July 2023, the Proposal on Repurchasing the Domestically Listed Foreign Shares (B Shares) of the Company, the Company repurchased 46,176,400 B shares.

In conformity with the resolution of the 18th session of the Tenth Board of Directors on 19 January 2024 and the resolution of the First Extraordinary General Meeting of the Company on 5 February 2024, the Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition, all the 665,00 shares authorized to the original incentive personnel who did not conform to the incentive condition of the Company were repurchased and cancelled.

There were 200 shares of the Company which were converted from the convertible bonds in H1 2024.

As at 30 June 2024, the Company's registered capital stood at RMB817,364,900.

The Company's registered address: No. 61, Luthai Avenue, Hi-tech Development Zone, Zibo, Shandong

The Company's unified social credit code: 91370300613281175K

The Company's legal representative: Liu Zibin

The Company establishes the corporate governance structure consisting of the shareholders meeting, the Board of Directors and the Supervisory Committee. At present, the Company has set up various departments including the Yarn-dyed Fabric Product Line, Garment Product Line, the Clothing Marketing Department, the Global Marketing Department, the Supply Chain Department, Lu Thai Engineering Technology Institute, the Enterprise Management Department, the Financial Management Department and the Strategy and Market Department etc.

The scope of business of the Company and its subsidiaries shall include general projects: Fabric textile processing; fabric printing and dyeing processing; garment manufacturing; the sales of textiles and raw materials; clothing wholesale; clothing retail; Internet sales (except for the sale of goods requiring a license); the production of Class I medical devices; the production of routine masks (non-medical); the production of labour protection appliances; software development; technical services, development of technology, technology consulting, technical exchange, technology transfer and technology promotion; the sales of textile special equipment; the sales of mechanical and electrical equipment; the procurement of primary agricultural products; business training (trainings that require approval such as educational training and vocational skill training exclusive); housing lease; the lease of non-residential real estate; the lease of land usage right; the sales of special chemical products (dangerous chemicals exclusive); and the sales of building materials. It shall also include licensed projects (business activities can be carried out legally and independently with business license in addition to projects that must be approved by law): Inspection and testing service; catering service; power generation business, power transmission business, and power supply (distribution) business. (For projects that must be approved by law, the business activities can only be carried out upon approval by the relevant departments, and the specific business projects shall be subject to the approval document or license of relevant departments)

The Company's financial statements and Notes thereof have been approved by the 24th Meeting of the 10th Board of Directors held on 28 August 2024.

IV Basis for Preparation of Financial Statements

1. Preparation Basis

This financial statement is prepared in accordance with the accounting standards for business enterprises, and the application guide, interpretation and other relevant regulations (hereinafter collectively referred to as “Accounting Standards for Business Enterprises”) issued by the Ministry of Finance. In addition, the Company also disclosed relevant financial information in accordance with the Regulations on Information Disclosure and Compilation for Companies Public Offering Securities No. 15-General Provisions on Financial Report (revised in 2023) issued by China Securities Regulatory Commission.

The Company's accounting is based on the accrual basis. Except for certain financial instruments, this financial statement is measured on the basis of historical cost. If the asset is impaired, the corresponding impairment provision shall be made in accordance with relevant regulations.

2. Going-concern

The financial statements are presented on the basis of continuing operations.

V Significant Accounting Policies and Estimates

Specific accounting policies and accounting estimates indicators:

The Company determines income recognition policy according to its production and operation characteristics, and the specific accounting policies are shown in Note V (27).

1. Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company are in compliance with in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the consolidated, and the Company's financial positions as at 30 June 2024, business results and cash flows for H1 2024, and other relevant information.

2. Fiscal Year

The Company's fiscal year starts on 1 January and ends on 31 December of every year according to the Gregorian calendar.

3. Operating Cycle

The Company regards 12 months as an operating cycle.

4. Recording Currency

The Company and its domestic subsidiaries adopt RMB as the recording currency. The Company's overseas subsidiaries confirm to adopt HK Dollar and US Dollar as the recording currency according their major economic environment of the operating. When preparing the financial statements for the Reporting Period, the Company adopted RMB as the recording currency.

5. Methods for Determining Materiality Standards and Selection Criteria

Applicable Not applicable

Item	Materiality criteria
Significant receivables withdrawal of bad debt provision separately accrued	Individual receivables exceeding 0.3% of total assets
Significant receivables reversed or recovered during the Reporting Period	Individual receivables exceeding 0.3% of total assets
Significant written-off of receivables during the Reporting Period	Individual receivables exceeding 0.3% of total assets
Significant prepayments aging over one year	Individual prepayment amounts exceeding 0.3% of total assets
Significant construction in progress	Individual investment amounts exceeding 1% of total assets
Significant accounts payable aging over one year	Individual accounts payable amounts exceeding 0.3% of total assets
Significant non-wholly-owned subsidiary	A subsidiary whose total assets, operating income, or total profit (or absolute loss amount) exceeds 10% of the corresponding item in the consolidated financial statements is considered a significant non-wholly owned subsidiary
Significant investment activity projects	Individual investment amounts exceeding 5% of total assets

6. Accounting Treatment for Business Combinations under the Common Control and Not under the Common Control

(1) Business combinations under the same control

For business combinations under the same control, the assets and liabilities of the merged party acquired by the merger party in the merger, shall be measured at the carrying value of the merged party in the consolidated financial statement of the final controller on the combination date. As for the difference between the carrying value of the merger consideration and carrying value of the net assets obtained in the merger, the capital reserve (capital stock premium) shall be adjusted, and if the capital reserve (capital stock premium) is insufficient to offset, the retained earnings shall be adjusted.

Realize business combination under the same control in steps by transaction several times

The assets and liabilities of the combined party acquired by the combining party in the combination, shall be measured at the book value of the combined party in the consolidated financial statement of the final controller on the combination date; the difference between the sum of the book value of investment held before combination plus the book value newly paid on the combination date, and the book value of the net assets acquired in combination, is used for adjusting the capital reserve (capital stock premium), and if the capital reserve (capital stock premium) is insufficient to offset, the retained earnings shall be adjusted. The long-term equity investment held by the combining party before acquiring the control right of the combined party, if relevant gains and losses, other comprehensive revenues and changes in other owner's equity have been confirmed from the date of acquiring equity and the date when the combining party and the combined party under the final control of the same party, whichever is later, to the combination date, shall offset the retained earnings at the beginning or current profits and losses in the period of comparing statements.

(2) Business combinations not under the same control

For a business combination not under the same control, the cost of the combination is the assets paid, liabilities incurred or assumed, and the fair value of the equity securities issued on the acquisition date to obtain control over the purchased party. On the purchase date, the acquired assets, liabilities and contingent liabilities of the purchased party are recognized at fair value.

The difference between the merger cost and the fair value of the identifiable net assets of the acquired party acquired in the merger (the former is greater than the latter) is recognized as goodwill, and subsequent measurement is made based on the cost deducting the accumulated impairment provision; the difference between the merger cost and the fair value of the identifiable net assets of the acquired party acquired in the merger (the former is less than the latter) shall be recorded into the current profit or loss after the recheck.

Achieve business combination not under the same control step by step through multiple transactions

The cost of consolidation is the sum of the consideration paid at the purchase date and the fair value at the purchase date of the equity already held by the acquired party before the purchase date. For equity of the acquired party that is already held before the purchase date, it shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and its book value shall be included in the current investment income. If the equity of the acquired party held before the purchase date involves other comprehensive income and the changes of other owner's equity, it shall be transferred to current income on the purchase date, other comprehensive income arising from the remeasurement of the net liability or net asset of a defined benefit plan by the investee, as well as other comprehensive income related to investments in non-trading equity instruments designated at fair value through other comprehensive income, are excluded.

(3) Treatment of transaction costs in business combinations

Intermediary expenses such as auditing, legal services, evaluation and consulting and other related management expenses incurred for the business combination shall be included in the current profit and loss when incurred. The transaction costs of equity securities or debt securities issued as the merger consideration shall be included in the initial recognition amount of equity securities or debt securities.

7. Criteria for Judging Control and Methods for Preparing Consolidated Financial Statements

(1) Criteria for judging control

The consolidation scope of the consolidated financial statements is determined on the basis of control. Control means that the Company has the power over the invested unit, enjoys variable returns by participating in the related activities of the invested unit, and has the ability to use the power over the invested unit to influence the amount of its return. When changes in relevant facts and circumstances lead to changes in the elements involved in the definition of control, the Company will reassess.

In determining whether to include a structured entity within the consolidation scope, the Company considers all facts and circumstances, including assessing the purpose and design of the structured entity's establishment, identifying the types of variable returns, and evaluating whether the Company controls the structured entity based on whether it has assumed some or all of the variability in returns by participating in its relevant activities.

(2) Preparation method of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant materials. When preparing the consolidated financial statements, the accounting policies and accounting fiscal of the Company and those of subsidiaries shall be consistent and the large transactions and intercourse balance among companies shall be offset. Subsidiaries and businesses increased due to business combinations under the same control during the Reporting Period shall be included into the Company's combination scope since the date when they are jointly controlled by the final controller, and the operating result and cash flow since then shall be respectively included into the consolidated income statement and consolidated cash flow statement. As for subsidiaries and businesses increase due to business combinations not under the same control during the Reporting Period, the revenue, expenses and profit or those subsidiaries and businesses from the purchase date to the end of the Reporting Period shall be included into the consolidated income statement and the cash flow thereof shall be included into the consolidated cash flow statement. The share of shareholders' equity in subsidiaries not belonging to the Company shall be regarded as the minority interests and separately listed under the item of shareholders' equity in the consolidated balance sheet. The share of current portion of net profit or loss in subsidiaries belonging to minority interests shall presented as the item of minority interests under the item of net profit in the consolidated income statement. The

difference between the losses of subsidiaries born by not-controlling shareholders and the share of the company's owners' equity at the period-beginning the not-controlling shareholders enjoy (the former is larger than the latter) shall be offset the minority interests.

8. Classification of Joint Arrangements and Accounting Treatment of Joint Operations

Joint arrangement refers to an arrangement under the joint control of two or more participants. The Company's joint arrangements are divided into joint operations and joint ventures.

(1) Joint operations

A joint operation refers to a joint arrangement whereby the Company enjoys relevant assets of the arrangement, and assumes obligations relevant liabilities of the arrangement.

The Company recognizes the following items related to the interest share in joint operation, and conducts accounting treatment in accordance with relevant provisions of the Accounting Standard for Business Enterprises:

- A. It recognizes separately held assets and jointly held assets according to the proportion;
- B. It recognizes separately assumed liabilities and jointly assumed liabilities according to the proportion;
- C. Income from the sale of the proportion of joint operation output is recognized;
- D. Income from the sale of the joint operation output is recognized according to the proportion.
- E. While the separately incurred fee is recognized, the incurred fee for joint operation is recognized according to the proportion.

(2) Joint ventures

A joint venture refers to a joint arrangement whereby the Company enjoys the right of the net assets of the arrangement only.

Accounting treatment of the investment of a joint venture is conducted by the Company in line with the provisions of relevant equity method of accounting for long-term equity investment.

9. Confirmation Standard for Cash and Cash Equivalent

The term "cash" refers to cash on hand and deposits that are available for payment at any time. Cash equivalents refer to investments held by the Company that are short-term, highly liquid, easily convertible into known amounts of cash, and have little risk of change in value.

10. Foreign Currency Businesses and Translation of Foreign Currency Financial Statements

(1) Foreign currency business

The Company's foreign currency business is translated into the amount of the recording currency at the approximate exchange rate of the spot exchange rate on the transaction date.

On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or the previous balance sheet date is included in the current profit and loss; for foreign currency non-monetary items measured at historical cost, the translation adopts the spot exchange rate on the day the transaction occurs; for foreign currency non-monetary items measured at fair value, the translation adopts the spot exchange rate on the day when the fair value is confirmed, and the difference between the amount of recording currency and the amount of original recording currency shall be included into the current profit or loss or other comprehensive income based on the nature of non-monetary items.

(2) Conversion of foreign currency financial statements

When converting the foreign currency financial statements of overseas subsidiaries on the balance sheet date, the assets and liabilities items in the balance sheet shall be converted at the spot exchange rate on the balance sheet date. Other items of shareholders' equity except for "undistributed profits" shall be converted at the spot exchange rate on the occurrence date.

Income and expense items in the income statement shall be converted using the approximate spot exchange rate on the transaction date.

All items in the cash flow statement are converted according to the approximate spot exchange rate on the occurrence date of cash flow. The impact of exchange rate changes on cash is taken as a reconciling item, and the item "impact of exchange rate changes on cash and cash equivalents" is separately listed in the cash flow statement to reflect.

The difference arising from the conversion of financial statements is reflected in the "other comprehensive income" under the shareholders' equity in the balance sheet.

When disposing of the overseas operation and losing control rights, the foreign currency statement conversion difference related to the overseas operation shown under the shareholders' equity in the balance sheet shall be transferred to current profit and loss of disposal in whole or in proportion to the disposal of overseas operation.

11. Financial Instruments

Financial instruments refer to contracts that form one party's financial assets and form other parties' financial liabilities or equity instruments.

(1) Recognition and derecognition of financial instruments

The Company recognizes a financial asset or liability when it becomes a party of the relevant financial instrument contract.

Where a financial asset satisfies any of the following requirements, the recognition of it is terminated:

- ① The contractual rights for collecting the cash flow of the said financial asset are terminated;
- ② The said financial asset has been transferred and meet the following derecognition conditions for transfer of financial assets.

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where the Company (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it terminates the recognition of the existing financial liability, and at the same time recognizes the new financial liability.

The purchase and sale of financial assets under the normal ways shall be recognized and stopped to be recognized respectively at the price of transaction date.

(2) Classification and measurement of financial assets

The Company classifies financial assets into the following three categories according to the business mode of managing financial assets and the contractual cash flow characteristics of financial assets upon initial recognition: financial assets measured at amortized cost, financial assets measured at fair value and whose changes are included in other comprehensive income, and financial assets measured at fair value and whose changes are included in current profit and loss.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value and whose changes are included in current profit and loss, relevant transaction expenses are directly included in current profit and loss; for other types of financial assets, relevant transaction expenses are included in the initial recognition amount. For accounts receivable arising from the sale of products or the provision of labor services, which do not include or do not consider significant financing components, the amount of consideration the Company is expected to be entitled to receive is taken as the initial recognition amount.

Financial assets measured at amortized cost

The Company classifies financial assets that meet the following conditions and are not designated to be measured at fair value and whose changes are included in current profit and loss as financial assets measured at amortized cost:

The Company's business model for managing this financial asset is aimed at collecting contractual cash flow;

The contractual terms of this financial asset stipulate that the cash flow generated on the specific date is only the payment of principal and interest based on the principal amount outstanding.

Such financial assets are measured in amortized cost by the effective interest method after initial recognition. Gains or losses arising from financial assets measured in amortized cost that are not part of any hedging relationship are included in current profit and loss when derecognition, amortization according to the effective interest method, or impairment is recognized.

Financial assets measured at fair value and whose changes are included in other comprehensive income

The Company classifies financial assets that meet the following conditions and are not designated to be measured at fair value and whose changes are included in current profit and loss as financial assets measured at fair value and whose changes are included in other comprehensive income:

The Company's business model for managing this financial asset is aimed at both collecting the contractual cash flow and selling this financial asset;

The contractual terms of this financial asset stipulate that the cash flow generated on the specific date is only the payment of principal and interest based on the principal amount outstanding.

Such financial assets are subsequently measured at fair value after initial recognition. Interest, impairment losses or gains and exchange gains and losses calculated by the effective interest method are included in current profit and loss, while other gains or losses are included in other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out and included in current profit and loss.

Financial assets measured at fair value and whose changes are included in current profit and loss

Except for the above financial assets measured at amortized cost and at fair value with changes included in other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value with changes included in current profit and loss. Upon initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company irrevocably designates some financial assets that should have been measured at amortized cost or at fair value and whose changes are included in other comprehensive income as financial assets measured at fair value and whose changes are included in current profit and loss.

Such financial assets are subsequently measured at fair value after initial recognition, and the resulting gains or losses (including interest and dividend income) are included in current profit and loss unless the financial assets are part of the hedging relationship.

The business model of managing financial assets refers to how the Company manages financial assets to generate cash flow. The business model determines whether the cash flow of the financial assets managed by the Company comes from the collection of contractual cash flow, the sale of financial assets or both. The Company determines the business model for managing financial assets on the basis of objective facts and specific business objectives decided by key management personnel to manage financial assets.

The Company evaluates the contractual cash flow characteristics of financial assets to determine whether the contractual cash flow generated by the relevant financial assets on the specific date is only the payment of principal and interest based on the principal amount outstanding. Among them, the principal refers to the fair value of financial assets upon initial recognition; interest includes consideration for the time value of money, credit risks related to the principal amount outstanding in the specific period, and other basic lending risks, costs and profits. In addition, the Company evaluates the contract terms that may lead to changes in the time distribution or amount of contractual cash flow of financial assets to determine whether they meet the requirements of the above-mentioned contractual cash flow characteristics.

Only when the Company changes the business mode of managing financial assets will all affected related financial assets be reclassified on the first day of the first reporting period after business model changes, otherwise financial assets cannot be reclassified after initial recognition.

(3) Classification and measurement of financial liabilities

The Company's financial liabilities are classified upon initial recognition as: financial liabilities measured at fair value and whose changes are included in current profit and loss, and financial liabilities measured at amortized cost. For financial liabilities that are not classified as measured at fair value and whose changes are included in current profit and loss, relevant transaction costs are included in the initial recognition amount.

Financial liabilities measured at fair value and whose changes are included in current profit and loss

Financial liabilities measured at fair value and whose changes are included in current profit and loss include transactional financial liabilities and financial liabilities designated as measured at fair value upon initial recognition and whose changes are included in current profit and loss. Subsequent measurement shall be carried out according to fair value for such financial liabilities. Gains or losses resulting from changes in fair value and dividends and interest expenses related to such financial liabilities shall be included in current profit and loss.

Financial liabilities measured at amortized cost

Other financial liabilities are subsequently measured at amortized cost by using the effective interest method. Gains or losses resulting from derecognition or amortization are included in current profit and loss.

Distinction between financial liabilities and equity instruments

Financial liabilities refer to liabilities that meet one of the following conditions:

- ① The contractual obligation to deliver cash or other financial assets to other parties.
- ② The contractual obligation to exchange financial assets or financial liabilities with other parties under potentially unfavorable conditions.
- ③ Non-derivative contracts that must be or can be settled with the enterprise's own equity instruments in the future, and the enterprise will deliver a variable number of its own equity instruments according to the contract.
- ④ Derivative contracts that must be or can be settled with the enterprise's own equity instruments in the future, except derivatives contracts that exchange a fixed amount of cash or other financial assets with a fixed amount of its own equity instruments.

Equity instruments refer to contracts that can prove that an enterprise has the residual equity in its assets after deducting all liabilities.

If the Company cannot unconditionally avoid performing a contractual obligation by delivering cash or other financial assets, the contractual obligation meets the definition of financial liability.

If a financial instrument must be or can be settled with the Company's own equity instruments, it is necessary to consider whether the Company's own equity instruments used to settle the instrument are used as substitutes for cash or other financial assets or to enable the holder of this instrument to enjoy the residual equity in the assets after deducting all liabilities from the issuer. If it is the former, this instrument is the Company's financial liability; if the latter is the case, this instrument is the Company's equity instrument.

(4) Derivative financial instruments and embedded derivatives

The Company's derivative financial instruments include forward foreign exchange contracts and exchange option contracts, etc. Initially, the fair value on the date when the derivative transaction contract is signed shall be used for measurement, and the fair value shall be used for subsequent measurement. Derivative financial instruments with positive fair value are recognized as an asset, while those with negative fair value are indeed recognized as a liability. Any gains or losses arising from changes in fair value that do not conform to the provisions of hedge accounting are directly included in current profit and loss.

For hybrid instruments containing embedded derivatives, such as the main contract is a financial asset, the relevant provisions on classification of financial assets shall apply to the hybrid instruments as a whole. If the main contract is not a financial asset, and the hybrid instrument is not measured at fair value and its changes are included in current profit and loss for accounting treatment, the embedded derivative instrument has no close relationship with the main contract in terms of economic characteristics and risks, and has the same conditions as the embedded derivative instrument, and the separate existing instrument meets the definition of derivative instrument, the embedded derivative instrument shall be separated from the hybrid instrument and treated as a separate derivative financial instrument. If it is not possible to separately measure embedded derivative instruments at the time of acquisition or the subsequent balance sheet date, the hybrid instruments as a whole are designated as financial assets or financial liabilities measured at fair value and their changes are included in current profit and loss.

(5) Fair value of financial instruments

See Note V(12) for the method of determining the fair value of financial assets and liabilities.

(6) Impairment of financial assets

The Company conducts impairment accounting treatment for the following items and confirms the loss provision based on the expected credit losses:

Financial assets measured at amortized cost;

Receivables and debt instrument investments measured at fair value and whose changes are included in other comprehensive income;

Contract assets defined in the Accounting Standards for Business Enterprises No. 14-Revenue;

Lease receivables;

Financial guarantee contracts (except those that are measured at fair value and whose changes are included in current profit and loss, the transfer of financial assets does not meet the conditions for derecognition or continue to involve in the transferred financial assets).

Measurement of expected credit loss

Expected credit loss refers to the weighted average of the credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows discounted at the original effective interest rate and receivable according to the contract and all cash flows expected to be collected of the Company, i.e. the present value of all cash shortfalls.

Considering the reasonable and reliable information about past events, current situation and the forecast of future economic situation, the company takes the risk of default as the weight, calculates the probability weighted amount of the present value of the difference between the cash flow receivable from the contract and the cash flow expected to be received, and confirms the expected credit loss.

The Company separately measures the expected credit losses of financial instruments at different stages. If the credit risk of financial instruments has not increased significantly since the initial recognition, it is in the first stage. The Company measures the loss reserve according to the expected credit loss in the next 12 months; if the credit risk of financial instruments has increased significantly since its initial recognition but no credit impairment has occurred, it is in the second stage. The Company measures the loss reserve according to the expected credit loss during the whole duration of this instrument; if the financial instrument has suffered credit impairment since its initial recognition, it is in the third stage. The Company measures the loss reserve according to the expected credit loss during the whole duration of this instrument.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that their credit risk has not increased significantly since the initial recognition, and measures the loss reserve according to the expected credit loss in the next 12 months.

The expected credit loss during the whole duration refers to the expected credit loss caused by all possible default events during the whole expected duration of financial instruments. The expected credit loss in the next 12 months refers to the expected credit loss caused by the possible default events of financial instruments within 12 months (or the expected duration if the expected duration of financial instruments is less than 12 months) after the balance sheet date, which is part of the expected credit loss in the whole duration.

When measuring the expected credit loss, the longest term that the Company needs to consider is the longest contract term that the enterprise faces credit risk (including the option to renew the contract).

The Company calculates interest income based on the book balance before deducting impairment provisions and the effective interest rate for financial instruments in the first and second stages and with low credit risk. The interest income shall be calculated according to their book balance minus the amortized cost after impairment provision and the effective interest rate for financial instruments in the third stage.

