



LU THAI TEXTILE CO., LTD.

INTERIM REPORT 2021

August 2021

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, Zhang Hongmei, the Company’s Chief Accountant, and Zhang Keming, the Company’s Financial 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 has described in detail in this Report the possible risks. Please refer to the contents under the heading “Risks Facing the Company and Countermeasures” in “Part III Management Discussion and Analysis” of this Report. Securities Times, Shanghai Securities News, China Securities Journal, Ta Kung Pao (HK) and www.cninfo.com.cn have been designated by the Company for its information disclosure in 2021. And all information about the Company shall be subject to what’s disclosed by the Company on the aforesaid media. Investors are kindly reminded to pay attention to investment risks.

The Company is subject to the Guideline No. 17 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Textile and Apparel.

In the first half of 2021, COVID-19 has slowed down with the popularization of vaccination. But there are repeated outbreaks in several regions and there is a common problem of lacking vaccines in low-income countries. The global economy is recovering, but is ill-balanced in regions and industries. The Chinese government has relatively mature experience in controlling the spread of COVID-19 in the shortest time. The domestic consumer market witnessed a rapid recovery. However, the recovery of companies mainly focusing on exporting the fabrics of suits and shirts and manufacturing shirts is slow due to the exchange rate appreciation of RMB on year and the increase in the prices of the raw materials like cotton and textile auxiliaries. For further information, see “Part III Management Discussion and Analysis”.

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

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, Chief Accountant and Financial Manager;
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 tens of thousands of 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 2021 to 30 June 2021

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	LTTC, LTTC-B	Stock code	000726, 200726
Changed 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	Zhang Keming	Zheng Weiying and Li Kun
Address	No. 81, Songling East Road, Zichuan District, Zibo, Shandong, P.R.China	No. 81, Songling East Road, Zichuan District, Zibo, Shandong, P.R.China
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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 and email address 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 2020 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 newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the Company's periodic reports and the place for lodging such reports did not change in the Reporting Period. The said information can be found in the 2020 Annual Report.

IV Key Financial Information

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

Yes No

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

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)	58,531,388.42	
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	19,089,311.11	
Gain or loss on fair-value changes in trading and derivative financial assets and liabilities & income from disposal of trading and derivative financial assets and liabilities and investments in other debt obligations (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	39,004,803.56	
Reversed portions of impairment allowances for receivables and contract assets which are tested individually for impairment	5,386,518.99	
Non-operating income and expense other than the above	-1,405,920.92	
Less: Income tax effects	18,018,514.02	
Non-controlling interests effects (net of tax)	3,371,774.56	
Total	99,215,812.58	--

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or 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

The economic environment has been complicated since 2021. The uncertainties in the recovery of the post-pandemic era are a lot, especially when it comes to the situations like the surging in the prices of mass merchandise and the high cost of human resources. The Company is centered on the clients and continues to implement the strategies of “Improve Quality and Efficiency” and “Overall Internationalization”. The Company focuses on expanding the market, adjusting the structure and building capabilities to make sure all programs running smoothly. For the Reporting Period, the Company recorded revenue of RMB2,220 million, an operating profit of RMB167 million, a net profit attributable to the listed company’s shareholders of RMB153 million and a net profit attributable to the listed company’s shareholders before exceptional gains and losses of RMB54 million, down 2.91%, down 4.71%, up 6.51%, and down 49.79% respectively from the same period of last year. No changes occurred to the Company’s principal operations, products or business models, or the primary factors driving the Company’s growth in the Reporting Period.

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

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

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

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

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

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

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

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

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

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

ironing-free knitted fabrics of shirts developed by the Company has passed the science evaluation and reached the advanced international level.

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

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

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

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

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

The Company is subject to the Guideline No. 17 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Textile and Apparel.

2021 is the first year of the new development cycle of the 14th Five-Year Plan. The textile industry still faces a complicated development situation. The foundation for a sustainable recovery still needs to be consolidated and there are still lots of challenges for the post-pandemic new development cycle of high quality. Foreign trade enterprises is also faced with problems like the floating of the exchange rate of RMB, the surging prices of the raw materials, the increasing difficulty of recruiting and the rising of the cost of human resources. There is great development pressure for the enterprises. Besides, the recovery of performance of the companies focusing on exporting the fabrics and shirts is slow. According to the statistics from the website for the information of China cotton, the exported textile and apparels of our country reached USD140.09 billion from January to June in 2021, a year-on-year increase of 12%. Among them, the exported textile reached USD68.66 billion, a year-on-year decrease of 7.4%; while the exported apparels reached USD71.53 billion, a year-on-year increase of 40.3%. Besides, according to the analysis of the exports from the China Chamber of Commerce for Import and Export Textiles from January to June in 2021, the increase in knitted apparels is much higher than that of the woven garments and export of epidemic-prevention supplies gradually slows down. The European Union market is weak in recovery. Although there is a huge increase in the exports to USA, the exports of shirts and suits is still increasing slowly due to the enduring influence from COVID-19 on the commute of the American consumers.

The Company is a textile and garment enterprise group with comprehensive and vertical production capacities integrating spinning, bleaching and dyeing, weaving, afterfinish and clothing manufacture. Over 50% of the yarn dyed fabric and printed and dyed fabric used for shirts as well as ready-to-wear garment were sold to more than 60 countries and regions such as the US, European Union and Japan. The Company has established strategic partnership with renowned brand owners at home and abroad.

In terms of technology, relying on the national enterprise technical center, national demonstration base for introducing talents, national post-doctoral scientific research station and Shandong Provincial Engineering Technology Research Center, Lu Thai Engineering Technology Institute has been devoted to research on frontier technology, and has strong R&D capabilities in terms of technological innovation, quality improvement, and low carbon and energy-saving. The Company has established long-term cooperation with colleges and universities as well as renowned transnational enterprises such as Donghua University, The Hong Kong Polytechnic University (PolyU), Jiangnan University, Qingdao University, Huntsman and DowDuPont. It jointed hands with its partners in R&D of new technologies, new materials and new products to achieve alliance between giants and improve comprehensive capabilities of the Company.

As for procurement, the Supply Chain Department of the Company carried out direct procurement in domestic and overseas markets based on market-oriented principles. At present, the Company's bulk raw materials are cotton, which is purchased from all over the world based on the market situation. Besides, the Company purchased dye auxiliaries from the global market in line with product features and customer requirements.

Regarding production, the Company adopted the make-to-order (MTO) strategy. As required by customers in their orders, the Company organized and completed production. The Company was equipped with an entire production system ranging from spinning to garment processing, in which production lines operated in an synergetic and effective way with their respective resource advantages. Meanwhile, upon years of accumulation, the Company has developed unique quality control capabilities for the whole production process. With great independence and flexibility, it is able to produce and deliver fast even for small orders.

With respect to sales, the Company applied the order-based sales model. Each year, over 50% of its products were sold to countries and regions such as Europe, the US, Japan, South Korea, Southeast Asia and Hong Kong. With the self-owned trademark "Luthai" for its fabric sales, the Company was able to provide its customers with development and design plans for fashionable and technological products with environmentally friendly functions. 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.

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 built various production bases in Cambodia, Burma and Vietnam etc., and established the design agency in Italy, and the market service offices in the U.S. and Japan.

2. The Company has better integrated management capability and high-level management system architecture. Since 1995, the Company has successively passed the certification of ISO9000 quality management system, ISO14000 environmental management system, OHSAS18000 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) 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 with various research institutes, colleges and universities, strategic clients and important suppliers by relying on various technical platforms including the national enterprise technical center, the national industrial design center, the national demonstration base for introducing talents, the national post-doctoral scientific research station and Shandong Provincial Engineering Technology Research Center, dedicates itself to the cutting-edge technical research, and gradually transforms from technology research to integrated product development. Besides, the Company will also transform from the overcoming of key technical difficulties to the mastery of technical principles and the formulation of industrial standards, and from the focus on technical innovation to the dynamic integration of new technique exploration with model innovation, materialize the low-carbon, green and sustainable development.

III Core Business Analysis

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

Year-on-year changes in key financial data:

Unit: RMB

	H1 2021	H1 2020	Change (%)	Main reason for change
Operating revenue	2,220,313,650.94	2,286,744,080.79	-2.91%	
Cost of sales	1,811,241,743.20	1,683,752,331.27	7.57%	
Selling expense	48,546,795.06	81,739,905.59	-40.61%	Reclassification of transport expense and port charges from selling expense to cost of sales of principal operations
Administrative expense	130,118,046.40	177,893,599.47	-26.86%	
Finance costs	24,222,929.28	25,207,309.68	-3.91%	
Income tax expense	22,209,233.14	27,067,833.69	-17.95%	
R&D investments	131,384,483.80	123,441,723.06	6.43%	
Net cash generated from/used in operating activities	182,761,025.14	209,392,265.69	-12.72%	
Net cash generated from/used in investing activities	299,774,945.83	-129,138,967.68	332.13%	Disinvestment in wealth management instruments upon maturity
Net cash generated from/used in financing activities	155,808,685.68	1,059,376,072.72	-85.29%	Decrease in borrowings obtained
Net increase in cash and cash equivalents	635,115,592.71	1,140,089,624.57	-44.29%	Decrease in net cash generated from financing activities

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 2021		H1 2020		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	2,220,313,650.94	100%	2,286,744,080.79	100%	-2.91%
By operating division					
Textile and apparel	2,044,428,570.21	92.08%	2,030,174,545.12	88.78%	0.70%
Personal protective equipment (PPE)		0.00%	75,350,026.50	3.30%	-100.00%
Cotton		0.00%	1,943,648.71	0.08%	-100.00%
Electricity and steam	112,014,559.74	5.04%	107,378,501.63	4.70%	4.32%
Others	63,870,520.99	2.88%	71,897,358.83	3.14%	-11.16%
By product category					
Fabric products	1,644,786,813.50	74.08%	1,612,566,391.94	70.52%	2.00%
Shirts	399,641,756.71	18.00%	417,608,153.18	18.26%	-4.30%
Personal protective equipment (PPE)		0.00%	75,350,026.50	3.30%	-100.00%
Cotton		0.00%	1,943,648.71	0.08%	-100.00%
Electricity and steam	112,014,559.74	5.04%	107,378,501.63	4.70%	4.32%
Others	63,870,520.99	2.88%	71,897,358.83	3.14%	-11.16%
By operating segment					
Hong Kong	84,111,107.56	3.79%	116,864,760.52	5.11%	-28.03%
Japan And South Korea	125,781,396.82	5.67%	200,810,815.94	8.78%	-37.36%
Southeast Asia	494,884,594.42	22.29%	598,894,637.52	26.19%	-17.37%
Europe and America	227,821,017.11	10.26%	299,568,719.70	13.10%	-23.95%
Others	206,958,205.91	9.32%	216,712,978.98	9.48%	-4.50%
Mainland China	1,080,757,329.12	48.68%	853,892,168.13	37.34%	26.57%

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

Applicable Not applicable

Any over 30% YoY movements in the data above and why:

Applicable Not applicable

Operating revenue from Japan And South Korea declined 37.36% year-on-year, primarily driven by a decrease in the sales of PPE in the period.

The Company is subject to the Guideline No. 17 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Textile and Apparel.

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	2,044,428,570.21	1,654,539,637.21	19.07%	0.70%	11.91%	-8.10%
By product category						
Fabric products	1,644,786,813.50	1,340,924,104.11	18.47%	2.00%	14.16%	-8.69%
Shirts	399,641,756.71	313,615,533.10	21.53%	-4.30%	3.20%	-5.70%
By operating segment						
Southeast Asia	494,884,594.41	403,126,563.66	18.54%	-17.37%	-7.57%	-8.63%
Europe and America	227,821,017.11	180,224,160.17	20.89%	-23.95%	-16.62%	-6.95%
Mainland China	1,080,757,329.12	882,807,479.01	18.32%	26.57%	37.06%	-6.25%

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 2021	H1 2020
Fabrics	Total capacity (fabrics) (10,000 meters)	14,680.00	14,680.00
	Rate of capacity utilization	66%	73%
	Plants under construction	The Company's convertible bond fundraising projects: The	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 "Production Line Project of High-grade Printed and Dyed Fabrics" with an annual capacity of 25 million meters of high-grade printed and dyed fabrics were in progress.	"Functional Fabric Intelligent Eco-park Project (Phase I)" with an annual capacity of 35 million meters of high-grade functional fabrics and the "Production Line Project of High-grade Printed and Dyed Fabrics" with an annual capacity of 25 million meters of high-grade printed and dyed fabrics were in progress.
Garment	Total capacity (garment) (10,000 pieces)	1,015.00	1,015.00
	Rate of capacity utilization	60%	87%
	Plants under construction		

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

Yes No

Due to the year-on-year decrease in the output of masks and protective clothing in the apparel product line during the Reporting Period, the utilization rate of apparel production capacity decreased.

Overseas capacity

Yes No

Industry Classification	Item	Domestic	Overseas
Fabrics	Percentage of capacity	85%	15%
	Capacity layout	Mainly in Shandong Province	Mainly in T ây Ninh Province, Vietnam
	Rate of capacity utilization	64%	82%
Garment	Percentage of capacity	47%	53%
	Capacity layout	Mainly in Shandong Province	Mainly in Tinh An Giang, Vietnam; Svay Rieng Province, Cambodia; and Thilawa Special Economic Zone, Yangon, Myanmar

	Rate of capacity utilization	71%	51%
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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. In addition, it engaged in brand operation of spot fabric on the new retail e-commerce platform. 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	2,975,252.11	1,014,489.67	65.90%	1,025,500.20	393,449.22	-2.25%
Direct sales	1,648,572,884.53	1,342,517,967.29	18.56%	32,706,583.68	166,446,819.59	-8.65%
OEM/ODM	392,880,433.57	311,007,180.25	20.84%	-19,478,058.79	9,238,211.31	-6.32%
Total	2,044,428,570.21	1,654,539,637.21	19.07%	14,254,025.09	176,078,480.12	-8.10%

Reason for change

3. Selling expense and breakdown thereof

Unit: RMB

Item	H1 2021	H1 2020	YoY change	Note
Salary	24,817,866.24	24,858,302.63	-0.16%	
Sales service fee	5,389,984.38	4,662,986.11	15.59%	

Publicity expense	7,483,834.48	8,117,611.43	-7.81%	
Transportation fee	0.00	18,556,351.95	-100.00%	According to the new accounting standards, the transportation fee is adjusted from the selling expense to the main business cost
Port surcharge	0.00	5,552,752.80	-100.00%	According to the new accounting standards, the port surcharge is adjusted from the selling expense to the main business cost
Rental fee	536,277.43	2,003,837.09	-73.24%	Mainly due to the decrease in rental fees for overseas offices.
Others	5,745,728.96	9,185,513.60	-37.45%	
Total	43,973,691.49	72,937,355.61	-39.71%	

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	200,000
Average number of active monthly users (AMU)	20,000
Return rate of main brands	5.00%
Return rate of main types	5.00%

Cooperation with third-party sales platforms

Yes No

Online sales channels opened or closed by the Company

Applicable Not applicable

Channel	Main brand	Main product type	Channel status	Reason for closure	Opening time	Operation during the opening of the store

biyao.com	NARCISU	Shirts	Normal		22 January 2020	
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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-over-year change in inventory balance	Reason
Fabrics (10,000 meters)	113	3,643.61	Within 1 year	-21.93%	
Fabrics (10,000 meters)		1,437.25	Over 1 year	81.95%	Delivery of some fabrics delayed due to COVID-19
Shirts (10,000 pieces)	36	82.46	Within 1 year	-28.00%	
Shirts (10,000 pieces)		15.68	Over 1 year	227.50%	Delivery of some shirts delayed

Reserves for falling prices of inventory

Item	30 June 2021		
	Carrying amount	Falling price reserves or provision for impairment on contract performance cost	Carrying value
Raw materials	764,584,360.28	2,547,151.31	762,037,208.97
Goods in process	455,835,628.95	3,599,739.14	452,235,889.81
Products on hand	960,560,597.77	107,230,734.35	853,329,863.42
Commissioned products	11,882,281.00		11,882,281.00
Total	2,192,862,868.00	113,377,624.80	2,079,485,243.20

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	29,181,508.22	17.62%	Investment income from the disposal of held-for-trading financial assets	Not
Gain/loss on changes in fair value	8,034,224.66	4.85%	Gain/loss on changes in fair value of held-for-trading financial assets	Not
Asset impairments	-7,035,233.41	-4.25%	Inventory valuation allowances	Not
Non-operating income	1,184,008.01	0.71%	Income of non-operating compensation, etc	Not
Non-operating expense	2,589,928.93	1.56%	Non-operating donations and compensations, etc.	Not

VI Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	30 June 2021		31 December 2020		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	2,039,571,421.60	16.45%	1,400,478,034.81	11.55%	4.90%	
Accounts receivable	467,077,027.00	3.77%	522,425,219.87	4.31%	-0.54%	
Inventories	2,079,485,243.20	16.77%	1,988,968,681.64	16.40%	0.37%	
Investment property	21,812,985.44	0.18%	22,263,668.85	0.18%	0.00%	
Long-term equity investments	128,409,211.89	1.04%	138,079,577.25	1.14%	-0.10%	
Fixed assets	5,643,953,088.23	45.51%	5,661,592,991.66	46.67%	-1.16%	
Construction in progress	293,251,051.85	2.36%	356,273,197.49	2.94%	-0.58%	
Right-of-use assets	161,742,107.43	1.30%			1.30%	
Short-term borrowings	991,568,008.40	8.00%	930,871,008.19	7.67%	0.33%	
Contract liabilities	146,761,705.56	1.18%	141,339,705.62	1.17%	0.01%	
Long-term borrowings	659,734,579.14	5.32%	495,520,342.78	4.09%	1.23%	
Lease liabilities	32,226,761.06	0.26%			0.26%	

2. Major Assets Overseas

√ Applicable □ Not applicable

Assets	Cause of formation	Asset scale	Location	Operation model	Control measures to ensure asset safety	Earning position	As % of net assets	Risk of material impairment

	tion							or not
Lu Thai (Hong Kong) Textile Co., Ltd.	Set-up	214,035,015.72	Hong Kong	Sales-oriented	Key management personnel assigned by the Company as the parent	2,326,681.18	2.59%	Not
Lu Thai (America) Textile Co., Ltd.	Set-up	5,982,889.89	New York	Sales-oriented	Key management personnel assigned by the Company as the parent	-722,086.47	0.07%	Not
Lu Thai (Cambodia) Textile Co., Ltd.	Set-up	143,785,165.56	Svay Rieng	Production-oriented	Key management personnel assigned by the Company as the parent	-3,002,820.18	1.74%	Not
Vanguard Apparel Co., Ltd.	Set-up	73,740,844.10	Yangon	Production-oriented	Key management personnel assigned by the Company as the parent	367,211.32	0.89%	Not
Continental Textile Co., Ltd.	Set-up	2,510,580,347.92	Tây Ninh	Production-oriented	Key management personnel assigned by the Company as the parent	51,489,617.89	30.39%	Not
Lu An Garments Co., Ltd.	Set-up	198,150,056.51	Tinh An Giang, Vietnam	Production-oriented	Key management personnel assigned by the Company as the parent	1,680,703.60	2.40%	Not
Tianping International Investment Co., Ltd.	Set-up	230,074,897.57	Singapore	Investment-oriented	Key management personnel assigned by the Company as the parent	743,206.65	2.78%	Not

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	Purchased in the Reporting Period	Sold in the Reporting Period	Other change	Ending amount
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				g Period				
Financial assets								
1. Held-for-trading financial assets (excluding derivative financial assets)	408,730,337.23	-1,806,575.34			299,214,978.03	451,652,752.65		254,485,987.27
2. Derivative financial assets	16,641,500.00	9,840,800.00						26,482,300.00
Subtotal of financial assets	425,371,837.23	8,034,224.66			299,214,978.03	451,652,752.65		280,968,287.27
Others	55,150,926.34		-332,259.77				-25,235,757.69	29,582,908.88
Total of the above	480,522,763.57	8,034,224.66	-332,259.77		299,214,978.03	451,652,752.65	-25,235,757.69	310,551,196.15
Financial liabilities	0.00							0.00

Content of other change:

Changes in receivables 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. 61. 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

Unit: RMB'0,000

Operator	Relationship with the Company	Relationship with the Company	Type of derivative	Initial investment amount	Starting date	Ending date	Beginning investment amount	Purchased in the Reporting Period	Sold in the Reporting Period	Impairment provision (if any)	Ending investment amount	Proportion of closing investment amount in the Company's ending net assets	Actual gain/loss in the Reporting Period
Commercial bank	Non-related	No	Forward exchange settlement	166,697.7	26 November 2020	30 December 2021	129,805.79	36,891.91	60,267		106,430.7	12.88%	2,095.02
Commercial bank	Non-related	No	Foreign exchange option	118,238.46	22 October 2020	27 January 2022	62,150	56,088.46	18,356.71		99,881.75	12.09%	195.16
Commercial	Non-related	No	Forward exchange	13,081.6	14 January	1 April		13,081.6	13,081.6				17.82

bank	ela	e		2021	2021								
	ted	transacti	ons										
Total				298,017.76	--	--	191,955.79	106,061.97	91,705.31		206,312.45	24.97%	2,308
Capital source for derivative investment			The Company's own money										
Lawsuit (if applicable)			N/A										
Disclosure date of board of directors announcement on approval of derivative investment (if any)			30 April 2020										
Disclosure date of general meeting of shareholders announcement on approval of derivative investment (if any)													
Analysis on risks and control 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>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 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 derivatives transactions of the Company. Precautionary measures to be taken include: the Company chooses risk-controlled financial derivative tools with simple structure and good liquidity to carry out the hedging business, strictly controls the scale of financial derivatives trading by staged operations, and adjusts the strategy according to market changes in a timely manner.</p> <p>2. Liquidity risk and credit risk: a credit risk arising from failure of the contractually due Company or counterparty in performing the contract due to liquidity or factors other than liquidity. Precautionary measures to be taken include: the Company determines the upper limit of derivatives transaction amounts according to production and operation scale as well as foreign exchange income, and conducts operations by stage according to the budget of future collections and disbursement. The derivative trades are free of guarantee deposit and can still be guaranteed in performance after the contract expires by means of extension and balance settlement etc. to prevent the Company from credit damages due to lack of liquidity. The Company selects financial institutions with strong capability and good reputation as a counterparty and signs standard derivative trading contracts to strictly control credit risk of the counterparty.</p>										

	<p>3. Operation risk:</p> <p>The derivatives had high specialty and complexity, so internal operation procedures, staffs and external events would make the Company to undertake risks during the transaction. Risk control measures: The Company promulgated strict authorization and approval system and perfect regulatory mechanism, fixed the operation procedures and approval procedures system to conduct derivative products transaction, implemented strict authorization and post checks and balances system, meanwhile, it improved the overall quality of relevant personnel through strengthening the professional ethics education and business training for them. Besides, it established the System of Reporting the Abnormal Situation Timely so as to ensure to lower the operation risks to the maximum.</p> <p>4. Risk of laws and regulation:</p> <p>The Company conducted derivatives products transaction in strict accordance with relevant laws and rules. If there were no standard operation procedures and strict approval procedures, it was easy to cause compliant and regulatory risks existing in the validity and feasibility of contract, commitments and other legal documents signed. Risk control measures: The Company carefully studied and mastered laws, regulations and policies relevant to derivative products transaction, formulated internal control rules for the forward settlement hedging business, standardized the operation procedures. And strengthened the compliant examination on derivative products transaction business. The Company conducted derivative transaction business according to the relevant approval procedure, which was in line with relevant laws, regulations, the Company's Articles of Association, the Management Rules for Securities Investments and Derivative Transaction of Lu Thai Textile Co., Ltd., the Proposal on Plan for Derivative Transaction of Lu Thai Textile Co., Ltd. approved at the 13th Meeting of the 9th Board of Directors, and performed relevant information disclosure responsibilities.</p>
<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>	<p>1. As of 30 June 2021, the Company held 51 undue financial derivatives contracts, totaling USD323.5 million, among which 27 were forward forex settlement contracts, totaling USD160 million, and 24 were forex option portfolio contracts, totaling USD163.5 million.</p> <p>2. During H1 2021, the total amount of all due financial derivatives of the Company was equivalent to USD138 million, which were all delivered, generating gains of RMB23.08 million, among which, gains of RMB20.9502 million were from the delivery of forward forex settlement contracts of USD90 million; gains of RMB1.9516 million were from the delivery of forex option contracts of USD28 million; gains of RMB0.1782 million were from the delivery of forward forex transactions of USD20 million.</p>
<p>Whether significant changes occurred to the Company's accounting policy and specific accounting principles of derivatives in the</p>	<p>No significant changes</p>

Reporting Period compared to the previous Reporting Period	
Specific opinion from independent directors on the Company's derivatives investment and risk control	The Company's independent directors Zhou Zhiji, Pan Ailing, Wang Xinyu and Qu Dongmei expressed the following professional opinions on the Company's engagement in the transaction of derivatives: In our opinions, the Company engaged in the transaction of derivatives strictly in accordance with related laws and regulations, the <i>Articles of Incorporation</i> and the <i>Management Policy of Lu Thai for the Transaction of Derivatives</i> during the Reporting Period, which complied with the derivative transaction plan considered and approved by the Board of Directors, with the operation process complying with laws and regulations. While ensuring its normal production and operations, the Company may use the transaction of derivatives dominated by forward settlement and sale of foreign exchange as an effective instrument to avert exchange rate risks. By strengthening internal control and implementing measures to prevent losses and risks, the risks of derivative transactions are relatively controllable and thus, such transactions will help to improve the Company's ability to defense against exchange rate fluctuations, and will not harm the rights and interests of the Company and its shareholders.

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 Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Lufeng Weaving & Dyeing Co., Ltd.	Subsidiary	Fabric	706,160,000	1,768,740,074.66	1,231,995,346.25	528,023,041.71	-28,228,901.78	-24,919,021.98

Shandong Lulian New Materials Co., Ltd.	Subsidiary	Fabric	400,000,000	1,015,219,351.90	344,752,715.98	14,060,457.18	-30,800,968.43	-23,633,974.03
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Subsidiaries obtained or disposed in the Reporting Period:

Applicable Not applicable

Information about major majority- and minority-owned subsidiaries:

Lufeng Weaving & Dyeing Co., Ltd. (hereinafter called "Lufeng Weaving & Dyeing") 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, due to the impact of the COVID-19 epidemic, Lufeng Weaving & Dyeing's export business and high value-added orders were reduced, which had a greater impact on performance. Lufeng Weaving & Dyeing achieved operating revenue of RMB 528 million, down 12.98% year on-year and net profit of RMB -24.919 million, down 181.08% year-on-year.

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, it is still under construction, and some trial products are offline. Lulian New Materials achieved operating revenue of RMB 14,060,500, up 1320.35% year on-year due to the small revenue base of the same period and net profit of RMB-23.634 million, down 200.76% year-on-year.

X Structured Bodies Controlled by the Company

Applicable Not applicable

XI Risks Facing the Company and Countermeasures

1. Impact of macro-environment: under the increasing uncertainty risk of the international trade, political risk in countries of investments and the impact of the COVID-19 epidemic, the Company will face more challenges. In addition, the economic development of China should be transformed and upgrade, therefore, the Company will continue to strictly execute coronavirus control measures, guarantee production and safety and further utilize various resources to develop domestic and overseas markets, so as to catch development opportunities after COVID-19 is controlled.

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, quota and other factors, therefore, based on the production orders and import quota, the Company seriously considers the information of global raw cotton market, properly works out procurement strategy and actively reduces cost fluctuation arising from price change of raw cotton.

3. Change of exchange rate: the Company has a large ratio in import and export business and exchange rate fluctuation will place a remarkable impact on its performance. In order to reduce adverse influence of exchange rate fluctuation, the Company adopted the following measures: firstly, the Company appropriately conducted foreign exchange hedging, using forward FX sales and purchase, forward foreign exchange trading and option portfolios to avoid some risks Secondly, the Company made reasonable arrangement on

settlement day and currency structure and conclusion of agreements on fixed foreign exchange rate to avoid exchange rate-related risks. Thirdly, the Company adjusted the Renminbi and foreign-currency liabilities structure to control financial costs. Fourthly, according to the fluctuation trend of exchange rates, the Company properly adjusted imports of raw and auxiliary materials to partially offset the influence of exchange rate fluctuations on the Company.

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 2020 Annual General Meeting	Annual General Meeting	34.24%	20 April 2021	21 April 2021	Announcement of Resolution (No. 2021-029) published on Securities Times, China Securities Journal, Shanghai Securities News, and Hong Kong Ta Kung Pao and http://www.cninfo.co on 21 April 2021
The 1 st Extraordinary General Meeting of 2021	Extraordinary General Meeting	34.50%	13 May 2021	14 May 2021	Announcement of Resolution (No. 2021-035) published on Securities Times, China Securities Journal, Shanghai Securities News, and Hong Kong Ta Kung Pao and http://www.cninfo.co on 14 May 2021

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 of change	Reason for change
Bi Xiuli	Independent director	Left	25 February 2021	Left for job arrangement
Wang Fangshui	Director	Left	26 February 2021	Retired
Wang Changzhao	Non-director senior executive	Left	28 June 2021	Left for personal reason

III Interim Dividend Plan

Applicable Not applicable

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

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

Applicable Not applicable

No.	Deliberation time	Relevant meeting	Overview of execution	Disclosure index
1	12 April 2021	The 22 nd Meeting of the 9 th Board of Directors	Deliberated and approved were <i>Proposal on the Company's '2021 Restricted Share Incentive Scheme (Draft)' and Its Abstracts, Proposal on the Company's 'Implementation and Appraisal Regulations on 2021 Restricted Share Incentive Scheme'</i> , and <i>Proposal on Submitting the Authorization for the Board of Directors to Handle the Company's 2021 Restricted Share Incentive Scheme to the General Meeting of Shareholders</i> . The Company's independent directors expressed their independent opinions on this share incentive scheme.	Announcement of Resolution (No. 2021-024) published on http://www.cninfo.com.cn on 13 April 2021 and relevant documents
2	12 April 2021	The 13 th Meeting of the 9 th Supervisory Committee	Deliberated and approved were <i>Proposal on the Company's '2021 Restricted Share Incentive Scheme (Draft)' and Its Abstracts, Proposal on the Company's 'Implementation and Appraisal Regulations on 2021 Restricted Share Incentive Scheme'</i> , and <i>Proposal on the Verification of the Company's Staff List of 2021 Restricted Share Incentive Scheme</i> .	Announcement of Resolution (No. 2021-025) published on http://www.cninfo.com.cn on 13 April 2021
3	16 April 2021 to 26 April 2021	-	The Company internally announced the names and positions on the list of incentive staff. During the publicity period, the Board of Supervisors has not received any objections related to the planned subjects of the incentive scheme.	
4	8 May 2021	-	The Ninth Board of Supervisors issued the <i>Explanation of the Board of Supervisors on the Review and Publicity of the Staff List of 2021 Restricted Share Incentive Scheme</i> on the basis of the list review and publicity.	Relevant documents published on http://www.cninfo.com.cn on 8 May 2021
5	13 May 2021	The First Extraordinary General Meeting of 2021	Deliberated and approved were <i>Proposal on the Company's '2021 Restricted Share Incentive Scheme (Draft)' and Its Abstracts, Proposal on the Company's 'Implementation and Appraisal Regulations on 2021 Restricted Share Incentive Scheme'</i> , and <i>Proposal on Submitting the Authorization for the Board of Directors to Handle the Company's</i>	Relevant announcements (No. 2021-035, 2021-036) published on

			2021 Restricted Share Incentive Scheme to the General Meeting of Shareholders. Self-inspection Report on the Company's 2021 Restricted Share Incentive Plan Insiders and Incentive Subjects' Trading of the Company's Shares was disclosed.	http://www.cninfo.com.cn on 14 May 2021
6	17 May 2021	The 24 th Meeting of the 9 th Board of Directors, the 15 th Meeting of the 9 th Supervisory Committee	Deliberated and approved were <i>Proposal on Adjusting the List of the Name and Number of Incentive Staff of 2021 Restricted Share Incentive Scheme</i> and <i>Proposal on Granting Restrictive Stocks to Incentive Staff</i> . The Board of Directors believed that the granting conditions specified in the incentive scheme had been fulfilled, and agreed to designate 17 May 2021 as the granting date. Except for 5 incentive staff who had been no longer qualified for the incentive due to resignation, and 47 incentive targets who had abandoned their subscription of all restricted stocks to be granted by the Company due to personal reasons, the number of incentive staff obtaining the first-granted restricted stocks were adjusted from 802 to 750, and the volume of the first restricted stocks from 25.965 million to 24.285 million shares. The independent directors consented independently to the matter. They believed that the qualification of granting incentive staff to some entities are legal and effective, and that the determined granting date complies with relevant regulations. The Board of Supervisors reviewed the list of incentive staff as of the grant date and expressed its verification opinions.	Relevant announcements (No. 2021-037, 2021-038, 2021-039, 2021-040) published on http://www.cninfo.com.cn on 18 May 2021
7	7 June 2021	-	As audited and confirmed by Shenzhen Stock Exchange and the Shenzhen branch of China Securities Depository and Clearing Corporation Limited, the registration of first-granted restricted stocks was completed.	Relevant announcements published on http://www.cninfo.com.cn on 4 June 2021

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

Name of polluter	Name of major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Discharge standards implemented	Total discharge	Approved total discharge	Excessive discharge
Lu Thai Textile Co., Ltd	COD and ammonia nitrogen	Continuous discharge	2	Huangjiapu Industrial Park; East Zone Industrial Park	COD≤120mg/L; ammonia nitrogen≤8mg/L	Emission standard of water pollutants in textile dyeing and finishing industry GB 4287-2012 COD: 200mg/L, ammonia nitrogen: 20mg/L	COD is 154.885t; ammonia nitrogen is 3.885t	COD is 1495.08t; ammonia nitrogen is 149.51t	No
LuFeng Company Limited	COD and ammonia nitrogen	Continuous discharge	1	Lufeng chief discharge outlet	COD≤120mg/L; ammonia nitrogen≤5mg/L	Emission standard of water pollutants in textile dyeing and finishing industry GB 4287-2012 COD: 200mg/L, ammonia nitrogen: 20mg/L	COD is 100.983t; ammonia nitrogen is 2.576t	COD is 575.985t; ammonia nitrogen is 57.6t	No
Zibo Xinsheng Thermal Power Co., Ltd.	SO ₂ , NQ _x , and smoke	Continuous discharge	4	Production plant of Xinsheng Thermal Power	SO ₂ : ≤35mg/m ³ , NQ _x : ≤50mg/m ³ , PM: ≤5mg/m ³	Emission standard of air pollutants of Thermal Power Plant in Shandong Province DB37/664-2019	SO ₂ is 17.304t, NQ _x is 76.847t, PM is 2.674t.	SO ₂ is 236.13t/a, NQ _x is 674.63t/a, PM is 67.47t/a.	No
Continental Textile Co.,	Sewage	Discharge into the	1	Beside sewage	COD≤50mg/L; ammonia	QCVN40:2011/BT NMT	Sewage discharge	/	No

Ltd.		ecological pond in the park district after treatment		plant	nitrogen \leq 1.0mg/L		is 693,900t		
Continental Textile Co., Ltd.	Exhaust gas	Direct discharge after treatment	4	Beside boiler room	/	QCVN19:2009/BTNMT	Gas emission is 147 million m ³	/	No

Construction of pollution prevention equipment and operation condition

Lu Thai Textile Co., Ltd. (hereinafter referred to as “the Company”) and its majority-owned subsidiary Lufeng Weaving & Dyeing Co., Ltd. (hereinafter referred to as “Lufeng Weaving & Dyeing”) 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. carried out the waste water treatment system transformation project to improve the treated water quality by systematic and comprehensive reform, further improving the river water quality and local ecological environment. 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 Company and Lufeng Weaving & Dyeing collected and treated VOCs waste gas, and built online monitoring facilities. After treatment, the content of VOCs decreased to 40 mg/m³, which meets the requirement in *Volatile Organic Emission Standard of Shandong Province: Part 7 - Other Industries DB37/2801.7-2019*. The Company and its majority-owned subsidiary Lufeng Weaving & Dyeing uploaded the emission data of VOCs to the government environmental monitoring system so as to monitor the emission data of VOCs comprehensively. In terms of energy saving, the Company won the Ministry of Industry and Information Technology's 2020 Water Efficiency Leader in Key Water-using Enterprises and China National Textile and Apparel Council's 2020 Textile Industry Water-saving Enterprise Award, making outstanding contributions to the company's energy-saving development.

The wholly-owned 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.

The waste water treatment project of the wholly-owned subsidiary Continental Textile Co., Ltd. (hereinafter referred to as “Continental Textile”) is designed to treat 6,500 tons of sewage water daily, among which, sewage plan I is designed to treat 3,000 tons of sewage water daily, and the sewage plant II is designed to treat 3,500 tons of sewage water daily. Continental Textile adopts a comprehensive treatment process of “pre-materialization + A2O biochemistry + post-materialization + ozone oxidation+ active sand filtration” for waste water treatment, and the treated water quality is better than the QCVN 40: 2011/BTNMT A-level emission standards stipulated by the Vietnam government. The treated waste water is all discharged to the ecological pond in the park. Treated water quality analysis for H1 2021: The COD (mean value) was 45.9 mg/L, the chrominance (mean value) was 29, the ammonia

nitrogen (mean value) was 0.17 mg/L, and the total phosphorus (mean value) was 0.2 mg/L. All the parameters met the A-level emission standards set in the “Regulations on Parameters of Industrial Drainage in Vietnam” (QCVN40: 2011/BTNMT). Waste water discharge in the whole year met the standards without violation. The total amount of waste water discharged in H1 2021 was 693,900 tons, among which, the chemical oxygen demand (COD) was 31.84 tons, ammonia nitrogen (NH₃-N) was 0.11 tons and total phosphorus (TP) was 0.12 ton. Continental Textile is equipped with multi-pipe and water film dust-separation devices to process the exhaust gas discharged from boilers. In H1 2021, all the equipment was in normal operation, and the exhaust gas inspection parameters were lower than the QCVN19: 2009/BTNMT emission standards set by Vietnam government. In H1 2021, the total amount of sulfur dioxide emissions was 26.32 tons, and the total amount of nitrogen oxides emissions was 24.97 tons.

Project Environmental Impact Assessment and Other Administrative Permission for Environmental Protection

In July 2021, the “Lu Thai Textile Co., Ltd. Intelligent Technology Upgrading Project of 25 million-meter High-grade Fabric Production Line”, the “Engineering Technology Research Institute Project”, the “Technology Upgrading Project of High-end Printing and Dyeing Fabric Finishing Production Process” and the “Technology Upgrading Project of Regenerated Fibre Production Line and Colored Spun Yarn Production Line” has completed the acceptance check. The “Lufeng Weaving and Dyeing’s High-end Printing and Dyeing Fabric Production Line Project” of the holding subsidiary Lufeng Weaving and Dyeing Co., Ltd. has been approved and is under construction. Zibo Xinsheng Thermal Power Co., Ltd. obtained the “Response of the Environmental Impact Report of the Shandong Provincial Department of Environmental Protection on the Extension Project of Zibo Xinsheng Thermal Power” (Luhuanjian [2015] No. 241), the phase II of the expansion project has been completed. Continental Textile’s Spinning Phase I and Dyeing Park Phase I environmental protection projects have been completed and accepted for confirmation. The spinning phase II and yarn dyeing park Phase II environmental assessment reports have been approved.

Emergency plan for environmental incidents

Lu Thai Textile Co., Ltd. and its majority-owned subsidiary Lufeng Weaving & Dyeing Co., Ltd. prepared the Emergency Plan for Environmental Incidents, which was filed with Zibo Environmental Protection Bureau Xichuan Branch. The wholly-owned subsidiary Zibo Xinsheng Thermal Power Co., Ltd. has formulated the “Emergency Plan for Environmental Incidents” and filed it with the environmental protection 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. The wholly-owned subsidiary Continental Textile Co., Ltd. has prepared emergency plans for different environmental incidents to reduce their impacts.

Environmental self-monitoring program

Lu Thai Textile Co., Ltd. and its majority-owned subsidiary Lufeng Weaving & Dyeing Co., Ltd. observed the requirements of the competent environment authorities to establish the following year’s environmental self-test plans in every February. In addition, they invited a qualified testing institution quarterly to conduct tests on sewage and waste gas according to the self-monitoring plan, duly disclosed the monitoring data to the Shandong Pollution Source Self-monitoring Sharing System, and submitted the test reports to the competent environment authorities. The wholly-owned 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. The wholly-owned subsidiary Continental Textile Co., Ltd. installs automatic sewage sampling and water quality automatic online monitoring devices, real-time automatic sampling and online monitoring of sewage effluent water quality; the company invites external qualified testing institutions to conduct sewage, sludge and exhaust gas quarterly Test and submit the test report to the environmental supervision department.

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

No

Other related environment protection information

No

The Company shall be subject to the disclosure requirements of Industry Information Disclosure Directive No. 17 of Shenzhen Stock Exchange – Listed Companies Engaged in Business Related to Textiles and Apparels

Environmental protection conformity situation of the Company in the report period

The Company and its majority-owned subsidiary Lufeng Weaving & Dyeing strictly implement the “Three Simultaneous” management system for environmental protection in project construction. The companies are equipped with complete facilities for waste gas and waste water treatment, wastewater is treated with hydrolysis and acidification technique + AO treatment process and finally discharged according to GB4287-2012 the Discharge Standard of Water Pollutants for Dyeing and Finishing of Textile Industry; the boiler exhaust is treated with low nitrogen combustion technology and meets DB37/2374-2018 the Emission Standards of Air Pollutants for Boilers in Shandong Province. The spray + electrostatic technology is adopted in the VOCs waste gas treatment, which meets the requirement in *Volatile Organic Emission Standard of Shandong Province: Part 7 - Other Industries DB37/2801.7-2019*. Temporary storage room of common solid waste and hazardous waste is constructed in accordance with environmental protection requirements, and the Company signs hazardous waste disposal contracts with third party qualified companies every year to dispose the hazardous waste of the Company on basis of conformity. The Company strictly observes environmental protection laws and regulations, and its projects have complete formalities and its environmental protection facilities are in normal operation; in 2021, the environmental protection departments of governments at various levels checked the Company more than 20 times but nonconformity was found.

Zibo Xinsheng Thermal Power utilizes neutralization basin to treat acidic and alkali wastewater, and reduces pH value to 6-9 after precipitation and neutralization. The treated wastewater and reverse osmosis water are used as desulfurizing water, coal feeding system rinsing water, road sprinkling water and coal yard water. Desulfurizing wastewater is treated with flocculation sedimentation purification process and the design output of wastewater treatment system is 10m³/h, and the water quality after treatment will meet the requirements of Discharge Standard of Wastewater from Limestone-gypsum Flue Gas Desulfurization System In Fossil Fuel Power Plant DL/T997-2006, and also meet the wastewater recycling requirement of the plant. The treated wastewater is used for damping dry dust. The stove ash generating from coal burning and gypsum generating from ultralow emission in Zibo Xinsheng Thermal Power. are general solid waste, the Company signs boiler ash and desulfurized gypsum supply and distribution agreements with building material factory, cement factory for full comprehensive utilization.

Intercontinental Textile uses the comprehensive treatment process “pre-materialization +A2O biochemistry + post-materialization + ozone treatment + activated sand filtration” to treat the industrial wastewater of the Company, and the relevant equipment has been properly operated for six years after installation, and the discharged wastewater meets the level A discharge standard in the Technical

Specifications of Vietnam on Industrial Wastewater Discharge (QCVN40: 2011/BTNMT). the boiler exhaust of the Company is treated with heat exchange and temperature reduction, dust separation, spraying, water film dust collection, absorption, chemical reaction and etc. Now the equipment has been installed and properly operated for six years. Exhaust discharge meets the discharge standard of Vietnam, “State Technical Specifications on Discharge of Industrial Inorganic Substances and Dust” (Circular 36/2015/TT-BTNMT). Hazardous waste and industrial waste warehouses are built up for separated storage of hazardous waste and industrial waste in accordance with the Vietnamese regulations, Regulations on Administration of Hazardous Waste (Circular 36/2015/TT-BTNMT) and Decision on Administration of Waste (Decree 38/2015/NĐ-CP), and waste transportation and disposal contracts are signed with local qualified treatment organizations, and relevant treatment records of waste are reported the environmental protection authority of Vietnam quarterly.

II Social Responsibility

During the Reporting Period, the company hired 7 people with poverty registration, and provided assistance to the impoverished and disabled people with an expenditure of RMB95,000.

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 share reform						
Commitments made in acquisition documents or shareholding alteration documents						
Commitments made in time of asset restructuring						
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	23 May 2019	From 23 May 2019 to 8 April 2026	On-going

			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.			
	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	23 May 2019	From 23 May 2019 to 8 April 2026	On-going

			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, 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.			
Equity incentive commitments						
Other commitments made to minority interests						
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 Disposal of Assets or Equity Investments

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. Amounts Due to and from Related Parties

Applicable Not applicable

No such cases in the Reporting Period.

5. Transactions with Related Finance Companies, or Finance Companies Controlled by the Company

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, finance company controlled by the Company or any other related parties.