For receivables such as notes receivable, accounts receivable, accounts receivable financing, other receivables, and contract assets, if the credit risk characteristics of a particular customer significantly differ from those of other customers in the portfolio, or if there is a significant change in the customer's credit risk characteristics, the Company will make receivables withdrawal of bad

debt provision separately accrued. Apart from receivables withdrawal of bad debt provision separately accrued are made, the Company classifies receivables into portfolios based on credit risk characteristics and calculates the allowance for doubtful debts on a portfolio basis.

Notes receivable, accounts receivable and contract assets

The Company always measures its loss reserves at an amount equivalent to the expected credit loss during the entire duration for notes receivable, contract assets and accounts receivable, regardless of whether there is any significant financing component.

If a single financial asset or contract assets cannot be used to evaluate the expected credit loss information at a reasonable cost, the Company will divide the notes receivable, accounts receivable and contract assets into portfolio on the basis of the credit risk features, and calculate the expected credit loss based on the portfolio. The basis for determining the portfolio is as follows:

A. Notes receivable

Notes receivable portfolio 1: bank acceptance bills with low credit rating

Notes receivable portfolio 2: commercial acceptance bills

B. Accounts receivable

Accounts receivable portfolio 1: payment not overdue (with L/C)

Accounts receivable portfolio 2: payment not overdue (with credit insurance)

Accounts receivable portfolio 3: payment overdue (without credit insurance)

Accounts receivable portfolio 4: payment overdue (with credit insurance)

Accounts receivable portfolio 5: payment overdue (without credit insurance)

For notes receivable and contract assets divided into portfolios, with reference to historical credit loss experience, combined with current conditions and predictions of future economic conditions, the Company has calculated expected credit losses through default risk exposure and expected credit loss rate for the entire duration.

For accounts receivable divided into portfolios, with reference to historical credit loss experience, combined with current conditions and predictions of future economic conditions, the Company has prepared a comparison table between the number of aging/overdue days of accounts receivable and the expected credit loss rate over the entire duration, and has calculated the expected credit loss. The aging of accounts receivable is calculated from the date of recognition/the number of days overdue is calculated from the expiry date of the credit period.

Other receivables

The Company divides other receivables into several portfolios based on the features of credit risk, and calculates the expected credit losses on the basis of the combination. The basis for determining the portfolio is as follows:

Other receivables portfolio 1: Receivables from related parties within the scope of consolidation

Other receivables portfolio 2: Tax refund receivable

Other receivables portfolio 3: Deposit receivable and security deposit

Other receivables portfolio 4: other receivables

For other receivables that are divided into portfolios, the Company calculates the expected credit loss with the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration. For other receivables classified into portfolios by aging, the aging is calculated from the date of recognition.

Creditors' investment and other creditors' investment

For creditors' investment and other creditors' investment, the Company calculates the expected credit based on the nature of the investment, as well as kinds of types of counterparties and risk exposures, the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration loss.

Assessment on significant increase of credit risk

In order to determine the relative changes in the default risk of financial instruments during their expected life and to assess whether the credit risk of financial instruments has increased significantly since initial recognition, the Company compares the default risk of financial instruments on the balance sheet date with the default risk on the initial recognition date.

When determining whether the credit risk has risen greatly since the initial recognition, the Company considers reasonable and reliable information (forward-looking information inclusive) that can be obtained without unnecessary extra costs or efforts. The information the Company considers shall include:

The debtor fails to pay the principal and interest according to the contract expiration date;

The external or internal credit ratings (if any) of financial instruments, which have occurred or are expected, deteriorate significantly;

The debtor's operating results, which have occurred or are expected, deteriorate significantly;

Existing or expected changes in technology, market, economy or legal environment will lead to a great adverse effect on the debtor's ability to repay the Company.

Based on the nature of financial instruments, the Company assesses whether there is great risk in credit risk on the basis of individual financial instruments or financial instrument portfolios. During assessment based on financial instrument portfolios, the Company can divide financial instruments on the basis of common credit risk characteristics, such as overdue information and credit risk ratings.

In case that the period overdue exceeds 30 days, the Company determines that there is a significant increase in the credit risk of financial instruments.

Financial assets with depreciation of credit

The Company assesses, on the balance sheet date, whether there is any credit impairment to financial assets measured at amortized cost and creditors' investment measured at fair value and whose changes are included in other comprehensive income. In case of one or more events that adversely affect the expected future cash flow of a financial asset occur, the financial asset will become financial assets with depreciation of credit. The observable information below can be treated as evidence for credit impairment to financial assets:

The issuer or debtor is caught in a serious financial difficulty;

The debtor breaches the agreement of contract, such as default or overdue payment of interest or principal, or other default;

Due to economic or contractual considerations related to the debtor's financial difficulties, the Company gives concessions to the debtor; and the concessions will not be made under any other circumstances;

There lies a great probability of bankruptcy or other financial restructuring for the debtor;

The issuer or debtor is caught in financial difficulties, which leads to the disappearance of the active market of the financial asset;

Presentation of expected credit loss provision

The Company remeasures expected credit losses on each balance sheet date to reflect the changes in the credit risk of financial instruments since initial recognition; the increase or reversal amount of the loss reserve formed there from shall be included in the current profit and loss as impairment losses or gains. For financial assets measured at amortized cost, the loss allowance offsets the carrying amount of the financial asset listed in the balance sheet; for creditors' investment that are measured at fair value and its changes are included in other comprehensive income, the Company recognizes its loss reserve in other comprehensive income and will not offset the carrying amount of the financial asset.

Write-offs

In case that the Company fails to reasonably expect the contract cash flow of the financial asset to be recovered in a full or partial scale, the book balance of the financial asset will be written off directly. Such write-downs may constitute the derecognition for related financial assets. This situation occurs frequently when the Company determines that the debtor does not have any assets or any source of income to generate sufficient cash flow to repay the amount that will be written off. However, in accordance with the procedures for recovering due payments of the Company, the written-off financial assets may still be affected by the execution activities.

In case that the financial asset written off is recovered later, it shall be included in the current profit and loss as the reversal of the impairment loss.

(7) Transfer of financial assets

The transfer of financial assets refers to the transfer or delivery of financial assets to another party (transferee) other than the issuer of the financial asset.

If the Company has transferred almost all the risks and rewards of the ownership of financial assets to the transferee, derecognize the financial asset; if it retains almost all the risks and rewards of the ownership of financial assets, the financial asset will not be derecognized.

If the Company has neither transferred nor retained almost all the risks and rewards of the ownership of financial assets, it shall be dealt with in the following situations: if the control of the financial asset is abandoned, the confirmation of the financial asset shall be terminated and the generated assets and liabilities shall be confirmed; If the financial assets are controlled, the relevant financial assets shall be recognized according to the extent of their continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

(8) Offsetting financial assets and financial liabilities

When the Company has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

12. Measurement of Fair Value

Fair value refers to the price that market participants can receive from sales of a asset or shall pay for transfer of a liability in the orderly transaction that occurs on the measurement date.

The Company measures related assets or liabilities at fair value, assuming that the orderly transaction of selling assets or transferring liabilities is conducted in the main market of related assets or liabilities; if there is no main market, the Company assumes that the transaction is conducted in the most beneficial market. The main market (or the most favorable market) is the trading market that the Company can enter on the measurement date. The Company uses the assumptions used by market participants to maximize their economic benefits when pricing the asset or liability.

For financial assets or financial liabilities with active markets, the Company uses the quotation in active markets to determine its fair value. If there is no active market for financial instruments, the Company uses valuation techniques to determine its fair value.

When measuring non-financial assets at fair value, the ability of market participants to best use the asset for generating economic benefits, or the ability to sell the asset to other market participants that can best use the asset to generate economic benefits shall be considered.

The Company adopts valuation techniques that are applicable in the current situation and have sufficient available data and other information to support it. Priority is given to using relevant observable input values. Only when observable input values are unavailable or are not feasible to obtain, the unobservable input values can be used. For assets and liabilities measured or disclosed at fair value in the financial statements, the fair value hierarchy to which they belong is determined based on the lowest level input value that is important to the fair value measurement as a whole: the first level input value is the unadjusted quotation of the same assets or liabilities able to be obtained in an active market on the measurement date; the second level input value is the directly or indirectly observable input value of the relevant asset or liability except the first level input value; the third level input value is unobservable input value of related assets or liabilities.

On each balance sheet date, the Company reassessed the assets and liabilities continuously measured at fair value confirmed in the financial statements to determine whether there is a transition among levels of fair value measurement.

13. Inventory

(1) Classification

Inventories mainly include raw materials, work-in-progress, stock products, products processed on entrustment and etc.

(2) Valuation method of inventories acquiring and issuing

Inventories shall be measured at actual cost when acquired, and the cost of the inventories including the procurement cost, processing cost and other costs. Grey yarn, dyed yarn, and plus material shall be measured at first-in first-out method when acquired and delivered; other inventories shall be measured as per the weighted average method

(3) Basis for determining net realizable value of inventories and provision methods for decline in value of inventories

On the balance sheet date, the inventories shall be measured at the lower of cost and net realizable value. When their net realizable value falls below cost, an allowance for inventory impairment is provided.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purpose of holding inventories and effect of post balance sheet events.

The Company generally provides for inventory depreciation on a per-item basis. For inventories that are numerous in quantity and low in unit price, an allowance for inventory impairment is provided based on inventory categories. On the balance sheet date, if the factors affecting the value of inventories previously written down have disappeared, the provision for inventory write-downs is reversed to the extent of the original amount provided.

(4) The perpetual inventory system is maintained for stock system.

(5) Amortization method of the low-value consumption goods and packing articles

For the Low-value consumption goods and the packing articles should be amortized by one-off amortization method when consuming.

14. Long-term Equity Investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associated enterprises. The investee that the Company is able to exert significant influence is an associated enterprise of the Company.

(1) Determination of initial investment cost

Long-term equity investment that forms a business combination: Long-term equity investment obtained by business combination under the same control, on the merger date, based on the book value share of the merged party's owners' equity in the final controller's consolidated financial statements as investment cost; The long-term equity investment acquired by a business combination shall be the investment cost of the long-term equity investment according to the cost of the combination.

For long-term equity investments obtained by other means: the long-term equity investment obtained by paying cash shall be the initial investment cost according to the actual purchase price; the long-term equity investment obtained by issuing equity securities shall be the initial investment cost of the fair value of the equity securities issued.

(2) Subsequent measurement and profit and loss confirmation method

Investment in subsidiaries is accounted for using the cost method unless the investment meets the conditions for holding for sale; investment in associates and joint ventures is accounted for using the equity method.

For long-term equity investments that are accounted for using the cost method, in addition to the cash dividends or profits that have been declared but not yet included in the actual payment or consideration included in the investment, the cash dividends or profits declared by the invested entity are recognized as investment income and recorded into the current profit and loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost is greater than the fair value share of the investee's identifiable net assets at the time of investment, the investment cost of the long-term equity investment is not adjusted; when the initial investment cost is less than the investment, the investee's If the fair value share of net assets is identified, the book value of the long-term equity investment is adjusted, and the difference is included in the current profit and loss of the investment.

When using the equity method of accounting, the investment income and other comprehensive income are recognized separately according to the share of net profit and loss and other comprehensive income realized by the invested unit that should be enjoyed or shared, and the book value of the long-term equity investment is adjusted at the same time; The distribution of profits or cash

dividends should be calculated to reduce the book value of long-term equity investment; the investee's other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution, adjust the book value of long-term equity investment and Included in capital reserves (other capital reserves). When confirming the share of the investee's net profit or loss, based on the fair value of the investee's identifiable assets at the time of investment, and in accordance with the Company's accounting policies and accounting period, the net profit of the investee Confirm after making adjustments.

If the additional investment and other reasons can exert significant influence on the investee or exercise joint control but do not constitute control, on the conversion date, the sum of the fair value of the original equity plus the additional investment cost will be used as the initial accounting for the equity method cost of investment. If the original equity is classified as non-trading equity instrument investment measured at fair value whose changes are included in other comprehensive income, the relevant original and accumulative changes in fair value included in other comprehensive income shall be transferred to retained earnings when accounting by equity method.

If the joint control or significant influence on the invested unit is lost due to the disposal of part of the equity investment, etc., the remaining equity after the disposal shall be changed to the Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments is performed, and the difference between fair value and book value is included in the current profit and loss. Other comprehensive income recognized by the original equity investment due to the equity method of accounting shall be accounted for on the same basis as the investee's direct disposal of related assets or liabilities when the equity method of accounting is terminated; changes in other owners' equity related to the original equity investment Transfer to current profit and loss.

If the control of the invested unit is lost due to the disposal of part of the equity investment, if the remaining equity after the disposal can exercise joint control or exert significant influence on the invested unit, the equity method is used for accounting and the remaining equity is treated as When acquiring, the equity method is adopted for adjustment; if the remaining equity after disposal cannot exercise joint control or exert significant influence on the investee, the accounting shall be changed according to the relevant provisions of "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments The difference between the fair value and the book value on the date of loss of control is included in the current profit and loss.

If the shareholding ratio of the company decreases due to the capital increase of other investors, thereby losing control but being able to exercise joint control or exert significant influence on the investee, the new shareholding ratio shall be used to confirm that the company should enjoy the capital increase of the investee. The difference between the increase in share and the increase in the share of net assets and the original book value of the long-term equity investment corresponding to the decrease in the proportion of the shareholding that should be carried forward are included in the current profit and loss; That is, adjustments are made using the equity method of accounting.

The unrealized internal transaction gains and losses that occur between the Company and associates and joint ventures are calculated according to the shareholding ratio and are attributed to the Company, and the investment gains and losses are recognized on the basis of offset. However, the unrealized internal transaction losses incurred by the Company and the investee are the impairment losses of the transferred assets and shall not be offset.

(3) Determine the basis for joint control and significant influence on the invested unit

Joint control refers to the common control of an arrangement in accordance with the relevant agreement, and related activities of the arrangement must be agreed upon by the parties sharing control rights before they can make decisions. When judging whether there is joint control, first determine whether all participants or a combination of participants collectively control the arrangement, and secondly determine whether the decision-making related activities of the arrangement must be unanimously agreed by the participants who collectively control the arrangement. If all participants or a Company of participants must act in concert to determine the relevant activities of an arrangement, it is considered that all participants or a Company of participants collectively control the arrangement; if there is a combination of two or more participants can collectively Controlling an arrangement does not constitute joint control. When judging whether there is joint control, the protective rights enjoyed are not considered.

Significant influence means that the investor has the right to participate in the decision-making of the financial and operating policies of the invested unit, but cannot control or jointly control the formulation of these policies with other parties. When determining whether it can exert significant influence on the invested unit, consider that the investor directly or indirectly holds the voting shares of the invested unit and the current executable potential voting rights held by the investor and other parties are assumed to be converted into the invested unit. After the equity of the company, the impact includes the current convertible warrants, stock options and convertible corporate bonds issued by the investee.

When the Company directly or indirectly owns more than 20% (including 20%) but less than 50% of the voting shares of the invested unit, it is generally considered to have a significant impact on the invested unit, unless there is clear evidence that such circumstances cannot participate in the production and operation decisions of the invested unit, and does not have a significant impact; when the Company owns less than 20% (excluding) voting rights of the invested unit, it generally does not consider it to have a significant impact on the invested unit unless there is clear evidence that Under these circumstances, it can participate in the production and operation decisions of the invested unit and have a significant impact.

(4) Impairment test method and impairment provision method

For the investments in subsidiaries, associates and joint ventures, the method of accruing asset impairment is shown in the Note V-22.

15. Investment Property

Measurement model of investment real estate

Costing method measurement

Depreciation or amortization method

The investment real estate refers to the real estate gaining the rent or capital appreciation or both. It includes rented land use right, holding land use right to be transferred after the appreciation and rented building, etc.

The investment real estate is measured initially according to the cost and withdrawn depreciation or amortization as regulations of fixed assets or intangible assets.

The Company adopts the cost mode to conduct the subsequent measurement on the investment real estate, see the Note V-22 for the method of withdrawing asset impairment provision.

The difference between the disposal income of investment real estate sales, transfer, scrap or damage after deducting its book value and related taxes is included in the current profit and loss.

16. Fixed Assets

(1) Conditions for Recognition

The term “fixed assets” refers to the tangible assets that simultaneously possess the features as follows: (a) they are held for the sake of producing commodities, rendering labor service, renting or business management; and (b) their useful life is in excess of one fiscal year.

The fixed assets are only recognized when the relevant economic benefits probably flow in the Company and its cost could be reliable measured.

The fixed assets of the Company are initially measured at the actual cost at the time of acquisition.

The subsequent expenditures related to the fixed assets shall be included in the cost of the fixed assets when the economic benefits related to the fixed assets are likely to flow into the Company and the costs can be measured reliably. The daily repair expenses of fixed assets that do not meet the conditions of capitalized subsequent expenditures of fixed assets shall be included in the current profit and loss or the cost of relevant assets according to the beneficiaries when incurred. The book value of the replaced part shall be terminated.

(2) Depreciation Methods

Category of fixed assets	Method	Useful life	Salvage value (%)	Annual depreciation (%)
Housing and building	Average method of useful life	5-30	0-10	20.00-3.00
Machinery equipments	Average method of useful life	10-18	0-10	10.00-5.00
Transportation vehicle	Average method of useful life	5	0-10	20.00-18.00
Electronic equipments and others	Average method of useful life	5	0-10	20.00-18.00

(3) Recognition Basis, Pricing and Depreciation Method of Fixed Asset under Finance Lease

See the Note V-22 for details.

(4) At the end of each year, review is carried out by the Company for the service life, estimated net residual value and depreciation method of fixed assets.

If there is any difference between the expected service life and the original estimated service life, the service life of fixed assets will be adjusted; if there is any difference between the expected net residual value and the original estimated net residual value, the expected net residual value will be adjusted

(5) Disposal of Fixed Assets

A fixed asset shall be derecognized when it is disposed of or it is expected that no economic benefit can be generated by using or disposing of it. The amount of the disposal income of sales, transfer, scrap or damage of the fixed asset after deducting its book value and related taxes is included in the current profit and loss.

17. Construction in Progress

Construction in process is measured at actual cost. Actual cost comprises construction costs, borrowing costs that are eligible for capitalization before the fixed assets being ready for their intended use and other relevant costs.

Construction in process is transferred to fixed assets when the assets are ready for their intended use.

See the details of the impairment provision withdrawal method of the construction in progress to Notes V-22.

18. Engineering Materials

Engineering materials of the Company refer to various materials prepared for projects under construction, including engineering materials, equipment not yet installed, tools and instruments prepared for production, etc.

The purchased engineering materials will be measured according to the cost. The received engineering materials will be transferred to the project under construction, and the remaining engineering materials after the completion of the project will be stored as inventory.

Please refer to Note V (22) for the method of provision for impairment of assets for engineering materials.

In the balance sheet, the ending balance of engineering materials is listed in the "project under construction" item.

19. Borrowing Costs

(1) Confirmation principle of Capitalized Borrowing Expense

The borrowing expenses incurred by the Company, if can directly belong to acquisition, construction or production of assets meeting capitalization conditions, are capitalized and included in relevant asset cost; other borrowing expenses are confirmed as expense according to its amount at the time of occurrence and included in the current profits and losses. If the borrowing expenses meet the following conditions, capitalization starts:

- ① Assets expenditure has occurred, and asset expenditure includes the expenditure occurring in the form of payment in cash, transferring noncash asset or assuming interest bearing debt for acquiring, constructing or producing the assets meeting capitalization conditions;
- ② Borrowing expenses have occurred;
- ③ The acquisition, construction or production activities required for making assets usable or saleable as intended have started.

(2) Capitalization period of borrowing expenses

When the Company acquires, constructs or produces assets, which meet capitalization conditions and reach the intended usable or saleable status, the borrowing expenses stop capitalization. The borrowing expenses that occur after the assets meeting capitalization conditions reach the intended usable or saleable status are confirmed as expenses according to its amount at the time of occurrence and are included in the current profits and losses.

If the assets meeting capital conditions generate improper interruption in the course of acquisition, construction or production, and the interruption time continuously exceeds three months, capitalization of borrowing expenses suspends; the borrowing expenses in the normal interruption period are continually capitalized.

(3) Capitalization rate of borrowing expenses and calculation method of capitalized amount

The interest expenses of special borrowing actually occurring in the current period, minus the interest income of the unused borrowed capital obtained from depositing in bank or the gain on temporary investment, are capitalized; for common borrowing, the weighted average of asset expenditure of the part that the cumulative asset expenditure exceeds special borrowing is multiplied by the capitalization rate of the occupied common borrowing to determine capitalization amount. Capitalization rate is calculated and determined according to the weighted average rate of common borrowing. In the period of capitalization, the exchange difference of special borrowing in foreign currency is fully capitalized; the exchange difference of special borrowing in foreign currency is included in the current profits and losses.

20. Intangible Assets

(1) Service life and its basis for determination, estimate, amortization method or review procedure

The intangible assets of the Company include land use right, patent right, etc.

Intangible assets are initially measured at cost, and their service life is analyzed and determined when intangible assets are acquired. If the service life of intangible assets is limited, the intangible assets shall be amortized by the method that can reflect the expected realization method of the economic benefits related to the assets within the expected service life since they are available for use. The straight-line method shall be used for amortization if no expected realization method can be determined reliably. Intangible assets with uncertain service life shall not be amortized.

The amortization method of intangible assets with limited service life is as follows:

Category	Service life	Amortization method	Note
Land use right	Stipulated in the land certificate	Method of line	
Patent use right	10 years	Method of line	

Software use right	1-3 years	Method of line	
Brand use right	10 years	Method of line	

At the end of each year, the Company reviews the service life and amortization method of intangible assets with limited service life. If the estimate is different from the previous one, the original estimate shall be adjusted and treated as per accounting estimate change.

If it is estimated that an intangible asset can no longer bring future economic benefits to the enterprise on the date of balance sheet, this carrying amount of the intangible asset shall be transferred into the current profit and loss.

The method of withdrawing impairment on intangible assets was stated in the Note V-22.

21. Research and Development Expenditures

The Company's R&D expenditure relates directly to R&D activities, including R&D personnel's employee remuneration, direct input expenses, depreciation expenses and long-term amortization expenses, design expenses, equipment commissioning expenses, amortization expenses of intangible assets, commissioned external research and development expenses, and other expenses, etc. The wages of R&D personnel are allocated to R&D expenditure based on project hours. R&D activities that share equipment, production lines, or sites with other production and operational activities are allocated to R&D expenditure based on the proportion of hours or area used.

The expenditures for internal research and development projects of an enterprise shall be classified into research expenditures and development expenditures.

The research expenditures shall be recorded into the profit or loss for the current period.

The development expenditures can be capitalized only when they satisfy the following conditions simultaneously: ① It is feasible technically to finish intangible assets for use or sale; ② It is intended to finish and use or sell the intangible assets; ③ The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally; ④ It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; ⑤ The development expenditures of the intangible assets can be reliably measured. The development expenditures shall be recorded into profit or loss for the current period when they don't satisfy the following conditions.