6. 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 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
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
Continental Textile Co., Ltd.	25 January 2017	10,336.16	20 January 2017	1,217.26	Joint-liability			Five years since the approval of the board of the Company	No	Yes
Continental Textile Co., Ltd.	25 January 2017	17,765.28	20 January 2017	0	Joint-liability			Five years since the approval of the shareholders meeting of the Company	No	Yes

Continental Textile Co., Ltd.	27 October 2017	27,132.42	25 October 2017	8,172.38	Joint-liability			Five years since the approval of the shareholders meeting of the Company	No	Yes
Continental Textile Co., Ltd.	22 August 2018	7,106.11	20 August 2018	6,771.15	Joint-liability			Three years since the approval of the board of the Company	No	Yes
Continental Textile Co., Ltd.	29 March 2019	3,876.06	27 March 2019	3,876.06	Joint-liability			Three years since the approval of the board of the Company	No	Yes
Lu Thai (Tan Chau) Textile Co., Ltd.	28 September 2019	6,460.1	27 September 2019	1,292.02	Joint-liability			Three years since the approval of the board of the Company	No	Yes
Continental Textile Co., Ltd.	28 September 2019	10,982.17	27 September 2019	0	Joint-liability			Three years since the approval of the board of the Company	No	Yes
Continental Textile Co., Ltd.	28 September 2019	2,907.05	27 September 2019	0	Joint-liability			Three years since the approval of the board of the Company	No	Yes
Continental Textile Co., Ltd.	28 August 2020	12,920.2	26 August 2020	3,673.61	Joint-liability			Three years since the approval of the board of the Company	No	Yes
Lu Thai (Tan Chau) Textile Co., Ltd.	15 December 2020	9,044.14	14 December 2020	1,934	Joint-liability			Four years since the approval of the board of the Company	No	Yes
Lu Thai (Tan Chau) Textile Co., Ltd.	15 December 2020	3,876.06	14 December 2020	3,587.73	Joint-liability			Three years since the approval of the board of the	No	Yes

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
Lu An Garments Co., Ltd.	15 January 2021		3,230.05	13 January 2021	2,948.4	Joint-liability		Two years since the approval of the board of the Company	No	Yes
Continental Textile Co., Ltd./ Lu Thai (Tan Chau) Textile Co., Ltd.	18 May 2021		12,144.99	17 May 2021	4,394.42	Joint-liability		Three years since the approval of the board of the Company	No	Yes
Total approved line for such guarantees in the Reporting Period (B1)			15,375.04		Total actual amount of such guarantees in the Reporting Period (B2)			36,589.3		
Total approved line for such guarantees at the end of the Reporting Period (B3)			127,780.79		Total actual balance of such guarantees at the end of the Reporting Period (B4)			37,867.04		
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)			15,375.04		Total actual guarantee amount in the Reporting Period (A2+B2+C2)			36,589.3		
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)			127,780.79		Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)			37,867.04		
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets					4.81%					
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
Explanation about external guarantee violating established procedure (if any)	N/A

Compound guarantees:

Whether the Company needs to observe the disclosure requirements stipulated in Shenzhen Stock Exchange Industrial Information Disclosure Guidelines No.17-Listed Companies Engaging in Businesses in Relation to the Textile Industry

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 financial products	Raised funds	69,954	9,700	0	0
Bank financial products	Self-owned funds	52,143	0	0	0
Total		122,097	9,700	0	0

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

Applicable Not applicable

RMB'0,000

Name of the trustee	Type of the trustee	Type of the product	Amount	Resource of funds	Initial date	Ended Date	Use of fund	Method of payment determination	Annual yield for reference	Estimate profit (if any)	Amount of actual profits or losses in Reporting Period	Actual recovery of profits or losses in Reporting Period	Amount withdrawn impairment provision (if any)	Whether go through stator procedures	Whether there is wealth management entrustment plan in future or not	Overview of the item and the related index for inquiring (if any)
Agricultural Bank of China	Bank	Principal-protected	10,000	Raised funds	2020/07/02	2021/01/08	Bank financial products	One-off repayment of principal and interests at maturity	3.50%	171.88	171.88	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-051) disclosed on Cninfo on 23 May 2020
Qishang Bank	Bank	Principal-protected	5,000	Raised funds	2020/10/16	2021/01/14	Bank financial products	One-off repayment of principal and interests at maturity	3.50%	40.71	40.71	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-051) disclosed on Cninfo on 23 May 2020

Qishang Bank	Bank	Principal-protected	2,754	Raised funds	2020/12/10	2021/03/11	Bank financial products	One-off repayment of principal and interests at maturity	3.50%	22.67	22.67	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-051) disclosed on Cninfo on 23 May 2020
Qishang Bank	Bank	Principal-protected	5,000	Raised funds	2020/12/10	2021/03/11	Bank financial products	One-off repayment of principal and interests at maturity	3.50%	41.16	41.16	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-051) disclosed on Cninfo on 23 May 2020
Agricultural Bank of China	Bank	Principal-protected	10,000	Raised funds	2020/12/31	2021/03/25	Bank financial products	One-off repayment of principal and interests at maturity	3.15%	68.39	68.39	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-051) disclosed on Cninfo on 23 May 2020
Qishang Bank	Bank	Principal-protected	2,500	Raised funds	2021/03/19	2021/06/22	Bank financial products	One-off repayment of principal	3.70%	22.71	22.71	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-051) disclosed on Cninfo on 23 May

							ts	and							2020	
Agricultural Bank of China	Bank	Principal-protected	10,000	Raised funds	2021/01/22	2021/04/16	Bank financial products	One-off repayment of principal and interests at maturity	3.30%	71.65	71.65	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-051) disclosed on Cninfo on 23 May 2020
Agricultural Bank of China	Bank	Principal-protected	10,000	Raised funds	2021/03/30	2021/06/25	Bank financial products	One-off repayment of principal and interests at maturity	3.70%	83.2	83.2	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-051) disclosed on Cninfo on 23 May 2020
Agricultural Bank of China	Bank	Principal-protected	5,000	Raised funds	2021/03/30	2021/06/25	Bank financial products	One-off repayment of principal and interests at maturity	3.70%	41.6	41.6	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-051) disclosed on Cninfo on 23 May 2020
Agricultural Bank of China	Bank	Principal-protected	9,700	Raised funds	2021/04/27	2021/07/23	Bank	One-off	3.50%	76.34	0	-	0	Yes	Not yet	Refer to the related

Bank of China		Principal-protected		funds			financial products	repayment of principal and interests at maturity								announcement (No.: 2020-051) disclosed on Cninfo on 23 May 2020
Qishang Bank	Bank	Principal-protected	3,000	Self-owned funds	2020/10/16	2021/01/14	Bank financial products	One-off repayment of principal and interests at maturity	3.50%	24.42	24.42	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-059) disclosed on Cninfo on 14 August 2020
Qishang Bank	Bank	Principal-protected	5,000	Self-owned funds	2020/11/04	2021/02/02	Bank financial products	One-off repayment of principal and interests at maturity	3.50%	40.71	40.71	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-059) disclosed on Cninfo on 14 August 2020
Qishang Bank	Bank	Principal-protected	5,000	Self-owned funds	2020/11/11	2021/02/09	Bank financial products	One-off repayment of principal and interests at maturity	3.50%	40.71	40.71	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-059) disclosed on Cninfo on 14 August 2020

								interests at maturity								
Qishang Bank	Bank	Principal-protected	6,246	Self-owned funds	2020/12/10	2021/03/11	Bank financial products	One-off repayment of principal and interests at maturity	3.50%	51.42	51.42	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-059) disclosed on Cninfo on 14 August 2020
Qishang Bank	Bank	Principal-protected	3,000	Self-owned funds	2020/12/11	2021/01/20	Bank financial products	One-off repayment of principal and interests at maturity	3.40%	10.55	10.55	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-059) disclosed on Cninfo on 14 August 2020
Qishang Bank	Bank	Principal-protected	5,000	Self-owned funds	2020/12/18	2021/01/18	Bank financial products	One-off repayment of principal and interests at maturity	2.70%	10.61	10.61	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-059) disclosed on Cninfo on 14 August 2020
Qishang Bank	Bank	Principal-prot	2,600	Self-owned funds	2021/01/07	2021/02/19	Bank financial	One-off repayment	3.40%	9.82	9.82	Recovery on	0	Yes	Not yet	Refer to the related announcement (No.:

		ected					al produc ts	of principal and interests at maturity				schedule				2020-059) disclosed on Cninfo on 14 August 2020
Qishang Bank	Bank	Princip al-prot ected	2,000	Self-owne d funds	2021/01/27	2021/03/03	Bank financi al produc ts	One-off repayment of principal and interests at maturity	3.40%	6.15	6.15	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-059) disclosed on Cninfo on 14 August 2020
Qishang Bank	Bank	Princip al-prot ected	3,697	Self-owne d funds	2021/02/09	2021/05/18	Bank financi al produc ts	One-off repayment of principal and interests at maturity	3.50%	32.78	32.78	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-059) disclosed on Cninfo on 14 August 2020
Qishang Bank	Bank	Princip al-prot ected	7,000	Self-owne d funds	2021/02/24	2021/06/29	Bank financi al produc ts	One-off repayment of principal and interests at	3.60%	81.42	81.42	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-059) disclosed on Cninfo on 14 August 2020

								maturity								
Qishang Bank	Bank	Principal-protected	2,600	Self-owned funds	2021/02/24	2021/03/31	Bank financial products	One-off repayment of principal and interests at maturity	3.50%	8.23	8.23	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-059) disclosed on Cninfo on 14 August 2020
Qishang Bank	Bank	Principal-protected	2,000	Self-owned funds	2021/03/11	2021/06/15	Bank financial products	One-off repayment of principal and interests at maturity	3.60%	17.87	17.87	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-059) disclosed on Cninfo on 14 August 2020
Qishang Bank	Bank	Principal-protected	5,000	Self-owned funds	2021/03/19	2021/06/22	Bank financial products	One-off repayment of principal and interests at maturity	3.70%	45.43	45.43	Recovery on schedule	0	Yes	Not yet	Refer to the related announcement (No.: 2020-059) disclosed on Cninfo on 14 August 2020

Total	122,097	--	--	--	--	--	--	1,020.43	944.09	--	0	--	--	--
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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. Continuing Major Contracts

Applicable Not applicable

5. Other Major Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XIII Other Significant Events

Applicable Not applicable

As examined and approved by Shenzhen Stock Exchange, the Company's restricted B shares held by Tailun (Thailand) Textile Co., Ltd., with a volume of 118,232,400 shares, were lifted from restricted sales on 12 July 2021. For more information, please refer to the announcement disclosed on 9 July 2021 on the cninfo website (<http://www.cninfo.com.cn>).

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	119,038,937	13.87%				24,321,013	24,321,013	143,359,950	16.25%
1. Shares held by State									
2. Shares held by state-owned legal person									
3. Shares held by other domestic investors	806,537	0.09%				24,321,013	24,321,013	25,127,550	2.85%
Among which: Shares held by domestic legal person									
Shares held by domestic natural person	806,537	0.09%				24,321,013	24,321,013	25,127,550	2.85%
4. Shares held by other foreign investors	118,232,400	13.78%						118,232,400	13.40%
Among which: Shares held by foreign corporations	118,232,400	13.78%						118,232,400	13.40%
Shares held by foreign natural person									
II. Unrestricted shares	739,093,385	86.13%				-33,413	-33,413	739,059,972	83.75%
1. RMB ordinary shares	561,275,069	65.41%				-20,638	-20,638	561,254,431	63.60%
2. Domestically listed foreign shares	177,818,316	20.72%				-12,775	-12,775	177,805,541	20.15%

3. Overseas listed foreign shares							0		
4. Other							0		
III. Total shares	858,132,322	100.00%				24,287,600	24,287,600	882,419,922	100.00%

Reasons for share changes:

Applicable Not applicable

a) According to its 2021 restricted share incentive scheme, the Company have firstly granted 24,285,000 restricted ordinary A shares that were directly issued to the incentive staff on 7 June 2021.

b) Due to the fact that the Company had issued convertible A-share bonds on 9 April 2020, convertible bonds were converted to 2,600 shares in the period from the beginning of 2021 to 30 June 2021.

c) Due to the retirement of directors and the resignation of executives, the shares held by former directors or executives will be locked and adjusted in accordance with relevant regulations on the executive share management.

Approval of share changes:

Applicable Not applicable

1. On 13 May 2021, the first Extraordinary General Meeting of this year was held in the Company. Deliberated and approved were *Proposal on the Company's '2021 Restricted Share Incentive Scheme (Draft)' and Its Abstracts*, *Proposal on the Company's 'Implementation and Appraisal Regulations on 2021 Restricted Share Incentive Scheme'*, and *Proposal on Submitting the Authorization for the Board of Directors to Handle the Company's 2021 Restricted Share Incentive Scheme to the General Meeting of Shareholders*. *Self-inspection Report on the Company's 2021 Restricted Share Incentive Plan Insiders and Incentive Subjects' Trading of the Company's Shares* was disclosed.

2. On 17 May 2021, the Company convened the 24th Meeting of the 9th Board of Directors and the 15th Meeting of the 9th Supervisory Committee. Deliberated and approved were *Proposal on Adjusting the List of the Name and Number of Incentive Staff of 2021 Restricted Share Incentive Scheme* and *Proposal on Granting Restrictive Stocks to Incentive Staff*. The Board of Directors believed that the granting conditions specified in the incentive scheme had been fulfilled, and agreed to designate 17 May 2021 as the granting date. 24.285 million restricted shares were effectively granted to 750 incentive staff.

Transfer of share ownership:

Applicable Not applicable

On 7 June 2021, the first-granted restricted shares in the Company's 2021 Restricted Share Incentive Scheme were registered, as audited and confirmed by Shenzhen Stock Exchange and the Shenzhen branch of China Securities Depository and Clearing Corporation Limited.

Progress on any share repurchases:

Applicable Not applicable

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

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
Tailun (Thailand) Textile Co., Ltd.	Foreign legal person			118,232,400	Pre-IPO restricted shares	12 July 2021
Liu Zibin	111,217			111,217	Locked public shares held by senior management	The Company shall implement the provisions on restricted sale by directors, supervisors and senior management within tenure
Wang Fangshui	110,065		36,688	146,753	Locked public shares held by senior management	The Company shall implement the provisions on restricted sale by directors, supervisors and senior management
Qin Guiling	94,906			94,906	Locked public shares held by senior management	The Company shall implement the provisions on restricted sale by directors, supervisors and senior management within tenure
Zhang Hongmei	69,375		300,000	369,375	Locked public shares held by senior management: 69375 shares; restricted shares from equity incentive: 300000 shares	The Company shall implement the provisions on restricted sale by directors, supervisors and senior management within tenure, and lift the lock-up in batches according to the share incentive scheme
Wang Jiabin	62,775		300,000	362,775	Locked public shares held by	The Company shall implement the provisions on restricted sale by

					senior management: 62775 shares; restricted shares from equity incentive: 300000 shares	directors, supervisors and senior management within tenure, and lift the lock-up in batches according to the share incentive scheme
Yu Shouzheng	62,325		200,000	262,325	Locked public shares held by senior management: 62325 shares; restricted shares from equity incentive: 200000 shares	The Company shall implement the provisions on restricted sale by directors, supervisors and senior management within tenure, and lift the lock-up in batches according to the share incentive scheme
Zhang Zhanqi	60,225		300,000	360,225	Locked public shares held by senior management: 60225 shares; restricted shares from equity incentive: 300000 shares	The Company shall implement the provisions on restricted sale by directors, supervisors and senior management within tenure, and lift the lock-up in batches according to the share incentive scheme
Zhang Keming	58,275		200,000	258,275	Locked public shares held by senior management: 58275 shares; restricted shares from equity incentive: 200000 shares	The Company shall implement the provisions on restricted sale by directors, supervisors and senior management within tenure, and lift the lock-up in batches according to the share incentive scheme
Zhang Shougang	54,825			54,825	Locked public shares held by senior management	The Company shall implement the provisions on restricted sale by directors, supervisors and senior management within tenure
Zhang Jianxiang	39,112			39,112	Locked public shares held by senior management	The Company shall implement the provisions on restricted sale by directors, supervisors and senior

						management within tenure
Lyu Yongchen	25,312	6,300		19,012	Locked public shares held by senior management	The Company shall implement the provisions on restricted sale by directors, supervisors and senior management
Shang Chenggang	22,500		200,000	222,500	Locked public shares held by senior management: 22500 shares; restricted shares from equity incentive: 200000 shares	The Company shall implement the provisions on restricted sale by directors, supervisors and senior management within tenure, and lift the lock-up in batches according to the share incentive scheme
Wang Changzhao	16,875		5,625	22,500	Locked public shares held by senior management	The Company shall implement the provisions on restricted sale by directors, supervisors and senior management
Li Wenji	7,500		200,000	207,500	Locked public shares held by senior management: 7500 shares; restricted shares from equity incentive: 200000 shares	The Company shall implement the provisions on restricted sale by directors, supervisors and senior management within tenure, and lift the lock-up in batches according to the share incentive scheme
Liu Zilong	7,500			7,500	Locked public shares held by senior management	The Company shall implement the provisions on restricted sale by directors, supervisors and senior management within tenure
Dong Shibing	3,750			3,750	Locked public shares held by senior management	The Company shall implement the provisions on restricted sale by directors, supervisors and senior management within tenure
Du Lixin			200,000	200,000	Restricted shares from equity incentive	Lift the lock-up in batches according to the share incentive scheme

Zhang Wei			200,000	200,000	Restricted shares from equity incentive	Lift the lock-up in batches according to the share incentive scheme
Fu Guannan			200,000	200,000	Restricted shares from equity incentive	Lift the lock-up in batches according to the share incentive scheme
Guo Heng			200,000	200,000	Restricted shares from equity incentive	Lift the lock-up in batches according to the share incentive scheme
Other subjects of first-granted incentive of restricted share incentive scheme in 2021			21,785,000	21,785,000	Restricted shares from equity incentive	Lift the lock-up in batches according to the share incentive scheme
Total	119,038,937	6,300	24,327,313	143,359,950	--	--

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	58,740	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								
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	15.91%	140,353,583	0	0	140,353,583		
Tailun (Thailand) Textile Co., Ltd.	Foreign legal person	13.40%	118,232,400	0	118,232,400			

Central Huijin Assets Management Co., Ltd.	State-owned legal person	2.30%	20,315,300	0		20,315,300		
Bank of Communications-ICBC Credit Suisse Double Interest Bond Securities Investment Fund	Other	1.36%	11,999,859	11,999,859		11,999,859		
National Social Security Fund Portfolio 413	Domestic non-state-owned legal person	1.09%	9,600,051	150,000		9,600,051		
Zhong Ou Asset Management-Agricultural Bank of China-Zhong Ou China Securities Asset Management Plan	Other	0.59%	5,235,900	0		5,235,900		
Dacheng Fund-Agricultural Bank of China-Dacheng China Securities Asset Management Plan	Other	0.59%	5,235,900	0		5,235,900		
Harvest Fund-Agricultural Bank of China-Harvest China Securities Asset Management Plan	Other	0.59%	5,235,900	0		5,235,900		
GF Fund Management-Agricultural Bank of China-GF China Securities Asset Management Plan	Other	0.59%	5,235,900	0		5,235,900		
China Asset Management-Agricultural Bank of China-China China Securities Asset Management Plan	Other	0.59%	5,235,900	0		5,235,900		
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		Zibo Lucheng Textile Investment Co., Ltd. is the largest shareholder of the Company						

shareholders above	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			
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 share	ordinary 140,353,583
Central Huijin Assets Management Co., Ltd.	20,315,300	RMB share	ordinary 20,315,300
Bank of Communications- ICBC Credit Suisse Double Interest Bond Securities Investment Fund	11,999,859	RMB share	ordinary 11,999,859
National Social Security Fund Portfolio 413	9,600,051	RMB share	ordinary 9,600,051
Zhong Ou Asset Management-Agricultural Bank of China-Zhong Ou China Securities Asset Management Plan	5,235,900	RMB share	ordinary 5,235,900
Dacheng Fund-Agricultural Bank of China- Dacheng China Securities Asset Management Plan	5,235,900	RMB share	ordinary 5,235,900
Harvest Fund-Agricultural Bank of China-Harvest China Securities Asset Management Plan	5,235,900	RMB share	ordinary 5,235,900
GF Fund Management-Agricultural Bank of China-GF China Securities Asset Management Plan	5,235,900	RMB share	ordinary 5,235,900
China Asset Management-Agricultural Bank of China-China China Securities Asset Management Plan	5,235,900	RMB share	ordinary 5,235,900
Yinhua Fund-Agricultural Bank of China-Yinhua China Securities Asset Management Plan	5,235,900	RMB share	ordinary 5,235,900

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

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							
Fujiwara Hidetoshi	Director	Incumbent							
Chen Ruimou	Director	Incumbent							

Zeng Facheng	Director	Incu mbe nt							
Liu Deming	Director, Vice Controller of Global Marketing Department	Incu mbe nt							
Qin Guiling	Director	Incu mbe nt	126,542			126,542			
Zhang Hongmei	Director and Chief Accountant	Incu mbe nt	92,500	300,000		392,500		300,000	300,000
Zhou Zhiji	Independent Director	Incu mbe nt							
Pan Ailing	Independent Director	Incu mbe nt							
Wang Xinyu	Independent Director	Incu mbe nt							
Qu Dongmei	Independent Director	Incu mbe nt							
Zhang Shougang	Chairman of the Supervisory Committee	Incu mbe nt	73,100			73,100			
Liu Zilong	Supervisor	Incu mbe nt	10,000			10,000			
Dong Shibing	Supervisor, Manager of Logistics Management Department	Incu mbe nt	5,000			5,000			
Zhang Jianxiang	Vice president, Controller of Functional Fabric	Incu mbe nt	52,150			52,150			

	Product Line	nt							
Wang Jiabin	Vice president, Security Controller,	Incu mbe nt	83,700	300,000		383,700		300,000	300,000
Zhang Zhanqi	Vice president, Controller of Global Marketing Department	Incu mbe nt	80,300	300,000		380,300		300,000	300,000
Zhang Keming	Board Secretary, Controller of Financial Management Department	Incu mbe nt	77,700	200,000		277,700		200,000	200,000
Li Wenji	Controller of Business Management Department	Incu mbe nt	10,000	200,000		210,000		200,000	200,000
Zhang Wei	Controller of Strategy and Market Department	Incu mbe nt		200,000		200,000		200,000	200,000
Fujiwara Matsuzaka	GM of Japan Office	Incu mbe nt							
Yu Shouzheng	Controller of Energy and Environment Protection Department	Incu mbe nt	83,100	200,000		283,100		200,000	200,000
Shang Chenggan	Controller of Garment Product Line	Incu mbe nt	30,000	200,000		230,000		200,000	200,000
Du Lixin	Chief Engineer, Executive Dean of Lu Thai Engineering Technology Research Institute	Incu mbe nt		200,000		200,000		200,000	200,000
Guo Heng	Vice GM of Shandong Lulian New Materials Co., Ltd.	Incu mbe nt		200,000		200,000		200,000	200,000
Fu Guannan	President Assistant	Incu mbe nt		200,000		200,000		200,000	200,000

Wang Fangshui	Director	Former	146,753			146,753			
Bi Xiuli	Independent Director	Former							
Wang Changzhao	Executive Dean of Lu Thai Engineering Technology Research Institute	Former	22,500			22,500			
Total	--	--	1,041,635	2,500,000	0	3,541,635	0	2,500,000	2,500,000

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 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).

2. Accumulative Conversion

√ Applicable □ Not applicable

Abbreviation	Start date	Total circulation (piece)	Total amount	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	15 October 2020	14,000,000	1,400,000,000.00	119,400.00	13,381	0.00%	1,399,880,600.00	99.99%

3. Top 10 Convertible Bond Holders

Unit: share

No.	Name of holders	Nature of holders	Number of convertible bonds	Amount of convertible bonds	As % of convertible
-----	-----------------	-------------------	-----------------------------	-----------------------------	---------------------

			held at the period-end (share)	held at the period-end (RMB)	bonds held at the period-end
1	Guosen Securities Co., Ltd.	State-owned legal person	1,450,930	145,093,000.00	10.36%
2	ICBC Credit Suisse Tianxiang Hybrid Pension Products-Industrial and Commercial Bank of China	Other	675,551	67,555,100.00	4.83%
3	China Minsheng Banking Corporation Limited-Essence Sustaining Value-added and Dynamic Asset Allocation Mixed Type Securities Investment Fund	Other	630,004	63,000,400.00	4.50%
4	Industrial and Commercial Bank of China – China Universal Convertible Bond Securities Investment Fund	Other	581,095	58,109,500.00	4.15%
5	Shanghai Pudong Development Bank – E Fund Yuxiang Return Bond Securities Investment Fund	Other	542,427	54,242,700.00	3.87%
6	China Merchants Bank Co., Ltd.- Essence Sustaining Profit Increase Mixed Type Securities Investment Fund	Other	505,005	50,500,500.00	3.61%
7	National Social Security Fund Portfolio 1002	Other	493,247	49,324,700.00	3.52%
8	Genertec Investment Management Co., Ltd.	State-owned legal person	434,645	43,464,500.00	3.10%
9	Fullgoal Fuyi Progressive Fixed Benefit Pension Product- Industrial and Commercial Bank of China	Other	424,112	42,411,200.00	3.03%
10	National Social Security Fund Portfolio 1005	Other	415,369	41,536,900.00	2.97%

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	Period-end	The end of last year	Increase/decrease
Current ratio	294.37%	268.48%	25.89%
Asset-liability ratio	32.33%	33.29%	-0.96%
Quick ratio	176.78%	162.17%	14.61%
	Reporting Period	Same period of last year	YoY increase/decrease
Net profit after deducting non-recurring profit or loss	5,428.15	10,810.56	-49.79%
Debt/EBITDA ratio	0.14%	0.14%	0.00%
Interest cover (times)	4.96	4.88	1.64%
Cash-to-interest cover (times)	5.15	5.62	-8.36%
EBITDA interest coverage ratio	10.95	10.66	2.72%
Rate of redemption	100.00%	100.00%	
Interest coverage	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 2021

Unit: RMB

Item	30 June 2021	31 December 2020
Current assets:		
Monetary assets	2,039,571,421.60	1,400,478,034.81
Held-for-trading financial assets	124,052,667.02	268,456,216.98
Derivative financial assets		
Notes receivable	222,064,350.43	182,994,110.86
Accounts receivable	467,077,027.00	522,425,219.87
Accounts receivable financing	29,582,908.88	55,150,926.34
Prepayments	58,244,197.83	19,611,775.28
Other receivables	79,655,594.80	105,710,818.69
Including: Interest receivable		
Dividends receivable	47,025,975.44	75,488,652.49
Financial assets purchased under resale agreements		
Inventories	2,079,485,243.20	1,988,968,681.64
Current portion of non-current assets	46,625,009.15	45,750,018.30
Other current assets	59,213,123.64	433,432,258.63

Total current assets	5,205,571,543.55	5,022,978,061.40
Non-current assets:		
Long-term receivables	41,847,020.06	41,053,183.15
Long-term equity investment	128,409,211.89	138,079,577.25
Other equity instrument investment		
Other non-current financial assets	156,915,620.25	156,915,620.25
Investment property	21,812,985.44	22,263,668.85
Fixed assets	5,643,953,088.23	5,661,592,991.66
Construction in progress	293,251,051.85	356,273,197.49
Right-of-use assets	161,742,107.43	
Intangible assets	368,399,517.46	373,543,480.84
Development costs		
Goodwill	20,563,803.29	20,563,803.29
Long-term deferred expenses	1,039,474.40	118,340,494.60
Deferred income tax assets	130,640,687.96	122,865,841.69
Other non-current assets	226,619,800.99	95,434,040.18
Total non-current assets	7,195,194,369.25	7,106,925,899.25
Total assets	12,400,765,912.80	12,129,903,960.65
Current liabilities:		
Short-term borrowings	991,568,008.40	930,871,008.19
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	236,877,923.06	243,262,473.69
Advances from customers		
Contract liabilities	146,761,705.56	141,339,705.62
Payroll payable	220,896,759.48	265,648,198.38
Taxes payable	33,875,062.59	36,468,978.77
Other payables	21,013,345.96	17,587,470.79
Including: Interest payable		