The research and development project of the Company will enter the development stage after meeting the above conditions and the project is approved and initiated through technical feasibility and economic feasibility study.

The capitalized expenditure in the development stage is listed as expenditure for development on the balance sheet, and it will be transferred to intangible assets from the date when the project reaches the intended purpose.

22. Impairment of Long-term Assets

For long term equity investment in subsidiaries, associated enterprises and joint ventures, investment real estate which follow-up measurement is carried out by cost pattern, fixed assets, construction in progress, right-of-use assets, intangible assets, business reputation, etc. (excluding inventory, investment property measured at fair value pattern, deferred income tax assets, financial assets), the impairment of assets shall be determined according to the following methods:

On the date of the balance sheet, determination shall be made to see whether there is any sign of possible impairment of assets. If there is, the Company will estimate its recoverable amount and conduct impairment test. For goodwill, intangible assets with uncertain service life and intangible assets that have not reached the serviceable state due to business merger, impairment test shall be carried out every year regardless of whether there is any sign of impairment.

The recoverable amount is determined according to the net amount of the fair value of the asset minus the disposal expenses and the present value of the expected future cash flow of the asset, the higher amount shall prevail. The Company estimates the recoverable amount on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined based on the asset group to which the asset belongs. The asset group is determined on the basis of whether the main cash inflow generated by the asset group is independent of the cash inflow of other assets or asset groups.

When the recoverable amount of an asset or asset group is lower than its carrying amount, the group will write down its carrying amount to the recoverable amount, and the written down amount will be included in the current profit and loss, and the corresponding asset impairment reserve will be accrued.

Regarding the impairment test of business reputation, the carrying amount of business reputation formed by business merger shall be apportioned to the relevant asset group in a reasonable way from the date of purchase. If it is difficult to apportion to the relevant asset group, it shall be apportioned to the relevant combination of asset group. The relevant asset group or combination of asset groups is the one that can benefit from the synergy effect of business merger, and is the one smaller than the reportable segment determined by the Company.

In the impairment test, if there is any sign of impairment in the asset group or combination of asset groups related to business reputation, first, impairment test shall be carried out on the asset group or combination of asset groups not containing business reputation, to calculate the recoverable amount and recognize the corresponding impairment loss. Then impairment test shall be carried out on the asset group or combination of asset group containing business reputation to compare the carrying amount with the recoverable amount. If the recoverable amount is lower than the carrying amount, the impairment loss of business reputation shall be recognized.

Once the impairment loss of assets is recognized, it will not be reversed in the future accounting period.

23. Long-term Deferred Expenses

The long-term expenses to be amortized incurred by the Company are valued at the actual cost and amortized averagely according to the expected benefit period. For long-term expenses to be amortized, the amortized value that cannot benefit the future accounting period shall be included in the current profit and loss.

24. Payroll

(1) Accounting Treatment of Short-term Compensation

During the accounting period in which employees provide services, the Company recognizes the actual employee wages, bonuses, social insurance premiums such as medical insurance premiums, industrial injury insurance premiums, and maternity insurance premiums and housing provident funds paid to employees according to the prescribed standards and proportions as liabilities and included them in the current profit and loss or related asset costs.

(2) Accounting Treatment of the Welfare after Departure

The post-employment benefit plan includes a defined contribution plan and a defined benefit plan. Among them, the defined contribution plan refers to the post-employment benefit plan that the enterprise no longer assumes further payment obligations after the fixed fund has paid a fixed fee; the defined benefit plan refers to the post-employment benefit plan other than the established contribution plan.

Set withdrawal plan

The set contribution plan includes basic pension insurance and unemployment insurance.

During the accounting period in which employees provide services, the amount of deposit payable calculated according to the set withdrawal plan is recognized as a liability and included in the current profit and loss or related asset costs.

(3) Accounting Treatment of the Demission Welfare

The Company relieves the labor relation with the employees before the due date of the labor contacts or puts forward the advice of providing the compensation for urging the employees volunteered to receive the downsizing and when the Company could not unilaterally withdraw the demission welfare owing to the relieving plan of the labor relation or the downsizing advice, should confirm the liabilities of the employees' salary from the demission welfare on the earlier day between the cost confirmed by the Company and the cost related to the reorganization of the payment of the demission welfare and includes which in the current gains and losses.

(4) Accounting Treatment of the Welfare of Other Long-term Staffs

Other long-term employee benefits provided by the Company to employees that meet the conditions of defined contribution plans shall be handled in accordance with the above-mentioned relevant provisions on defined contribution plans. Those in line with the defined benefit plan shall be handled in accordance with the above-mentioned relevant provisions on the defined benefit plan. However, the part of "changes caused by rereasuring the net liabilities or net assets of the defined benefit plan" in the salary cost of relevant employees shall be included in the current profit and loss or the relevant asset cost.

25. Provisions

If the obligation related to contingency meets the following conditions at the same time, the Company will recognize it as a provision.

- (1) The obligation is the current obligation assumed by the Company;
- (2) The performance of the obligation is likely to cause an outflow of economic benefits of the Company;
- (3) The amount of the obligation can be measured reliably.

The provisions are initially measured in accordance with the optimal estimate of the necessary expenditures for the fulfillment of the current obligation, with factors such as risks, uncertainty and the time value of money related to contingencies taken into consideration comprehensively. Where the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflow. The Company re-checks the book value of the provisions on the balance sheet date and adjusts the book value to reflect the current best estimate.

If all or part of the expenditure required to settle recognized provisions is expected to be compensated by a third party or other parties, the amount of compensation shall be recognized separately as an asset only when it is substantially certain that it will be received. The recognized amount of compensation shall not exceed the book value of the recognized liabilities.

26. Share-based Payments and Equity Instruments

(1) Category of share-based payment

The share-based payments of the Company are divided into equity-settled share payments and cash-settled share payments.

(2) Method of determining the fair value of equity instruments

The Company shall determine the fair value of equity instruments such as options granted in active markets according to the quotations in active markets. For granted equity instruments such as options without active markets, the fair value is determined by option pricing model. The following factors shall be considered for the selected option pricing model: A. Exercise price of the

option; B. Expiration date of the option; C. Current price of the object shares; D. Expected fluctuation rate of stock price; E. Estimated dividends of shares; F. Risk-free interest rate within the option term.

(3) Ground for recognizing the optimal estimation of feasible right equity instruments

On each balance sheet date during the waiting period, the Company shall make the optimal estimate based on subsequent information such as the latest change in the number of employees with feasible rights, and revise the number of equity instruments for the estimated feasible rights. On the feasible right date, the final estimated number of feasible right equity instruments shall be the same as the actual number of feasible rights.

(4) Relevant accounting treatment for implementing, modifying and terminating share-based payment plan

Equity-settled share-based payments shall be measured at the fair value of the equity instruments granted to employees. Where the right is exercised immediately after the grant, relevant costs or fees shall be included in accordance with the fair value of the equity instruments on the grant date to accordingly increase the capital reserve. Where the right is exercised upon the completion of the services during the waiting period or the achievement of the specified result conditions, the services obtained in the current period shall be included in the relevant costs or fees and the capital reserve according to the fair value of the equity instruments on the grant date based on the optimal estimate of the number of feasible right equity instruments on each balance sheet date during the waiting period. The recognized related costs or fees and total owner's equity after the feasible right date shall not be adjusted any more.

When the Company modifies a share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in the services acquired shall be recognized accordingly according to the increase in the fair value of the equity instruments; if the modification increases the number of equity instruments granted, the fair value of the increased equity instruments shall be recognized accordingly as the increase in the services acquired. The increase in the fair value of the equity instruments refers to the difference between the fair values of the equity instruments before and after the modification on the modification date. If the modification reduces the total fair value of the share-based payment or any other method not conducive to the employees is adopted to modify the terms and conditions of the share-based payment plan, the accounting treatment of the services acquired would continue, as if such change had never occurred, unless the Company cancels some or all of the granted equity instruments.

During the waiting period, if the granted equity instrument is canceled (Excluding those cancelled due to failure to meet non-market-based vesting conditions, such as service conditions or non-market-based performance conditions.), the Company shall treat the canceled equity instrument as an accelerated exercise, immediately include the left amount to be recognized during the waiting period in the current profit and loss, and recognize the capital reserve at the same time. Where the employee or other party can choose to meet the non-feasible right condition but fails during the waiting period, it shall be treated as the cancellation of the granted equity instrument.

(5) Restricted Shares

In the equity incentive plan, the Company grants restricted stocks to the incentive personnel, who firstly subscribe the stocks. If the unlocking conditions specified in the equity incentive plan are not met, the Company will repurchase the stocks at the previously agreed price. Where the restricted stocks issued to the employees has gone through capital increase procedures such as registration in accordance with relevant provisions, the Company shall, on the grant date, recognize the share capital and the capital reserve in conformity with the subscription payment received from the employees. Meanwhile, it shall recognize the treasury stocks and other payables with respect to repurchase obligations.

27. Revenue

Accounting policies adopted for the recognition and measurement of revenue disclosed by type of business

(1) General principle

The Company recognizes revenue when it has fulfilled its contract performance obligation in a contract, namely, when the customer obtains the control over the related commodity or service.

If a contract contains two or more performance obligations, the Company allocates transaction price to single performance obligations on the contract commencement date according to the relative ratio of separate price of goods or services committed by single performance obligation, and income is measured according to the transaction price allocated to single performance obligation. When meeting one of the following conditions, the Company belongs to performance of contract performing obligations in a period, or otherwise, the Company belongs to performance of contract performing obligations at a point of time:

- ① While the Company is performing the contract, the customer acquires and consumes the economic benefit arising from performance by the Company.
- ② The customer can control the goods in construction in the course of performance by the Company.
- ③ The goods outputted in the course of performance by the Company have irreplaceable purpose, and the Company has the right to collection of money for the completed performance part cumulative up to now in the whole term of contract.

For the performance obligation performed in a period, the Company confirms income according to the performance progress in such period. When the performance progress cannot be reasonably determined, if the cost that the Company has incurred is expected to be compensated, income is confirmed according to the cost amount that has occurred, until the performance progress can be reasonably determined.

For the performance obligation performed at a point of time, income is confirmed at the point of time when the customer acquires the control right to relevant goods or services. When it judges whether the customer has acquired the control right to the goods or services, the Company will consider the following indications:

- ① The Company enjoys the current collection right to the goods or services, i.e. the customer undertakes current payment obligation to the goods.
- ② The Company has transferred the legal ownership of the goods to the customer, that is, the customer has owned the legal ownership of the goods.
- ③ The Company has transferred the kind of the goods to the customer, namely, the customer has possessed the good in kind.
- ④ The Company has transferred the major risks and remuneration on the ownership of the goods, i.e. the customer has acquired the major risks and remuneration on the ownership of the goods.
- ⑤ The customer has accepted the goods or services.
- ⑥ Other indications showing that the customer has acquired the control right to the goods.

The Company has transferred goods or services and has the right to collect consideration (and the right depends on factors other than time elapse) as contract assets, and contract asset is accrued impairment on the basis of expected credit loss (refer to Note V-11). The right of the Company, unconditionally (only depending on time elapse) charging consideration from the customer, is listed as receivable. The obligation of the Company that shall transfer goods or services to the customer for the consideration that has been or shall be collected is liability to the contract.

The contract assets and contract liabilities under the same contract are listed in net amount. If net amount is debit balance, it is listed in the items “contract asset” or “other non-current asset” according to its fluidity; if net amount is credit balance, it is listed in the items “contract liability” or “other non-current liability” according to its fluidity.

(2) Specific methods

The specific income confirming methods of the Company are following:

For income of domestic products, after the Company delivers products to the purchaser according to the provisions of the contract and the purchaser confirms receipt, the purchaser acquires the control right of products, and the Company confirms income.

For income of exportable products, after the Company completes customs declaration of products, departure and obtains bill of lading according to the provisions of the contract, the purchaser acquires the control right of products, and the Company confirms income.

Differences in methods for the recognition and measurement of revenue caused by different business models for the same type of business

28. Contract Costs

Contract cost includes the incremental cost incurred for acquiring contract and contract performance cost.

The incremental cost incurred for acquiring contract refers to the cost that will not occur if the Company has not acquired contract (for example, sales commission). If the cost is expected to be recovered, the Company regards it as contract acquiring cost and confirms it as an asset. The expenses incurred by the Company for acquiring contract, other than the incremental cost expected to be recovered, are included in the current profits and losses at the time of occurrence.

If the cost incurred for performance of contract does not belong to inventory and other scope of other corporate accounting standards and meets the following conditions, the Company will regard it as contract performance cost and confirm it as an asset:

- ① The cost is directly related to a copy of contract currently acquired or expected to be acquired, including direct labor, direct materials, manufacture expenses (or similar expenses), cost determined to be undertaken by the customer and other cost incurred due to the contract;
- ② The cost increases the resources of the Company that will be used for performance of contract obligations in the future;
- ③ The cost is expected to be recovered.

The assets confirmed by the contract acquiring cost and the assets confirmed by the contract performance cost (“assets related to contract cost”) are amortized according to the same basis as confirmation of goods or service income related to the asset and are included in the current profits and losses. If the amortization term does not exceed one year, it will be included in the current profits and losses at the time of occurrence.

When the book value of an asset related to contract cost is higher than the difference between the following two items, the Company accrues provision for impairment to the excessive part and confirms it as impairment loss:

- ① The remaining consideration that the Company expects to acquire from transfer of goods or services related to the asset;
- ② The cost that will occur for transfer of such related goods or services as estimated.

29. Government Grants

Government grants are recognized when they meet the conditions attached to government grants and when they can be received.

Government grants for monetary assets shall be measured according to the amount received or receivable. Government grants for non-monetary assets shall be measured by fair value.

Asset related government grants refer to the government grants obtained by the Company for acquisition and construction or other forms of long-term assets. In addition, they are government grants related to income.

Regarding the government grants that the government document does not specify the object of subsidy and can form long-term assets, the part of government subsidy corresponding to the asset value shall be regarded as the asset-related government subsidy and the rest shall be regarded as income-related government subsidy. If it is difficult to distinguish, the government subsidy shall be regarded as the income-related government subsidy.

The government grants related to assets shall be recognized as the deferred income, which shall be included in the profit and loss in installment in a reasonable and systematic way within the service life of the relevant assets. Income-related government grants which are used to compensate the relevant costs or losses incurred shall be included in the current profit and loss. Those used to compensate the relevant costs or losses in the later period shall be included in the deferred income, and shall be included in the current profit and loss during the recognition period of the relevant costs or losses. The government grants measured according to the nominal amount shall be directly included in the current profit and loss. The same method is adopted for the same or similar government subsidy businesses of the Company.

Government grants related to daily activities shall be included in other incomes according to the essence of business transactions. Government grants irrelevant to daily activities are included in non-business income.

When the recognized government grants need to be returned, and are used to offset the carrying value of related assets when initially recognized, the carrying value of the assets shall be adjusted; the book balance of relevant deferred income shall be offset

if there is a balance of relevant deferred income, and the excess part shall be included in the current profit and loss. Otherwise, it shall be directly included in the current profit and loss.

Regarding the interest subsidy of the policy preferential loan obtained, if the Ministry of Finance allocates the interest subsidy to the loan bank, the actual received loan amount shall be taken as the entry value of the loan, and the loan cost shall be calculated according to the loan principal and the policy preferential interest rate. If the Ministry of Finance allocates the interest subsidy directly to the Company, the interest subsidy will offset the borrowing costs.

30. Deferred Income Tax Assets/Deferred Income Tax Liabilities

Income tax includes current income tax and deferred income tax. All shall be included in the current profit and loss as income tax expense except the adjustment business reputation arising from business merger, or the deferred income tax related to the transactions or events directly included in the owner's equity is included in the owner's equity.

Pursuant to the temporary difference between the carrying amount of assets and liabilities on the date of balance sheet and the tax basis, the Company recognizes the deferred income tax by balance sheet liability method.

For all taxable temporary differences, related deferred income tax liabilities are recognized, unless the taxable temporary differences are generated in the following transactions:

(1) The initial recognition of business reputation or the initial recognition of assets or liabilities arising from transactions with the following characteristics: The transaction is not a business merger, and does not affect the accounting profit or taxable income when it occurs (Excluding transactions that initially recognised assets and liabilities resulting in equal taxable temporary differences and deductible temporary differences.);

(2) Regarding the taxable temporary difference related to the investment of subsidiaries, joint ventures and associated enterprises, the time of reversal of the temporary difference can be controlled and the temporary difference is unlikely to be reversed in the foreseeable future.

For deductible temporary differences, deductible losses and tax credits that can be carried forward in subsequent years, the Company is likely to obtain the future taxable income as the limit to offset the deductible temporary differences, deductible losses and tax credits, in which way to recognize the deferred income tax assets arising from the deductible temporary differences, deductible losses and tax credits, unless the deductible temporary differences are generated in the following transactions:

(1) The transaction is not a business merger, and does not affect the accounting profit nor taxable income when it occurs (Excluding transactions that initially recognised assets and liabilities resulting in equal taxable temporary differences and deductible temporary differences.);

(2) The corresponding deferred income tax assets shall be recognized if the deductible temporary differences related to the investment of subsidiaries, joint ventures and associated enterprises meet the following conditions simultaneously: The temporary differences are likely to be reversed in the foreseeable future, and the taxable income used to deduct the deductible temporary differences is likely to be obtained in the future.

On the date of the balance sheet, the income tax assets and deferred income tax liabilities shall be measured by the Company on the basis of the applicable tax rate during the period when the assets are expected to be recovered or the liabilities are expected to be paid off, and the income tax impact on the expected recovery of assets on the date of the balance sheet or on the method to pay off the liabilities shall be reflected.

The book value of deferred income tax assets shall be reviewed at each balance sheet date. If it is unlikely to obtain sufficient taxable income to offset against the benefit of the deferred income tax asset, the book value of the deferred income tax assets shall be written down. Any such write-down should be subsequently reversed where it becomes probable that sufficient taxable income will be available.

As at the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented as a net amount when the following conditions are simultaneously met:

- (1) The tax entity within the Company has a legally enforceable right to set off current income tax assets against current income tax liabilities;
- (2) The deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same taxation authority on the same taxable entity within the Company.

31. Lease

(1) Identification of lease

On the start date of the contract, the Company assessed as the lessee or the lessor whether the customers in the contract are entitled to obtain almost all the economic benefits arising from the use of the identified assets during the use period, and have the right to dominate the use of the identified assets during the use period. If a party to the contract transferred the right allowing the control over the use of one or more assets that have been identified within a certain period, in exchange for a consideration, such contract is determined by the Company to be a lease or includes a lease.

(2) As the lessee

On the commencement date of the lease term, the Company recognizes the right-of-use assets and lease liabilities for all leases, except for short-term leases and low-value asset leases with simplified treatment.

For accounting policies for the right-of-use assets, see Note V-32.

Lease liabilities are initially measured in line with the lease payments not yet paid on the commencement date of the lease term using the present value calculated by the interest rate implicit in lease. If the interest rate implicit in lease cannot be determined, the incremental borrowing rate shall be used as the discount rate. Lease payments include: Fixed payment and substantial fixed payment, and the relevant amount after deducting the lease incentive if any; variable lease payments depending on index or ratio; exercise price of the purchased option, provided that the lessee reasonably determines that the option will be exercised; the amount to be paid for the exercise of the lease termination options, provided that the lease term reflects that the lessee will exercise the options to terminate the lease; and estimated payments due to the guaranteed residual value provided by the lessee. Subsequently, it calculates the interest expenses of the lease liabilities during each period of the lease term at a fixed periodic interest rate, and includes them in current profit and loss. Variable lease payments that are not covered in the measurement of the lease liabilities are included in current profit or loss when actually incurred.

Short-term lease

A short-term lease refers to a lease for a period not exceeding 12 months on the commencement date of the lease, except for leases with a purchase option.

The Company includes the short-term lease payment in the cost of relevant assets or the current profit and loss in each period of the lease term by the straight-line method.

Low-value asset lease

A low-value asset lease refers to a lease where the value is lower than RMB40,000 and a single leased asset is a new asset.

The Company includes the lease payment of the low-value asset lease in the cost of relevant assets or the current profit and loss in each period of the lease term by the straight-line method.

For low-value asset lease, it chooses to adopt the aforesaid simplified treatment method in line with the specific status of each lease.

Lease change

If a lease changes and meets the following conditions simultaneously, the lease change shall be regarded as a separate lease for accounting treatment: a) The lease change expands its lease cope by increasing one or multiple use rights of lease assets; and b) The increased consideration is equivalent to the amount of the separate price for the expanded part of the lease, which is adjusted according to the contract.

Where the lease change is not regarded as a separate lease for accounting treatment, on the effective date of the lease change, by the Company, the consideration of the contract is amortized again upon change, the lease term is redetermined, and the lease liabilities are remeasured according to the present value that is calculated by the lease payments and the revised discount rate upon change.

The Company shall correspondingly reduce the book value of the right-of-use assets and include the profit or loss of the lease terminated in part or whole in the current profit or loss, if the lease change narrows the scope of lease or shortens the lease term.

The Company shall correspondingly adjust the book value of the right-of-use assets, if other lease changes result in the re-calculation of the lease liability.

(3) As the lessor

When the Company is a lessor, it shall recognize leases that substantially transfer all risks and remuneration related to the ownership of assets as finance leases, and leases other than finance leases as operating leases.

Financial lease

In a finance lease, the Company recognizes the net lease investment as the book value of finance lease receivables on the commencement date of the lease term. The net lease investment is the sum of the unguaranteed residual value and the present value of lease receivables not yet received on the commencement date of the lease term at the interest rate implicit in lease. The Company calculates and confirms the interest income at a fixed periodic interest rate in each period in the lease term. Variable lease payments obtained that are not included in the net lease investment for measurement, where the Company is the lessor, are included in the profit or loss of the current period when actually incurred.

Accounting treatment shall be conducted for the derecognition and impairment of finance lease receivables in accordance with the provisions of the *Accounting Standard for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments* and the *Accounting Standard for Business Enterprises No.23 - Transfer of Financial Assets*.

Operating leases

The Company shall recognize the current profit and loss of the rent of the operating lease in each period of the lease term by the straight-line method. The initial direct costs related to the operating lease shall be capitalized, amortized within the lease term on the same basis as the recognition of rental earning, and included in profit or loss for the current period. The received variable lease payments related to the operating lease that are not included in the lease payments receivable are included in profit or loss for the current period when they are actually incurred.

Lease change

Where an operating lease changes, the accounting treatment is conducted for it which is regarded as a new lease from the effective date of the change, and receivables in advance or lease receivables related to lease before change are deemed as the receivables in the new lease.

Where a finance lease changes and meets the following conditions simultaneously, the change is regarded as a separate lease by the Company for accounting treatment: a) The change expands its lease cope by increasing one or multiple use rights of lease assets; and b) The increased consideration is equivalent to the amount of the separate price for the expanded part of the lease, which is adjusted according to the contract.