Dividends payable	441,113.64	441,113.64
Held-for-sale liabilities		
Current portion of non-current liabilities	35,776,283.56	43,149,400.13
Other current liabilities	81,612,744.54	192,574,674.68
Total current liabilities	1,768,381,833.15	1,870,901,910.25
Non-current liabilities:		
Long-term borrowings	659,734,579.14	495,520,342.78
Bonds payable	1,370,297,472.37	1,350,171,526.97
Lease liabilities	32,226,761.06	
Long-term payables		
Long-term payroll payable	45,772,995.06	62,137,656.00
Provisions		
Deferred income	176,361,848.15	173,862,983.31
Deferred income tax liabilities	85,704,360.07	85,633,161.44
Other non-current liabilities		
Total non-current liabilities	2,370,098,015.85	2,167,325,670.50
Total liabilities	4,138,479,849.00	4,038,227,580.75
Owners' equity:		
Share capital	882,419,922.00	858,132,322.00
Other equity instruments	71,385,268.76	71,386,451.81
Capital reserves	317,616,396.30	255,912,488.01
Less: Treasury stock		
Other comprehensive income	-13,413,764.20	1,308,922.89
Specific reserve		
Surplus reserves	1,154,017,457.79	1,154,017,457.79
General reserve		
Retained earnings	5,456,196,302.48	5,346,819,948.22
Total equity attributable to owners of the Company as the parent	7,868,221,583.13	7,687,577,590.72
Non-controlling interests	394,064,480.67	404,098,789.18
Total owners' equity	8,262,286,063.80	8,091,676,379.90

Total liabilities and owners' equity	12,400,765,912.80	12,129,903,960.65
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Legal representative: Liu Zibin

Chief Accountant: Zhang Hongmei

Financial Manager: Zhang Keming

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	30 June 2021	31 December 2020
Current assets:		
Monetary assets	1,116,523,734.67	729,437,231.33
Held-for-trading financial assets	19,242,000.00	163,636,075.34
Derivative financial assets		
Notes receivable	96,970,966.74	108,863,689.79
Accounts receivable	277,335,192.64	326,166,935.10
Accounts receivable financing	16,349,613.80	48,764,088.05
Prepayments	49,110,806.94	13,059,806.74
Other receivables	1,947,833,748.48	1,500,882,682.19
Including: Interest receivable		
Dividends receivable	47,025,975.44	75,488,652.49
Inventories	1,104,446,945.96	1,097,438,610.46
Contract assets		
Available-for-sale assets		
Current portion of non-current assets	46,625,009.15	45,750,018.30
Other current assets	5,310,118.06	247,860,882.02
Total current assets	4,679,748,136.44	4,281,860,019.32
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables	41,847,020.06	41,053,183.15
Long-term equity investments	2,781,480,493.77	2,555,150,859.13
Investments in other equity instruments		

Other non-current financial assets	144,915,620.25	144,915,620.25
Investment property	59,059,918.70	29,734,239.22
Fixed assets	2,352,046,544.08	2,471,686,117.72
Construction in progress	47,162,095.82	48,694,822.74
Right-of-use assets	46,136,458.69	
Intangible assets	221,756,813.90	225,128,308.75
Development costs		
Goodwill		
Long-term deferred expenses	1,039,474.40	1,406,347.76
Deferred income tax assets	59,998,125.17	65,729,304.26
Other non-current assets	10,226,737.66	7,936,745.28
Total non-current assets	5,765,669,302.50	5,591,435,548.26
Total assets	10,445,417,438.94	9,873,295,567.58
Current liabilities:		
Short-term borrowings	549,208,356.03	332,466,931.13
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	180,260,865.99	132,231,596.74
Advances from customers		
Contract liabilities	66,521,266.93	56,841,289.66
Payroll payable	160,055,528.93	202,694,515.93
Taxes payable	23,093,701.53	21,896,035.49
Other payables	17,206,697.02	79,668,657.80
Including: Interest payable		
Dividends payable	441,113.64	441,113.64
Liabilities held for sale		
Current portion of non-current liabilities	23,244,146.50	4,000,000.00
Other current liabilities	57,302,889.18	166,257,466.30
Total current liabilities	1,076,893,452.11	996,056,493.05

Non-current liabilities:		
Long-term borrowings	659,734,579.14	495,520,342.78
Bonds payable	1,370,297,472.37	1,350,171,526.97
Lease liabilities	30,785,894.31	
Long-term payables		
Long-term payroll payable	45,772,995.06	62,137,656.00
Provisions		
Deferred income	134,130,153.39	131,546,549.87
Deferred income tax liabilities	59,591,817.72	58,927,115.71
Other non-current liabilities		
Total non-current liabilities	2,300,312,911.99	2,098,303,191.33
Total liabilities	3,377,206,364.10	3,094,359,684.38
Owners' equity:		
Share capital	882,419,922.00	858,132,322.00
Other equity instruments	71,385,268.76	71,386,451.81
Capital reserves	378,996,430.54	317,292,522.25
Less: Treasury stock		
Other comprehensive income	-163,748.92	-424,313.33
Specific reserve		
Surplus reserves	1,150,908,718.15	1,150,908,718.15
Retained earnings	4,584,664,484.31	4,381,640,182.32
Total owners' equity	7,068,211,074.84	6,778,935,883.20
Total liabilities and owners' equity	10,445,417,438.94	9,873,295,567.58

3. Consolidated Income Statement

Unit: RMB

Item	H1 2021	H1 2020
1. Revenue	2,220,313,650.94	2,286,744,080.79
Including: Operating revenue	2,220,313,650.94	2,286,744,080.79
2. Costs and expenses	2,173,672,124.61	2,127,801,124.48
Including: Cost of sales	1,811,241,743.20	1,683,752,331.27

Taxes and surcharges	28,158,126.87	35,766,255.41
Selling expense	48,546,795.06	81,739,905.59
Administrative expense	130,118,046.40	177,893,599.47
Development cost	131,384,483.80	123,441,723.06
Finance costs	24,222,929.28	25,207,309.68
Including: Interest expense	28,972,821.31	38,659,705.45
Interest income	14,562,127.13	13,506,359.51
Add: Other income	19,089,311.11	36,850,705.82
Return on investment (“-” for loss)	29,181,508.22	150,730,013.89
Including: Share of profit or loss of joint ventures and associates	-1,789,070.68	-3,579,523.35
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)	8,034,224.66	-144,695,954.16
Credit impairment loss (“-” for loss)	12,613,175.75	-1,553,716.48
Asset impairment loss (“-” for loss)	-7,035,233.41	-24,613,079.38
Asset disposal income (“-” for loss)	58,531,388.42	-353,863.18
3. Operating profit (“-” for loss)	167,055,901.08	175,307,062.82
Add: Non-operating income	1,184,008.01	2,125,819.41
Less: Non-operating expense	2,589,928.93	2,383,926.90
4. Profit before tax (“-” for loss)	165,649,980.16	175,048,955.33
Less: Income tax expense	22,209,233.14	27,067,833.69
5. Net profit (“-” for net loss)	143,440,747.02	147,981,121.64
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	143,440,747.02	147,981,121.64
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to owners of the Company as the parent	153,497,344.66	144,119,579.22
5.2.1 Net profit attributable to non-controlling interests	-10,056,597.64	3,861,542.42
6. Other comprehensive income, net of tax	-14,700,397.96	21,295,310.76

Attributable to owners of the Company as the parent	-14,722,687.09	21,295,310.76
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	-14,722,687.09	21,295,310.76
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	-365.50	
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	-14,722,321.59	21,295,310.76
6.2.7 Other		
Attributable to non-controlling interests	22,289.13	
7. Total comprehensive income	128,740,349.06	169,276,432.40
Attributable to owners of the Company as the parent	138,774,657.57	165,414,889.98
Attributable to non-controlling interests	-10,034,308.51	3,861,542.42
8. Earnings per share		
8.1 Basic earnings per share	0.17	0.17
8.2 Diluted earnings per share	0.19	0.16

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 Hongmei

Financial Manager: Zhang Keming

4. Income Statement of the Company as the Parent

Unit: RMB

Item	H1 2021	H1 2020
1. Operating revenue	1,546,770,256.74	1,524,486,328.98
Less: Cost of sales	1,233,607,256.57	1,181,364,557.21
Taxes and surcharges	18,073,275.27	23,730,341.94
Selling expense	35,265,127.32	46,988,183.91
Administrative expense	75,940,716.94	111,338,619.84
R&D expense	92,384,664.97	82,599,289.44
Finance costs	7,127,260.14	5,664,248.42
Including: Interest expense	13,954,488.83	10,420,836.93
Interest income	11,629,881.84	3,879,751.58
Add: Other income	13,305,144.20	26,850,419.74
Return on investment (“-” for loss)	111,926,435.70	297,360,063.89
Including: Share of profit or loss of joint ventures and associates	-1,789,070.68	-3,579,523.35
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)	5,605,924.66	-143,854,551.38
Credit impairment loss (“-” for loss)	11,175,804.15	1,110,012.04
Asset impairment loss (“-” for loss)	-3,411,935.03	-20,100,921.17
Asset disposal income (“-” for loss)	58,532,217.69	-414,285.87
2. Operating profit (“-” for loss)	281,505,546.90	233,751,825.47
Add: Non-operating income	972,603.08	1,982,724.35
Less: Non-operating expense	2,054,627.77	1,505,277.66
3. Profit before tax (“-” for loss)	280,423,522.21	234,229,272.16
Less: Income tax expense	33,278,229.82	12,153,281.55
4. Net profit (“-” for net loss)	247,145,292.39	222,075,990.61
4.1 Net profit from continuing operations (“-” for net loss)	247,145,292.39	222,075,990.61
4.2 Net profit from discontinued operations (“-” for net loss)		

5. Other comprehensive income, net of tax	260,564.41	
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	260,564.41	
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	260,564.41	
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		
6. Total comprehensive income	247,405,856.80	222,075,990.61
7. Earnings per share		
7.1 Basic earnings per share	0.28	0.26
7.2 Diluted earnings per share	0.29	0.26

5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2021	H1 2020
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	2,188,519,072.50	2,349,623,633.05
Tax rebates	49,776,817.94	88,289,716.37
Cash generated from other operating activities	40,450,105.81	55,602,212.50
Subtotal of cash generated from operating activities	2,278,745,996.25	2,493,515,561.92

Payments for commodities and services	1,226,604,647.77	1,263,252,180.21
Cash paid to and for employees	720,934,623.02	818,429,524.90
Taxes paid	80,233,114.94	98,517,829.70
Cash used in other operating activities	68,212,585.38	103,923,761.42
Subtotal of cash used in operating activities	2,095,984,971.11	2,284,123,296.23
Net cash generated from/used in operating activities	182,761,025.14	209,392,265.69
2. Cash flows from investing activities:		
Proceeds from disinvestment	1,123,970,000.00	50,131,167.06
Return on investment	47,849,203.51	146,015,342.75
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	710,556.50	2,828,220.00
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	37,938,763.04	46,094,785.79
Subtotal of cash generated from investing activities	1,210,468,523.05	245,069,515.60
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	287,358,483.38	318,762,103.03
Payments for investments	620,970,000.00	52,215,000.00
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	2,365,093.84	3,231,380.25
Subtotal of cash used in investing activities	910,693,577.22	374,208,483.28
Net cash generated from/used in investing activities	299,774,945.83	-129,138,967.68
3. Cash flows from financing activities:		
Capital contributions received	80,383,350.00	50,000,000.00
Including: Capital contributions by non-controlling interests to subsidiaries		50,000,000.00
Borrowings raised	843,468,990.63	2,152,485,725.20
Cash generated from other financing activities		174,000,000.00
Subtotal of cash generated from financing activities	923,852,340.63	2,376,485,725.20
Repayment of borrowings	692,224,712.96	1,075,621,432.55
Interest and dividends paid	66,479,635.99	81,488,219.93
Including: Dividends paid by subsidiaries to non-controlling interests		50,000,000.00

Cash used in other financing activities	9,339,306.00	160,000,000.00
Subtotal of cash used in financing activities	768,043,654.95	1,317,109,652.48
Net cash generated from/used in financing activities	155,808,685.68	1,059,376,072.72
4. Effect of foreign exchange rates changes on cash and cash equivalents	-3,229,063.94	460,253.84
5. Net increase in cash and cash equivalents	635,115,592.71	1,140,089,624.57
Add: Cash and cash equivalents, beginning of the period	1,396,530,407.47	878,559,018.92
6. Cash and cash equivalents, end of the period	2,031,646,000.18	2,018,648,643.49

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	H1 2021	H1 2020
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	1,577,179,188.45	1,618,771,452.43
Tax rebates	3,977,675.63	36,161,757.59
Cash generated from other operating activities	30,694,841.32	32,417,593.75
Subtotal of cash generated from operating activities	1,611,851,705.40	1,687,350,803.77
Payments for commodities and services	803,497,278.61	1,120,352,074.73
Cash paid to and for employees	440,588,791.54	497,295,354.33
Taxes paid	45,320,520.61	43,095,322.48
Cash used in other operating activities	52,552,741.22	70,463,669.09
Subtotal of cash used in operating activities	1,341,959,331.98	1,731,206,420.63
Net cash generated from/used in operating activities	269,892,373.42	-43,855,616.86
2. Cash flows from investing activities:		
Proceeds from disinvestment	549,430,000.00	50,131,167.06
Return on investment	132,956,299.26	296,015,342.75
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	804,625.93	9,912,775.89
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	495,197,496.03	411,047,820.90
Subtotal of cash generated from investing activities	1,178,388,421.22	767,107,106.60
Payments for the acquisition of fixed assets, intangible assets and other long-lived	41,200,695.39	28,778,618.38

assets		
Payments for investments	392,970,000.00	208,165,000.00
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	928,911,558.44	535,327,516.63
Subtotal of cash used in investing activities	1,363,082,253.83	772,271,135.01
Net cash generated from/used in investing activities	-184,693,832.61	-5,164,028.41
3. Cash flows from financing activities:		
Capital contributions received	80,383,350.00	
Borrowings raised	442,042,271.59	1,538,788,675.65
Cash generated from other financing activities	58,215,720.00	58,280,000.00
Subtotal of cash generated from financing activities	580,641,341.59	1,597,068,675.65
Repayment of borrowings	86,522,398.76	298,208,024.53
Interest and dividends paid	60,176,992.11	16,129,305.81
Cash used in other financing activities	133,919,601.16	135,072,100.00
Subtotal of cash used in financing activities	280,618,992.03	449,409,430.34
Net cash generated from/used in financing activities	300,022,349.56	1,147,659,245.31
4. Effect of foreign exchange rates changes on cash and cash equivalents	-1,488,714.12	-58,014.74
5. Net increase in cash and cash equivalents	383,732,176.25	1,098,581,585.30
Add: Cash and cash equivalents, beginning of the period	728,346,695.28	259,320,863.08
6. Cash and cash equivalents, end of the period	1,112,078,871.53	1,357,902,448.38

7. Consolidated Statements of Changes in Owners' Equity

H1 2021

Unit: RMB

Item	H1 2021												Non-controlling interests	Total owners' equity
	Equity attributable to owners of the Company as the parent													
	Share capital	Other equity instruments		Capital reserves	Less : Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	General reserve	Retained earnings	Other	Subtotal		
	Preferred shares	Perpetual bonds												
1. Balances as at the end of the prior year	858,132,322.00		71,386,451.81	255,912,488.01		1,308,922.89		1,154,017,457.79		5,346,819,948.22		7,687,577,590.72	404,098,789.18	8,091,676,379.90
Add: Adjustments for changed accounting policies														
Adjustments for corrections of previous errors														
Adjustments for business combinations under common control														
Other adjustments														
2. Balances as at the beginning of the year	858,132,322.00		71,386,451.81	255,912,488.01		1,308,922.89		1,154,017,457.79		5,346,819,948.22		7,687,577,590.72	404,098,789.18	8,091,676,379.90
3. Increase/ decrease in the period ("-" for decrease)	24,287,600.00		-1,183.05	61,703,908.29		-14,722,687.09				109,376,354.26		180,643,992.41	-10,034,308.51	170,609,683.90

3.1 Total comprehensive income							-14,722,687.09				153,497,344.66		138,774,657.57	-10,034,308.51	128,740,349.06
3.2 Capital increased and reduced by owners	24,287,600.00			-1,183.05	61,703,908.29								85,990,325.24		85,990,325.24
3.2.1 Ordinary shares increased by shareholders	24,287,600.00				61,703,908.29								85,991,508.29		85,991,508.29
3.2.2 Capital increased by holders of other equity instruments				-1,183.05									-1,183.05		-1,183.05
3.2.3 Share-based payments included in owners' equity															
3.2.4 Other															
3.3 Profit distribution											-44,120,990.40		-44,120,990.40		-44,120,990.40
3.3.1 Appropriation to surplus reserves															
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or shareholders)											-44,120,990.40		-44,120,990.40		-44,120,990.40
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															

		sh are s	bo rd s									
1. Balances as at the end of the prior year	858,121,541.00				258,046,245.42	91,626,571.75	1,117,267,351.63	5,372,073,615.12	7,697,135,324.92	602,169,223.52	8,299,304,548.44	
Add: Adjustments for changed accounting policies												
Adjustments for corrections of previous errors												
Adjustments for business combinations under common control												
Other adjustments												
2. Balances as at the beginning of the year	858,121,541.00				258,046,245.42	91,626,571.75	1,117,267,351.63	5,372,073,615.12	7,697,135,324.92	602,169,223.52	8,299,304,548.44	
3. Increase/ decrease in the period (“-” for decrease)				71,391,357.42		21,295,310.76		58,307,425.12	150,994,093.30	3,861,542.42	154,855,635.72	
3.1 Total comprehensive income						21,295,310.76		144,119,579.22	165,414,889.98	3,861,542.42	169,276,432.40	
3.2 Capital increased and reduced by owners				71,391,357.42					71,391,357.42	50,000,000.00	121,391,357.42	
3.2.1 Ordinary shares increased by shareholders										50,000,000.00	50,000,000.00	
3.2.2 Capital increased by holders of other equity instruments				71,391,357.42					71,391,357.42		71,391,357.42	
3.2.3 Share-based payments included in owners' equity												

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	858,121,541.00		71,391,357.42	258,046,245.42	112,921,882.51	1,117,267,351.63	5,430,381,040.24	7,848,129,418.22	606,030,765.94	8,454,160,184.16			

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

H1 2021

Unit: RMB

Item	H1 2021											
	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	858,132,322.00			71,386,451.81	317,292,522.25		-424,313.33		1,150,908,718.15	4,381,640,182.32		6,778,935,883.20
Add: Adjustments for changed accounting policies												
Adjustments for corrections of previous errors												
Other adjustments												
2. Balances as at the beginning of the year	858,132,322.00			71,386,451.81	317,292,522.25		-424,313.33		1,150,908,718.15	4,381,640,182.32		6,778,935,883.20
3. Increase/ decrease in the period ("-" for decrease)	24,287,600.00			-1,183.05	61,703,908.29		260,564.41			203,024,301.99		289,275,191.64

3.1 Total comprehensive income							260,564.41			247,145,292.39		247,405,856.80
3.2 Capital increased and reduced by owners	24,287,600.00			-1,183.05	61,703,908.29							85,990,325.24
3.2.1 Ordinary shares increased by shareholders	24,287,600.00				61,703,908.29							85,991,508.29
3.2.2 Capital increased by holders of other equity instruments				-1,183.05								-1,183.05
3.2.3 Share-based payments included in owners' equity												
3.2.4 Other												
3.3 Profit distribution										-44,120,990.40		-44,120,990.40
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-44,120,990.40		-44,120,990.40
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	882,419,922.00			71,385,268.76	378,996,430.54		-163,748.92		1,150,908,718.15	4,584,664,484.31		7,068,211,074.84

H1 2020

Unit: RMB

Item	H1 2020											
	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	858,121,541.00				317,206,232.47				1,114,158,611.99	4,136,701,381.01		6,426,187,766.47

Add: Adjustments for changed accounting policies												
Adjustments for corrections of previous errors												
Other adjustments												
2. Balances as at the beginning of the year	858,121,541.00				317,206,232.47				1,114,158,611.99	4,136,701,381.01		6,426,187,766.47
3. Increase/ decrease in the period (“-” for decrease)				71,391,357.42						136,263,836.51		207,655,193.93
3.1 Total comprehensive income										222,075,990.61		222,075,990.61
3.2 Capital increased and reduced by owners				71,391,357.42								71,391,357.42
3.2.1 Ordinary shares increased by shareholders												
3.2.2 Capital increased by holders of other equity instruments				71,391,357.42								71,391,357.42
3.2.3 Share-based payments included in owners’ equity												
3.2.4 Other												
3.3 Profit distribution										-85,812,154.10		-85,812,154.10
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners										-85,812,154.10		-85,812,154.10

(or shareholders)												
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	858,121,541.00			71,391,357.42	317,206,232.47				1,114,158,611.99	4,272,965,217.52		6,633,842,960.40

period												
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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).

According to the resolution of the Company's first extraordinary general meeting in 2021 and the resolution of the 24th meeting of the 9th board of directors, the Company issues 24,285,000 restricted shares to 750 subjects of incentive, with contribution made by subjects of restricted share incentive by means of monetary capital.

As of 30 June 2021, 13,400 shares are added to conversion of shares due to the issue of A-share convertible bond by the Company.

As of 30 June 2021, the registered capital of the Company was RMB882.4199 million.

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 Manufacturing Center, Garment Manufacturing Center, 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 (hereinafter referred to as "the Group") shall include: the design, R&D, production and sales of various textiles and garments including yarns, fabrics, blouses/shirts, suits and coats etc.; the textiles and

clothing testing; the production and sales of Class I medical devices; the production and sales of non-medical masks and protective clothing; the technical development, service and consultation based on the e-commerce platform; the processing and sales of mechanical and electrical products; the procurement of agricultural products; hotel, restaurant, catering, conference and training services; the lease of self-owned premises and lands; the non-quota license management; the procurement and sales of non-exclusive goods.

The Company's financial statements and Notes thereof have been approved by the 26th Meeting of the 9th Board of Directors held on 26 August 2021.

There were 19 subsidiaries included into the consolidation scope of the Company in H1 2021, and for the details, please refer to Note VIII. "Changes of Consolidation Scope" and Notes IX. "Equities among Other Entities".

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 Group 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 2014) issued by China Securities Regulatory Commission.

The Group'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:

Specific accounting policies and accounting estimates indicators:

The Group determines income recognition policy according to its production and operation characteristics, and the specific accounting policies are shown in Note V (26).

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 2021, business results and cash flows for the January to December of H1 2021, 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 Group 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 to their major economic environment of the operating. When preparing the financial statements for the Reporting Period, the Group adopted RMB as the recording currency.

5. 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, except for adjustments due to different accounting policies, 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

In specific financial statements, the share of book value of the net assets of the combined party that shall be enjoyed in the combined financial statements of the final control party on the combination date as calculated according to the shareholding ratio of the combination date is regarded as the initial investment cost of the investment; the difference between the initial investment cost and the sum of book value of investment held before combination plus the book value of the consideration newly paid on the combination date is used for adjusting the capital reserve (capital stock premium), and if the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

In the combined financial statements, the assets and liabilities of the combined party acquired by the combining party in the combination, except for adjustments due to different accounting policies, 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.

(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.

6. Preparation of the Consolidated Financial Statements

(1) Consolidation scope

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. Subsidiaries refer to the entities controlled by the Company (including enterprises, divisible parts of invested entities, structured entities, etc.).

(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.

(3) Purchase of minority shareholders' equity of subsidiaries

As for the difference between the cost of a long-term equity investment newly acquired due to the purchase of the minority shares and the share of net assets of the subsidiary continuously accounted from the purchase date or combination date the Company shall enjoy based on the new shareholding ratio and the difference between the disposal price of partial equity investments in the subsidiary under the premise of remaining the control power and the share of net assets of the subsidiary continuously accounted from the purchase date or combination date the Company shall enjoy and corresponding to the disposal of long-term equity investments, the capital reserve (capital stock premium) in the consolidated balance sheet shall be adjusted and when the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

(4) Treatment of loss of control over subsidiaries

If the control over the original subsidiary is lost due to the disposal of partial equity investments or other reasons, the residual equity shall be remeasured at the fair value on the date of losing the control power; the balance of the sum of the consideration obtained

from equity disposal and the fair value of residual equity after deducting the sum of the share of the carrying value of net assets in the original subsidiary continuously accounted from the purchase date the Company shall enjoy based on the original shareholding ratio and the goodwill shall be recorded into the investment income of the period when the control power is lost. The other comprehensive income related to the equity investments in the original subsidiary shall be transferred to the current profit or loss when the control power is lost except for the other comprehensive income arising from changes in net liabilities or net assets due to the remeasurement of defined benefit plan by the investee.

7. 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 Group that are short-term, highly liquid, easily convertible into known amounts of cash, and have little risk of change in value.

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

(1) Foreign currency business

The Group's foreign currency business is translated into the amount of the recording currency at 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.

(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 current average exchange rate on the transaction date.

All items in the cash flow statement are converted according to the current average 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.

9. 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 Group 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 measured at amortized cost

The Group 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 Group'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 Group 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 Group'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 Group 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 Group 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 Group manages financial assets to generate cash flow. The business model determines whether the cash flow of the financial assets managed by the Group comes from the collection of contractual cash flow, the sale of financial assets or both. The Group 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 Group 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 Group 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 Group 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.

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 Group is expected to be entitled to receive is taken as the initial recognition amount.

(3) Classification and measurement of financial liabilities

The Group'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 Group 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 Group's own equity instruments, it is necessary to consider whether the Group'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 Group's financial liability; if the latter is the case, this instrument is the Group's equity instrument.

(4) Derivative financial instruments and embedded derivatives

The Group's derivative financial instruments include forward foreign exchange contracts. 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(10) for the method of determining the fair value of financial assets and liabilities.

(6) Impairment of financial assets

The Group 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 creditors' 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 Group, 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group needs to consider is the longest contract term that the enterprise faces credit risk (including the option to renew the contract).

The Group 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.

The Group 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 cannot be used to evaluate the expected credit loss information at a reasonable cost, the Group will divide the notes receivable and accounts receivable 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 and L/C

Notes receivable portfolio 2: commercial acceptance bills

B. Accounts receivable

Accounts receivable portfolio 1: payment not overdue (with credit insurance)

Accounts receivable portfolio 2: payment not overdue (without credit insurance)

Accounts receivable portfolio 3: payment overdue (with credit insurance)

Accounts receivable portfolio 4: payment overdue (without credit insurance)

C. Contract assets

Contract assets portfolio 1: product sales

Contract assets portfolio 2: engineering construction

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 Group 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 Group has prepared a comparison table between the number of overdue days of accounts receivable and the expected credit loss rate over the entire duration, and has calculated the expected credit loss.

Other receivables

The Group 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 Group 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.

Long-term receivables

The long-term receivables of the Group include finance lease receivables, installment accounts receivable from equity transfer and long-term advance receivables.

Based on credit risk characteristics, the Group divides long-term receivables into several portfolios, calculates expected credit losses based on the portfolio. The basis for determining the portfolio is as follows:

- A. Finance lease receivable portfolio: finance lease receivable
- B. Installment accounts receivable from equity transfer: accounts receivable from equity transfer
- C. Other long-term receivables: prepaid receivables

For the financial lease receivables, the with reference to the historical credit loss experience, in combination with the current situation and the prediction of the future economic situation, the Group calculates the expected credit loss with the default risk exposure and the expected credit loss rate for the entire duration.

Others, except finance lease receivables, are divided into portfolio long-term receivables; the Group calculates expected credit losses with default risk exposure and expected credit loss rate within the next 12 months or the entire duration.

Creditors' investment and other creditors' investment

For creditors' investment and other creditors' investment, the Group 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 Group 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 Group considers reasonable and reliable information (forward-looking information inclusive) that can be obtained without unnecessary extra costs or efforts. The information the Group 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 Group.

Based on the nature of financial instruments, the Group 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 Group 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 Group determines that there is a significant increase in the credit risk of financial instruments.

Financial assets with depreciation of credit

The Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group, 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 Group 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 Group 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.

10. 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 Group 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 Group 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 Group can enter on the measurement date. The Group 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 Group uses the quotation in active markets to determine its fair value. If there is no active market for financial instruments, the Group 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 Group 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 Group 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.

11. Inventory

(1) Classification

Inventories mainly include raw materials, work-in-progress, stock products, product 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

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.

At the balance sheet date, inventories are measured at the lower of the cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. The provision for inventories decline in value is determined by the difference of the cost of individual item less its realizable value. After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

(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.

12. 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 Group has not acquired contract (for example, sales commission). If the cost is expected to be recovered, the Group regards it as contract acquiring cost and confirms it as an asset. The expenses incurred by the Group 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 Group 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 Group 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 Group accrues provision for impairment to the excessive part and confirms it as impairment loss:

- ① The remaining consideration that the Group 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.

The contract performance cost confirmed as asset, if amortization term does not exceed one year or a normal business cycle at the time of initial confirmation, is listed in the item of “inventory”; if amortization term exceeds one year or a normal business cycle at the time of initial confirmation, is listed in the item of “other non-current assets”.

The contract acquiring cost that is confirmed as asset, if amortization term does not exceed one year or a normal business cycle at the time of initial confirmation, is listed in the item of “other current assets”; if amortization term exceeds one year or a normal business cycle at the time of initial confirmation, is listed in the item of “other non-current assets”.

13. Long-term Equity Investments

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

(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 Group'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. The difference between the fair value of the original equity on the conversion date and the book value, as well as the cumulative changes in fair value originally included in other comprehensive income, are transferred to the current profit and loss accounted for using the 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 Group and associates and joint ventures are calculated according to the shareholding ratio and are attributed to the Group, and the investment gains and losses are recognized on the basis of offset. However, the unrealized internal transaction losses incurred by the Group 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 group of participants must act in concert to determine the relevant activities of an arrangement, it is considered that all participants or a group 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 Group 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-21.

14. 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-21 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.

15. 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 Group are initially measured at the actual cost at the time of acquisition. Please refer to Note V-21 for the test method of impairment of fixed assets and the method of impairment provision.

(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 Assets by Finance Lease

When the fixed assets leased by the Group meet one or more of the following criteria, it is recognized as fixed assets leased by financing: ① When the lease term expires, the ownership of the leased assets is transferred to the Group. ② The Group has the option to purchase leased assets, and the purchase price concluded is expected to be much lower than the fair value of the leased assets when the option is exercised, so it can be reasonably determined that the Group will exercise this option on the lease start date. ③ Even if the ownership of the asset is not transferred, the lease period accounts for most of the service life of the leased asset. ④ The present value of the Group's minimum lease payment on the lease start date is almost equivalent to the fair value of the leased asset on the lease start date. ⑤ The leased assets are of a special nature and only the Group can use them without major renovation. The fixed assets leased under financial leases shall be the booked value at the lower of the fair value of the leased assets on the lease start date and the present value of the minimum lease payment. The minimum lease payment is taken as the book value of long-term payables, and the difference is taken as unrecognized financing expenses. The initial direct costs such as handling fees, attorney's fees, travel expenses, and stamp taxes that occurred during the lease negotiation and signing of the lease contract are included in the value of the leased asset. Unrecognized financing expenses are allocated using the effective interest rate method in each period of the lease period.

Financing leased fixed assets adopts the same policy as its own fixed assets to withdraw depreciation of leased assets. If it can be reasonably determined that the ownership of the leased asset will be acquired at the end of the lease period, depreciation will be accrued within the useful life of the leased asset; if it cannot be reasonably determined that the ownership of the leased asset can be acquired at the end of the lease period, the depreciation shall be accrued in the shorter period between the lease period and the residual life of the leased asset.

(4) Other Notes

At the end of each year, review is carried out by the Group 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.

Major repair expenses incurred by the Group in the regular inspection of fixed assets are included in the cost of fixed assets if evidences show that they meet the recognition conditions of fixed assets, and those fail to meet the recognition conditions of fixed assets are included in the current profit and loss. Fixed assets at intervals of regular major repairs shall be depreciated as accrued.

16. 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-21.

17. Engineering Materials

Engineering materials of the Group 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 (21) 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.

18. Borrowing Costs

(1) Confirmation principle of Capitalized Borrowing Expense

The borrowing expenses incurred by the Group, 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 Group 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.

19. 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: a) the initial measurement amount of lease obligations; b) 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); c) the initial direct cost incurred by the lessee; and d) 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.

The Company makes provision for depreciation of right-of-use assets with the composite life method. Where it can be reasonably certain that the Company will obtain ownership of the leased assets at the expiry of the lease term, the leased assets are depreciated over the expected 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.

The Company will determine the impairment of right-of-use assets and conduct accounting treatment in accordance with relevant provisions of the *Accounting Standards for Business Enterprises No.8 - Asset Impairment*.

20. Intangible Assets

(1) Pricing Method, Useful Life and Impairment Test

The intangible assets of the Group 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 Group 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-21.

(2) Accounting Policy for Internal Research and Development Expenditures

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 Group 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.

21. 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, project under construction, intangible assets, business reputation, etc. (excluding inventory, 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 Group 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 be prevail. The Group 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 Group.

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.

22. Long-term Deferred Expenses

The long-term expenses to be amortized incurred by the Group 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.

23. Contract liabilities

Refer to Note V. Significant Accounting Policies and Estimates 26. Revenue (1) for details.

24. Payroll

(1) Accounting Treatment of Short-term Compensation

During the accounting period in which employees provide services, the Group 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. If the liability is not expected to be fully paid within twelve months after the end of the annual reporting period for employees to provide related services, and the financial impact is significant, the liability will be measured at the discounted amount.

(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.

Define a benefit plan

For the defined benefit plan, an independent actuary performs an actuarial valuation on the annual balance sheet date, and the cost of providing benefits is determined by the expected cumulative benefit unit method. The employee compensation cost caused by the Group's defined benefit plan includes the following components:

- ① Service cost, including current service cost, past service cost and settlement gains or losses. Among them, the current service cost refers to the increase in the present value of the defined benefit plan obligations caused by the employees providing services in the current period; the past service cost refers to the defined benefit related to the employee services in the previous period caused by the modification of the defined benefit plan. An increase or decrease in the present value of plan obligations.
- ② The net interest of the net liabilities or net assets of the defined benefit plan, including the interest income of the plan assets, the interest expense of the defined benefit plan obligations and the interest affected by the asset ceiling.
- ③ Re-measure the changes caused by the net liabilities or net assets of the defined benefit plan.

Unless other accounting standards require or allow employee benefit costs to be included in the cost of assets, the Group will include

the above items ① and ② into the current profit and loss; item ③ is included in other comprehensive income and will not be transferred back to profit or loss in the subsequent accounting period. When the defined benefit plan is terminated, all the parts originally included in other comprehensive income are carried forward to undistributed profits within the scope of equity.

(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.

Regarding the implementation of internal retirement plan of the employees, the economic compensation before the official retirement date belongs to the dismissal welfare. From the date when the employees stop providing services to the normal retirement date, the wages and social insurance premiums to be paid to the early retired employees shall be included in the current profit and loss at one time. Financial compensation (such as normal pension) after the official retirement date shall be handled as welfare after separation.

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

Other long-term employee benefits provided by the Group 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 remeasuring 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. Lease Liabilities

The Company initially measures the lease obligation at the present value of the lease payments outstanding at the commencement date of the lease term. Lease payments include: a) fixed payment (including substantial fixed payment), and the relevant amount after deducting the lease incentive if any; b) variable lease payments depending on index or ratio; c) estimated payments due to the guaranteed residual value provided by the lessee; d) exercise price of the purchased option, provided that the lessee reasonably determines that the option will be exercised; and e) 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.

The Company uses the interest rate implicit in lease as the rate of discount. If the interest rate implicit in lease cannot be reasonably determined, the Company's incremental borrowing rate is used as the rate of discount. The Company calculates the interest expenses of the lease obligations during each period of the lease term at a fixed periodic interest rate, and includes them in financial expenses. The periodic interest rate refers to the rate of discount employed by the Company or the rate of discount after revision.

Variable lease payments that are not covered in the measurement of the lease obligations are included in current profit or loss when actually incurred.

When there is a change in the Company's evaluation results of lease renewal options, lease termination options or purchase options, the Company will re-measure the lease payment and remeasure the lease obligation using the present value of the changed lease payment and the revised rate of discount, and adjust the book value of right-of-use assets accordingly. Where there is a change in

substantial lease payment, estimated payments due to the guaranteed residual value, or variable lease payments depending on index or ratio, the Company will re-measure the lease obligation using the present value of the changed lease payment and the original rate of discount, and adjust the book value of right-of-use assets accordingly.

26. Revenue

Accounting policies adopted for the recognition and measurement of revenue

Accounting policies adopted for the recognition and measurement of revenue

(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 Group 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 Group belongs to performance of contract performing obligations in a period, or otherwise, the Group belongs to performance of contract performing obligations at a point of time:

① While the Group is performing the contract, the customer acquires and consumes the economic benefit arising from performance by the Group.

② The customer can control the goods in construction in the course of performance by the Group.

③ The goods outputted in the course of performance by the Group have irreplaceable purpose, and the Group 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 Group confirms income according to the performance progress in such period. When the performance progress cannot be reasonably determined, if the cost that the Group 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 Group will consider the following indications:

① The Group enjoys the current collection right to the goods or services, i.e. the customer undertakes current payment obligation to the goods.

② The Group 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 Group has transferred the kind of the goods to the customer, namely, the customer has possessed the good in kind.

④ The Group 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.

④ The customer has accepted the goods or services.

⑤ Other indications showing that the customer has acquired the control right to the goods.

The Group 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 9(6)). The right of the Group, unconditionally (only depending on time elapse) charging consideration from the customer, is listed as receivable. The obligation of the Group 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 Group are following:

For income of domestic products, after the Group 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 Group confirms income.

For income of exportable products, after the Group 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 Group confirms income.

Differences in accounting policies for revenue recognition due to different business models of the same type of business

Differences in accounting policies for revenue recognition due to different business models of the same type of business

27. 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, and they shall be measured by the nominal amount of RMB1 if the fair value cannot be obtained reliably. Asset related government grants refer to the government grants obtained by the Group 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 Group.

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 Group, the interest subsidy will offset the borrowing costs.

28. 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 Group 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;
- (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 Group 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;
- (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 Group 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.

29. Lease

From the effectiveness date of a contract, the Company assesses whether the contract is a lease or includes any lease. If a party to the contract transfers 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 a lease or includes a lease.

1. Accounting treatment with the Company as a lessee

On the commencement date of the lease term, the Company recognizes the right-of-use assets and lease liabilities for the lease, unless it is a simplified short-term lease or a low-value asset lease.

(1) Short-term leases and low-value asset leases

A short-term lease refers to a lease that does not include a purchase option and whose lease term does not exceed 12 months. A low-value asset lease refers to a lease where the value is low and a single leased asset is a new asset.

The Company does not recognize the right-of-use assets and lease liabilities for the short-term leases and low-value asset leases. In each period within the lease term, the relevant lease payments are included in cost of the related assets or profit or loss for the current

period on a straight-line basis or according to other systematic and reasonable methods.

(2) The accounting policies of right-of-use assets and lease liabilities refer to the accounting treatment methods detailed in V.19 Right-of-use assets and V.25 Lease liabilities in Section X.

2. Accounting treatment with the Company as a lessor

(1) Lease classification

The Company classifies leases into finance leases and operating leases at the inception of leases. A finance lease refers to a lease where almost all the risks and rewards, related to the ownership of the leased asset, are substantially transferred, regardless of whether the ownership is eventually transferred or not. All leases other than finance leases are classified as operating leases.

(2) Accounting treatment of finance leases

On the commencement date of the lease term, the Company recognizes the finance lease receivables for the finance lease and derecognizes the leased asset of the finance lease. In the initial measurement of finance lease receivables, the sum of the unsecured residual value and the present value of the lease payments receivable not yet received on the commencement date of the lease term discounted at the interest rate implicit in lease is the entry value of the finance lease receivables. The Company calculates and recognizes the interest income in each period within the lease term at a fixed interest rate implicit in the lease. The received variable lease payments that are not included in the measurement of the net investment in the lease are included in profit or loss for the current period when they are actually incurred.

(3) Accounting treatment of operating leases

The Company recognizes the lease payments receivable of the operating lease as rental earning in each period within the lease term on a straight-line basis or according to other systematic and reasonable methods. The initial direct costs related to the operating lease are 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.

30. 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.

31. Other Significant Accounting Policies and Estimations

Pursuant to historical experience and other factors and reasonable expectations for future events, the Group continuously evaluates the important accounting estimates and key assumptions adopted. The important accounting estimates and key assumptions that are likely to cause major adjustment risk to the carrying amount of assets and liabilities in the next fiscal year are listed as follows:

Classification of financial assets

During the recognition of the classification of financial assets by the Group, the major judgments involved include the analysis of

business model and contract cash flow characteristics, etc.

The Group determines the business model for managing financial assets at the level of financial asset portfolio, and factors considered include methods of evaluation and reporting financial asset performance to key management personnel, risks affecting financial asset performance and their management methods, and the way in which relevant business management personnel are paid.

When assessing whether the contractual cash flow of financial assets is consistent with the basic lending arrangements, the Group has the following main judgments: Whether the principal may change in the time distribution or amount during the duration due to prepayment and other reasons; whether the interest include only the time value of money, credit risk, other basic lending risks, and considerations of costs and profits. For example, whether the amount of prepayment only reflect the unpaid principal and interest based on the unpaid principal, as well as reasonable compensation due to early termination of the contract.

Measurement of expected credit loss of accounts receivable

The Group calculates the expected credit loss of accounts receivable through the default risk exposure and the expected credit loss rate of accounts receivable, and determines the expected credit loss rate based on the default probability and loss given default. When determining the expected credit loss rate, the Group adjusts the historical data by using internal historical credit loss experience and other data, and combining the current situation and forward-looking information. The indicators used by the Group include risks of economic downturn, changes in external market environment, technological environment and customer conditions, etc. when considering forward-looking information. The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses.

Impairment of goodwill

The Group assesses whether goodwill is impaired at least annually. This requires estimating the value in use of the asset group to which goodwill has been allocated. When estimating the value in use, the Group needs to estimate the future cash flows from the asset group and select the appropriate discount rate to calculate the present value of future cash flows.

Deferred income tax assets

In a limit providing large possibility of offset losses from sufficient taxable profits, the Group shall recognize deferred income tax assets in line with all unused tax losses, which requires management staffs of the Group to estimate the time when future taxable profits occurs and the amount thereof by applying plenty of judgments and combining tax planning strategies, so as to determine the amount of the recognizable deferred income tax assets.

Recognition of fair value of unlisted equity investment

Fair value of unlisted equity investment is the expected future cash flow as discounted according to the current discount rate of the project with similar articles and risk characteristics. This appraisalment requires the Group to estimate the expected future cash flow and discount rate, so it has uncertainty. Under limited circumstances, if the information used to determine the fair value is insufficient, or the possible estimated amount of fair value is widely distributed, and the cost represents the best estimate of fair value within the range, the cost may represent the appropriate estimate of fair value within the distribution range.

32. Changes in Main Accounting Policies and Estimates

(1) Significant Changes in Accounting Policies

√ Applicable □ Not applicable

Contents of changes in accounting policies and reasons thereof	Approval procedures	Note
On 7 December 2018, the Ministry of Finance revised and issued <i>No.21 the Accounting Standards for Business Enterprises - Leasing</i> (hereinafter referred to as the New Leasing Standards). Main changes	The Company held the 21 st Meeting of the 9 th Board of Directors on 29 March 2021 and	Refer to Note V. 25 for details about new accounting policies.

<p>are: 1. Under the New Lease Standards, except for short-term leases and low-value asset leases, the lessees will no longer distinguish finance leases from operating leases. All leases are subject to the same accounting treatment, and the right-of-use assets and lease liabilities must be both recognized; 2. For the right-of-use assets, if the lessee reasonably recognizes that it can obtain the ownership of the leased assets at the expiration of the lease term, the depreciation shall be accrued within the remaining service life of the leased assets. If it is impossible to reasonably recognize that the right-of-use of the leased asset can be obtained at the expiration of the lease term, the depreciation shall be accrued within the lease term or the remaining service life, whichever is shorter. At the same time, the lessee shall recognize whether the right-of-use assets are impaired and account for the identified impairment losses; 3. For lease liabilities, the lessee shall calculate the interest expense of the lease liabilities in each period of the lease term and count it into the current profit and loss; 4. In accordance with the requirements of the New Leasing Standards and Listing Rules, the relevant contents of the leasing business should be adjusted in the disclosed financial statements. According to the New Leasing Standards and from 1 January 2021, except for short-term leases and low-value asset leases whose treatment is chosen to be simplified, the Company will recognize the right-of-use assets and lease liabilities for all leased assets with the present value of the minimum lease payment based on the future rent payable, and recognize the depreciation and unrecognized financing expenses respectively. The information of comparable periods will not be adjusted.</p>	<p>decided to implement the said standards since 1 January 2021 and adjusted related contents of accounting policies.</p>	
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Affected items of the balance sheet

Unit: RMB

Item	31 December 2020	1 January 2021	Adjusted
Right-of-use assets		123,826,579.05	123,826,579.05
Long-term prepaid expense	118,340,494.60	1,406,347.76	-116,934,146.84
Current portion of non-current liabilities	43,149,400.13	43,599,400.13	450,000.00
Lease liabilities		6,442,432.21	6,442,432.21

(2) Significant Changes in Accounting Estimates

Applicable Not applicable

(3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Leases since 2021

Applicable

Whether need to adjust items of balance sheet at the beginning of the year

√ Yes □ No

Consolidated balance sheet

Unit: RMB

Item	31 December 2020	1 January 2021	Adjusted
Current assets:			
Monetary assets	1,400,478,034.81	1,400,478,034.81	
Held-for-trading financial assets	268,456,216.98	268,456,216.98	
Derivative financial assets			
Notes receivable	182,994,110.86	182,994,110.86	
Accounts receivable	522,425,219.87	522,425,219.87	
Accounts receivable financing	55,150,926.34	55,150,926.34	
Prepayments	19,611,775.28	19,611,775.28	
Other receivables	105,710,818.69	105,710,818.69	
Including: Interest receivable			
Dividends receivable	75,488,652.49	75,488,652.49	
Financial assets purchased under resale agreements			
Inventories	1,988,968,681.64	1,988,968,681.64	
Contract assets			
Assets held for sale			
Current portion of non-current assets	45,750,018.30	45,750,018.30	
Other current assets	433,432,258.63	433,432,258.63	
Total current assets	5,022,978,061.40	5,022,978,061.40	
Non-current assets:			
Investments in other debt obligations			
Long-term receivables	41,053,183.15	41,053,183.15	
Long-term equity investments	138,079,577.25	138,079,577.25	

Investments in other equity instruments			
Other non-current financial assets	156,915,620.25	156,915,620.25	
Investment property	22,263,668.85	22,263,668.85	
Fixed assets	5,661,592,991.66	5,661,592,991.66	
Construction in progress	356,273,197.49	356,273,197.49	
Right-of-use assets		123,826,579.05	123,826,579.05
Intangible assets	373,543,480.84	373,543,480.84	
Development costs			
Goodwill	20,563,803.29	20,563,803.29	
Long-term prepaid expense	118,340,494.60	1,406,347.76	-116,934,146.84
Deferred income tax assets	122,865,841.69	122,865,841.69	
Other non-current assets	95,434,040.18	95,434,040.18	
Total non-current assets	7,106,925,899.25	7,113,818,331.46	6,892,432.21
Total assets	12,129,903,960.65	12,136,796,392.86	6,892,432.21
Current liabilities:			
Short-term borrowings	930,871,008.19	930,871,008.19	
Derivative financial liabilities			
Notes payable			
Accounts payable	243,262,473.69	243,262,473.69	
Advances from customers			
Contract liabilities	141,339,705.62	141,339,705.62	
Employee benefits payable	265,648,198.38	265,648,198.38	
Taxes payable	36,468,978.77	36,468,978.77	
Other payables	17,587,470.79	17,587,470.79	
Including: Interest payable			
Dividends payable	441,113.64	441,113.64	
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities	43,149,400.13	43,599,400.13	450,000.00