Where a finance lease changes and is not regarded as a separate lease for accounting treatment, the Company treats the changed lease under the following circumstances: a) If the change comes into force on the commencement date of the lease term, the lease will be clarified as an operating lease, while it will be regarded as a new lease for accounting treatment by the Company on the effective date of the lease change, and the net lease investment before the effective date of lease change will be regarded as the book value of lease assets; and b) If the change comes into force on the commencement date of the lease term, the lease will be clarified as a finance lease, the Company will carry out accounting treatment in accordance with the provisions on modification or renegotiation of a contract of the *Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*.

32. Right-of-Use Assets

(1) Recognition conditions for right-of-use assets

The term “right-of-use assets” refers to the right of the lessee to use the leased assets during the lease term.

At the start date of the lease term, the Company initially measures the right-of-use assets at cost. The cost includes: the initial measurement amount of lease obligations; the lease payment amount paid on or prior to the inception of the lease (less the related amount of lease incentives already enjoyed if any); the initial direct cost incurred by the lessee; and the anticipated cost of dismantling and removing the leasehold property, restoring the site where the leasehold property is located, or bringing the leasehold property back to the state agreed upon in the lease terms. As the lessee, the Company shall recognize and measure the cost of demolition and restoration in accordance with the *Accounting Standards for Business Enterprises No.13 - Contingencies*. Subsequent adjustments are made for any re-measurement of the lease liabilities.

(2) Depreciation method of right-of-use assets

The Company uses the straight-line method for depreciation. Where it can be reasonably certain that the Company, the lessee, can obtain ownership of the leased assets at the expiry of the lease term, the leased assets are depreciated over the residual service life. Where it cannot be reasonably certain that the Company can obtain ownership of the leased assets at the end of the lease term, the leased assets are depreciated at the shorter of the lease term and the residual service life of the leased assets.

(3) Impairment test method and impairment provision method of right-of-use assets See Note V-22.

33. Cost of Safety Production and Maintenance

In accordance with the regulations of the *Notice on Issuing the Management Measures for the Provision and Use of Enterprise Production Safety Costs* (C.Z. [2022] No. 136) issued by the Ministry of Finance and the Ministry of Emergency, and based on the above actual annual operating revenue of power generation and supply enterprises, the Company adopts the method where the deduction rate declines when the operating revenue increases to deduct safety production costs according to the following standards:

Annual actual sales revenue standard	Proportion of safety production cost (%)
Not exceeding RMB10 million	3
RMB10 million to RMB100 million	1.5
RMB100 million to RMB1 billion	1
RMB1 billion to RMB5 billion	0.8

Safety production costs and costs for sustaining simple reproduction are included in the cost of relevant production or current loss and profit when deducted, and are simultaneously included in the “specific reserve”.

When using the deducted safety production costs and the costs for sustaining simple reproduction in conformity with regulations, the outgoing expenditures shall directly be used to offset the specific reserve; the costs becoming fixed assets shall be aggregated under “construction in progress” and then be recognized as fixed assets when the safety project is completed and reaches the intended available status; The aforesaid fixed assets will not be depreciated as accrued in the future period.

34. Repurchase of Shares

Before the shares repurchased by the Company are cancelled or transferred, they are managed as treasury shares, and all expenditures for the repurchase of shares are transferred to the cost of treasury shares. Consideration and transaction costs paid in share repurchase reduce shareholders' equity. When buying back, transferring or cancelling shares in the Company, no profits or losses are recognized.

The transfer of inventory shares shall be credited to the capital reserve on the basis of the difference between the amount actually received and the carrying amount of the treasury stock. Write off surplus reserves and undistributed profits if capital reserves are

insufficient to offset. Write-off of treasury stocks can reduce shares in par with par value and number of write-out stocks. The capital reserve is offset based on the difference between book balance and face value of cancelled treasury stocks. Write off surplus reserves and undistributed profits if capital reserves are insufficient to offset.

35. Material Accounting Judgments and Estimates

The Company evaluates the important accounting estimates and key assumptions adopted on an ongoing basis, based on historical experience and other factors, including reasonable expectations of future events. Important accounting estimates and critical assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are listed as follows:

Classification of financial assets

The significant judgments involved when the Company determines the classification of financial assets include analysis of business models and contractual cash flow characteristics. The Company determines the business model for managing financial assets at the level of the financial asset portfolio, taking into account factors such as the approach of evaluating and reporting the performance of financial assets to key management personnel, the risks affecting the performance of financial assets and the manner in which they are managed, and way in which the relevant business management personnel are compensated.

The following main judgments exist in assessing whether the contractual cash flows of financial assets are consistent with the basic lending arrangements:

Whether the time distribution or amount of the principal amount during the duration may change due to early repayment or for other reasons; whether the interest includes only the time value of money, credit risk, other basic lending risks and consideration against costs and profits. For example, whether the amount of early repayment reflects only the outstanding principal and interest based on the outstanding principal, as well as reasonable compensation paid for early termination of the contract.

Measurement of expected credit losses of accounts receivable

The Company calculates the expected credit loss of accounts receivable using the exposure to default risk of accounts receivable and the expected credit loss ratio, and determines the expected credit loss ratio based on the probability of default and the default loss ratio. When determining the expected credit loss ratio, the Company uses data such as internal historical credit loss experience and adjusts historical data to take into account current conditions and forward-looking information. When considering forward-looking information, the Company uses indicators such as the risk of economic downturn and changes in the external market environment, technological environment and customer profile. The Company regularly monitors and reviews the assumptions related to the calculation of expected credit losses.

Goodwill impairment

We shall assess whether there is impairment of goodwill at least annually. This requires estimating the use value of the asset group to which goodwill has been assigned. When estimating the use value, the Company shall estimate the future cash flows from the asset group and select the appropriate discount rate to calculate the present value of future cash flows at the same time.

Deferred income tax assets

To the extent that it is probable that sufficient taxable profit will be available to offset the losses, the Company recognizes deferred income tax assets for all unused tax losses. This requires the Company's management to use many judgments to estimate the timing and amount of future taxable profits, taking into account tax planning strategies, so as to determine the amount of deferred income tax assets to be recognized.

Determination of fair value of unlisted equity investment

The fair value of unlisted equity investment is the expected future cash flows discounted at the current discount rate for items with similar terms and risk characteristics. Such valuation requires the Company to estimate expected future cash flows and discount rates and is therefore subject to uncertainty. Under limited circumstances, if the information used to determine fair value is insufficient, or if the range of possible estimates of fair value is wide and the cost represents the best estimate of fair value within that range, the cost may represent its appropriate estimate of fair value within that range of distribution.

36. Changes in Main Accounting Policies and Estimates

(1) Significant Changes in Accounting Policies

Applicable Not applicable

(2) Significant Changes in Accounting Estimates

Applicable Not applicable

(3) Adjustments to Financial Statement Items at the Beginning of the Year of the First Implementation of the New Accounting Standards Implemented since 2024

Applicable Not applicable

VI Taxation

1. Main Taxes and Tax Rate

Category of taxes	Tax basis	Tax rate
VAT	Taxable value-added amount (the taxable amount is calculated by multiplying the taxable sales by the applicable tax rate and deducting the input tax allowed to be deducted in the current period)	13%, 9%, 6%, 5%, 3%, 0
Urban maintenance and construction tax	Turnover tax actually paid	7%, 5%
Enterprise income tax	Income tax payable	0, 11%, 15%, 16.5%, 20%, 25%

Notes of the disclosure situation of the taxpaying bodies with different enterprises income tax rate

Taxpayer	Income tax rate
The Company	15%
Lufeng Weaving & Dyeing	15%
Lulian New Materials	15%
Lu Thai Hong Kong	16.50%
Luqun Textile	25%
Xinsheng Power	25%
Shanghai Lu Thai	20%
Shanghai Zhinuo	20%
Lujia Import & Export	20%
Zhishu Consulting	20%
Lu Thai Vocational Training School	0%
Banyang Villa	20%
Huilin International	15%
VACL	11%

2. Tax Preference

In accordance with the Notice for Announcing the First Batch of Hi-tech Enterprise Identification List of Shandong Province in 2023 with reference No. Lu Ke Zi [2024]4, the Company was identified as a hi-tech enterprise, and the certificate issuing date was 29 November 2023; the majority-owned subsidiary LuFeng Company Limited was identified as a hi-tech enterprise, and the certificate issuing date was 29 November 2023. In accordance with the *Notice for Announcing Hi-tech Enterprise List of Shandong Province in 2022*, the majority-owned subsidiary Lulian New Materials was identified as a hi-tech enterprise, and the certificate issuing date was 12 December 2022. Therefore, in accordance with Article 28 of the *Enterprise Income Tax Law of the People's Republic of China* and the *Announcement of the State Administration of Taxation on Issues Concerning the Implementation of Preferential Income Tax Policies for High-tech Enterprises* (Announcement No. 24 [2017] of the State Administration of Taxation), the applicable enterprise income tax rate shall be 15%.

The wholly-owned subsidiaries, including Shanghai Luthai, Shanghai Zhinuo, Lujia Import & Export, Zhishu Consulting, and Banyang Villa, have been recognized as small, low-profit enterprises. According to the Announcement of the Ministry of Finance and the *State Taxation Administration on Preferential Income Tax Policies for Small, Low-profit Enterprises and Privately or Individually-owned Businesses* (Announcement No. 6 [2023] of the Ministry of Finance and the State Taxation Administration) and *Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises* (Announcement No. 13 [2022] of the Ministry of Finance and the State Taxation Administration), the portion of the annual taxable income of small, low-profit enterprises not exceeding RMB3 million shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at the tax rate of 20%.

The wholly-owned subsidiary, Lu Thai Vocational Training School, has been recognized as a non-profit making organization exempt from tax between 2021 and 2025. According to Article 26, Item 4 of the *Enterprise Income Tax Law of the People's Republic of China*, the policy whereby eligible non-profit making organizations are exempt from enterprise income tax shall apply to the foregoing subsidiary.

Lu Thai (Hong Kong) Textile Co., Ltd. (hereinafter refers as Lu Thai (Hong Kong) Textile), the wholly-owned subsidiary of the Company, was incorporated in Hong Kong SAR, whose profit tax shall be paid at tax rate of 16.5%.

The wholly own subsidiary VACL, according to the Burma's Special Economic Zone Law issued by Pyidaungsu Hluttaw, VACL enjoys tax preference on corporate income tax of 7 (7 years tax holiday) + 5 (5 years tax revenues drop by half) + 5 (re-invest the profits within 1 year and continues to enjoy the half tax revenues 5 years afterwards). After grace period, enterprise income tax rate was of 22%. Year 2024 is the second year of tax halving period with the enterprise income tax rate at 11%.

The wholly-owned subsidiary, Huilin International, which was registered in the Hainan Free Trade Port and operates in the encouraged industry, shall pay enterprise income tax at a reduced tax rate of 15% between 1 January 2020 and 31 December 2024, according to the *Announcement of the Ministry of Finance and the State Taxation Administration on the Preferential Income Tax Policies for Enterprises Registered in the Hainan Free Trade Port* (Announcement No. 31 [2020] of the Ministry of Finance and the State Taxation Administration).

VII. Notes to Main Items of Consolidated Financial Statements

1. Monetary Assets

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	6,112,136.39	2,633,018.72

Bank deposits	1,661,897,030.36	1,280,487,534.58
Other monetary funds	2,711,326.78	275,131,494.73
Total	1,670,720,493.53	1,558,252,048.03
Of which: total amount deposited overseas	292,192,477.99	271,126,295.17

Other notes:

(1) On 30 June 2024, the monetary assets with restricted ownership were of RMB2,459,213.57, which were the deposit for foreign guarantee business of DONG 5,380,232,505.00 (equivalent to RMB1,509,213.57), and litigation freezes of RMB950,000.

(2) The interest receivable in bank deposits was RMB8,670,454.55.

2. Trading Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	741,610,807.34	723,800,275.39
Of which:		
Debt instrument investment	303,432,546.27	203,706,725.51
Equity instrument investment	436,877,510.83	509,832,518.35
Derivative financial assets	1,300,750.24	10,261,031.53
Of which:		
Total	741,610,807.34	723,800,275.39

3. Notes Receivable

(1) Notes Receivable Listed by Category

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	69,855,754.75	99,642,708.67
Trade acceptance	6,303,241.45	
Total	76,158,996.20	99,642,708.67

(2) Disclosure by Withdrawal Methods for Bad Debts

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Of which:										
Notes receivable	76,490,745.75	100.00%	331,749.55	0.43%	76,158,996.20	99,642,708.67	100.00%			99,642,708.67

Amount of bad debt provision withdrawn by groups									
Of which:									
Trade acceptance	6,634,991.00	8.67%	331,749.55	5.00%	6,303,241.45				
Bank acceptance bills with low credit ratings	69,855,754.75	91.33%			69,855,754.75	99,642,708.67	100.00%		99,642,708.67
Total	76,490,745.75	100.00%	331,749.55		76,158,996.20	99,642,708.67	100.00%		99,642,708.67

If adopting the general mode of expected credit loss to withdraw bad debt provision of notes receivable:

Applicable Not applicable

(3) Bad Debt Provision Withdrawal, Reversed or Recovered in the Current Period

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the current period				Ending balance
		Withdrawal	Reversed or recovered	Verification	Others	
Trade acceptance	0.00	331,749.55				331,749.55
Total	0.00	331,749.55	0.00	0.00	0.00	331,749.55

Of which significant amount of recovered or transferred-back bad debt provision for the current period:

Applicable Not applicable

(4) Notes Receivable Which Had Endorsed by the Company or had Discounted and had not Due on the Balance Sheet Date at the Period-end

Unit: RMB

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	98,285,689.07	
Total	98,285,689.07	

4. Accounts Receivable

(1) Disclosure by Aging

Unit: RMB

Aging	Ending carrying amount	Beginning carrying amount
-------	------------------------	---------------------------

Within one year (including 1 year)	775,687,291.66	878,555,822.01
One to two years	3,603,815.12	3,129,451.20
Two to three years	542,137.00	143,033.80
More than three years	4,450,803.48	7,777,701.22
Three to four years	43,641.97	3,717,366.06
Four to five years	4,257,186.18	4,037,499.15
Over 5 years	149,975.33	22,836.01
Total	784,284,047.26	889,606,008.23

(2) Disclosure by Withdrawal Methods for Bad Debts

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	amount	Proportion	amount	Withdrawal proportion		amount	Proportion	amount	Withdrawal proportion	
Accounts receivable withdrawal of Bad debt provision separately accrued	2,823,309.36	0.36%	2,823,309.36	100.00%		5,481,360.70	0.62%	5,481,360.70	100.00%	
Of which:										
Accounts receivable withdrawal of bad debt provision of by group	781,460,737.90	99.64%	56,269,897.00	7.20%	725,190,840.90	884,124,647.53	99.38%	57,656,962.75	6.52%	826,467,684.78
Of which:										
Group 1: Undue accounts (L/C)	171,222,254.88	21.83%		0.00%	171,222,254.88	158,223,236.80	17.79%			158,223,236.80
Group 2: Undue accounts (credit)	160,719,645.02	20.49%	1,687,556.30	1.05%	159,032,088.72	137,080,593.18	15.41%	1,439,346.21	1.05%	135,641,246.97

insurance insured)										
Group 3: Undue accounts (no credit insurance)	278,195,552.48	35.47%	13,909,777.60	5.00%	264,285,774.88	447,692,502.26	50.32%	22,384,625.09	5.00%	425,307,877.17
Group 4: Overdue accounts (credit insurance)	48,465,747.15	6.18%	7,609,122.38	15.70%	40,856,624.77	47,975,300.48	5.39%	7,532,122.16	15.70%	40,443,178.32
Group 5: Overdue accounts (no credit insurance)	122,857,538.37	15.66%	33,063,440.72	26.91%	89,794,097.65	93,153,014.81	10.47%	26,300,869.29	28.23%	66,852,145.52
Total	784,284,047.26	100.00%	59,093,206.36	7.53%	725,190,840.90	889,606,008.23	100.00%	63,138,323.45	7.10%	826,467,684.78

The category name of bad debt provision separately accrued: June 2024

Unit: RMB

Name	Beginning balance		Ending balance			
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdraw
Customer 1	2,751,489.34	2,751,489.34				
Customer 2	2,729,871.36	2,729,871.36	2,823,309.36	2,823,309.36	100.00%	Customer in financial difficulty
Total	5,481,360.70	5,481,360.70	2,823,309.36	2,823,309.36		

If adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable:

Applicable Not applicable

(3) Bad Debt Provision Withdrawal, Reversed or Recovered in the Reporting Period

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversed or recovered	Verification	Others	
Bad debt provision separately accrued	5,481,360.70	93,438.00		2,751,489.34		2,823,309.36
Withdrawal of bad debt provision by group	57,656,962.75	-985,111.39		401,954.36		56,269,897.00
Total	63,138,323.45	-891,673.39	0.00	3,153,443.70	0.00	59,093,206.36

(4) Accounts Receivable Written-off in Current Period

Unit: RMB

Item	Written-off amount
Written-off accounts receivable	3,153,443.70

(5) Top 5 of the Ending Balance of the Accounts Receivable and the Contract Assets Collected according to Arrears Party

Unit: RMB

Name of the entity	Ending balance of the Accounts Receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion to total ending balance of accounts receivable and contract assets	Ending balance of bad debt provision of accounts receivable and impairment provision for contract assets
Customer A	80,799,894.31		80,799,894.31	10.30%	82,503.37
Customer B	44,344,478.10		44,344,478.10	5.65%	10,509,641.31
Customer C	36,707,812.31		36,707,812.31	4.68%	1,835,390.62
Customer D	28,723,648.68		28,723,648.68	3.66%	1,582,874.01
Customer E	28,017,191.64		28,017,191.64	3.57%	1,519,757.53
Total	218,593,025.04		218,593,025.04	27.86%	15,530,166.84

5. Accounts Receivable Financing**(1) Accounts Receivable Financing Listed by Category**

Unit: RMB

Item	Ending balance	Beginning balance
Notes Receivable	6,969,726.90	18,336,324.55
Less: Other comprehensive income-fair value change	-47,513.49	-88,118.79
Total	6,922,213.41	18,248,205.76

(2) Accounts Receivable Financing Which Had Endorsed by the Company or had Discounted and had not Due on the Balance Sheet Date at the Period-end

Unit: RMB

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bills	98,285,689.07	
Total	98,285,689.07	

6. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
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Other receivables	24,299,740.14	22,168,807.43
Total	24,299,740.14	22,168,807.43

(1) Other Receivables

1) Other Receivables Classified by Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Export rebates	4,283,605.34	3,798,857.69
VAT to be returned	6,988,086.96	7,283,733.09
Payment on behalf	8,918,452.52	8,669,608.81
Guarantee deposit and cash deposit	3,686,139.18	1,613,961.78
Borrowings and petty cash	1,685,356.49	1,962,604.48
Others	4,948,700.92	5,078,173.43
Total	30,510,341.41	28,406,939.28

2) Disclosure by Aging

Unit: RMB

Aging	Ending balance	Beginning carrying amount
Within one year (including 1 year)	19,853,929.16	17,090,150.86
One to two years	1,492,108.57	7,685,279.13
Two to three years	5,667,629.23	177,000.00
More than three years	3,496,674.45	3,454,509.29
Three to four years	128,000.00	35,020.00
Four to five years		78,300.00
Over 5 years	3,368,674.45	3,341,189.29
Total	30,510,341.41	28,406,939.28

3) Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversed or recovered	Charged-off/ Verification	Others	
Expected credit loss of the next 12 months at the first stage	880,263.44	127,478.05				1,007,741.49
Expected loss in the duration (credit impairment not occurred) at the second stage	5,194,856.36	-217,859.01				4,976,997.35
Expected loss in the duration (credit impairment occurred) at the third stage	163,012.05	62,850.38				225,862.43
Total	6,238,131.85	-27,530.58	0.00	0.00	0.00	6,210,601.27

4) Top 5 Other Accounts Receivable in Ending Balance Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables %	Ending balance of bad debt provision
Customer 1	Rebate of VAT	6,988,086.96	Within 1 year, 1 to 2 years and 2 to 3 years	22.90%	3,171,659.26
Customer 2	Advance payments	5,031,042.62	Within 1 year	16.49%	251,552.13
Customer 3	Export rebates	4,283,605.34	Within 1 year	14.04%	214,180.27
Customer 4	Advance payments	1,282,841.36	Within 1 year	4.20%	64,142.07
Customer 5	Advance payments	1,149,200.40	Within 1 year	3.77%	57,460.02
Total		18,734,776.68		61.40%	3,758,993.75

7. Prepayment**(1) Prepayment Listed by Aging Analysis**

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	88,205,641.91	99.88%	51,843,880.46	99.96%
One to two years	101,808.00	0.12%	17,437.82	0.04%
Two to three years	1,651.40	0.00%		
More than three years		0.00%	2,129.28	
Total	88,309,101.31		51,863,447.56	

(2) Top 5 Prepayment in Ending Balance Collected according to the Prepayment Target

The advances to suppliers from the top five of prepaid parties classified based on the ending balance totals RMB51,649,142.86 in the current period, accounting for 58.49% of the total ending balance of the advances to suppliers.

8. Inventory

Whether the Company needs to comply with the disclosure requirements for the real estate industry
No

(1) Category of Inventory

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves of inventories or impairment	Carrying value	Carrying amount	Depreciation reserves of inventories or impairment	Carrying value

		provision for contract performance costs			provision for contract performance costs	
Raw materials	920,639,465.98	48,933,964.67	871,705,501.31	961,742,257.63	48,846,493.37	912,895,764.26
Goods in process	493,298,150.00	14,522,519.63	478,775,630.37	504,407,562.92	11,183,192.80	493,224,370.12
Inventory goods	946,421,769.26	186,436,309.51	759,985,459.75	886,717,966.10	181,209,030.54	705,508,935.56
Commissioned products	15,097,450.37		15,097,450.37	12,510,504.76		12,510,504.76
Materials in transit	16,942,695.35		16,942,695.35			
Total	2,392,399,530.96	249,892,793.81	2,142,506,737.15	2,365,378,291.41	241,238,716.71	2,124,139,574.70

(2) Falling Price Reserves of Inventory and Impairment Reserves for Contract Performance Costs

Unit: RMB

Item	Beginning balance	Increased amount of the current period		Decreased amount for the current period		Ending balance
		Withdrawal	Others	Transferred-back or charged-off	Others	
Raw materials	48,846,493.37		87,471.30			48,933,964.67
Goods in process	11,183,192.80	3,308,741.99	30,584.84			14,522,519.63
Inventory goods	181,209,030.54	31,410,703.20	152,690.05	26,336,114.28		186,436,309.51
Total	241,238,716.71	34,719,445.19	270,746.19	26,336,114.28		249,892,793.81

9. Other Current Assets

Unit: RMB

Item	Ending balance	Beginning balance
Other tax	9,624,603.07	801,750.09
Prepaid income tax	7,854,160.90	2,774,815.63
Prepaid other taxes		3,453,982.70
Convertible broken lot fund	199,666.07	199,680.79
Refundable deposits	127,182,557.28	137,881,884.82
Total	144,860,987.32	145,112,114.03

10. Long-term Equity Investment

Unit: RMB

Investee	Beginning balance (carrying value)	Beginning balance of depreciation reserve	Increase/decrease for the current period								Ending Balance (Carrying Value)	Ending balance of depreciation reserve
			Addition	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive	Changes of other equity	Cash bonus or profits announced to	Withdrawal of impairment provis	Others		

			l in ve st m en t			ve incom e		issue	ion)	ve
I. Joint ventures												
II. Associated enterprises												
Ningbo Meishan Bonded Port Area Haohong Equity Investment Partnership (L.P) (hereinafter referred to as "Haohong Investment")	48,257,699.71				9,232,654.55							57,490,354.26
Ningbo Haoying Equity Investment Partnership (L.P) (hereinafter referred to as "Haoying Investment")	95,279,780.06				-613,560.02							94,666,220.04
Subtotal	143,537,479.77				8,619,094.53							152,156,574.30
Total	143,537,479.77				8,619,094.53							152,156,574.30

The recoverable amount is determined based on the net amount of the fair value minus disposal costs

Applicable Not applicable

The recoverable amount is determined by the present value of the forecasted future cash flow.