Other current liabilities	192,574,674.68	192,574,674.68	
Total current liabilities	1,870,901,910.25	1,871,351,910.25	450,000.00
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings	495,520,342.78	495,520,342.78	
Bonds payable	1,350,171,526.97	1,350,171,526.97	
Lease liabilities		6,442,432.21	6,442,432.21
Long-term payables			
Long-term employee benefits payable	62,137,656.00	62,137,656.00	
Provisions			
Deferred income	173,862,983.31	173,862,983.31	
Deferred income tax liabilities	85,633,161.44	85,633,161.44	
Other non-current liabilities			
Total non-current liabilities	2,167,325,670.50	2,173,768,102.71	6,442,432.21
Total liabilities	4,038,227,580.75	4,045,120,012.96	6,892,432.21
Owners' equity:			
Share capital	858,132,322.00	858,132,322.00	
Other equity instruments	71,386,451.81	71,386,451.81	
Capital reserves	255,912,488.01	255,912,488.01	
Less: Treasury stock			
Other comprehensive income	1,308,922.89	1,308,922.89	
Specific reserve			
Surplus reserves	1,154,017,457.79	1,154,017,457.79	
General reserve			
Retained earnings	5,346,819,948.22	5,346,819,948.22	
Total equity attributable to owners of the Company as the parent	7,687,577,590.72	7,687,577,590.72	
Non-controlling interests	404,098,789.18	404,098,789.18	
Total owners' equity	8,091,676,379.90	8,091,676,379.90	
Total liabilities and owners' equity	12,129,903,960.65	12,136,796,392.86	6,892,432.21

Note for adjustment

Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2020	1 January 2021	Adjusted
Current assets:			
Monetary assets	729,437,231.33	729,437,231.33	
Held-for-trading financial assets	163,636,075.34	163,636,075.34	
Derivative financial assets			
Notes receivable	108,863,689.79	108,863,689.79	
Accounts receivable	326,166,935.10	326,166,935.10	
Accounts receivable financing	48,764,088.05	48,764,088.05	
Prepayments	13,059,806.74	13,059,806.74	
Other receivables	1,500,882,682.19	1,500,882,682.19	
Including: Interest receivable			
Dividends receivable	75,488,652.49	75,488,652.49	
Inventories	1,097,438,610.46	1,097,438,610.46	
Contract assets			
Assets held for sale			
Current portion of non-current assets	45,750,018.30	45,750,018.30	
Other current assets	247,860,882.02	247,860,882.02	
Total current assets	4,281,860,019.32	4,281,860,019.32	
Non-current assets:			
Investments in debt obligations			
Investments in other debt obligations			
Long-term receivables	41,053,183.15	41,053,183.15	
Long-term equity investments	2,555,150,859.13	2,555,150,859.13	
Investments in other equity instruments			
Other non-current financial assets	144,915,620.25	144,915,620.25	
Investment property	29,734,239.22	29,734,239.22	
Fixed assets	2,471,686,117.72	2,471,686,117.72	
Construction in progress	48,694,822.74	48,694,822.74	

Right-of-use assets		7,709,598.61	7,709,598.61
Intangible assets	225,128,308.75	225,128,308.75	
Development costs			
Goodwill			
Long-term prepaid expense	1,406,347.76	1,406,347.76	
Deferred income tax assets	65,729,304.26	65,729,304.26	
Other non-current assets	7,936,745.28	7,936,745.28	
Total non-current assets	5,591,435,548.26	5,599,145,146.87	7,709,598.61
Total assets	9,873,295,567.58	9,881,005,166.19	7,709,598.61
Current liabilities:			
Short-term borrowings	332,466,931.13	332,466,931.13	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	132,231,596.74	132,231,596.74	
Advances from customers			
Contract liabilities	56,841,289.66	56,841,289.66	
Employee benefits payable	202,694,515.93	202,694,515.93	
Taxes payable	21,896,035.49	21,896,035.49	
Other payables	79,668,657.80	79,668,657.80	
Including: Interest payable			
Dividends payable	441,113.64	441,113.64	
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities	4,000,000.00	5,139,062.02	1,139,062.02
Other current liabilities	166,257,466.30	166,257,466.30	
Total current liabilities	996,056,493.05	997,195,555.07	1,139,062.02
Non-current liabilities:			
Long-term borrowings	495,520,342.78	495,520,342.78	
Bonds payable	1,350,171,526.97	1,350,171,526.97	

Lease liabilities		6,570,536.59	6,570,536.59
Long-term payables			
Long-term employee benefits payable	62,137,656.00	62,137,656.00	
Provisions			
Deferred income	131,546,549.87	131,546,549.87	
Deferred income tax liabilities	58,927,115.71	58,927,115.71	
Other non-current liabilities			
Total non-current liabilities	2,098,303,191.33	2,104,873,727.92	6,570,536.59
Total liabilities	3,094,359,684.38	3,102,069,282.99	7,709,598.61
Owners' equity:			
Share capital	858,132,322.00	858,132,322.00	
Other equity instruments	71,386,451.81	71,386,451.81	
Capital reserves	317,292,522.25	317,292,522.25	
Less: Treasury stock			
Other comprehensive income	-424,313.33	-424,313.33	
Specific reserve			
Surplus reserves	1,150,908,718.15	1,150,908,718.15	
Retained earnings	4,381,640,182.32	4,381,640,182.32	
Total owners' equity	6,778,935,883.20	6,778,935,883.20	
Total liabilities and owners' equity	9,873,295,567.58	9,881,005,166.19	7,709,598.61

Note for adjustment

(4) Retroactive Adjustments to Comparative Data of Prior Years when First Execution of any New Standards Governing Leases since 2021

Applicable Not applicable

VI Taxation

1. Main Taxes and Tax Rate

Category of taxes	Tax basis	Tax rate
VAT	Taxable income	13%、9%、6%、5%、3%、0
Urban maintenance and	Turnover tax payable	7%、5%

construction tax		
Enterprise income tax	Income tax payable	0、6.5%、8.5%、15%、16.5%、17%、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%
Lu Thai Hong Kong	16.50%
Luqun Textile	25%
Xinsheng Power	25%
Shanghai Lu Thai	20%
Shanghai Zhinuo	20%
Lulian New Materials	25%
Lujia Import & Export	20%
Zhishu Trading	20%
Lu Thai Cambodia	20%
Vanguard Apparel	0%
Continental Textile	0%
Lu Thai Tan Chau	0%
Lu An Garments	8.5%
Lu Thai America	6.5%
Lu Thai Vocational Training School	0%
Huilin International	15%
Tianping International	17%
Banyang Hills	20%

2. Tax Preference

In accordance with the Reply on Filing of the Second Batch of Hi-tech Enterprises of Shandong Province in 2020 with Reference No. Guo Ke Huo Zi [2021]25, the Company was identified as a hi-tech enterprise and the certificate issuing date was December 8, 2020; in accordance with the Notice for Announcing the First Batch of Hi-tech Enterprise Identification List of Shandong Province in 2020 with reference No. Lu Ke Zi [2020]136, the majority-owned subsidiary Lufeng Weaving & Dyeing was identified as a hi-tech enterprise, and the certificate issuing date was August 17, 2020. Pursuant to Article 28 of *the Law of the PRC on Enterprise Income Tax* and the No. 23 Announcement revised and published by the State Administration of Taxation in 2018, namely *Management of Preferential Policy*

on *Corporate Income Tax*, the *Measures for the Administration of the Recognition of High and New Technological Enterprises* (GKFH [2016] No. 195) revised and published by the Ministry of Science and Technology, Ministry of Finance and State Administration of Taxation, the Company and the holding subsidiary Lufeng Weaving & Dyeing enjoy a corporate income tax rate of 15%.

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

The wholly-owned subsidiaries including Shanghai Luthai, Shanghai Zhinuo Textile New Materials Co., Ltd., Lu Jia Import & Export Co., Ltd., Beijing Zhishu Trading Co., Ltd. and Banyang Mountain Villa pay corporate income tax at a tax rate of 20% according to *Announcement of the State Taxation Administration on Issues Concerning the Implementation of the Inclusive Income Tax Reduction and Exemption Policy for Small and Low-profit Enterprises* (Announcement No. 2 [2019] of the State Taxation Administration) and *Announcement of the State Taxation Administration on Issues Concerning the Implementation of Preferential Income Tax Policies to Support the Development of Small and Low-profit Enterprises and Individual Businesses* (Announcement No. 8 [2021] of the State Taxation Administration).

Based on the provisions of the Tax Law of Kingdom of Cambodia on income tax, the business income tax rate of the wholly-owned subsidiary Lu Thai (Cambodia) Textile Co., Ltd. is 20%.

The wholly own subsidiary Vanguard Apparel, according to the Burma's Special Economic Zone Law issued by Pyidaungsu Hluttaw, Vanguard Apparel 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 25%. Year 2021 is the sixth year of tax holiday.

The wholly-owned subsidiary Continental Textile shall enjoy the preference of enterprise income tax at 3 years' starting term + 4 years' duty-free term + 9 years' half-tax term according to the investment license issued by Vietnamese Tay Ninh Industrial Zone Management Committee, and it will enter into 2 years' duty-free term if it is profitable within 3 years' starting term. Continental Textile shall enjoy 10% of the preference tax rate within 15 years since the tax year to get the first production and operation income, and the enterprise income tax rate shall be 20% after the preference term ends. Year 2021 is the fourth year of the duty-free term.

The wholly-owned subsidiary of Continental Textile, Lu Thai Tan Chau, shall enjoy the preference of enterprise income tax at 3 years' starting term + 4 years' duty-free term + 9 years' half-tax term according to the investment license issued by Vietnamese Tay Ninh Investment Planning Office, and it will enter into 2 years' duty-free term if it is profitable within 3 years' starting term. The Company shall enjoy 10% of the preference tax rate within 15 years since the tax year to get the first production and operation income, and the enterprise income tax rate shall be 20% after the preference term ends.

The wholly-owned subsidiary Lu An Garments Co., Ltd. shall enjoy the preference of enterprise income tax at 3 years' starting term + 2 years' duty-free term + 4 years' half-tax term according to the investment license issued by Vietnamese Anjiang Province Economic Zone Management Committee, and it will enter into duty-free term if the profitability is realized at any year within 3 years' starting term. The Company shall enjoy 17% of the preference tax rate within 10 years since the tax year to get the first production and operation income, and the enterprise income tax rate shall be 20% after the preference term ends. Year 2021 is the first year of the halving collection period.

Lu Thai America, the wholly-owned subsidiary of the Company registered in New York, America, was imposed the federal enterprise income tax at fixed tax rate of 21%, and imposed the New York Enterprise income tax at the fixed tax rate of 6.5%.

The wholly-owned subsidiary Lu Thai Vocational Training School Co., Ltd. enjoys the preferential policy for non-profit organization income exemption from corporate income tax according to Article 26, Item 4 of the *Enterprise Income Tax Law of the People's*

Republic of China and Article 84 and Article 85 of Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China and CS (2018) No. 13.

The Wholly-owned subsidiary Huilin International, which is registered in Hainan Pilot Free Zone and operates the encouraged industry, pays corporate income tax at a reduced tax rate of 15% according to Announcement of the Ministry of Finance and the State Taxation Administration on the Corporate Income Tax Preferential Policies of Hainan Pilot Free Zone (Announcement No.31 [2020] of the Ministry of Finance and the State Taxation Administration)

The Wholly-owned subsidiary Tianping International of Huilin International is registered in Singapore and pays the corporate income tax at a rate of 17%.

VII. Notes to Main Items of Consolidated Financial Statements

1. Monetary Assets

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	6,722,270.36	7,009,891.16
Bank deposits	2,029,384,057.40	1,390,809,492.44
Other monetary funds	3,465,093.84	2,658,651.21
Total	2,039,571,421.60	1,400,478,034.81
Of which: total amount deposited overseas	128,893,283.41	131,075,580.22

Other notes:

(1) On 30 June 2021, the monetary assets with restricted ownership of the Company were of RMB3,465,093.84, which was the cash deposit for L/G of USD195,831.93 (equivalent to RMB1,265,093.84) for the Company's subsidiary Continental Textile, and the forward settlement of exchange guarantee deposit of RMB2.2 million for the subsidiary Lulian New Materials.

(2) The interest receivable in bank deposits was RMB4,460,327.58.

2. Trading Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	124,052,667.02	268,456,216.98
Of which:		
Debt instrument investment	97,570,367.02	251,814,716.98
Derivative financial assets	26,482,300.00	16,641,500.00
Of which:		
Total	124,052,667.02	268,456,216.98

3. Notes Receivable

(1) Notes Receivable Listed by Category

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	148,033,617.59	141,168,447.70
L/C	74,030,732.84	41,825,663.16
Total	222,064,350.43	182,994,110.86

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of notes receivable.

Applicable Not applicable

(2) Notes Receivable Pledged by the Company at the Period-end

Unit: RMB

Item	Ending pledged amount
Bank acceptance bill	26,300,299.48
Total	26,300,299.48

(3) 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		99,033,886.64
Total		99,033,886.64

4. Accounts Receivable

(1) Listed by Category

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	2,992,197.22	0.60%	2,992,197.22	100.00%		8,378,716.21	1.48%	8,378,716.21	100.00%	

withdrawal of Bad debt provision separately accrued											
Of which:											
Accounts receivable withdrawal of bad debt provision of by group	495,662,642.77	99.40%	28,585,615.77	5.77%	467,077,027.00	558,478,267.74	98.52%	36,053,047.87	6.46%	522,425,219.87	
Of which:											
Undue accounts (credit insurance insured)	184,474,315.78	36.99%	1,936,980.30	1.05%	182,537,335.48	166,997,706.03	29.46%	1,753,475.92	1.05%	165,244,230.11	
Undue accounts (no credit insurance)	219,274,795.15	43.97%	10,963,739.77	5.00%	208,311,055.38	269,999,707.80	47.63%	13,499,985.39	5.00%	256,499,722.41	
Overdue accounts (credit insurance insured)	45,619,371.98	9.15%	4,881,272.80	10.70%	40,738,099.18	46,514,806.33	8.21%	4,977,084.28	10.70%	41,537,722.05	
Overdue accounts (no credit insurance)	46,294,159.86	9.28%	10,803,622.91	23.34%	35,490,536.95	74,966,047.58	13.22%	15,822,502.28	21.11%	59,143,545.30	
Total	498,654,839.99	100.00%	31,577,812.99	6.33%	467,077,027.00	566,856,983.95	100.00%	44,431,764.08	7.84%	522,425,219.87	

Bad debt provision separately accrued:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdraw
Customer 1	1,853,150.81	1,853,150.81	100.00%	Customer's application for bankruptcy protection

Customer 2	141,974.46	141,974.46	100.00%	Customer's application for bankruptcy protection
Other customers	997,071.95	997,071.95	100.00%	Customer in financial difficulty or application for bankruptcy
Total	2,992,197.22	2,992,197.22	--	--

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Group 1: Undue accounts (credit insurance insured)	184,474,315.78	1,936,980.30	1.05%
Group 2: Undue accounts (no credit insurance)	219,274,795.15	10,963,739.77	5.00%
Group 3: Overdue accounts (credit insurance insured)	45,619,371.98	4,881,272.80	10.70%
Group 4: Overdue accounts (no credit insurance)	46,294,159.86	10,803,622.91	23.34%
Total	495,662,642.77	28,585,615.77	--

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable.

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	480,702,865.14
1 to 2 years	15,122,802.42
2 to 3 years	2,028,588.53
Over 3 years	800,583.90
3 to 4 years	508,337.83
4 to 5 years	292,246.07
Total	498,654,839.99

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

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning	Changes in the Reporting Period	Ending balance
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	balance	Withdrawal	Reversal or recovery	Verification	Others	
Bad debt provision separately accrued	8,378,716.21	-5,386,518.99				2,992,197.22
Withdrawal of bad debt provision by group	36,053,047.87	-6,027,858.17		1,439,573.93		28,585,615.77
Total	44,431,764.08	-11,414,377.16	0.00	1,439,573.93	0.00	31,577,812.99

(3) Accounts Receivable Written-off in Current Period

Unit: RMB

Item	Written-off amount
Written-off accounts receivable	1,439,573.93

(4) Top 5 of the Ending Balance of the Accounts Receivable Collected according to Arrears Party

Unit: RMB

Name of the entity	Ending balance	Proportion to total ending balance of accounts receivable	Ending balance of bad debt provision
Customer A	49,754,813.30	9.98%	2,625,045.16
Customer B	21,404,979.77	4.29%	629,981.92
Customer C	20,910,062.08	4.19%	489,997.30
Customer D	20,133,981.14	4.04%	750,699.18
Customer E	18,434,346.13	3.70%	921,717.31
Total	130,638,182.42	26.20%	

5. Accounts Receivable Financing

Unit: RMB

Item	Ending balance	Beginning balance
Notes receivable	29,915,168.65	55,508,978.63
Less: Other comprehensive income-fair value change	-332,259.77	-358,052.29
Total	29,582,908.88	55,150,926.34

The changes of accounts receivable financing in the Reporting Period and the changes in fair value

Applicable Not applicable

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable financing.

Applicable Not applicable

6. Prepayment

(1) Prepayment Listed by Aging Analysis

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	57,925,483.91	99.45%	19,462,310.59	99.24%
1 to 2 years	258,245.74	0.44%	113,434.12	0.58%
2 to 3 years	60,468.18	0.10%	36,030.57	0.18%
Over 3 years		0.00%		
Total	58,244,197.83	--	19,611,775.28	--

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

The total top 5 prepayment in ending balance collected according to the prepayment target for the Company was RMB36,618,076.25, accounting for 62.87% of total ending balance of prepayment.

7. Other Accounts Receivable

Unit: RMB

Item	Ending balance	Beginning balance
Dividend receivable	47,025,975.44	75,488,652.49
Other receivables	32,629,619.36	30,222,166.20
Total	79,655,594.80	105,710,818.69

(1) Dividend receivable

1) Dividend receivable classification

Unit: RMB

Project (or investee)	Ending balance	Beginning balance
Fengshou Cotton Industry	47,025,975.44	75,488,652.49
Total	47,025,975.44	75,488,652.49

2) Withdrawal of Bad Debt Provision

Applicable Not applicable

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 2021	3,973,086.97			3,973,086.97
Balance of 1 January 2021 in the Current Period	—	—	—	—
Withdrawal of the Current Period	-1,498,035.63			-1,498,035.63
Balance of 30 June 2021	2,475,051.34			2,475,051.34

Changes of carrying amount with significant amount changed of loss provision in the Current Period

 Applicable Not applicable**(2) Other Accounts Receivable****1) Other Receivables Classified by Account Nature**

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Export rebates	5,953,237.24	
VAT to be returned	9,103,166.26	9,341,623.77
Payment on behalf	10,713,131.84	13,868,814.75
Guarantee deposit and cash deposit	7,964,983.22	5,163,865.78
Borrowings and petty cash	1,237,930.25	4,483,805.85
Others	723,261.84	218,743.34
Total	35,695,710.65	33,076,853.49

2) Withdrawal of Bad Debt Provision

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 2021	1,516,853.79	1,337,833.50		2,854,687.29
Balance of 1 January 2021 in the Current Period	—	—	—	—

Withdrawal of the Current Period	121,764.14	89,639.86		211,404.00
Balance of 30 June 2021	1,638,617.93	1,427,473.36		3,066,091.29

Changes of carrying amount with significant amount changed of loss provision in the Current Period

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	28,209,647.65
1 to 2 years	2,433,419.56
2 to 3 years	308,266.30
Over 3 years	4,744,377.14
3 to 4 years	225,759.46
Over 5 years	4,518,617.68
Total	35,695,710.65

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	Reversal or recovery	Verification	Others	
Expected credit loss of the next 12 months at the first stage	1,516,853.79	121,764.14				1,638,617.93
Expected loss in the duration (credit impairment not occurred) at the second stage	1,337,833.50	89,639.86				1,427,473.36
Expected loss in the duration (credit impairment occurred) at the third stage						0.00
Total	2,854,687.29	211,404.00	0.00	0.00	0.00	3,066,091.29

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
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					provision
VAT receivable to be returned of Lu Thai (Cambodia)	Input VAT	4,670,292.99	Within 1 year	13.08%	233,514.65
Withholding and remitting of personal endowment insurance	Advance money	4,571,053.09	Within 1 year	12.81%	228,552.65
VAT receivable to be returned of Lu Thai Tan Chau	Input VAT	4,432,873.27	Within 1 year	12.42%	221,643.66
Migrant workers' wage margin in Zichuan District of Zibo	Migrant workers' wage margin of infrastructural project	1,955,703.00	1 to 2 years, over 3 years	5.48%	954,969.77
Withholding and remitting of personal housing provident fund	Advance money	1,177,266.67	Within 1 year	3.30%	58,863.33
Total	--	16,807,189.02	--	47.08%	1,697,544.06

8. Inventory

Whether the Company needs to comply with the disclosure requirements for real estate industry

No

(1) Category of Inventory

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves of inventories or impairment provision for contract performance costs	Carrying value	Carrying amount	Depreciation reserves of inventories or impairment provision for contract performance costs	Carrying value
Raw material	764,584,360.28	2,547,151.31	762,037,208.97	849,455,158.83	2,547,151.31	846,908,007.52
Goods in process	455,835,628.95	3,599,739.14	452,235,889.81	393,404,083.58	5,437,464.35	387,966,619.23
Inventory goods	960,560,597.77	107,230,734.35	853,329,863.42	877,507,714.63	136,403,191.01	741,104,523.62
Assigned processing products	11,882,281.00		11,882,281.00	12,989,531.27		12,989,531.27
Goods in transit						
Total	2,192,862,868.00	113,377,624.80	2,079,485,243.20	2,133,356,488.31	144,387,806.67	1,988,968,681.64

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

Unit: RMB

Item	Beginning balance	Increased amount		Decrease		Ending balance
		Withdrawal	Others	Reversal or write-off	Others	
Raw material	2,547,151.31					2,547,151.31
Goods in process	5,437,464.35			1,837,725.21		3,599,739.14
Inventory goods	136,403,191.01	7,035,233.41		36,207,690.07		107,230,734.35
Total	144,387,806.67	7,035,233.41	0.00	38,045,415.28		113,377,624.80

9. Non-current Assets due within 1 Year

Unit: RMB

Item	Ending balance	Beginning balance
Long-term accounts receivable matured within 1 Year	46,625,009.15	45,750,018.30
Total	46,625,009.15	45,750,018.30

10. Other Current Assets

Unit: RMB

Item	Ending balance	Beginning balance
Other tax	53,044,329.41	69,924,309.37
Prepaid income tax	5,844,322.05	8,268,591.39
Prepaid other taxes		3,161,080.82
Short-term investment in debt obligations		351,379,736.36
Convertible broken lot fund	199,801.66	199,858.61
Short-term unamortized expenses	124,670.52	498,682.08
Total	59,213,123.64	433,432,258.63

11. Long-term Receivables**(1) List of Long-term Receivables**

Unit: RMB

Item	Ending balance			Beginning balance			Interval of discount
	Carrying	Bad debt	Carrying value	Carrying	Bad debt	Carrying value	

	amount	provision		amount	provision		rate
Equity transfer account receivable	93,128,451.80	4,656,422.59	88,472,029.21	91,371,791.00	4,568,589.55	86,803,201.45	3.85%
Less: Long-term accounts receivable matured within 1 Year	-49,078,957.00	-2,453,947.85	-46,625,009.15	-48,157,914.00	-2,407,895.70	-45,750,018.30	
Total	44,049,494.80	2,202,474.74	41,847,020.06	43,213,877.00	2,160,693.85	41,053,183.15	--

Impairment of bad debt provision

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 2021	4,568,589.55			4,568,589.55
Balance of 1 January 2021 in the Current Period	—	—	—	—
Withdrawal of the Current Period	87,833.04			87,833.04
Balance of 30 June 2021	4,656,422.59			4,656,422.59

Changes of carrying amount with significant amount changed of loss provision in the Current Period

 Applicable Not applicable**12. Long-term Equity Investment**

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciati on reserve	
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensi ve income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Others			
I. Joint ventures												
II. Associated enterprises												
Ningbo Mei shan Bonded Port Area Haohong Equity	88,329,922.16			-3,493,810.90			-7,881,294.68				76,954,816.58	

Investment Partnership (L.P) (hereinafter referred to as “Haohong Investment”)										
Ningbo Haoying Equity Investment Partnership (L.P) (hereinafter referred to as “Haoying Investment”)	49,749,655.09		1,704,740.22						51,454,395.31	
Subtotal	138,079,577.25		-1,789,070.68				-7,881,294.68		128,409,211.89	
Total	138,079,577.25		-1,789,070.68				-7,881,294.68		128,409,211.89	

13. Other Non-current Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Debt instrument investment		
Equity instrument investment	144,915,620.25	144,915,620.25
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
Others		
Total	156,915,620.25	156,915,620.25

14. Investment Property

(1) Investment Property Adopted 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	33,577,852.12			33,577,852.12
2. Increased amount of the period				
(1) Outsourcing				
(2) Transfer from inventory/fixed assets/construction in progress				
(3) Business combination increase				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance	33,577,852.12			33,577,852.12
II. Accumulative depreciation and accumulative amortization				
1. Beginning balance	11,314,183.27			11,314,183.27
2. Increased amount of the period	450,683.41			450,683.41
(1) Withdrawal or amortization	450,683.41			450,683.41
(2) Fixed asset carried down				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance	11,764,866.68			11,764,866.68
III. Depreciation reserves				
1. Beginning balance				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance				
IV. Carrying value				
1. Ending carrying value	21,812,985.44			21,812,985.44
2. Beginning carrying value	22,263,668.85			22,263,668.85

(2) Investment Property Adopted the Fair Value Measurement Mode

□ Applicable √ Not applicable

15. Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	5,643,953,088.23	5,623,635,171.21
Liquidation of PP&E		37,957,820.45
Total	5,643,953,088.23	5,661,592,991.66

(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	3,323,791,573.68	6,830,302,709.90	53,794,437.30	129,442,986.01	10,337,331,706.89
2. Increased amount of the period	66,081,159.49	187,303,985.59	1,189,933.60	1,950,216.91	256,525,295.59
(1) Purchase	0.00	160,310,856.01	1,189,933.60	1,950,216.91	163,451,006.52
(2) Transfer from construction in progress	66,081,159.49	26,993,129.58			93,074,289.07
(3) Business combination increase					0.00
3. Decreased amount of the period	19,706,138.23	45,301,134.11	3,617,936.53	300,556.19	68,925,765.05
(1) Disposal or scrap	0.00	28,099,110.57	3,524,589.05	209,363.99	31,833,063.61
(2) Transfer from construction in progress	11,406,001.81				11,406,001.81
(3) Transfer from investment properties					
(4) Other decrease	8,300,136.42	17,202,023.54	93,347.48	91,192.20	25,686,699.63
4. Ending balance	3,370,166,594.94	6,972,305,561.38	51,366,434.37	131,092,646.73	10,524,931,237.43
II. Accumulative depreciation					
1. Beginning balance	995,997,040.59	3,533,778,199.66	36,975,373.50	97,668,147.56	4,664,418,761.31

2. Increased amount of the period	54,655,598.94	154,272,433.72	2,321,511.20	6,572,927.13	217,822,470.98
(1) Withdrawal	54,655,598.94	154,272,433.72	2,321,511.20	6,572,927.13	217,822,470.98
3. Decreased amount of the period	10,175,582.39	33,114,440.52	2,922,681.83	274,179.76	46,486,884.50
(1) Disposal or scrap	0.00	22,472,010.07	2,693,461.74	236,411.45	25,401,883.26
(2) Transfer from construction in progress	9,101,573.57				9,101,573.57
(3) Transfer from investment properties					
(4) Other decrease	1,074,008.82	10,642,430.45	229,220.09	37,768.32	11,983,427.67
4. Ending balance	1,040,477,057.14	3,654,936,192.85	36,374,202.87	103,966,894.93	4,835,754,347.79
III. Depreciation reserves					
1. Beginning balance	1,574,730.45	47,619,177.12	5,671.30	78,195.50	49,277,774.37
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period		4,045,259.29		8,713.67	4,053,972.96
(1) Disposal or scrap		4,045,259.29		8,713.67	4,053,972.96
4. Ending balance	1,574,730.45	43,573,917.83	5,671.30	69,481.83	45,223,801.41
IV. Carrying value					
1. Ending carrying value	2,328,114,807.35	3,273,795,450.70	14,986,560.20	27,056,269.98	5,643,953,088.23
2. Beginning carrying value	2,326,219,802.64	3,248,905,333.12	16,813,392.50	31,696,642.95	5,623,635,171.21

(2) Fixed Assets Leased out by Operation Lease

Unit: RMB

Item	Ending carrying value
Houses and buildings	3,846,450.11

(3) Fixed Assets Failed to Accomplish Certification of Property

Unit: RMB

Item	Carrying value	Reason
Lufeng weaving dye gray yarn warehouse	11,081,816.28	Under the relevant certificate procedures of acceptance, measurement, examination by the real estate trading center and other departments

Lulian New Materials Winding and Dyeing Plant	47,492,809.01	The project is under relevant the procedures of acceptance
Lulian New Materials Sizing Plant	12,099,824.78	The project is under relevant the procedures of acceptance
Lulian New Materials Dyeing Plant	45,866,874.19	The project is under relevant the procedures of acceptance
Lulian New Materials Powerhouse	22,557,227.04	The project is under relevant the procedures of acceptance

(4) Liquidation of PP&E

Unit: RMB

Item	Ending balance	Beginning balance
Houses and buildings of Zhangdian Industrial Park	0.00	37,957,820.45
Total		37,957,820.45

16. Construction in Progress

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	202,862,768.01	201,339,271.24
Engineering materials	90,388,283.84	154,933,926.25
Total	293,251,051.85	356,273,197.49

(1) Construction in Progress

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Reform project of Xinsheng Thermal Power	26,446,596.90		26,446,596.90	15,024,257.20		15,024,257.20
Expansion project of Xinsheng Thermal Power (Phase II)	525,648.44		525,648.44	24,901,015.93		24,901,015.93
Dormitory project of Lu Thai (Vietnam)	22,880,424.95		22,880,424.95	19,083,725.35		19,083,725.35
Spinning project of Lu Thai Tan Chau	7,502,855.24		7,502,855.24	5,296,923.55		5,296,923.55

Functional Fabric Intelligent Ecological Park Project Phase I	85,584,978.56		85,584,978.56	95,803,812.78		95,803,812.78
Other retails projects	59,922,263.92		59,922,263.92	41,229,536.43		41,229,536.43
Total	202,862,768.01	0.00	202,862,768.01	201,339,271.24	0.00	201,339,271.24

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

Unit: RMB

Item	Budget	Beginning balance	Increased amount	Transferred in fixed assets	Other decreased amount	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
Reform project of Xinsheng Thermal Power	42,170,000.00	15,024,257.20	11,423,363.20	1,023.50		26,446,596.90	63.00%	63.00%				Others
Expansion project of Xinsheng Thermal Power (Phase II)	110,690,000.00	24,901,015.93	1,656,055.03	26,031,422.52		525,648.44	115.00%	99.00%				Others
Dormitory project of Lu Thai (Vietnam)	21,626,200.00	19,083,725.35	4,021,012.53		224,312.93	22,880,424.95	105.80%	95.00%				Others
Spinning project of Lu Thai Tan Chau	153,470,000.00	5,296,923.55	2,264,200.16		58,268.47	7,502,855.24	93.98%	93.98%				Others
Functional Fabric Intelligent Ecological Park Project Phase I	217,211,000.00	95,803,812.78	56,205,173.88	66,424,008.10		85,584,978.56	112.84%	90.00%	25,327,491.90	10,299,292.35	3.68%	Raised through equity offering

Other retails projects		41,229,536.43	19,324,550.09	617,834.95	13,987.65	59,922,263.92						Others
Total	545,167,200.00	201,339,271.24	94,894,354.89	93,074,289.07	296,569.05	202,862,768.01	--	--	25,327,491.90	10,299,292.35		--

(3) Engineering Materials

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Special materials						
Special equipment	90,388,283.84		90,388,283.84	154,933,926.25		154,933,926.25
Total	90,388,283.84		90,388,283.84	154,933,926.25		154,933,926.25

17. Right-of-use Assets

Unit: RMB

Item	Houses and buildings	Land use right	Total
1. Beginning balance	6,892,432.21	135,556,075.48	142,448,507.69
2. Increased amount of the period	49,016,057.44		49,016,057.44
4. Ending balance	55,908,489.65	135,556,075.48	191,464,565.13
1. Beginning balance		18,621,928.64	18,621,928.64
2. Increased amount of the period	8,543,697.88	2,556,831.18	11,100,529.06
(1) Withdrawal	8,543,697.88	2,556,831.18	11,100,529.06
4. Ending balance	8,543,697.88	21,178,759.82	29,722,457.70
1. Ending carrying value	47,364,791.77	114,377,315.66	161,742,107.43
2. Beginning carrying value	6,892,432.21	116,934,146.84	123,826,579.05

18. Intangible Assets

(1) List of Intangible Assets

Unit: RMB

Item	Land use right	Patent right	Non-patent technologies	Software use rights	Brand use rights	Total

I. Original carrying value					
1. Beginning balance	470,338,494.00			3,627,343.66	473,965,837.66
2. Increased amount of the period		409,550.00		70,796.46	480,346.46
(1) Purchase		409,550.00		70,796.46	480,346.46
(2) Internal R&D					
(3) Business combination increase					
3. Decreased amount of the period				1,268,358.23	1,268,358.23
(1) Disposal					
(2) Invalid and recognition terminated portion				1,268,358.23	1,268,358.23
4. Ending balance	470,338,494.00	409,550.00		2,429,781.89	473,177,825.89
II. Accumulated amortization					
1. Beginning balance	98,250,066.12			2,172,290.70	100,422,356.82
2. Increased amount of the period	5,049,404.16	10,238.76		564,666.92	5,624,309.84
(1) Withdrawal	5,049,404.16	10,238.76		564,666.92	5,624,309.84
3. Decreased amount of the period				1,268,358.23	1,268,358.23
(1) Disposal					
(2) Invalid and recognition terminated portion				1,268,358.23	
4. Ending balance	103,299,470.28	10,238.76		1,468,599.39	104,778,308.43
III. Depreciation reserves					
1. Beginning balance					
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance					
IV. Carrying value					
1. Ending carrying value	367,039,023.72	399,311.24		961,182.50	368,399,517.46
2. Beginning carrying value	372,088,427.88			1,455,052.96	373,543,480.84

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%.

19. Development Costs

Unit: RMB

Item	Beginning balance	Increased amount		Decrease		Ending balance
		Internal development costs	Others	Recognized as intangible assets	Transferred into the current profit or loss	
R&D of products		131,384,483.80			131,384,483.80	
Total		131,384,483.80			131,384,483.80	

20. Goodwill**(1) Original Carrying Value of Goodwill**

Unit: RMB

Name of the invested units or events generating goodwill	Beginning balance	Increase		Decrease		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

21. Long-term Prepaid Expense

Unit: RMB

Item	Beginning balance	Increased amount	Amortization amount of the period	Other decreased amount	Ending balance
Decoration fee	1,406,347.76		366,873.36		1,039,474.40
Total	1,406,347.76		366,873.36		1,039,474.40

22. 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 difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	185,234,407.19	30,515,460.15	232,609,684.18	37,624,855.86

Internal unrealized profit	123,127,144.30	18,792,107.51	109,437,547.23	17,073,399.27
Deductible losses	140,626,688.41	28,643,183.03	80,123,710.98	16,776,355.64
One-time listed decoration expenses	93,446.60	23,361.65	93,446.60	23,361.65
Payroll payable	118,015,305.73	17,802,836.17	118,015,305.73	17,802,836.18
Deferred income	176,361,848.15	27,601,608.50	173,862,983.31	27,188,106.81
Contract liabilities	20,153,015.55	5,038,253.88	16,596,721.35	4,149,180.34
Changes in fair value of other non-current financial assets	14,493,587.33	2,174,038.10	14,493,587.33	2,174,038.10
The changes of accounts receivable financing in fair value	332,259.77	49,838.97	358,052.29	53,707.84
Total	778,437,703.03	130,640,687.96	745,591,039.00	122,865,841.69

(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	413,309,189.57	66,575,988.87	417,366,245.56	67,382,126.00
Internal unrealized profit	0.00	0.00		
Changes in fair value of trading financial assets	25,479,700.00	3,821,955.00	18,456,216.98	2,768,432.55
Changes in fair value of other non-current financial assets	102,042,774.64	15,306,416.20	102,042,774.64	15,306,416.20
Interest payable of investment in debt obligations	0.00	0.00	1,174,577.93	176,186.69
Total	540,831,664.21	85,704,360.07	539,039,815.11	85,633,161.44

(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 liabilities	Beginning balance of deferred income tax assets and liabilities
Deferred income tax assets		130,640,687.96		122,865,841.69
Deferred income tax liabilities		85,704,360.07		85,633,161.44

(4) List of Unrecognized Deferred Income Tax Assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductible temporary difference	15,142,397.23	16,884,024.75
Deductible losses	1,141,584.49	586,187.49
Total	16,283,981.72	17,470,212.24

(5) Deductible Losses of Unrecognized Deferred Income Tax Assets will Due in the Following Years

Unit: RMB

Years	Ending amount	Beginning amount	Remarks
2024	1,344.62	1,344.62	
2025	584,842.87	584,842.87	
2026	555,397.00		
Total	1,141,584.49	586,187.49	--

23. Other Non-current Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Prepayment for land transfer fee	214,636,813.33		214,636,813.33	86,515,839.05		86,515,839.05
Prepayment for equipment	11,982,987.66		11,982,987.66	6,195,947.23		6,195,947.23
Land occupancy right to be recaptured by government				2,722,253.90		2,722,253.90
Total	226,619,800.99		226,619,800.99	95,434,040.18		95,434,040.18

24. Short-term Borrowings**(1) Category of Short-term Borrowings**

Unit: RMB

Item	Ending balance	Beginning balance
Pledged loan	26,300,299.48	11,763,977.73
Guarantee loan	365,786,529.41	550,258,596.41

Credit loan	599,481,179.51	368,848,434.05
Total	991,568,008.40	930,871,008.19

Notes of the category for short-term loans:

(1) The ending pledged loan was the short-term debt formed by the discounted and undue bill receivable under derecognition at the period-end. Ending guarantee loan was the guarantee provided for the bank loan of the subsidiary Lu An Garments, Continental Textile and Lu Thai Tan Chau by the Company. Refer to Note XIII-2 for details.

(2) The short-term borrowings include interest payable of RMB684,557.35.

25. Accounts Payable

(1) List of Accounts Payable

Unit: RMB

Item	Ending balance	Beginning balance
Payment for goods	130,187,266.79	137,003,680.16
Engineering equipment	86,974,225.85	80,349,348.21
Others	19,716,430.42	25,909,445.32
Total	236,877,923.06	243,262,473.69

26. Contract Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Advance from sales	155,640,862.94	152,333,217.97
Less: contract liability recorded in other current liabilities	-8,879,157.38	-10,993,512.35
Total	146,761,705.56	141,339,705.62

27. Payroll Payable

(1) List of Payroll Payable

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	265,648,198.38	629,293,111.93	674,156,079.00	220,785,231.31
II. Post-employment benefit-defined contribution plans		70,180,846.15	70,069,317.98	111,528.17
III. Termination Benefits		1,605,779.70	1,605,779.70	0.00

Total	265,648,198.38	701,079,737.78	745,831,176.68	220,896,759.48
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(2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	202,510,898.31	552,467,184.66	601,220,509.36	153,757,573.61
2. Employee welfare	0.00	24,585,541.59	24,585,541.59	0.00
3. Social insurance	24,203.32	34,238,381.89	34,242,079.95	20,505.26
Of which: Medical insurance premiums	17,079.14	30,884,737.04	30,883,997.75	17,818.43
Work-related injury insurance	6,854.60	3,349,949.14	3,354,429.37	2,374.37
Maternity insurance	269.58	3,695.71	3,652.83	312.46
4. Housing fund	0.00	7,354,686.30	7,354,686.30	0.00
5. Labor union budget and employee education budget	63,113,096.75	10,647,317.49	6,753,261.80	67,007,152.44
Total	265,648,198.38	629,293,111.93	674,156,079.00	220,785,231.31

(3) List of Defined Contribution Plans

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits		66,914,679.12	66,808,587.72	106,091.40
2. Unemployment insurance		3,266,167.03	3,260,730.26	5,436.77
Total		70,180,846.15	70,069,317.98	111,528.17

Other notes:

The Company, in line with the requirement, participates in the endowment insurance, unemployment insurance plans and so on. Under these plans, the Company makes monthly contributions to these plans at 16% and 0.7% of the social security contribution base, respectively. No further payment obligations will be incurred by the Company beyond the above monthly contribution fees. Except the monthly payment, the Company no longer shoulder the further payment obligation, the relevant expense occurred was recorded into current profits and losses or related assets costs.

28. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
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VAT	1,362,271.48	12,077,311.75
Corporate income tax	21,928,042.67	11,531,626.63
Personal income tax	439,454.95	422,663.35
Urban maintenance and construction tax	1,147,267.34	3,390,064.57
Stamp duty	245,290.70	441,946.14
Property tax	4,986,586.13	4,868,121.51
Land use tax	2,558,614.55	900,240.84
Education Surcharge	334,750.91	1,338,871.23
Local education surcharge	502,126.36	876,371.30
Local water conservancy facility construction fund		218,962.12
Resources tax	153,036.00	70,554.00
Environmental protection tax	217,621.50	332,245.33
Total	33,875,062.59	36,468,978.77

29. Other Payables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends payable	441,113.64	441,113.64
Other payables	20,572,232.32	17,146,357.15
Total	21,013,345.96	17,587,470.79

(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:

Cash dividend of previous year not received by individual shareholders

(2) Other Payables

1) Other Payables Listed by Nature of Account

Unit: RMB

Item	Ending balance	Beginning balance
Deposits and cash deposits etc.	4,620,531.70	5,571,490.73
Collecting payment on behalf of others	419,786.08	1,266,624.26
Intercourse funds		73,371.05
Others	15,531,914.54	10,234,871.11
Total	20,572,232.32	17,146,357.15

30. Current Portion of Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Current portion of long-term borrowings	20,420,200.26	43,149,400.13
Lease obligation matured within 1 Year	15,356,083.30	450,000.00
Total	35,776,283.56	43,599,400.13

31. Other Current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Tax to be charged off	8,879,157.38	10,993,512.35
Demolition compensation received		95,751,465.00
Endorsed undue bill under non-derecognition	72,733,587.16	85,829,697.33
Total	81,612,744.54	192,574,674.68

32. Long-term Borrowings

(1) Category of Long-term Borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Guarantee loan	12,920,200.26	39,149,400.13
Credit loan	667,234,579.14	499,520,342.78
Less: current portion of long-term borrowings	-20,420,200.26	-43,149,400.13
Total	659,734,579.14	495,520,342.78

Note to the category of long-term borrowings:

(1) The guarantee loan was the guarantee provided for the bank loan of the subsidiary Lu Thai Tan Chau by the Company. Refer to

Note XIII-2 for details.

(2) The long-term borrowings term borrowings include interest payable of RMB604,579.14.

Other notes, including interest rate range

Item	Ending balance	Interest rate range (%)	Beginning balance	Interest rate range (%)
Guarantee loan	12,920,200.26	2.10-2.20	39,149,400.13	2.89-3.10
Credit loan	667,234,579.14	3.06-3.65	499,520,342.78	3.06-3.50

33. Bonds Payable

(1) Bonds Payable

Unit: RMB

Item	Ending balance	Beginning balance
Convertible corporate bonds	1,370,297,472.37	1,350,171,526.97
Total	1,370,297,472.37	1,350,171,526.97

(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	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
LuThai Convertible Bond 127016	1,400,000,000.00	9 April 2020	6	1,400,000,000.00	1,350,171,526.97		3,037,640.29	21,311,166.41	4,199,661.30	23,200.00	1,370,297,472.37
Total	--	--	--								

(3) Convertible Conditions and Time for Convertible Corporate Bonds

According to the *Approval of the Public Issue of Convertible Corporate Bonds of Lu Thai Textile Co., Ltd.* (ZJXK [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 the convertible corporate bonds was RMB9.01 per share at the time of issuance and the initial conversion price was adjusted accordingly to RMB8.91 per share from 9 July 2020 after the implementation of the Company's proposal to distribute a cash dividend of RMB85,812,154.10 per share (RMB1 per 10 shares in cash) for 2019 on 8 July 2020.

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).

34. Lease Obligation

Unit: RMB

Item	Ending balance	Beginning balance
Lease liabilities	32,226,761.06	6,442,432.21
Total	32,226,761.06	6,442,432.21

35. Long-term Payroll Payable

(1) List of Long-term Payroll Payable

Unit: RMB

Item	Ending balance	Beginning balance
III. Other long-term welfare	45,772,995.06	62,137,656.00
Total	45,772,995.06	62,137,656.00

36. Deferred Income

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
Government subsidies	173,862,983.31	6,736,300.00	4,237,435.16	176,361,848.15	Government subsidies
Unrealized financing incomes					

Total	173,862,983.31	6,736,300.00	4,237,435.16	176,361,848.15	--
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Item involving government grants:

Refer to Note VII-63 Government Grants for the government grants included in the deferred income

37. Share Capital

Unit: RMB

	Beginning balance	Increase/decrease (+/-)					Ending balance
		New shares issued	Bonus shares	Bonus issue from profit	Others	Subtotal	
The sum of shares	858,132,322.00	24,285,000.00			2,600.00	24,287,600.00	882,419,922.00

Other notes:

During the period, the Company issued 24,285,000.00 restricted shares from equity incentive and 2,600.00 shares converted from convertible bonds.

38. Other Equity Instruments

(1) Basic Information about Other Outstanding Financial Instruments such as Preferred Shares and Perpetual Bonds at the Period-end

On 9 April 2020, the Company publicly issued 14 million A-share convertible corporate bonds (short name: Luthai Convertible Bonds, bond code: 127016) on Shenzhen Stock Exchange with an issue price of RMB100 per share. The bonds were listed on Shenzhen Stock Exchange on 13 May 2020.

(2) 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 bonds to equity		71,386,451.81				1,183.05		71,385,268.76
Total		71,386,451.81				1,183.05		71,385,268.76

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

The decrease in other equity instruments for the period is due to the convertible debt-for-equity swap.

39. Capital Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium (premium on stock)	197,695,880.68	56,119,250.83		253,815,131.51
Other capital reserves	58,216,607.33	5,584,657.46		63,801,264.79
Total	255,912,488.01	61,703,908.29		317,616,396.30

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

(1) Capital premium increased by RMB56,119,250.83 during the year, mainly due to the capital premium arising from the capital increase under the Restricted Share Incentive Scheme.

(2) Other capital reserve increased by RMB5,584,657.46 in the year, mainly due to the expense recognized for equity-settled share payments under the Restricted Share Incentive Scheme.

40. Other Comprehensive Income

Unit: RMB

Item	Beginning balance	Amount of the current period						Ending balance
		Income before taxation in 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 owners of the Company as the parent after tax	Attributable to non-controlling interests after tax	
II. Other comprehensive income that may subsequently be reclassified to profit or loss	1,308,922.89	-14,696,529.07	0.00	0.00	3,868.89	-14,722,687.09	22,289.13	-13,413,764.20
Differences arising from translation of foreign currency-denominated financial statements	1,561,310.24	-14,722,321.59				-14,722,321.59		-13,161,011.35
The changes of accounts receivable financing in fair value	-252,387.35	25,792.52			3,868.89	-365.50	22,289.13	-252,752.85
Total of other comprehensive income	1,308,922.89	-14,696,529.07			3,868.89	-14,722,687.09	22,289.13	-13,413,764.20

41. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	1,150,675,885.21			1,150,675,885.21
Discretionary surplus reserves	3,341,572.58			3,341,572.58
Total	1,154,017,457.79			1,154,017,457.79

42. Retained Profits

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained profits before adjustments	5,346,819,948.22	5,372,073,615.12
Beginning balance of retained profits after adjustments	5,346,819,948.22	5,372,073,615.12
Add: Net profit attributable to owners of the Company as the parent	153,497,344.66	144,119,579.22
Dividend of ordinary shares payable	44,120,990.40	85,812,154.10
Ending retained profits	5,456,196,302.48	5,430,381,040.24

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.

43. Operating Revenue and Cost of Sales

Unit: RMB

Item	Amount of the current period		Amount of the previous period	
	Revenue	Cost	Revenue	Cost
Main operations	2,156,443,129.95	1,763,955,459.16	2,222,332,890.30	1,634,158,882.29
Other operations	63,870,520.99	47,286,284.04	64,411,190.49	49,593,448.98
Total	2,220,313,650.94	1,811,241,743.20	2,286,744,080.79	1,683,752,331.27

Information about performance obligations:

None

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

As at the end of the Reporting Period, the revenue amount corresponding to the contract performance obligation yet to be fulfilled or yet to be completed under a signed contract is RMB0.00, including RMB0.00 expected to be recognized as revenue in the year, RMB0.00 expected to be recognized as revenue in the year, and RMB0.00 expected to be recognized as revenue in the year.