Applicable Not applicable

11. Other Non-current Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Equity instrument investment	76,750,000.00	76,750,000.00
Financial assets assigned measured by fair value and the changes be included in the current gains and losses	12,000,000.00	12,000,000.00
Total	88,750,000.00	88,750,000.00

12. Investment Property

(1) Investment Property Adopting the Cost Measurement Mode

Applicable Not applicable

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original carrying value				
1. Beginning balance	33,708,658.12			33,708,658.12
2. Increased amount for the current period				
(1) Outsourcing				
(2) Transfer from inventory/fixed assets/construction in progress				
(3) Business combination increase				
3. Decreased amount for the current period				
(1) Disposal				
(2) Other transfer				
4. Ending balance	33,708,658.12			33,708,658.12
II. Accumulative depreciation and accumulative amortization				
1. Beginning balance	14,130,482.19			14,130,482.19
2. Increased amount for the current period	451,321.03			451,321.03
(1) Withdrawal or amortization	451,321.03			451,321.03
3. Decreased amount for the current period				
(1) Disposal				
(2) Other transfer				
4. Ending balance	14,581,803.22			14,581,803.22
III. Depreciation reserves				
1. Beginning balance				
2. Increased amount for the current period				
(1) Withdrawal				
3. Decreased amount for the current period				
(1) Disposal				
(2) Other transfer				
4. Ending balance				
IV. Carrying value				
1. Ending carrying value	19,126,854.90			19,126,854.90
2. Beginning carrying value	19,578,175.93			19,578,175.93

The recoverable amount is determined based on the net amount of the fair value minus disposal costs

Applicable Not applicable

The recoverable amount is determined by the present value of the forecasted future cash flow.

Applicable Not applicable

(2) Investment Property Adopting the Fair Value Measurement Mode□Applicable Not applicable**13. Fixed Assets**

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	5,921,271,772.02	5,597,692,505.07
Total	5,921,271,772.02	5,597,692,505.07

(1) List of Fixed Assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment and others	Total
I. Original carrying value:					
1. Beginning balance	3,771,409,356.61	7,498,350,318.66	55,476,805.41	130,828,101.77	11,456,064,582.45
2. Increased amount for the current period	334,943,999.89	232,905,088.73	2,744,364.11	9,759,151.37	580,352,604.10
(1) Purchase	1,074,574.37	221,287,730.88	2,672,427.51	9,599,615.82	234,634,348.58
(2) Transfer from construction in progress	327,295,942.32	2,429,190.48			329,725,132.80
(3) Business combination increase					
(4) Other increase	6,573,483.20	9,188,167.37	71,936.60	159,535.55	15,993,122.72
3. Decreased amount for the current period	1,424,083.05	22,916,780.17	1,882,139.07	639,682.32	26,862,684.61
(1) Disposal or scrap	526,546.40	21,481,746.22	1,882,139.07	639,682.32	24,530,114.01
(2) Other decrease	897,536.65	1,435,033.95			2,332,570.60
4. Ending balance	4,104,929,273.45	7,708,338,627.22	56,339,030.45	139,947,570.82	12,009,554,501.94
II. Accumulative depreciation					
1. Beginning balance	1,343,515,450.34	4,311,518,011.89	43,379,836.82	116,797,266.54	5,815,210,565.59
2. Increased amount for the current period	66,063,431.88	168,254,719.08	1,881,916.88	3,132,621.07	239,332,688.91
(1) Withdrawal	63,928,600.93	165,157,534.42	1,756,793.61	3,022,285.59	233,865,214.55
(2) Other Increases	2,134,830.95	3,097,184.66	125,123.27	110,335.48	5,467,474.36
3. Decreased amount for the current period	204,161.51	6,948,932.34	1,606,293.21	452,092.87	9,211,479.93
(1) Disposal or scrap	204,161.51	6,794,414.73	1,606,293.21	452,092.87	9,056,962.32
(2) Other Increases		154,517.61			154,517.61
4. Ending balance	1,409,374,720.71	4,472,823,798.63	43,655,460.49	119,477,794.74	6,045,331,774.57
III. Depreciation reserves					
1. Beginning balance	429,416.16	42,691,703.55	5,671.30	34,720.78	43,161,511.79
2. Increased amount for the current period					

(1) Withdrawal					
3. Decreased amount for the current period		210,556.44		0.00	210,556.44
(1) Disposal or scrap		210,556.44			210,556.44
4. Ending balance	429,416.16	42,481,147.11	5,671.30	34,720.78	42,950,955.35
IV. Carrying value					
1. Ending carrying value	2,695,125,136.58	3,193,033,681.48	12,677,898.66	20,435,055.30	5,921,271,772.02
2. Beginning carrying value	2,427,464,490.11	3,144,140,603.22	12,091,297.29	13,996,114.45	5,597,692,505.07

(2) Fixed Assets Leased out by Operation Lease

Unit: RMB

Item	Ending carrying amount
Houses	4,707,078.93

(3) Fixed Assets Failed to Accomplish Certification of Property

Unit: RMB

Item	Carrying value	Reason
Lufeng weaving dye gray yarn warehouse	11,646,853.92	Under the relevant certificate procedures of acceptance, measurement, examination by the real estate trading center and other departments
Lulian New Materials Yarn Warehouse	7,678,077.17	The same as above
Lu Thai Textile Warehouse 01, 02	6,048,928.22	The same as above

(4) Impairment Test of Fixed Assets
Applicable Not applicable
14. Construction in Progress

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	107,413,563.18	383,113,337.09
Engineering materials	342,989,820.23	485,383,541.32
Total	450,403,383.41	868,496,878.41

(1) List of Construction in Progress

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Production line project	86,614,488.90		86,614,488.90	375,973,427.49		375,973,427.49

of high-grade fabrics (Phase I)						
Reform project of Xinsheng Thermal Power	4,350,657.38		4,350,657.38	4,783,916.38		4,783,916.38
Double twisting project phase II	13,209,509.32		13,209,509.32			
Other sporadic projects	3,238,907.58		3,238,907.58	2,355,993.22		2,355,993.22
Total	107,413,563.18		107,413,563.18	383,113,337.09		383,113,337.09

(2) Changes in Significant Construction in Progress during the Reporting Period

Unit: RMB

Project Name	Budget	Beginning balance	Increased amount of the current period	Transferred in fixed assets	Other decreased amount for the current period	Ending balance	Proportion of accumulated investment in constructions to budget	Job schedule	Accumulated amount of interest capitalization	Of which: amount of capitalized interests for the Reporting Period	Capitalization rate of interests for the Reporting Period	Capital resources
Production line project of high-grade fabrics (Phase I)	464,800,000.00	375,973,427.49	35,366,233.62	326,445,784.54	-1,720,612.33	86,614,488.90	102.86%	99.00%	13,626,674.11	2,028,489.95	3.68%	Public offering fund and self-raised fund
Reform project of Xinsheng Thermal Power	8,000,000.00	4,783,916.38	1,995,931.48	2,429,190.48	0.00	4,350,657.38	62.93%	90.00%				Other
Double twisting project phase II			13,209,509.32	0.00	0.00	13,209,509.32	42.34%	42.34%				Other
Other sporadic projects		2,355,993.22	1,735,690.00	850,157.78	2,617.86	3,238,907.58						Other
Total	472,800,000.00	383,113,337.09	52,307,364.42	329,725,132.80	-1,717,994.47	107,413,563.18			13,626,674.11	2,028,489.95		

(3) Impairment Test of Construction in Progress

Applicable Not applicable

(4) Engineering Materials

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Special materials				871,768.43		871,768.43
Equipment to be installed	342,989,820.23		342,989,820.23	484,511,772.89		484,511,772.89
Total	342,989,820.23		342,989,820.23	485,383,541.32		485,383,541.32

15. Right-of-use Assets**(1) List of Right-of-use Assets**

Unit: RMB

Item	Houses and buildings	Land use right	Total
I. Original carrying value			
1. Beginning balance	57,851,702.69	452,496,166.65	510,347,869.34
2. Increased amount for the current period	19,491,168.76	4,004,412.22	23,495,580.98
(1) Rent	19,475,524.63	1,519,034.73	20,994,559.36
(2) Other increase	15,644.13	2,485,377.49	2,501,021.62
3. Decreased amount for the current period	535,874.95	0.00	535,874.95
(1) Other decrease	535,874.95		535,874.95
4. Ending balance	76,806,996.50	456,500,578.87	533,307,575.37
II. Accumulative depreciation			
1. Beginning balance	14,623,691.51	32,497,758.62	47,121,450.13
2. Increased amount for the current period	5,560,748.84	7,100,243.58	12,660,992.42
(1) Withdrawal	5,547,430.30	6,975,734.38	12,523,164.68
(2) Other Increases	13,318.54	124,509.20	137,827.74
3. Decreased amount for the current period	535,874.95	0.00	535,874.95
(1) Disposal			
(2) Other decrease	535,874.95		535,874.95
4. Ending balance	19,648,565.40	39,598,002.20	59,246,567.60
III. Depreciation reserves			
1. Beginning balance			
2. Increased amount for the current period			
(1) Withdrawal			
3. Decreased amount for the			

current period			
(1) Disposal			
4. Ending balance			
IV. Carrying value			
1. Ending carrying value	57,158,431.10	416,902,576.67	474,061,007.77
2. Beginning carrying value	43,228,011.18	419,998,408.03	463,226,419.21

16. Intangible assets

(1) List of intangible assets

Unit: RMB

Item	Land use right	Patent right	Non-patent technologies	Software use rights	Total
I. Original carrying value					
1. Beginning balance	470,338,494.00	409,550.00		2,137,122.72	472,885,166.72
2. Increased amount for the current period				973.97	973.97
(1) Purchase					
(2) Internal R&D					
(3) Business combination increase					
(4) Other increase				973.97	973.97
3. Decreased amount for the current period				53,097.35	53,097.35
(1) Disposal				53,097.35	53,097.35
4. Ending balance	470,338,494.00	409,550.00		2,084,999.34	472,833,043.34
II. Accumulated amortization					
1. Beginning balance	128,418,319.87	112,626.36		1,006,341.07	129,537,287.30
2. Increased amount for the current period	5,048,199.62	20,477.52		281,352.38	5,350,029.52
(1) Withdrawal	5,048,199.62	20,477.52		280,905.97	5,349,583.11
(2) Other Increases				446.41	446.41
3. Decreased amount for the current period				53,097.35	53,097.35
(1) Disposal				53,097.35	53,097.35
4. Ending balance	133,466,519.49	133,103.88		1,234,596.10	134,834,219.47
III. Depreciation reserves					
1. Beginning balance					
2. Increased amount for the current period					
(1) Withdrawal					
3. Decreased amount for the current period					
(1) Disposal					
4. Ending balance					

IV. Carrying value					
1. Ending carrying value	336,871,974.51	276,446.12		850,403.24	337,998,823.87
2. Beginning carrying value	341,920,174.13	296,923.64		1,130,781.65	343,347,879.42

The proportion of intangible assets formed from the internal R&D of the Company at the Period-end to the ending balance of intangible assets was 0.00%.

(2) Impairment Test of Intangible Assets

Applicable Not applicable

17. Development costs

Item	Beginning balance	Increased amount of the current period		Decreased amount for the current period		Ending balance
		Internal development costs	Other	Recognized as intangible assets	Transferred to current profit or loss	
R&D of products		115,374,597.19			115,374,597.19	
Total		115,374,597.19			115,374,597.19	

18. Goodwill

(1) Original Carrying Value of Goodwill

Unit: RMB

Name of the invested units or events generating goodwill	Beginning balance	Increase for the current period		Decrease for the current period		Ending balance
		Formed by business combination		Disposal		
Xinsheng Power	20,563,803.29					20,563,803.29
Total	20,563,803.29					20,563,803.29

19. Long-term Prepaid Expense

Unit: RMB

Item	Beginning balance	Increased amount of the current period	Amortization amount of the current period	Other decreased amount	Ending balance
Decoration fee	1,694,425.58	3,299,180.52	587,479.50		4,406,126.60
Technical service charges	44,220.80		17,688.30		26,532.50
Other prepaid expense	77,192.22		66,164.82		11,027.40
Total	1,815,838.60	3,299,180.52	671,332.62		4,443,686.50

20. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Deferred Income Tax Assets Had Not Been Off-set

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	255,649,910.10	36,973,317.30	230,431,449.02	36,029,044.63
Internal unrealized profit	114,194,656.47	15,598,842.28	107,060,058.13	14,691,107.03
Deductible losses	65,999,393.32	11,811,995.92	109,351,504.69	19,934,589.31
Payroll payable	67,324,258.61	10,109,806.74	67,324,258.61	10,109,806.74
Deferred income	148,127,211.72	22,982,884.87	151,500,472.11	23,556,894.11
Contract liabilities	81,956,025.16	20,489,006.29	89,450,421.20	22,157,141.99
The changes of accounts receivable financing in fair value	47,513.49	7,127.03	81,235.81	12,185.37
Lease liabilities	106,288,784.47	15,943,317.67	93,523,870.95	14,028,580.65
Restricted stock incentive fees	27,488,845.13	4,123,326.77	27,488,845.13	4,123,326.77
Convertible corporate bonds	46,083,362.73	6,912,504.41	46,083,362.71	6,912,504.41
Associate	4,472,052.48	670,807.87	13,704,707.03	2,055,706.05
Fund losses	81,935,535.64	12,290,330.35	28,541,486.65	4,281,223.00
Total	999,567,549.32	157,913,267.50	964,541,672.04	157,892,110.06

(2) Deferred Income Tax Liabilities Had Not Been Off-set

Unit: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Depreciation of fixed assets	637,989,146.71	100,190,241.09	632,363,989.77	99,342,402.95
Changes in fair value of trading financial assets	172,623,723.47	25,893,558.52	245,835,380.61	36,875,307.09
Changes in the fair value of other non-current financial assets	19,467,400.00	2,920,110.00	19,467,400.00	2,920,110.00
Associated enterprises	18,908,403.55	2,836,260.53	19,521,963.57	2,928,294.54
Right-of-use assets	99,143,170.40	14,871,475.55	87,417,883.01	13,112,682.46
Total	948,131,844.13	146,711,645.69	1,004,606,616.96	155,178,797.04

(3) Deferred income tax assets or liabilities had been off-set listed in net amount

Unit: RMB

Item	Ending off-set amount of deferred income tax assets and liabilities	Ending balance of deferred income tax assets and liabilities	Beginning off-set amount of deferred income tax assets and	Beginning balance of deferred income tax assets and liabilities
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			liabilities	
Deferred income tax assets		157,913,267.50		157,892,110.06
Deferred income tax liabilities		146,711,645.69		155,178,797.04

(4) List of unrecognized deferred income tax assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductible temporary difference	103,981,497.90	65,448,810.95
Deductible losses	282,890,915.21	257,150,469.99
Total	386,872,413.11	322,599,280.94

(5) Deductible losses of unrecognized deferred income tax assets will due in the following years

Unit: RMB

Years	Ending amount	Beginning amount	Note
Y2025		299.83	
Y2026	71,235,558.18	71,235,558.18	
Y2027	96,904,257.37	96,904,257.37	
Y2028	89,010,354.61	89,010,354.61	
Y2029	25,740,745.05		
Total	282,890,915.21	257,150,469.99	

21. Other Non-current Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Project prepayment				672,659.25		672,659.25
Prepayment for equipment	8,345,688.43		8,345,688.43	2,008,677.98		2,008,677.98
Prepayment for land	14,836,218.75		14,836,218.75			
Term deposits over 1 year	485,000,000.00		485,000,000.00	150,000,000.00		150,000,000.00
Interest receivable from term deposits over 1 year	10,059,935.69		10,059,935.69	3,008,929.60		3,008,929.60
Total	518,241,842.87		518,241,842.87	155,690,266.83		155,690,266.83

22. Assets with Restricted Ownership or Right to Use

Unit: RMB

Item	Period-end				Period-beginning			
	Carrying amount	Carrying value	Type of restriction	Status of restriction	Carrying amount	Carrying value	Type of restriction	Status of restriction
Monetary	2,459,213.5	2,459,213.5	Deposit, frozen		4,024,123.1	4,024,123.1	Deposit, frozen	

capital	7	7			4	4		
Notes receivable	64,533,654.20	64,533,654.20	Endorsed or discounted but not yet due for derecognition		51,979,653.25	51,979,653.25	Endorsed or discounted but not yet due for derecognition	
Other current assets	127,182,557.28	127,182,557.28	Refundable deposits		137,881,884.82	137,881,884.82	Refundable deposits	
Total	194,175,425.05	194,175,425.05			193,885,661.21	193,885,661.21		

23. Short-term Borrowings

(1) Category of Short-term Borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Borrowings secured by guarantee	49,025,275.16	68,275,604.36
Credit loan	549,603,995.30	512,429,167.91
Total	598,629,270.46	580,704,772.27

Notes of the category for short-term loans:

The short-term borrowing includes interest payable of RMB512,249.66.

24. Trading financial liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Trading financial liabilities	80,716,835.26	46,785,831.47
Of which:		
Derivative financial liabilities	80,716,835.26	46,785,831.47
Of which:		
Total	80,716,835.26	46,785,831.47

25. Accounts Payable

(1) List of accounts payable

Unit: RMB

Item	Ending balance	Beginning balance
Payment for goods	109,074,933.12	127,198,717.36
Engineering equipment	72,532,063.65	106,150,377.55
Others	40,117,971.03	42,153,820.14
Total	221,724,967.80	275,502,915.05

(2) Significant Accounts Payable Aging over One Year or Overdue

No significant accounts payable over one year old at the end of the Current Period.

26. Other Payables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends payable	441,113.64	441,113.64
Other payables	18,274,288.70	47,108,259.88
Total	18,715,402.34	47,549,373.52

(1) Dividends payable

Unit: RMB

Item	Ending balance	Beginning balance
Dividends payable to individual shareholders	441,113.64	441,113.64
Total	441,113.64	441,113.64

Other notes: including significant dividends payable unpaid for over one year, the unpaid reason shall be disclosed:

(2) Other Payables**1) Other payables listed by nature**

Unit: RMB

Item	Ending balance	Beginning balance
Deposits and cash deposits etc.	5,758,066.92	5,026,687.70
Collecting payment on behalf of others	366,641.34	213,812.12
Restricted stock repurchase obligations	186,060.00	31,556,265.00
Others	11,963,520.44	10,311,495.06
Total	18,274,288.70	47,108,259.88

27. Contract Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Advance from sales	171,441,953.96	203,270,689.03
Less: contract liability recorded in other current liabilities	-5,459,173.89	-15,197,353.14
Total	165,982,780.07	188,073,335.89

Significant contract liabilities aging over one year

Unit: RMB

Item	Ending balance	Unpaid/Un-carry-over reason
Customer 1	18,565,812.13	Heating facilities supporting fees not yet carried forward
Customer 2	18,808,502.64	Heating facilities supporting fees not yet carried forward
Total	37,374,314.77	

28. Payroll Payable**(1) List of payroll payable**

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
I. Short-term salary	284,329,504.63	703,391,825.99	753,763,303.47	233,958,027.15
II. Post-employment benefit-defined contribution plans	15,469.09	86,717,708.13	86,471,859.17	261,318.05
III. Termination benefits		420,365.94	420,365.94	0.00
Total	284,344,973.72	790,529,900.06	840,655,528.58	234,219,345.20

(2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
1. Salary, bonus, allowance, subsidy	213,425,517.98	626,356,613.26	678,504,314.76	161,277,816.48
2. Employee welfare	211,683.08	20,641,385.86	20,644,898.57	208,170.37
3. Social insurance	32,536.50	39,356,951.74	39,314,439.07	75,049.17
Of which: Medical insurance premiums	31,411.48	35,713,302.82	35,670,714.40	73,999.90
Work-related injury insurance premiums	375.01	3,639,148.86	3,639,224.61	299.26
Maternity insurance	750.01	4,500.06	4,500.06	750.01
4. Housing fund		7,024,438.65	7,024,438.65	0.00
5. Labor union budget and employee education budget	70,659,767.07	10,012,436.48	8,275,212.42	72,396,991.13
Total	284,329,504.63	703,391,825.99	753,763,303.47	233,958,027.15

(3) List of defined contribution plans

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
1. Basic pension insurance	15,000.32	82,470,541.76	82,246,835.56	238,706.52
2. Unemployment insurance premiums	468.77	4,247,166.37	4,225,023.61	22,611.53
Total	15,469.09	86,717,708.13	86,471,859.17	261,318.05

Other notes:

The Company, in line with the requirement, participates in endowment insurance, unemployment insurance plans, and so on. Under these plans, the Company makes monthly contributions to these plans at 16% and 0.70% of the social security contribution base, respectively.

No further payment obligations will be incurred by the Company beyond the above monthly contribution fees. The relevant

expense occurred was recorded into current profits and losses or related asset costs.

29. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	1,834,511.62	15,261,850.74
Enterprise income tax	15,600,828.02	14,347,230.63
Personal income tax	2,401,078.42	1,266,426.62
Urban maintenance and construction tax	957,813.27	2,753,492.14
Stamp duty	586,514.43	848,769.75
Real estate tax	5,500,763.31	5,059,177.21
Land use tax	2,388,606.80	668,899.85
Educational fee	443,622.54	1,253,814.31
Local education surcharge	299,448.37	843,626.22
Tax on natural resources	154,950.00	31,938.00
Environmental protection tax	213,589.91	298,007.08
Total	30,381,726.69	42,633,232.55

30. Current Portion of Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Long-term borrowings matured within 1 year	16,326,401.72	88,930,000.00
Lease obligation matured within 1 year	6,992,799.73	7,277,192.49
Total	23,319,201.45	96,207,192.49

31. Other current liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Tax to be charged off	5,459,173.89	15,197,353.14
Endorsed undue bill under non-derecognition	52,011,856.65	48,449,554.97
Total	57,471,030.54	63,646,908.11

32. Long-term Borrowings

(1) Category of long-term borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Credit loan	722,681,961.13	348,922,974.40
Less: current portion of long-term borrowings	-16,326,401.72	-88,930,000.00

Total	706,355,559.41	259,992,974.40
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Note to the category of long-term borrowings:

The long-term borrowings included interest payable of RMB621,917.86

Other notes, including interest rate range:

Item	Ending balance	Interest rate range (%)	Beginning balance	Interest rate range (%)
Credit loans	722,681,961.13	2.30%-2.50%	348,922,974.40	2.50%-2.80%

33. Bonds Payable

(1) Bonds payable

Unit: RMB

Item	Ending balance	Beginning balance
Convertible corporate bonds	1,482,171,331.99	1,476,572,070.79
Total	1,482,171,331.99	1,476,572,070.79

(2) Changes of bonds payable (excluding other financial instruments divided as financial liabilities such as preferred shares and perpetual bonds)

Unit: RMB

Name	Par value	Coupon rate	Issue date	Bond duration	Issue amount	Beginning balance	Issued in the Reporting Period	Interest accrued at par value	Amortization of premium and depreciation	Repaid in the Reporting Period	Current shares converted	Ending balance	Default or not
LuThai Convertible Bond (127016)	1,400,000.00		9 April 2020	6 years	1,400,000.00	1,476,572.07	0.00	11,408.94	15,190.87	20,997.61	1,700.00	1,482,171.31	No
Total					1,400,000.00	1,476,572.07	0.00	11,408.94	15,190.87	20,997.61	1,700.00	1,482,171.31	

(3) Notes to the convertible corporate bonds

According to the *Approval of the Public Issue of Convertible Corporate Bonds of Lu Thai Textile Co., Ltd.* (ZH.J.X.K [2020] No. 299) of the China Securities Regulatory Commission, the Company issued 14 million convertible bonds with a face value of RMB100 each for a total issue amount of RMB1.4 billion with a maturity of 6 years, i.e. from 9 April 2020 to 8 April 2026.

The coupon rates of the convertible bonds issued by the Company are 0.3%, 0.6%, 1%, 1.5%, 1.8% and 2% in the following order

from the first stage to the sixth stage, with interest payable annually. The conversion period shall commence from (and include) the first trading day on 15 October 2020, six months after the date of issue, and shall end on (and include) the trading day prior to the maturity date of the convertible bonds (8 April 2026). Holders may apply for conversion during the conversion period.

The initial conversion price of convertible corporate bonds was RMB9.01 per share when it was issued but was adjusted to RMB8.91 per share since July 9, 2020, after the Company implemented the 2019 profit sharing agreement on July 8, 2020. After the Company implemented the restricted stock incentive plan in 2021, the price was adjusted to RMB8.76 per share accordingly since June 7, 2021. Upon the implementation of the 2020 profit sharing agreement by the Company on June 18, 2021, it was adjusted to RMB8.71 per share accordingly again since June 18, 2021. Upon the implementation of the 2021 profit sharing agreement by the Company on June 23, 2022, it was adjusted to RMB8.61 per share accordingly again since June 23, 2022. The Company completed the formalities for cancellation of the repurchased shares on 25 May 2023, and the conversion price of the convertible bond was adjusted accordingly to RMB8.73 per share on 26 May 2023. Upon the implementation of the 2022 Profit Distribution Plan by the Company on 16 June 2023, the conversion price of the convertible bond was adjusted to RMB8.63 per share accordingly on 16 June 2023. The Company completed the formalities for cancellation of the repurchased shares on 1 March 2024, and the conversion price of the convertible bond was adjusted accordingly to RMB8.87 per share on 4 March 2024. Upon the implementation of the 2023 Profit Distribution Plan by the Company on 19 June 2024, the conversion price of the convertible bond was adjusted to RMB8.74 per share accordingly on 19 June 2024.

34. Lease obligation

Unit: RMB

Item	Ending balance	Beginning balance
Lease payments	134,961,194.73	123,608,615.06
Unrecognized financing costs	-28,336,471.86	-29,751,198.16
Less: Current portion of lease liabilities	-6,992,799.73	-7,277,192.49
Total	99,631,923.14	86,580,224.41

Other notes

The amount of interest expense on lease liabilities accrued in H1 2024 was RMB2,405,053.32, which was included in financial costs - interest expense.

35. Long-term Payroll Payable

(1) List of long-term payroll payable

Unit: RMB

Item	Ending balance	Beginning balance
III. Other long-term welfare	57,276,675.61	57,276,675.61
Total	57,276,675.61	57,276,675.61

36. Deferred Income

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance	Reason for formation
Government grants	151,768,947.92	350,000.00	3,731,952.21	148,386,995.71	Government grants

Total	151,768,947.92	350,000.00	3,731,952.21	148,386,995.71	
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37. Share Capital

Unit: RMB

	Beginning balance	Increase/decrease (+/-)					Ending balance
		New shares issued	Bonus shares	Shares converted from capital reserve	Others	Subtotal	
Total shares	863,607,634.00				-46,242,738.00	-46,242,738.00	817,364,896.00

Other notes:

(1) In accordance with the *Proposal on Repurchase of the Company's Domestically Listed Foreign Shares (B Share)*, reviewed and approved by the Company at the 10th Meeting of the 10th Board of Directors on 19 June 2023 and the 1st Extraordinary General Meeting of 2023 on 6 July 2023, the Company repurchased 46,176,428 B shares and completed the formalities for cancellation of the foregoing repurchased shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 1 March 2024. This change in share capital has been audited by Zhitong Accounting Firm (Special General Partnership) and the capital verification report ZTYZ (2024) No. 371C000075 was issued on 26 February 2024.

(2) In conformity with the resolution of the 18th Meeting of the Tenth Board of Directors on 19 January 2024 and the resolution of the General Meeting of the Company on 5 February 2024, the *Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition*, all the 66,500 shares authorized to the original incentive personnel who did not conform to the incentive condition of the Company were repurchased and cancelled.

(3) A total of 190 shares of convertible bonds of the Company can be converted in the Reporting Period.

38. Other Equity Instruments

(1) Changes of outstanding financial instruments such as preferred shares and perpetual bonds at the period-end

Unit: RMB

Outstanding financial instruments	Period-beginning		Increase		Decrease		Period-end	
	Number	Carrying value	Number	Carrying value	Number	Carrying value	Number	Carrying value
Convertible debt to equity		71,383,677.78				86.69		71,383,591.09
Total		71,383,677.78				86.69		71,383,591.09

Changes of other equity instruments in the Current Period, reasons thereof and basis of related accounting treatment:

The decrease of other equity instruments in the Reporting Period was due to convertible debt to equity

39. Capital Reserves

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
Capital premium (premium on stock)	249,154,010.40	30,051,192.18	153,713,470.40	125,491,732.18
Other capital reserves	85,638,604.36	3,320,556.76	30,049,600.00	58,642,016.12
Total	334,792,614.76	33,371,748.94	183,763,070.40	184,401,293.30

Other notes, including a description of the increase or decrease for the current period and the reasons for the change:

- (1) The capital reserves-capital premium decreased by RMB153,572,985.40 due to repurchase of B shares in the Reporting Period;
- (2) In terms of the restricted stock incentive fees in the Reporting Period, the capital reserve - other capital reserve increased by RMB2,994,814.61. The portion of restricted shares of RMB30,049,600.00 due to be unlocked was transferred from the capital reserve - other capital reserve to the capital reserve - capital premium.
- (3) The capital reserves-capital premium decreased by RMB140,485 due to repurchase of restricted shares.

40. Treasury stocks

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
Restricted stock	31,556,265.00		31,370,205.00	186,060.00
B shares repurchase	161,882,455.78	37,866,957.62	199,749,413.40	
Total	193,438,720.78	37,866,957.62	231,119,618.40	186,060.00

Other notes, including a description of the increase or decrease for the current period and the reasons for the change:

1. RMB31,370,205.00 was decreased for the current period due to the unlocking and repurchase of restricted shares.
2. RMB37,866,957.62 of treasury stocks due to B share repurchase was increased.
3. RMB199,749,413.40 of B shares was cancelled.

41. Other comprehensive income

Unit: RMB

Item	Beginning balance	Amount of the current period						Ending balance
		Amount before deducting income tax for the current period	Less: recorded in other comprehensive income in prior period and transferred in profit or loss in the Current Period	Less: recorded in other comprehensive income in prior period and transferred in retained earnings in the Current Period	Less: Income tax expense	Attributable to the Company as the parent after tax	Attributable minority shareholders after tax	
II. Other comprehensive income that may subsequently be reclassified to profit or loss	131,343,141.63	9,381,547.91			5,058.34	9,376,489.57	0.00	140,719,631.20

Differences arising from translation of foreign currency-denominated financial statements	131,410,451.64	9,340,942.61				9,340,942.61		140,751,394.25
The changes of accounts receivable financing in fair value	-67,310.01	40,605.30			5,058.34	35,546.96		-31,763.05
Total of other comprehensive income	131,343,141.63	9,381,547.91			5,058.34	9,376,489.57		140,719,631.20

42. Special Reserve

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
Safety production costs		4,090,000.00	1,522,239.68	2,567,760.32
Total		4,090,000.00	1,522,239.68	2,567,760.32

43. Surplus reserves

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
Statutory surplus reserves	1,257,319,442.76			1,257,319,442.76
Discretionary surplus reserves	3,341,572.58			3,341,572.58
Total	1,260,661,015.34			1,260,661,015.34

44. Retained Earnings

Unit: RMB

Item	Reporting period	Same period of last year
Beginning balance of retained profits before adjustments	6,762,457,543.07	6,490,910,719.35
Beginning balance of retained profits after adjustments	6,762,457,543.07	6,490,910,719.35
Add: Net profit attributable to owners of the Company as the parent	169,559,969.54	221,647,998.15

Dividends of common shares payable	106,249,766.48	86,360,751.90
Ending retained profits	6,825,767,746.13	6,626,197,965.60

List of adjustment of beginning retained profits:

- 1) RMB0.00 beginning retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- 2) RMB0.00 beginning retained profits was affected by changes in accounting policies.
- 3) RMB0.00 beginning retained profits was affected by correction of significant accounting errors.
- 4) RMB0.00 beginning retained profits was affected by changes in combination scope arising from same control.
- 5) RMB0.00 beginning retained profits was affected totally by other adjustments.

45. Operating revenue and cost of sales

Unit: RMB

Item	Reporting period		Same period of last year	
	Operating Revenue	Cost of Sales	Operating Revenue	Cost of Sales
Main operations	2,763,053,072.61	2,078,775,369.49	2,755,370,258.68	2,166,155,297.68
Other operations	67,435,613.00	53,218,122.64	85,121,003.79	67,777,069.99
Total	2,830,488,685.61	2,131,993,492.13	2,840,491,262.47	2,233,932,367.67

Information about performance obligations: none.

Information in relation to the transaction price apportioned to the residual contract performance obligation:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was RMB0.00 at the period-end, among which RMB0.00 was expected to be recognized in XXX, RMB0.00 was expected to be recognized in XXX, and RMB0.00 was expected to be recognized in XXX.

46. Taxes and surtaxes

Unit: RMB

Item	Reporting period	Same period of last year
Urban maintenance and construction tax	6,289,033.04	7,809,806.48
Educational fee	2,739,134.65	3,269,199.52
Tax on natural resources	501,124.97	461,899.63
Real estate tax	11,076,205.06	10,749,586.45
Land use tax	4,779,301.36	7,639,050.17
Vehicle and vessel usage tax	44,897.44	47,802.52
Stamp duty	1,184,777.08	1,545,453.42
Local education surcharge	1,826,088.21	2,364,499.69
Environmental protection tax	684,824.01	473,062.48
Total	29,125,385.82	34,360,360.36

Other notes:

Please refer to Note VI. Taxes for details of various taxes and additional standards for calculation and payment.

47. Administrative expense

Unit: RMB

Item	Reporting period	Same period of last year
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Salary	77,230,152.38	80,911,708.29
Depreciation charge	20,703,778.67	19,438,392.08
Warehouse funding	18,344,401.07	18,862,735.72
Labor-union expenditure	5,236,534.53	5,566,260.80
Employee education budget	3,801,648.86	3,894,091.42
Amortization of intangible assets	6,729,562.66	5,795,577.62
Carriage charges	4,767,761.97	3,694,751.74
Others	21,991,320.55	37,144,843.72
Total	158,805,160.69	175,308,361.39

48. Selling expense

Unit: RMB

Item	Reporting period	Same period of last year
Salary	32,065,926.42	33,546,461.28
Marketing expenses	16,111,399.23	16,171,875.20
Depreciation charge	3,344,566.64	3,510,556.38
Travel expenses	3,231,195.05	3,906,192.17
Office cost	5,569,616.81	7,315,422.95
Others	2,964,017.13	1,960,739.32
Total	63,286,721.28	66,411,247.30

49. R&D expense

Unit: RMB

Item	Reporting period	Same period of last year
Labor cost	63,810,510.13	74,856,472.66
Material expense	32,672,913.93	36,990,187.47
Depreciation charge	9,704,000.88	8,755,526.54
Other	9,187,172.25	10,687,845.37
Total	115,374,597.19	131,290,032.04

50. Financial costs

Unit: RMB

Item	Reporting period	Same period of last year
Interest expense	50,759,962.29	49,206,191.44
Less: Capitalized interest expense	2,028,489.95	9,703,751.96
Interest income	24,797,577.49	30,385,764.22
Foreign exchange gains or losses	-22,788,175.63	-70,727,318.85
Other	3,103,872.71	4,603,167.24
Total	4,249,591.93	-57,007,476.34

51. Other income

Unit: RMB

Sources	Reporting period	Same period of last year
Government grants	11,197,161.62	6,960,772.36
Transfer of deferred revenue to government grants	3,731,952.21	20,764,150.04
Total	14,929,113.83	27,724,922.40

52. Gain on changes in fair value

Unit: RMB

Sources	Reporting period	Same period of last year
Trading financial assets	-78,608,823.48	-31,900,187.41
Of which: Income from changes in fair value generated by derivative financial instruments	-4,942,381.29	-10,603,652.37
Trading financial liabilities	-33,931,003.79	-10,571,518.40
Total	-112,539,827.27	-42,471,705.81

53. Investment income

Unit: RMB

Item	Reporting period	Same period of last year
Long-term equity investment income accounted by equity method	8,619,094.53	-1,333,148.86
Investment income from disposal of held-for-trading financial asset	-11,908,540.91	48,131,810.86
Total	-3,289,446.38	46,798,662.00

54. Credit impairment loss

Unit: RMB

Item	Reporting period	Same period of last year
Loss on uncollectible notes receivable	-331,749.55	0.00
Loss on uncollectible accounts receivable	891,673.39	14,959,740.60
Loss on uncollectible other receivables	27,530.58	1,849,983.45
Total	587,454.42	16,809,724.05

55. Asset impairment loss

Unit: RMB

Item	Reporting period	Same period of last year
I. Inventory falling price loss and impairment provision for contract performance costs	-34,719,445.19	-75,665,553.95
Total	-34,719,445.19	-75,665,553.95

56. Asset disposal income

Unit: RMB

Sources	Reporting period	Same period of last year
Fixed asset disposal income ("-" for loss)	-232,868.16	-404,759.16

57. Non-operating income

Unit: RMB

Item	Reporting period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Claim income	2,268,221.27	2,140,794.59	
Other	609,798.53	2,090,456.30	
Total	2,878,019.80	4,231,250.89	

58. Non-operating expense

Unit: RMB

Item	Reporting period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Donations	699,531.71	438,626.02	
Other	1,667,153.49	2,025,734.51	
Total	2,366,685.20	2,464,360.53	

59. Income tax expense**(1) List of income tax expense**

Unit: RMB

Item	Reporting period	Same period of last year
Current income tax expense	20,223,864.33	10,575,366.34
Deferred income tax expense	-1,359,058.54	10,416,049.17
Total	18,864,805.79	20,991,415.51

(2) Adjustment process of accounting profit and income tax expense

Unit: RMB

Item	Reporting period
Profit before taxation	192,900,052.42
Current income tax expense accounted at statutory/applicable tax rate	28,935,007.86
Influence of applying different tax rates by subsidiaries	5,809,810.29
Influence of income tax before adjustment	-1,045,158.00
Effect of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the period	-3,956,472.26
Influence of additional deduction of R&D expenses	-10,878,382.10
Income tax expense	18,864,805.79

60. Other Comprehensive Income

Refer to Note VII-41 for details.

61. Cash flow statement

(1) Cash related to operating activities

Cash generated from other operating activities

Unit: RMB

Item	Reporting period	Same period of last year
Government subsidy	3,216,502.43	21,278,038.60
Claim income	2,414,067.12	1,680,611.12
Recovery of employee borrowings, petty cash and deposit	8,194,771.46	5,065,850.80
Collection for employees	346,822.55	1,913,782.89
Others	1,069,421.84	38,176,145.58
Total	15,241,585.40	68,114,428.99

Cash used in other operating activities

Unit: RMB

Item	Reporting period	Same period of last year
Business travel charges	18,759,630.87	24,090,673.70
Insurance	3,018,009.97	2,214,458.96
Agency service fee	7,462,933.03	3,463,173.10
Decoration & repair expenses	6,256,818.44	1,205,617.14
Donation	689,277.94	954,843.00
Payment of employee borrowings, petty cash and deposit	6,682,473.24	5,533,763.00
Others	30,033,350.44	29,917,190.98
Total	72,902,493.93	67,379,719.88

(2) Cash related to investing activities

Cash generated from other investing activities

Unit: RMB

Item	Reporting period	Same period of last year
Interest income	25,561,955.08	21,207,422.84
Income from forward foreign exchange	623,600.00	16,005,350.00
Recovery of cash deposit	1,457,909.57	805,891.25
Recovery of fixed time deposits	25,054,958.83	23,179,142.80
Proceeds from financing securities	2,394,104.88	
Total	55,092,528.36	61,197,806.89

Cash generated from important investing activities

Unit: RMB

Item	Reporting period	Same period of last year
Government bond reverse repo	140,961,000.00	1,131,816,000.00

Structural deposits	226,000,000.00	314,000,000.00
Wealth management products		80,000,000.00
Total	366,961,000.00	1,525,816,000.00

Cash used in other investing activities

Unit: RMB

Item	Reporting period	Same period of last year
Fixed time deposits	184,000,000.00	2,506,369.87
Forward settlement exchange loss	3,380,600.00	
Payment of deposit		1,387,667.04
Total	187,380,600.00	3,894,036.91

Cash used in significant investing activities

Unit: RMB

Item	Reporting period	Same period of last year
Government bond reverse repo	90,000,000.00	1,151,818,000.00
Structural deposits	226,000,000.00	629,000,000.00
Wealth management products	150,000,000.00	
Total	466,000,000.00	1,780,818,000.00

(3) Cash Related to Financing Activities

Cash used in other financing activities

Unit: RMB

Item	Reporting period	Same period of last year
Repayment of lease liabilities and prepaid rent	9,319,173.11	9,505,516.17
Repurchase of B-shares	37,825,078.13	
Total	47,144,251.24	9,505,516.17

Changes in liabilities arising from financing activities

 Applicable Not applicable

Unit: RMB

Item	Beginning balance	Increase for the current period		Decrease for the current period		Ending balance
		Cash fluctuations	Non-cash fluctuations	Cash fluctuations	Non-cash fluctuations	
Short-term loan	580,704,772.27	551,971,451.53	2,822,842.62	535,641,270.74	1,228,525.22	598,629,270.46
Long-term loans	348,922,974.40	760,660,043.27	4,648,004.83	391,549,061.37		722,681,961.13
Bonds payable	1,476,572,070.79		26,598,701.96	20,997,730.50	700.00	1,482,172,342.25
Lease liabilities	93,857,416.90		21,709,794.02	8,942,488.05		106,624,722.87
Total	2,500,057,234.36	1,312,631,494.80	55,779,343.43	957,130,550.66	1,229,225.22	2,910,108,296.71

62. Supplemental information for cash flow statement

(1) Supplemental information for cash flow statement

Unit: RMB

Supplemental information	Amount during the current period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities		
Net Profit	174,035,246.63	209,763,134.43
Add: Provision for impairment of assets	34,131,990.77	58,855,829.90
Depreciation of fixed assets, oil-gas assets, and productive biological assets	239,784,009.94	247,686,260.65
Depreciation of right-of-use assets	12,660,992.42	12,250,817.48
Amortization of intangible assets	5,350,029.52	5,551,488.76
Amortization of long-term prepaid expenses	671,332.62	605,167.80
Losses from disposal of fixed assets, intangible assets and other long-lived assets (gains: negative)	-232,868.16	-404,759.16
Losses from scrap of fixed assets (gains: negative)		
Losses from changes in fair value (gains represented by "-")	112,539,827.27	42,471,705.81
Finance costs (gains: negative)	1,145,719.22	-61,610,643.58
Investment loss (gains represented by "-")	3,289,446.38	-46,798,662.00
Decrease in deferred income tax assets (gains: negative)	-21,157.44	10,213,915.11
Increase in deferred income tax liabilities ("- means decrease)	-8,467,151.35	-1,011,200.04
Decrease in inventory (gains: negative)	-27,021,239.55	-136,941,690.32
Decrease in accounts receivable generated from operating activities (gains represented by "-")	101,833,736.62	70,267,472.18
Increase in accounts payable used in operating activities (decrease represented by "-")	-198,278,262.20	-262,288,620.04
Others		
Net cash flow from operating activities	451,421,652.69	148,610,216.98
2. Significant investing and financing activities without involvement of cash receipts and payments		
Conversion of debt to capital		
Convertible corporate bonds matured within one year		
Fixed asset under finance lease		
3. Net increase/decrease of cash and cash equivalent:		
Closing balance of cash	1,651,175,499.97	1,289,867,784.05
Less: Opening balance of cash	1,353,615,305.93	1,822,897,270.16
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	297,560,194.04	-533,029,486.11

(2) Cash and cash equivalents

Unit: RMB

Item	Ending balance	Beginning balance
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I. Cash	1,651,175,499.97	1,353,615,305.93
Including: Cash on hand	6,112,136.39	2,633,018.72
Bank deposits on demand	1,644,811,250.37	1,079,820,776.67
Other monetary assets on demand	252,113.21	271,161,510.54
III. Ending balance of cash and cash equivalents	1,651,175,499.97	1,353,615,305.93

63. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Closing foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary capital			
Of which: USD	107,875,142.77	7.1268	768,804,567.49
EUR	267,020.24	7.6617	2,045,828.97
HKD	425,531.80	0.9127	388,382.87
JPY	6,248,113.00	0.0447	279,290.65
GBP	57.18	9.0430	517.08
Dong	92,455,628,509.00	0.0003	27,736,688.55
MMK	1,767,692,887.54	0.0034	6,010,155.82
Riel	690,222,041.00	0.0017	1,173,377.47
Accounts receivable			
Of which: USD	77,427,161.79	7.1268	551,807,896.64
EUR	133,289.94	7.6617	1,021,227.53
HKD			
Dong	12,883,056,313.00	0.0003	3,864,916.89
MMK	365,746,398.78	0.0034	1,243,537.76
Long-term borrowings			
Of which: USD			
EUR			
HKD			
Other receivables:			
Of which: USD	1,738,515.89	7.1268	12,390,055.04
EUR	28,700.00	7.6617	219,890.79
HKD	145,549.00	0.9127	132,842.57
JPY	2,548,040.00	0.0447	113,897.39
Dong	4,428,556,372.00	0.0003	1,328,566.91
MMK	113,900,600.00	0.0034	387,262.04
Accounts payable:			
Of which: USD	6,639,755.29	7.1268	47,320,208.00
EUR	70,673.00	7.6617	541,475.32
JPY	23,950,590.00	0.0447	1,070,591.37
CHF	4,400.00	7.9471	34,967.24
Dong	34,114,626,928.80	0.0003	10,234,388.08
MMK	25,366,340.90	0.0034	86,245.56
Other payables:			
Of which: Dong	305,566,528.00	0.0003	91,669.96
MMK	1,030,000.00	0.0034	3,502.00
Short-term borrowings:			

Of which: USD	79,625,169.75	7.1268	567,472,659.77
Dong	66,431,701,942.00	0.0003	19,929,510.58

(2) Notes to overseas entities including: for significant overseas entities, main operating place, recording currency and selection basis shall be disclosed; if there are changes in recording currency, relevant reasons shall be disclosed.

Applicable Not applicable

The operating places of the Company's subsidiaries were Hong Kong, Burma, America, Vietnam, Singapore and Cambodia, and the recording currency was HKD for Hong Kong and USD for other overseas companies.

64. Leases

(1) The Company Was Lessee:

Applicable Not applicable

Variable lease payments that are not covered in the measurement of the lease liabilities

Applicable Not applicable

Simplified short-term lease or lease expense for low-value assets

Applicable Not applicable

Item	Amount for the current period
Expense relating to short-term leases	99,113.33
Low-value lease expenses	
Variable lease payments that are not covered in the measurement of the lease liabilities	
Total	99,113.33

(2) The Company Was Lessor:

Operating leases with the Company as lessor

Applicable Not applicable

Unit: RMB

Item	Rental income	Of which: Income related to variable lease payments not included in lease receipts
Rental income	1,677,429.22	0.00
Total	1,677,429.22	0.00

Finance leases with the Company as lessor

Applicable Not applicable

Undiscounted lease receipts for each of the next five years

Applicable Not applicable

Unit: RMB

Item	Undiscounted lease receipts per year	
	Investments at the end of the period	Investments at the beginning of the period

The first year	1,419,202.00	1,215,336.80
The second year	510,993.00	310,390.00
The third year	15,254.40	

(3) Recognition of Gain or Loss on Sales under Finance Leases with the Company as a Manufacturer or Distributor

Applicable Not applicable

VIII. Research and Development Expenditure

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Labor cost	63,810,510.13	74,856,472.66
Material expense	32,672,913.93	36,990,187.47
Depreciation charge	9,704,000.88	8,755,526.54
Others	9,187,172.25	10,687,845.37
Total	115,374,597.19	131,290,032.04
Of which: Expensed research and development expenditure	115,374,597.19	131,290,032.04

IX. Change of Consolidation Scope

1. Disposal of Subsidiary

Whether there were any transactions or events during the period in which control of the subsidiary was lost

Yes No

Whether there was a step-by-step disposal of investment in a subsidiary through multiple transactions and loss of control during the current period

Yes No

2. Other reasons for changes of consolidation scope

Notes of other changes in the combination scope (e.g., new subsidiaries, liquidation of subsidiaries, etc.) and relevant situations:

There were no changes in the consolidation scope of the Company during the Reporting Period.

X. Equity in Other Entities

1. Equity in Subsidiary

(1) Compositions of the Group

Unit: RMB

Name	Registered capital	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
					Directly	Indirectly	
Lu Thai (Hong Kong) Textile	128,771,800.00	Hong	Hong	Wholesale and	100.00%		Set-up

Co., Ltd. (hereinafter referred to as "Lu Thai (HK)")		Kong	Kong	retail industry			
Shanghai Lu Thai Textile Garment Co., Ltd. (hereinafter referred to as "Shanghai Lu Thai")	20,000,000.00	Shanghai	Shanghai	Wholesale and retail industry	100.00%		Set-up
LuFeng Company Limited (hereinafter referred to as "LuFeng Company")	706,160,000.00	Zibo	Zibo	Manufacturing industry	75.00%		Set-up
Zibo Luqun Textile Co., Ltd. (hereinafter referred to as "Luqun Textile")	168,220,000.00	Zibo	Zibo	Manufacturing industry	100.00%		Set-up
Zibo Xinsheng Thermal Power Co., Ltd. (hereinafter referred to as "Xinsheng Thermal Power")	162,435,600.00	Zibo	Zibo	Manufacturing industry	100.00%		Business combination not under the same control
Shanghai Zhinuo Textile New Materials Co., Ltd. (hereinafter referred to as "Shanghai Zhinuo")	100,000,000.00	Shanghai	Shanghai	Technology development, technical consultancy and transfer of technologies	100.00%		Set-up
Shandong Lulian New Materials Co., Ltd. (hereinafter referred to as "Lulian New Materials")	400,000,000.00	Zibo	Zibo	Manufacturing industry	75.00%		Set-up
Shandong Lujia IMP. & EXP. Co., Ltd. (hereinafter referred to as "Lujia IMP. & EXP.")	10,000,000.00	Zibo	Zibo	Import and export trade	100.00%		Set-up
Beijing Zhishu Management Consulting Co., Ltd. (hereinafter referred to as "Zhishu Consulting")	3,000,000.00	Beijing	Beijing	Management consulting	100.00%		Set-up
Lu Thai Occupational Training School	100,000.00	Zibo	Zibo	Skill training	100.00%		Set-up
Zibo Banyang Villa Hotel Co., Ltd. (hereinafter referred to as "Banyang Villa")	5,000,000.00	Zibo	Zibo	Catering services	100.00%		Set-up
Hainan Huilin International Holdings Co., Ltd. ("Huilin International")	880,000,000.00	Wenchang	Wenchang	Modern service industry	100.00%		Set-up
TP Company	398,203,876.00	Singapore	Singapore	Wholesale textiles and leather, holding company		100.00%	Set-up
Vanguard Apparel Co., Ltd. (hereinafter referred to as "Vanguard Apparel")	62,337,887.93	Burma	Burma	Manufacturing industry	100.00%		Set-up
Lu Thai (USA) Textile Co., Ltd. (hereinafter referred to as "Lu Thai (USA)")	6,139,710.00	America	America	Wholesale and retail industry	100.00%		Set-up
Yuanhui Dividend No. 2 Private Securities Investment Fund ("Yuanhui Fund")					100.00%		Subscribe

Basis of controlling significant structural entities incorporated in the scope of combination:

The structural entity incorporated in the scope of consolidation of the Group is Yuanhui Dividend No. 2 Private Securities Investment Fund. The Group assesses its share of investment holdings, the power it enjoys and variable returns comprehensively and includes the structural entity that the Company has control power into the consolidation scope.

(2) Significant non-wholly-owned subsidiary

Unit: RMB

Name	Shareholding proportion of non-controlling interests	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Lufeng Company Limited	25.00%	10,448,552.82		371,359,873.15
Lulian New Materials	25.00%	-5,973,275.73		19,776,495.84

(3) The main financial information of significant not wholly-owned subsidiary

Unit: RMB

Name	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Lufeng Company Limited	1,002,124,043.58	634,549,037.14	1,636,673,080.72	91,752,027.31	52,426,432.22	144,178,459.53	925,170,025.16	666,351,350.97	1,591,521,376.13	89,644,274.83	53,272,778.47	142,917,053.30
Lulian New Materials	97,975,733.63	555,504,179.63	653,479,913.26	571,330,312.81	3,073,837.69	574,404,150.50	83,522,389.78	568,103,983.74	651,626,373.52	545,641,487.47	3,082,529.50	548,724,016.97

Unit: RMB

Name	Reporting period				Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Lufeng Company Limited	642,748,692.32	43,872,724.61	43,890,298.36	131,109,720.07	630,672,258.24	6,009,887.37	5,998,315.24	111,673,719.55
Lulian New Materials	54,051,010.62	23,833,476.77	23,826,593.79	5,114,273.60	59,510,967.89	57,542,354.11	57,542,354.11	50,620,961.20

2. Equity in joint ventures or associated enterprises**(1) Significant joint ventures or associated enterprises**

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Accounting treatment of the investment to joint venture or associated enterprise
				Directly	Indirectly	
I. Joint ventures						
II. Associated enterprises						

Haohong Investment	Ningbo	Ningbo	Equity investment	33.33%		Equity method
Haoying Investment	Ningbo	Ningbo	Equity investment	47.62%		Equity method

(2) Main financial information of significant associated enterprises

Unit: RMB

	Ending balance/reporting period		Beginning balance/the same period of last year	
	Haohong Investment	Haoying Investment	Haohong Investment	Haoying Investment
Current assets	4,483,167.29	1,804,930.34	7,472,853.32	3,415,493.18
Non-current assets	171,240,419.76	206,920,000.00	140,550,000.00	206,920,000.00
Total assets	175,723,587.05	208,724,930.34	148,022,853.32	210,335,493.18
Current liabilities	3,253,866.05		3,253,866.05	
Non-current liability				
Total liabilities	3,253,866.05		3,253,866.05	
Net assets	172,469,721.00	208,724,930.34	144,768,987.27	210,335,493.18
Equity of non-controlling interests				
Equity attributable to shareholders of the Company as the parent	172,469,721.00	208,724,930.34	144,768,987.27	210,335,493.18
Net assets shares calculated at the shareholding proportion	57,490,354.26	99,394,811.83	48,257,699.71	100,161,761.85
Adjusted items				
- Goodwill				
- Unrealized profit of internal transactions				
- Others		-4,728,591.79		-4,881,981.79
Carrying value of investment to associated enterprises	57,490,354.26	94,666,220.04	48,257,699.71	95,279,780.06
Fair value of equity investments in associated enterprises with publicly quoted prices				
Operating Revenue				
Net profit	27,700,733.73	-1,610,562.84	-1,053,910.87	-2,577,384.40
Net profit from discontinued operations				
Other comprehensive income				
Total comprehensive income	27,700,733.73	-1,610,562.84	-1,053,910.87	-2,577,384.40
Dividends received from the associates in the current period				

XI. Government Grants

1. Government Grants Recognized at the End of the Reporting Period at the Amount Receivable

Applicable Not applicable

Reasons for failing to receive government grants in the estimated amount at the estimated point in time

Applicable Not applicable

2. Liability Items Involving Government Grants

Applicable Not applicable

3. Government Grants Included in Deferred Income

Applicable Not applicable

Unit: RMB

Accounting items	Amount for the current period	Amount for the previous period
Other income	14,929,113.83	27,724,922.40
Finance costs	84,024.92	83,416.67

XII. Risks Associated with Financial Instruments

1. Various Types of Risks Arising from Financial Instruments

The Company's major financial instruments include monetary capital, notes receivable, accounts receivable, accounts receivable financing, other receivables, other current assets, trading financial assets, investment in debt obligations, other non-current financial assets, long-term receivables, notes payable, accounts payable, other payables, short-term borrowings, current portion of non-current liabilities, long-term borrowings, bonds payable, and lease liabilities. Details of various financial instruments are disclosed in relevant Notes. Risks related to these financial instruments, and risk management policies the Company has adopted to reduce these risks are described as follows. The Company management manages and monitors the risk exposure to ensure the above risks are controlled in a limited scope.

1. Risk management objectives and policies

The Company has conducted the risk management to achieve an appropriate balance between the risk and the income and to minimize the adverse influence of financial risks on the Company's financial performance. According to such risk management objective, the Company has formulated corresponding risk management policy to recognize and analyze possible risks encountered by the Company, set the appropriate acceptable risk level and designed corresponding internal control procedures to monitor the Company's risk level. Meanwhile, the Company will regularly review these risk management policies and relevant internal control system so as to cater for the market or respond to any change in the Company's business operations. Accordingly, the Company's internal audit department will also regularly or randomly check whether the internal control system is implemented in conformity with relevant risk management policies.

The major risks caused by financial instruments of the Company are credit risk, liquidity risk and market risk (including foreign exchange risk and interest rate risk).

The Board of Directors shall be responsible for planning and establishing the risk management framework for the Company, determining the Company's risk management policies and relevant guidelines and monitoring the implementation of various risk management measures. However, the Company has established corresponding risk management policies to recognize and analyze possible risks encountered by the Company. Besides, various risks are specified in these risk management policies, including the credit risk, the liquidity risk and the market risk management etc. On a regular basis, the Company will evaluate the specific marketing environment and various changes in the Company's business operations so as to determine whether any risk management policy and system need be updated.

(1) Credit risk

Credit Risk means that the Company will suffer any financial losses due to the counter party's failure in fulfilling the contract obligations.

The Company shall manage the credit risk based on the specific Group Classification, and the credit risk mainly arises from bank deposit, notes receivable, accounts receivable, other receivables and long-term receivables etc.

The Group's bank deposits are mainly saved in state-owned banks and other large and medium-sized listed banks. The Group's bank deposits are expected not to suffer any major credit risks.

For notes receivable, accounts receivable, other accounts receivable and long-term receivables, the Company has established relevant policies to control the credit risk exposure. According to the client's financial status, credit record and other factors (including the current market condition), the Company will evaluate the client's credit qualification and set corresponding credit period. The Company regularly monitors the credit records of customers. For customers with bad credit records, the Company adopted corresponding methods, such as written pressing for payment, shortening credit period, and canceling credit period, so as to ensure the Company's overall credit risk is controllable.

The hugest credit risk exposure borne by the Company is the book value of each financial asset reflected in the balance sheet.

In terms of accounts receivable, the top 5 customers in accounts receivable were accounted for 27.87% of the total amount of accounts receivable of the Company (24.80% in 2023). As for other receivables, the top 5 of the ending balance according to the arrears party was accounted for 61.40% of the total amount of other receivables of the Company (69.38% in 2023).

Investment in debt obligations

The Group supervised the changes of credit risk through tracking the published external credit ratings. In order to make sure whether the credit rating was the latest, and whether the credit risk has increased obviously of evaluation report date but not been reflected in the published external ratings, the Company has supplemented through examining the changes of bond yield and the available news and supervision information.

On the balance sheet date, the carrying value of investment in debt obligations of the Company are listed as follows according to report items. (Unit: RMB'0,000)

	2024.6.30	2023.12.31
Trading Financial Assets	30,343.25	20,370.67
Total	30,343.25	20,370.67

(2) Liquidity risk

Liquidity Risk refers to the risk of capital shortage encountered by the Company during the cash payment or the settlement of other financial assets.

During the management of liquidity risk, the Company shall reserve and monitor corresponding cash and cash equivalent deemed sufficient by the management so as to meet the Company's operational requirements and mitigate the impact caused by the cash flow fluctuation. The Group's management will monitor the use of bank loans and guarantee the fulfillment of loan agreement.

Meanwhile, major financial institutions shall promise to provide the Group with sufficient reserve funds in order to satisfy the short-term and long-term fund demand. The Group shall raise its working capital based on the capital generated from business operations and bank loans.

(3) Market risk

The financial instrument's market risk refers to the fluctuation risk of fair value of financial instrument or future cash flow caused by the changes of market price, including the interest rate risk and the exchange rate risk.

Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments arising from changes in market interest rates. The interest rate can derive from the recognized interest-bearing financial instruments and unrecognized financial instruments (including certain loan commitment).

The Company's interest rate risk mainly arises from the bank loan and bonds payable. Financial liabilities based on the floating interest rate will cause the cash flow interest rate risk to the Company, and financial liabilities based on the fixed interest rate the fair value interest rate risk.

However, the Company has paid close attention the impact of interest rate fluctuations on the Company's interest rate risk. At present, the Company has not taken any interest rate hedging measures. The rise of interest rate will increase the cost of newly-added interest-bearing debts and the interest cost of the Company's unsettled interest-bearing debts based on the floating interest rate, and cause major adverse influence on the Company's financial performance. The management will timely make corresponding adjustment according to the latest market situation, and corresponding interest rate swap will be arranged to reduce the interest rate risk.

The interest-bearing financial instruments held by the Company are as follows (Unit: RMB'0,000):

Item	30 June 2024	31 December 2023
Fixed-interest financial instruments		
Including: short-term borrowings	54,830.44	46,535.28
Current portion of long-term borrowings	882.64	230.00
Long-term borrowings	10,623.36	6,174.19
Bonds Payable	148,217.23	147,657.21
Total	214,553.67	200,596.68
Floating-interest financial instruments		
Financial assets	30,343.25	20,370.67
Including: trading financial assets	30,343.25	20,370.67
Financial liabilities	65,681.26	40,023.31
Including: short-term borrowings	4,981.26	11,535.20
Current portion of long-term borrowings	750.00	8,663.00
Long-term borrowings	59,950.00	19,825.11
Total	96,024.51	60,393.98

On 30 June 2024, if the lending rate calculated at floating interest rate up or down 100 basis points with other variables unchanged,

the net profit and shareholders' equity will be decreased or increased about RMB5,657,600.

On 30June 2024, if the floating interest rate of held-for-trading financial assets up or down 100 basis points with other variables unchanged, the net profit and shareholders' equity will be decreased or increased about RMB2,579,200.

Foreign exchange risk

Foreign exchange risk is referred to the fluctuation risk of fair value of financial instruments or future cash flows resulted from the change of foreign exchange rate. The foreign exchange rate was originated from the financial instruments denominated in foreign currencies other than the recording currency.

On 30June 2024, the amount of foreign currency financial assets and foreign currency financial liabilities converted to renminbi is as follows (Unit: RMB'0,000):

Item	Foreign currency liabilities		Foreign currency assets	
	Period-end	Period-begin	Period-end	Period-begin
USD	61,479.29	61,952.45	133,300.25	121,933.38
EUR	54.15	154.36	328.69	386.82
JPY	107.06	248.23	39.32	123.83
HKD			52.12	2,124.70
GBP			0.05	0.05
CHF	3.50			0.01
Dong	3,025.56	5,439.51	3,293.02	6,351.53
MMK	8.97	22.97	764.10	292.27
Riel			117.34	13.27
Total	64,678.53	67,817.52	137,894.89	131,225.86

The Group has paid close attention the impact of exchange rate fluctuations on the Group's exchange rate risk. As at the end of each reporting period, for the Group's monetary capital, bills receivable, accounts receivable, accounts payable, short-term borrowings and long-term borrowings denominated in foreign currencies, assuming a 10% appreciation or depreciation of RMB against foreign currencies, while other factors remain unchanged, the impact of possible reasonable changes in the Company's foreign currency exchange rate against RMB on the Company's profit and loss for the current period is as follows (Unit: RMB'0,000):

Exchange rate fluctuations	Reporting Period		The same period of last year	
	Impact on after-tax profit	Impact on shareholders' equity	Impact on after-tax profit	Impact on shareholders' equity
10% appreciation against RMB	-5,706.30	-5,706.30	-4,202.10	-4,202.10
10% depreciation against RMB	5,706.30	5,706.30	4,202.10	4,202.10

2. Capital management

The objectives of capital management policies of the Company are to ensure the continuous operation of the Company so as to provide return to shareholders and benefit other stakeholders, as well as to reduce capital cost by maintaining the optimal capital structure.

In order to maintain or adjust capital structure, the Company might adjust financing method and the dividends paid to shareholders,

return capital to shareholders, issue new shares and other equity instrument or sell assets to reduce debts.

The Group supervised the capital structure based on the asset-liability ratio (namely total liabilities divide total assets). On 30 June 2024, the asset-liability ratio was 29.58% of the Company (28.39% on 31 December 2023).

XIII. Disclosure of Fair Value

1. Ending Fair Value of Assets and Liabilities at Fair Value

Unit: RMB

Item	Closing fair value			Total
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	
I. Consistent fair value measurement	--	--	--	--
(I) Held-for-trading financial assets	169,269,048.00	572,341,759.34		741,610,807.34
1. Financial assets at fair value through profit or loss	169,269,048.00	572,341,759.34		741,610,807.34
(1) Investment in debt instruments		303,432,546.27		303,432,546.27
(2) Equity investments	169,269,048.00	267,608,462.83		436,877,510.83
(3) Derivative financial assets		1,300,750.24		1,300,750.24
(VI) Accounts receivable financing			6,922,213.41	6,922,213.41
(VII) Other non-current financial assets			88,750,000.00	88,750,000.00
The total amount of assets consistently measured at fair value	169,269,048.00	572,341,759.34	95,672,213.41	837,283,020.75
(VI) Held-for-trading financial liabilities		80,716,835.26		80,716,835.26
Derivative financial liabilities		80,716,835.26		80,716,835.26
The total amount of liabilities consistently measured at fair value		80,716,835.26		80,716,835.26
Derivative financial liabilities	--	--	--	--

2. Market Price Recognition Basis for Consistent and Inconsistent Fair Value Measurement Items at Level 1

The Company determines the fair value of shares of listed companies based on the price on the open market.

3. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 2

The Company determines the fair value of wealth management products based on the prospective earning rate as agreed in the contract.

The Company determines the fair value of fund products based on the net value published by fund managers.

The Company determines the fair value of forward options based on bank forward foreign exchange quotations at the end of the period.

4. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 3

For the unlisted equity investment, the Company adopts the comparable listed company comparison method, and the non-observable input value of the comparable listed company comparison method includes the liquidity discount.

The investment into Shandong Hongqiao Thermoelectric Co., Ltd. made by Luqun Textile (the Company's subsidiary) is expected to be held in the long run for obtaining the discount on power purchase. As no revenue distribution right is vested in the investment, the invested unit's operating profit and loss are not shared or borne, and the equity transfer is not proposed, the Company regards it as the financial asset which shall be measured based on the fair value and whose variations are included in the current profit and loss, and the investment cost is deemed as the fair value of the financial asset.

For accounts receivables financing at fair value and the changes included in other comprehensive income, its fair value shall be determined by the discount cash flow method.

5. Fair Value of Financial Assets and Liabilities Not Measured at Fair Value

The financial assets and financial liabilities measured at amortized cost mainly include monetary assets, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payables, other payables, current portion of long-term borrowings, long-term borrowings, and bonds payable.

XIV. Related Party and Related-party Transactions

1. Information related to the company as the parent of the Company

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the company as the parent against the company (%)	Proportion of voting rights owned by the company as the parent against the company (%)
Lucheng Textile	Zibo	Textile, chemistry and investment	RMB63,260,000	17.17%	17.17%

Notes: information on the Company as the parent

The final controllers of the Company are Mr. Liu Zibin and Mr. Liu Deming.

2. Subsidiaries of the Company

Refer to Note X-1.

3. Information on the joint ventures and associated enterprises of the Company

Refer to Note X-2.

4. Information on other related parties

Name	Relationship with the company
Zibo Limin Purified Water Co., Ltd. (hereinafter referred to as "Limin Purified Water")	Wholly-owned subsidiary of the Company as the parent
Zibo Luqun Land Co., Ltd (hereinafter referred to as "Luqun Land")	Wholly-owned subsidiary of the Company as the parent

Zibo Lurui Fine Chemical Co., Ltd. (hereinafter referred to as "Lurui Chemical")	Wholly-owned subsidiary of the Company as the parent
Zibo Lujia Property Management Co., Ltd. (hereinafter referred to as "Lujia Property")	Wholly-owned subsidiary of the Company as the parent
Hong Kong Tung Hoi International Company Limited (hereinafter referred to as "Tung Hoi International")	Wholly-owned subsidiary of the Company as the parent
Zibo Chengshun Hosiery Co., Ltd. (hereinafter referred to as "Chengshun Hosiery")	Wholly-owned subsidiary of the Company as the parent
Zibo Chengshun Economic and Trade Co., Ltd. (hereinafter referred to as "Chengshun Economic and Trade")	Wholly-owned subsidiary of the Company as the parent
Chengshun Petrochemical (Zhoushan) Co., Ltd. (hereinafter referred to as "Chengshun Petrochemical")	Wholly-owned subsidiary of the Company as the parent
Zibo Lucheng Petrochemical Sales Co., Ltd. (hereinafter referred to as "Lucheng Petrochemical")	Wholly-owned subsidiary of the Company as the parent
Shanghai Hengjiu Textile New Materials Co., Ltd. (hereinafter referred to as "Hengjiu Textile")	Wholly-owned subsidiary of the Company as the parent
Shandong Xirui New Material Co., Ltd. (hereinafter referred to as "Xirui New Material")	Wholly-owned subsidiary of the parent company's wholly-owned subsidiary
Zibo Lumei Economic and Trade Co., Ltd. (hereinafter referred to as "Lumei Economic and Trade")	Wholly-owned subsidiary of the Company as the parent

5. List of related-party transactions

(1) Information on acquisition of goods and reception of labor service

Information on acquisition of goods and reception of labor service

Unit: RMB

Related party	Content	Reporting period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
Limin Purified Water	Recycled water, sewage treatment	12,481,784.67	18,960,000.00	Not	13,016,170.41
Lurui Fine Chemical	Auxiliaries	32,529,628.10	40,150,000.00	Not	30,532,002.97
Tung Hoi International	Auxiliaries	18,168,676.77	22,500,000.00	Not	18,138,767.89
Chengshun Hosiery and Luqun Property	Paper core, hosiery, purchase of materials such as hose, electrical, etc.	4,153,331.37	5,633,333.33	Not	3,511,793.11
Chengshun Economic and Trade	Supermarket retail	339,217.59	1,880,000.00	Not	781,733.59
Lucheng Petrochemical Petrochemical	Oil	2,080,671.55	3,827,333.33	Not	1,997,076.22
Chengshun Petrochemical	Oil, natural gas	23,800,279.70	36,625,000.00	Not	25,248,021.93

Information of sales of goods and provision of labor service

Unit: RMB

Related party	Content	Reporting period	Same period of last year
Chengshun Hosiery	Yarn, yarn-dyed fabric, etc.	246,017.94	211,763.04
Chengshun Hosiery	Materials, electricity, running water, heating, steam	122,866.93	128,111.06
Chengshun Trading	Materials, electricity, running water, yarn, garments, food, heating, steam	246,399.80	61,083.89
Lucheng Petrochemical	Materials, electricity	6,695.10	6,733.58

Limin Purified Water	Materials, electricity, garments, meal service in classes, foods	3,983,115.40	2,764,696.42
Lurui Fine Chemical	Garments, fabrics, foods	157,715.38	153,643.21
Lujia Property	Materials, garments	18,563.66	17,773.07
Xirui New Materials	Catering and accommodation service	13,441.51	9,917.94
Xirui New Materials	Materials, garments, etc.	16,635.31	54,623.19
Luqun Property	Materials, garments		365,076.11
Lumei Economic and Trade	Garments		63.72

(2) Information on related-party lease

The Company was lessor:

Unit: RMB

Name of lessee	Category of leased assets	The lease income confirmed in the current period	The lease income confirmed in the same period of last year
Chengshun Economic and Trade	Rent of houses and buildings	40,950.67	36,108.00
Chengshun Hosiery	Rent of houses and buildings	8,400.00	8,400.00

The Company was lessee:

Unit: RMB

Name of lessor	Category of leased assets	Rental expense of simplified short-term leases and low-value asset leases (if applicable)		Variable lease payments that are not covered in the measurement of the lease liabilities (if applicable)		Rent payable		Interest expense on lease liabilities borne		Added right-of-use assets	
		Amount of the current period	Amount of the previous period	Amount of the current period	Amount of the previous period	Amount of the current period	Amount of the previous period	Amount of the current period	Amount of the previous period	Amount of the current period	Amount of the previous period
Lucheng Textile	Rent of land					1,807,428.60	1,807,428.60	502,383.97	561,567.29		
Lucheng Textile	Rent of gas station					116,571.42	116,571.42	50,622.80	53,613.54		
Lucheng Textile	Rent of buildings					5,511,143.30	5,511,143.30	1,012,510.71	962,595.71		
Luqun Property	Rent of land and buildings					985,714.26	985,714.26	549,099.27	568,899.59		

6. Accounts receivable and payable of related party

(1) Accounts payable

Unit: RMB

Item	Related party	Ending carrying amount	Beginning carrying amount
Accounts payable	Lurui Fine Chemical		398,433.04
Accounts payable	Tung Hoi International	110,347.81	5,597,739.70

XV. Stock Payment

1. The overall situation of share-based payments

Applicable Not applicable

Unit: RMB

Category of grant recipients	Awarded in the current period		Option exercise in the current period		Unlocked in the current period		Lapsed in the current period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Management, core technical and business backbone					9,803,000	9,803,000.00	66,500	66,500.00
Total					9,803,000	9,803,000.00	66,500	66,500.00

Stock options or other equity instruments outstanding at the end of the period

Applicable Not applicable

2. Equity-settled share-based payments

Applicable Not applicable

Unit: RMB

Methods for determining the fair value of equity instruments on the grant date	Difference between the market price of the stock and the grant price on the grant date
Basis for determining the number of feasible right equity instruments	Optimal estimation of expected feasible right in the future
Reasons for the significant discrepancy between the current period estimates and the previous estimates	N/A
Accumulated amount of equity-settled share-based payment included in capital reserves	88,054,345.13
The total amount of the expense recognized for the current period paid on equity-settled shares	2,994,814.61

3. Cash-settled share-based payments

Applicable Not applicable

4. Share-Based Payment Expenses for the Period

Applicable Not applicable

Unit: RMB

Category of grant recipients	Equity-settled share-based payments	Cash-settled share-based payments
Management, core technical and business backbone	2,994,814.61	0.00
Total	2,994,814.61	0.00

XVI. Commitments and Contingency

1. Significant Commitments

Significant commitments on balance sheet date

Commitments signed but hasn't been recognized in financial statements	Ending balance (RMB'0,000)	Beginning balance (RMB'0,000)
Commitment on constructing and purchasing long-lived assets	12,157.12	5,147.75

2. Contingency

(1) Significant Contingency on Balance Sheet Date

As at 30 June 2024, the Company provided guarantee to loans of the following subsidiaries:

Name	Item	Amount (USD)	Amount (RMB)	Duration	Notes
Wholly-owned Subsidiaries	Short-term loan	1,309,320.00	9,331,261.79	2023.9.8-2024.9.4	
Wholly-owned Subsidiaries	Short-term loan	1,711,480.00	12,197,375.66	2023.9.15-2024.9.9	
Wholly-owned Subsidiaries	Short-term loan	170,429.00	1,214,613.40	2023.9.29-2024.9.23	
Wholly-owned Subsidiaries	Short-term loan	320,733.00	2,285,799.94	2023.10.5-2024.9.30	
Wholly-owned Subsidiaries	Short-term loan	102,204.85	728,393.52	2023.10.5-2024.9.30	
Wholly-owned Subsidiaries	Short-term loan	122,486.00	872,933.22	2023.10.10-2024.10.4	
Wholly-owned Subsidiaries	Short-term loan	79,513.00	566,673.25	2024.4.24-2024.10.21	
Wholly-owned Subsidiaries	Short-term loan	2,188,363.67	15,596,030.20	2023.10.30-2024.10.24	
Wholly-owned Subsidiaries	Short-term loan	345,131.00	2,459,679.61	2023.11.2-2024.10.28	
Wholly-owned Subsidiaries	Short-term loan	529,342.00	3,772,514.57	2024.5.6-2024.11.2	
Total		6,879,002.52	49,025,275.16		

(2) Explanation shall be given even if there is no significant contingency for the Company to disclose

There was no significant contingency in the Company to disclose.

XVII. Events after Balance Sheet Date

1. Distribution of Profit

Amount to be distributed for every ten shares (RMB)	1.00
Dividend shares to be distributed for every ten shares (share)	0
Number of shares to be converted into share capital for every ten shares (share)	0
Amount to be distributed for every ten shares after consideration and approval (RMB)	1.00
Dividend shares to be distributed for every ten shares after consideration and approval (share)	0
Number of shares to be converted into share capital for every ten shares after consideration and approval (share)	0
Profit distribution plan	On 28 August 2024, the 24th meeting of the 10th Board of Directors of the Company approved the profit distribution plan for H1 2024 as follows: The Company plans to distribute a cash dividend of RMB1.00(inclusive of tax) for every 10 shares, based on a capital base of 817,305,896 shares. The total amount of dividends calculated on this basis is RMB81,730,589.60. The above distribution plan will be implemented after it is submitted to the 3rd Extraordinary General Meeting of 2024 for consideration and approval.

2. Notes to other events after balance sheet date

As at 28 August 2024, the Company has no other events after balance sheet date that should be disclosed.

XVIII. Notes of Main Items in the Financial Statements of the Company as the Parent

1. Accounts Receivable

(1) Disclosure by aging

Unit: RMB

Aging	Ending carrying amount	Beginning carrying amount
Within one year (including 1 year)	306,110,656.50	380,684,242.95
One to two years	1,427,439.39	2,423,615.15
Two to three years	216,360.00	13,571.80
More than three years	264,034.12	3,026,023.60
Three to four years	31,034.12	20,913.49
Four to five years	233,000.00	3,005,110.11
Total	308,018,490.01	386,147,453.50

(2) Disclosure by Withdrawal Methods for Bad Debts

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	amount	Proportion	amount	Withdrawal proportion		amount	Proportion	amount	Withdrawal proportion	
Accounts receivable withdrawal of Bad debt provision separately accrued	2,823,309.36	0.92%	2,823,309.36	100.00%		5,481,360.70	1.42%	5,481,360.70	100.00%	
Of which:										
Accounts receivable withdrawal of bad debt provision of by group	305,195,180.65	99.08%	21,385,685.43	7.01%	283,809,495.22	380,666,092.80	98.58%	24,182,667.21	6.35%	356,483,425.59
Of which:										
Undue accounts (L/C)	32,478,666.50	10.54%			32,478,666.50	35,791,868.54	9.27%			35,791,868.54
Undue accounts (credit insurance insured)	31,995,381.13	10.39%	335,951.50	1.05%	31,659,429.63	23,003,716.87	5.96%	241,539.03	1.05%	22,762,177.84
Undue accounts (no credit insurance)	184,564,647.94	59.92%	9,228,232.39	5.00%	175,336,415.55	275,912,255.37	71.45%	13,795,612.77	5.00%	262,116,642.60
Overdue accounts (credit insurance)	23,690,058.36	7.69%	3,719,339.16	15.70%	19,970,719.20	15,309,159.83	3.96%	2,403,538.09	15.70%	12,905,621.74

e insured)										
Overdue accounts (no credit insurance)	32,466,426.72	10.54%	8,102,162.38	24.96%	24,364,264.34	30,649,092.19	7.94%	7,741,977.32	25.26%	22,907,114.87
Total	308,018,490.01	100.00%	24,208,994.79	7.86%	283,809,495.22	386,147,453.50	100.00%	29,664,027.91	7.68%	356,483,425.59

Category name of bad debt provision separately accrued: June 2024

Unit: RMB

Name	Beginning balance		Ending balance			
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdraw
Customer 1	2,751,489.34	2,751,489.34				
Customer 2	2,729,871.36	2,729,871.36	2,823,309.36	2,823,309.36	100.00%	Customer in financial difficulty
Total	5,481,360.70	5,481,360.70	2,823,309.36	2,823,309.36		

If adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable.

Applicable Not applicable

(3) Bad Debt Provision Withdrawal, Reversed or Recovered in the Reporting Period

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversed or recovered	Verification	Others	
Bad debt provision	29,664,027.91	-2,688,749.25		2,766,283.87		24,208,994.79
Total	29,664,027.91	-2,688,749.25		2,766,283.87		24,208,994.79

(4) Accounts Receivable Written-off in Current Period

Unit: RMB

Item	Written-off amount
Written-off accounts receivable	2,766,283.87

(5) Top 5 of the Ending Balance of the Accounts Receivable and the Contract Assets Collected according to Arrears Party

Unit: RMB

Name of the entity	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion to total ending balance of accounts receivable and contract assets	Ending balance of bad debt provision of accounts receivable and impairment provision for contract
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					assets
Customer A	32,856,172.54		32,856,172.54	10.67%	1,642,808.63
Customer B	23,284,829.48		23,284,829.48	7.56%	1,164,241.47
Customer C	13,642,340.99		13,642,340.99	4.43%	682,117.05
Customer D	10,312,600.40		10,312,600.40	3.35%	577,708.68
Customer E	9,961,061.08		9,961,061.08	3.23%	68,004.83
Total	90,057,004.49		90,057,004.49	29.24%	4,134,880.66

2. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	1,886,991,725.68	2,064,459,414.54
Total	1,886,991,725.68	2,064,459,414.54

(1) Other Receivables

1) Other receivables classified by category

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Intercourse funds	1,882,234,185.39	2,060,091,836.09
Payment on behalf	6,571,563.35	6,736,525.76
Guarantee deposit and cash deposit	1,954,086.48	1,549,661.78
Borrowings and petty cash	1,222,193.47	1,533,557.54
Other	2,658,225.33	2,720,459.54
Total	1,894,640,254.02	2,072,632,040.71

2) Disclosure by aging

Unit: RMB

Aging	Ending balance	Beginning carrying amount
Within one year (including 1 year)	1,604,661,419.68	1,629,128,024.64
One to two years	31,217,690.99	184,755,200.00
Two to three years	147,000.00	79,555,623.95
More than three years	258,614,143.35	179,193,192.12
Three to four years	256,071,026.05	176,599,422.10
Four to five years		78,000.00
Over 5 years	2,543,117.30	2,515,770.02
Total	1,894,640,254.02	2,072,632,040.71

3) Disclosure by Withdrawal Methods for Bad Debts

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Bad debt provision separately accrued	163,012.05	0.01%	163,012.05	100.00%	0.00	163,012.05	0.01%	163,012.05	100.00%	0.00
Of which:										
Customer 1	163,012.05	0.01%	163,012.05	100.00%	0.00	163,012.05	0.01%	163,012.05	100.00%	0.00
Withdrawal of bad debt provision by group	1,894,477,241.97	99.99%	7,485,516.29	0.40%	1,886,991,725.68	2,072,469,028.66	99.99%	8,009,614.12	0.39%	2,064,459,414.54
Of which:										
Receivables from related parties within the scope of consolidation	1,882,234,185.39	99.35%	5,646,702.56	0.30%	1,876,587,482.83	2,060,091,836.09	99.40%	6,180,275.51	0.30%	2,053,911,560.58
Security deposit and margin receivable	1,953,086.48	0.10%	97,654.32	5.00%	1,855,432.16	1,549,661.78	0.07%	77,483.09	5.00%	1,472,178.69
Other receivables	10,289,970.10	0.54%	1,741,159.41	16.92%	8,548,810.69	10,827,530.79	0.52%	1,751,855.52	16.18%	9,075,675.27
Total	1,894,640,254.02	100.00%	7,648,528.34	0.40%	1,886,991,725.68	2,072,632,040.71	100.00%	8,172,626.17	0.39%	2,064,459,414.54

Category name of bad debt provision separately accrued: June 2024

Unit: RMB

Name	Beginning balance		Ending balance			
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal
Customer 1	163,012.05	163,012.05	163,012.05	163,012.05	100.00%	Customer in financial difficulty
Total	163,012.05	163,012.05	163,012.05	163,012.05		

Withdrawal of bad debt provision by adopting the general mode of expected credit loss:

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2024	6,661,047.19	1,348,566.93	163,012.05	8,172,626.17
Balance of 1 January 2024 in the Current Period				
Withdrawal of the Current Period	-542,125.74	18,027.91	0.00	-524,097.83
Balance of 30 June 2024	6,118,921.45	1,366,594.84	163,012.05	7,648,528.34

Changes of carrying amount with significant amount changed of loss provision in the current period

Applicable Not applicable

4) Bad Debt Provision Withdrawn, Reversed or Recovered in the Current Period

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the current period				Ending balance
		Withdrawal	Reversed or recovered	Charged-off/Written-off	Others	
Bad debt provision	8,172,626.17	-524,097.83				7,648,528.34
Total	8,172,626.17	-524,097.83				7,648,528.34

5) Top 5 of the Ending Balance of the Other Receivables Collected according to the Arrears Party

Unit: RMB

Name of entity	Nature	Ending balance	Aging	Proportion to ending balance of total other receivables	Ending balance of bad debt provision
Unit 1	Intercourse funds	805,711,346.27	Within 1 year and 1 to 2 years	42.53%	2,417,134.04
Unit 2	Intercourse funds	454,105,243.28	Within 1 year, 2 to 3 years and over 3 years	23.97%	1,362,315.73
Unit 3	Intercourse funds	429,877,715.90	Within 1 year	22.69%	1,289,633.15
Unit 4	Intercourse funds	180,497,518.38	Within 1 year	9.53%	541,492.56
Unit 5	Intercourse funds	12,000,000.00	Within 1 year	0.63%	36,000.00
Total		1,882,191,823.83		99.35%	5,646,575.48

3. Long-term Equity Investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value

Investment to subsidiaries	3,446,169,376.50	10,209,050.00	3,435,960,326.50	3,446,169,376.50	10,209,050.00	3,435,960,326.50
Investment to joint ventures and associated enterprises	152,156,574.30		152,156,574.30	143,537,479.77		143,537,479.77
Total	3,598,325,950.80	10,209,050.00	3,588,116,900.80	3,589,706,856.27	10,209,050.00	3,579,497,806.27

(1) Investment to subsidiaries

Unit: RMB

Investee	Beginning balance (carrying value)	Beginning balance of depreciation reserve	Increase/decrease				Ending balance (carrying value)	Ending balance of depreciation reserve
			Additi onal inve stme nt	Redu ced inves tment	Withdra wal of impairme nt provision	O th er		
Xinsheng Power	176,340,737.93						176,340,737.93	
Lufeng Company Limited	529,620,000.00						529,620,000.00	
Luqun Textile	171,784,550.00						171,784,550.00	
Luthai (Hong Kong)	128,771,800.00						128,771,800.00	
Shanghai Luthai	20,000,000.00						20,000,000.00	
Lu Thai (America)	0.00	10,209,050.00					0.00	10,209,050.00
VACL	62,337,238.57						62,337,238.57	
Lulian New Materials	300,000,000.00						300,000,000.00	
Lujia Import & Export	10,000,000.00						10,000,000.00	
Lu Thai Occupational Training School	100,000.00						100,000.00	
Shanghai Zhinuo	6,000.00						6,000.00	
Zhishu Consulting	2,000,000.00						2,000,000.00	
Huilin International	1,630,000,000.00						1,630,000,000.00	
Banyang Mountain Villa	5,000,000.00						5,000,000.00	
Yuanhui Fund	400,000,000.00						400,000,000.00	
Total	3,435,960,326.50	10,209,050.00					3,435,960,326.50	10,209,050.00

(2) Investment to joint ventures and associated enterprises

Unit: RMB

Investee	Beginning balance (carrying value)	Begin ning	Increase/decrease								Ending balance (carrying value)	Endin g balan
			Ad diti	Re du	Gains and losses	Adju stme	Cha nges	Cash bonus	Wit hdr	Ot her		

		balance of depreciation reserve	on balance investment	ced investment	recognized under the equity method	nt of other comprehensive income	of other equity	or profits announced to issue	awa l of impairment provision			ce of depreciation reserve
I. Joint ventures												
II. Associated enterprises												
Haohong Investment	48,257,699.71				9,232,654.55							57,490,354.26
Haoying Investment	95,279,780.06				-613,560.02							94,666,220.04
Subtotal	143,537,479.77				8,619,094.53							152,156,574.30
Total	143,537,479.77				8,619,094.53							152,156,574.30

The recoverable amount is determined based on the net amount of the fair value minus disposal costs

Applicable Not applicable

The recoverable amount is determined by the present value of the forecasted future cash flow.

Applicable Not applicable

4. Operating Revenue and Cost of Sales

Unit: RMB

Item	Amount of the current period		Amount of the previous period	
	Revenue	Cost	Revenue	Cost
Principal business	1,343,767,089.55	1,031,390,146.40	1,487,391,745.52	1,187,994,259.75
Others	124,619,201.80	80,166,752.65	122,518,076.91	89,037,564.87
Total	1,468,386,291.35	1,111,556,899.05	1,609,909,822.43	1,277,031,824.62

Information in relation to the transaction price apportioned to the residual contract performance obligation:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was RMB0.00 at the period-end, among which RMB0.00 was expected to be recognized in XXX, RMB0.00 was expected to be recognized in XXX, and RMB0.00 was expected to be recognized in XXX.

5. Investment Income

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Long-term equity investment income accounted by cost method	3,668,556.38	167,571,836.72
Long-term equity investment income accounted by equity method	8,619,094.53	-1,333,148.86
Investment income from disposal of long-term equity investment		22,374,515.10
Investment income from disposal of trading financial assets	2,546,832.11	31,150,766.58
Total	14,834,483.02	219,763,969.54

XIX. Supplementary Materials

1. Items and Amounts of Non-recurring Profit or Loss

Applicable Not applicable

Unit: RMB

Item	Amount	Note
Gains and losses on disposal of non-current assets	-399,351.02	
Government grants recognized in profit or loss for the current period (except for government grants closely related to the Company's normal operating business, in compliance with national policies and in accordance with defined criteria, and having a continuous impact on the Company's profit or loss)	15,013,138.75	
Gains and losses arising from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and gains and losses arising from the disposal of financial assets and financial liabilities, other than effective hedging business related to the Company's normal operating business	-125,669,854.28	
Other non-operating income and expense other than the above	677,817.46	
Less: Income tax effects	-16,056,262.30	
Non-controlling interests effects (after tax)	-150,671.78	
Total	-94,171,315.01	--

Details of other profit and loss items in line with the definition of non-recurring gains and losses:

Applicable Not applicable

There are no other profit and loss items in line with the definition of non-recurring gains and losses in the Company.

Note to define the non-recurring profit and loss items listed in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses* as recurring profit and loss items.

Applicable Not applicable

2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	1.83%	0.21	0.19
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	2.84%	0.33	0.29

Chairman of the Board: Liu Zibin

Lu Thai Textile Co., Ltd.

30 August 2024