44. Taxes and Surtaxes

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Urban maintenance and construction tax	6,283,128.18	7,630,680.55
Education Surcharge	2,695,603.21	3,402,460.99
Resources tax	236,902.00	262,578.00
Property tax	10,055,281.39	10,624,279.89
Land use tax	5,120,956.62	8,760,353.77
Vehicle and vessel usage tax	49,025.98	75,368.72
Stamp duty	1,427,573.40	1,668,370.50
Local education surcharge	1,797,068.80	2,268,305.20
Local water conservancy facility construction fund	-102,200.92	541,123.15
Environmental protection tax	594,788.21	532,734.64
Total	28,158,126.87	35,766,255.41

45. Selling Expense

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Salary	24,817,866.24	24,858,302.63
Carriage charges		18,556,351.95
Advertising expense	185,949.36	218,938.82
Port surcharge		5,552,752.80
Depreciation charge	2,919,396.85	3,364,600.96
Travel expense	695,266.26	963,154.55
Rental charges	536,277.43	2,003,837.09
Sales service fee	5,389,984.38	4,662,986.11
Publicity expenses	7,483,834.48	8,117,611.43
Expense for repairmen and loss	2,666,451.20	7,115,057.20

Others	3,851,768.86	6,326,312.05
Total	48,546,795.06	81,739,905.59

46. Administrative Expense

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Salary	34,322,960.21	67,681,094.74
Depreciation charge	13,936,331.40	17,659,534.12
Warehouse funding	17,942,419.24	20,442,304.85
Travel expense	12,190,687.06	12,025,932.80
Rental charges	6,505,177.01	6,948,195.24
Labor-union expenditure	5,802,625.03	5,915,433.42
Employee education budget	4,210,543.12	4,188,129.15
Amortization of intangible assets	6,143,216.69	6,766,430.80
Carriage charges	3,094,038.89	3,500,431.81
Others	25,970,047.75	32,766,112.54
Total	130,118,046.40	177,893,599.47

47. R&D Expense

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Labor cost	77,616,982.58	63,175,350.86
Material expense	36,220,227.08	43,001,450.30
Depreciation charge	6,279,523.70	6,678,502.09
Others	11,267,750.44	10,586,419.81
Total	131,384,483.80	123,441,723.06

48. Finance Costs

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Interest expense	39,272,113.66	43,752,260.50
Less: Interest income	14,562,127.13	13,506,359.51
Less: Capitalized interest	10,299,292.35	5,092,555.05
Foreign exchange gains or losses	5,910,962.13	-3,962,751.87

Less: Capitalized foreign exchange gains or losses		
Others	3,901,272.97	4,016,715.61
Total	24,222,929.28	25,207,309.68

49. Other Income

Unit: RMB

Sources	Amount of the current period	Amount of the previous period
Government subsidies	19,089,311.11	36,850,705.82
Total	19,089,311.11	36,850,705.82

50. Investment Income

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Long-term equity investment income accounted by equity method	-1,789,070.68	-3,579,523.35
Investment income from disposal of trading financial assets	24,904,879.52	154,309,537.24
Interest income earned on investment in debt obligations during the holding period	6,065,699.38	
Total	29,181,508.22	150,730,013.89

Other notes:

The investment income generated from wealth management during the Reporting Period was RMB7,890,621.85.

51. Gain on Changes in Fair Value

Unit: RMB

Sources	Amount of the current period	Amount of the previous period
Trading financial assets	8,034,224.66	-143,854,551.38
Trading financial liabilities		-841,402.78
Total	8,034,224.66	-144,695,954.16

Other notes:

The fair value change gain or loss arising from wealth management during the reporting period was: -RMB1,806,575.34

52. Credit Impairment Loss

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Bad debt loss of other receivables	-211,404.00	567,920.22
Bad debt loss of long-term receivables	-87,833.04	396,960.83
Bad debt loss of accounts receivable("-" indicates loss)	11,414,377.16	-2,518,597.53
Bad debt loss of dividend receivable ("-" indicates loss)	1,498,035.63	
Total	12,613,175.75	-1,553,716.48

53. Asset Impairment Loss

Unit: RMB

Item	Amount of the current period	Amount of the previous period
II. Inventory falling price loss and impairment provision for contract performance costs	-7,035,233.41	-24,613,079.38
Total	-7,035,233.41	-24,613,079.38

54. Asset Disposal Income

Unit: RMB

Sources	Amount of the current period	Amount of the previous period
Fixed asset disposal income ("-" for loss)	39,092,642.32	-405,636.42
Intangible asset disposal income ("-" for loss)	19,438,746.10	51,773.24
Total	58,531,388.42	-353,863.18

55. Non-operating Income

Unit: RMB

Item	Amount of the current period	Amount of the previous period	Amount recorded in the current non-recurring profit or loss
Others	1,184,008.01	2,125,819.41	
Total	1,184,008.01	2,125,819.41	

56. Non-operating Expense

Unit: RMB

Item	Amount of the current period	Amount of the previous period	Amount recorded in the current non-recurring profit or loss
Donation	2,012,051.62	1,000,000.00	

Losses from damage and scrap of non-current assets	0.00	149,918.89	
Others	577,877.31	1,234,008.01	
Total	2,589,928.93	2,383,926.90	

57. Income Tax Expense

(1) List of Income Tax Expense

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Current income tax expense	29,081,920.36	26,171,457.60
Deferred income tax expense	-6,872,687.22	896,376.09
Total	22,209,233.14	27,067,833.69

(2) Adjustment Process of Accounting Profit and Income Tax Expense

Unit: RMB

Item	Amount of the current period
Profit before taxation	165,649,980.16
Current income tax expense accounted at statutory/applicable tax rate	24,847,497.02
Influence of applying different tax rates by subsidiaries	-600,686.48
Influence of income tax before adjustment	-2,324,613.80
Effect of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the period	555,397.00
Profit/loss of associated enterprises and joint ventures accounted by equity method	-268,360.60
Income tax expense	22,209,233.14

58. Other Comprehensive Income

Refer to Note VII-40 for details.

59. Cash Flow Statement

(1) Cash Generated from Other Operating Activities

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Government subsidies	21,588,175.95	42,760,333.79

Claim income	356,171.92	657,147.73
Recovery of employee borrowings, petty cash and deposit	12,429,591.08	7,829,609.00
Collection for employees	2,413,849.33	1,507,827.48
Others	3,662,317.53	2,847,294.50
Total	40,450,105.81	55,602,212.50

(2) Cash Used in Other Operating Activities

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Freight and miscellaneous charges		25,102,769.53
Rental charges	2,387,330.09	11,393,199.71
Advertising expense	605,033.82	1,074,493.45
Business travel charges	15,478,544.40	14,492,835.30
Insurance	2,585,281.80	2,130,902.85
Audit advisory announcement fee	6,023,522.11	9,146,615.17
Decoration & repair expenses	394,368.44	1,368,170.04
Donation	2,433,466.47	1,000,000.00
Pre-payment	858,305.97	1,750,359.55
Payment of employee borrowings, petty cash and deposit	15,018,936.57	6,298,914.86
Others	22,427,795.71	30,165,500.96
Total	68,212,585.38	103,923,761.42

(3) Cash Generated from Other Investing Activities

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Interest income	14,858,805.99	8,467,672.27
Income from forward foreign exchange	23,079,957.05	8,657,194.49
Cash deposit of L/C for purchasing equipment		28,969,919.03
Total	37,938,763.04	46,094,785.79

(4) Cash Used in Other Investing Activities

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Forward settlement exchange loss		363,000.00
Pay margin	2,365,093.84	2,868,380.25
Total	2,365,093.84	3,231,380.25

(5) Cash Generated from Other Financing Activities

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Return of loan guarantees		14,000,000.00
Recovery of intercourse accounts		160,000,000.00
Total		174,000,000.00

(6) Cash Used in Other Financing Activities

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Pay right-of-use assets accounts	9,339,306.00	
Payment for intercourse accounts		160,000,000.00
Total	9,339,306.00	160,000,000.00

60. Supplemental Information for Cash Flow Statement**(1) Supplemental Information for Cash Flow Statement**

Unit: RMB

Supplemental information	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	143,440,747.02	147,981,121.64
Add: Provision for impairment of assets	-5,577,942.34	26,166,795.86
Depreciation of fixed assets, oil-gas assets, and productive living assets	218,273,154.39	242,090,445.82
Depreciation of right-of-use assets	11,100,529.06	
Amortization of intangible assets	5,624,309.84	8,510,785.39
Amortization of long-term prepaid expenses	366,873.36	2,182,757.76

Losses from disposal of fixed assets, intangible assets and other long-lived assets (gains: negative)	-58,531,388.42	353,863.18
Losses from scrap of fixed assets (gains: negative)	0.00	149,918.89
Losses from changes in fair value (gains: negative)	-8,034,224.66	143,854,551.38
Finance costs (gains: negative)	20,321,656.31	21,190,594.07
Investment loss (gains: negative)	-29,181,508.22	-150,730,013.89
Decrease in deferred income tax assets (gains: negative)	-7,774,846.27	1,633,759.08
Increase in deferred income tax liabilities (“-” means decrease)	71,198.63	21,903,691.90
Decrease in inventory (gains: negative)	-59,506,379.69	-169,000,792.88
Decrease in accounts receivable generated from operating activities (gains: negative)	13,448,642.14	188,207,459.72
Increase in accounts payable used in operating activities (decrease: negative)	-61,279,796.01	-275,102,672.23
Others		
Net cash generated from/used in operating activities	182,761,025.14	209,392,265.69
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
Conversion of debt to capital		
Convertible corporate bonds matured within 1 Year		
Fixed asset under finance lease		
3. Net increase/decrease of cash and cash equivalent:	--	--
Ending balance of cash	2,031,646,000.18	2,018,648,643.49
Less: beginning balance of cash	1,396,530,407.47	878,559,018.92
Add: Ending balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	635,115,592.71	1,140,089,624.57

(2) Cash and Cash Equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	2,031,646,000.18	1,396,530,407.47
Including: Cash on hand	6,722,270.36	7,009,891.16
Bank deposit on demand	2,024,923,729.82	1,389,520,516.31
III. Ending balance of cash and cash equivalents	2,031,646,000.18	1,396,530,407.47

61. Assets with Restricted Ownership or Right to Use

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary assets	3,465,093.84	Cash deposit for L/G and L/C
Notes receivable	99,033,886.64	Endorsement or discounting of not terminated recognition
Total	102,498,980.48	--

62. Foreign Currency Monetary Items**(1) Foreign Currency Monetary Items**

Unit: RMB

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary assets	--	--	
Of which: USD	32,313,460.50	6.4601	208,748,186.16
EUR	847,803.58	7.6862	6,516,387.88
HKD	3,500,100.13	0.8321	2,912,433.32
JPY	22,594,809.00	0.0584	1,319,536.85
GBP	1,957.18	8.9410	17,499.15
CHF	1,137.82	7.0134	7,979.99
SEK			
VND	51,095,214,217.71	0.00028	14,306,659.98
MMK	190,441,987.96	0.0040	761,767.95
KHR	105,399,264.00	0.0016	168,638.82
Notes receivable			
Of which: USD	11,412,766.57	6.4601	73,727,613.32
Accounts receivable	--	--	
Of which: USD	49,859,930.84	6.4601	322,100,139.23
EUR	384,979.93	7.6862	2,959,032.74
HKD			
VND	36,565,303,815.00	0.00028	10,238,285.07
Other receivables			
Of which: USD	838,067.45	6.4601	5,413,999.53
JPY	1,395,040.00	0.0584	81,470.34

HKD	1,775,449.00	0.8321	1,477,351.11
VND	18,374,290,779.94	0.00028	5,144,801.42
GBP	7,250.00	8.9410	64,822.25
Accounts payable			
Of which: USD	5,887,933.57	6.4601	38,036,639.66
EUR	718,514.67	7.6862	5,522,647.46
JPY	15,482,648.00	0.0584	904,186.64
VND	25,644,036,076.00	0.00028	7,180,330.10
MMK	39,811,940.00	0.00400	159,247.76
Other payables			
Of which: USD	98,823.05	6.4601	638,406.79
VND	1,108,493,475.00	0.000280	310,378.17
MMK	1,000,000.00	0.0040	4,000.00
Short-term borrowings			
Of which: USD	148,082,726.55	6.4601	956,629,221.79
VND	28,356,504,353.00	0.00028	7,939,821.22
Current portion of long-term borrowings			
Of which: USD	2,000,000.04	6.4601	12,920,200.26
Long-term borrowings	--	--	
Of which: USD			
EUR			
HKD			

(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 Company's subsidiaries Lu Thai (Hong Kong), Lu Thai (Cambodia), Vanguard Apparel, Lu Thai (America), Continental Textile, Lu An Garments, and the sub-subsidiary Lu Thai Tan Chau and Libra International were Hong Kong, Cambodia, Burma, America, Vietnam, Vietnam, Vietnam, Singapore, and the recording currency was HKD for Lu Thai (Hong Kong), USD for other overseas companies.

63. Government Grants

(1) Basic Information on Government Grants

Unit: RMB

Category	Amount	Listed items	Amount recorded in the current profit or loss
Subsidy funds for high-grade fabric production line intelligent technology transformation project	5,000,000.00	Deferred income	
Subsidy funds for the construction of infrastructure facilities	400,000.00	Deferred income	
Subsidy accounts for investment in technological renovation equipment	1,069,000.00	Deferred income	
Subsidy funds for technological renovation project	267,300.00	Deferred income	
Rebate of surcharges for withholding taxes	239,800.14	Other income	239,800.14
Fund for providing generous support to local enterprises and fund for providing generous support of current period	4,300,000.00	Other income	4,300,000.00
Subsidy accounts for van phase-out	25,600.00	Other income	25,600.00
Additional deduction amount	21,100.26	Other income	21,100.26
VAT deduction of GTS equipment	720.00	Other income	720.00
VAT deduction of GTS equipment technical service charge	1,820.00	Other income	1,820.00
Subsidies for work-based training for enterprises in difficulty	300,000.00	Other income	300,000.00
VAT deduction of enterprises recruiting employee with poverty registration	2,600.00	Other income	2,600.00
Urban construction tax deduction of enterprises recruiting key group personnel	25,150.00	Other income	25,150.00
VAT deduction of enterprises recruiting key group personnel	31,350.00	Other income	31,350.00
Talent supporting expenditure	50,000.00	Other income	50,000.00
Provincial incentive fund for innovation platform	200,000.00	Other income	200,000.00
Tax return	54,742.26	Other income	54,742.26
Foreign trade premium stand subsidy	2,400.00	Other income	2,400.00
Subsidies for work-based training	3,482,358.04	Other income	3,482,358.04
VAT reduction and exemption	7,445.25	Other income	7,445.25
Subsidy for exhibition halls	3,600,000.00	Other income	3,600,000.00
Subsidy for occupational training	2,506,790.00	Other income	2,506,790.00
Total	21,588,175.95		14,851,875.95

(2) Return of Government Grants

Applicable Not applicable

Other notes:

VIII. Change of Consolidation Scope**1. Disposal of Subsidiaries**

Whether there was a single disposal of an investment in a subsidiary that resulted in a loss of control

Y N

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

Y N

2. Change in Consolidation Scope for Other Reasons

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

During the year, the Company established new subsidiaries, Hainan Huilin International Holdings Co., Ltd. and Zibo Banyang Mountain Villa Hotel Co., Ltd, and a new sub-subsidiary, Libra International Investment Pet. Ltd.

IX. Equity in Other Entities**1. Equity in Subsidiary****(1) Subsidiaries**

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Luthai (Hong Kong)	Hong Kong	Hong Kong	Wholesale and retail industry	100.00%		Set-up
Shanghai Luthai	Shanghai	Shanghai	Wholesale and retail industry	100.00%		Set-up
Lufeng Weaving & Dyeing	Zibo	Zibo	Manufacturing industry	75.00%		Set-up
Luqun Textile	Zibo	Zibo	Manufacturing industry	100.00%		Set-up
Xinsheng Power	Zibo	Zibo	Manufacturing industry	100.00%		Business combination not under the same control
Shanghai Zhinuo	Shanghai	Shanghai	Technology development, technical consultancy and transfer of technologies	100.00%		Set-up
Lulian New Materials	Zibo	Zibo	Manufacturing industry	75.00%		Set-up

Lujia Import & Export	Zibo	Zibo	Import and export trade	100.00%		Set-up
Lu Thai Occupational Training School	Zibo	Zibo	Skill training	100.00%		Set-up
Beijing Zhishu Trading	Beijing	Beijing	Wholesale and retail industry	100.00%		Set-up
Lu Thai (Cambodia)	Cambodia	Cambodia	Manufacturing industry	100.00%		Set-up
Vanguard Apparel	Burma	Burma	Manufacturing industry	100.00%		Set-up
Lu Thai (America)	America	America	Wholesale and retail industry	100.00%		Set-up
Continental Textile	Vietnam	Vietnam	Manufacturing industry	100.00%		Set-up
Lu Thai Tan Chau (sub-subsidiary)	Vietnam	Vietnam	Manufacturing industry		100.00%	Set-up
Lu An Garments	Vietnam	Vietnam	Manufacturing industry	100.00%		Set-up
Huilin International	Wenchang	Wenchang	Modern service industry	100.00%		Set-up
Libra International (sub-subsidiary)	Singapore	Singapore	Wholesale textiles and leather, holding company		100.00%	Set-up
Banyang Mountain Villa	Zibo	Zibo	Catering	100.00%		Set-up

(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 Weaving & Dyeing	25.00%	-4,472,568.73		307,529,547.95
Lulian New Materials	25.00%	-5,561,739.78		86,534,932.72

(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 Weaving & Dyeing	1,001,709,569.68	767,030,504.98	1,768,740,074.66	491,440,992.94	45,303,735.47	536,744,728.41	900,603,950.86	765,771,111.19	1,666,375,062.05	365,567,492.89	43,982,357.41	409,549,850.30
Lulian New	522,725,766.65	492,493,585.25	1,015,219,351.90	667,310,220.56	3,156,415.36	670,466,635.92	508,510,155.05	414,671,978.33	923,182,133.38	551,639,028.01	3,156,415.36	554,795,443.37

Materials												
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Unit: RMB

Name	Amount of the current period				Amount of the previous period			
	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 Weaving & Dyeing	528,023,041.71	-24,919,021.98	-24,829,865.50	-25,430,786.43	606,784,342.44	30,732,000.50	30,732,000.50	-27,139,185.20
Lulian New Materials	14,060,457.18	-23,633,974.03	-23,633,974.03	-20,179,784.39	989,929.41	-7,858,066.26	-7,858,066.26	-31,971,995.02

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	
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

	Closing balance/amount of the current period	Opening balance/amount of the previous period
	Haohong Investment	Haohong Investment
Current assets	234,293,702.92	265,506,727.38
Total assets	234,293,702.92	265,506,727.38
Current liabilities	3,433,167.13	517,461.99
Total liabilities	3,433,167.13	517,461.99
Equity attributable to shareholders of the Company as the parent	230,860,535.79	264,989,265.39

Net assets shares calculated at the shareholding proportion	76,954,816.58	88,329,922.16
Carrying value of investment to associated enterprises	76,954,816.58	88,329,922.16
Net profit	-10,484,845.56	-13,549,861.17
Total comprehensive income	-10,484,845.56	-13,549,861.17

X. Risks Associated with Financial Instruments

The Group's major financial instruments include the monetary assets, notes receivable, accounts receivables, accounts receivable financing, other receivables, other current assets, trading financial assets, debt investment, other non-current financial assets, long-term receivables, notes payable, accounts payable, other payables, the short-term borrowings, trading financial liabilities, Current Portion of Non-current Liabilities and long-term borrowings. Details of various financial instruments are disclosed in relevant Notes. Possible risks related to these financial instruments and various risk management policies implemented to reduce these risks are described as follows. The Group's management has controlled and monitored these risk exposures in order to control the above-mentioned risks within the limited scope.

1. Risk management objectives and policies

The Group 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 Group'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 Group, set the appropriate acceptable risk level and designed corresponding internal control procedures to monitor the Group's risk level. Meanwhile, the Group 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 Group's business operations. Accordingly, the Group'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 Group 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 Group, determining the Group'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 Group. 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 Group will evaluate the specific marketing environment and various changes in the Group'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 Group will suffer any financial losses due to the counter party's failure in fulfilling the contract obligations.

The Group 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 accounts receivable 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 accounts receivable, the Group 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 Group will evaluate the client's credit qualification and set corresponding credit period. In addition, the Group will regularly monitor the client's credit record. For clients with poor credit records, the Group will issue the written Reminder Notice, shorten the credit period or cancel the credit period to guarantee the Group's overall credit risk under control.

The hugest credit risk exposure borne by the Group is the book value of each financial asset reflected in the balance sheet. The Group is also exposed to credit risk due to the provision of financial guarantees, as disclosed in Note XI-2.

In terms of accounts receivable, the top 5 customers in accounts receivable were accounted for 26.20% of the total amount of accounts receivable of the Group (29.49% in 2020). In terms of other receivables, the top 5 of the ending balance according to the arrears party was accounted for 47.08% of the total amount of other receivables of the Group (59.79% in 2020).

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 Group 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 Group are listed as follows according to report items (Unit: RMB'0,000).

Item	30 June 2021	31 December 2020	31 December 2019
Trading financial assets	9,757.04	25,181.47	5,235.61
Other current assets	-	35,137.97	
Total	9,757.04	60,319.44	5,235.61

(2) Liquidity risk

Liquidity Risk refers to the risk of capital shortage encountered by the Group during the cash payment or the settlement of other financial assets.

During the management of liquidity risk, the Group shall reserve and monitor corresponding cash and cash equivalent deemed sufficient by the management so as to meet the Group'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 Group'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 Group, and financial liabilities based on the fixed interest rate the fair value interest rate risk.

However, the Group has paid close attention the impact of interest rate fluctuations on the Group's interest rate risk. At present, the Group 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 Group's unsettled interest-bearing debts based on the floating interest rate, and cause major adverse influence on the Group'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 Group holds interest-bearing financial liabilities as follows (Unit: RMB'0,000):

Item	30 June 2021	31 December 2020
Fixed-interest financial liability		
Including: short-term borrowings	90,396.77	34,385.82
Current portion of long-term borrowings	150.00	400.00
Long-term borrowings	29,800.00	20,000.00
Bonds payables	137,029.75	135,017.15
Total	257,376.52	189,802.97
Floating rate financial liability		
Including: short-term borrowings	8,691.57	58,452.36
Current portion of long-term borrowings	1,892.02	3,914.94
Long-term borrowings	36,113.00	29,500.00
Total	46,696.59	91,869.30

On 30 June 2020, 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 RMB4,669,700.

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 30 June 2020, 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	
	Ending balance	Beginning balance	Ending balance	Beginning balance
USD	100,822.45	100,434.65	60,998.99	54,643.66
EUR	552.26	136.74	947.54	894.96
JPY	90.42	195.50	140.10	64.20
HKD		29.49	438.98	328.79
GBP		0.00	8.23	8.19
CHF		24.32	0.80	5.18
SEK		0.00	0.00	0.06
VND	1,543.05	1,583.90	2,968.97	3,110.91
MMK	16.32	28.21	76.18	30.99
KHR		0.00	16.86	46.39
Total	103,024.50	102,432.81	65,596.65	59,133.34

However, 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, the impact on the Group's shareholders' equity and net profit assuming a 10% appreciation or depreciation of RMB against foreign currencies, while other factors remain unchanged, would be as follows (Unit: RMB'0,000):

Exchange rate fluctuations	Reporting Period		Same Period Last Year	
	Impact on profit	Impact on shareholders' equity	Impact on profit	Impact on shareholders' equity
10% appreciation against RMB	3,742.78	3,742.78	4,711.60	4,711.60
10% depreciation against RMB	-3,742.78	-3,742.78	-4,711.60	-4,711.60

2. Capital management

The objectives of capital management policies of the Group are to ensure the continuous operation of the Group 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 Group 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 31 December 2020, the asset-liability ratio was 33.29% of the Group (30.17% on 31 December 2019).

XI. Disclosure of Fair Value

1. Ending Fair Value of Assets and Liabilities at Fair Value

Unit: RMB

Item	Ending fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
(I) Trading Financial Assets		124,052,667.02		124,052,667.02
1. Financial assets measured at fair value through profit and loss for the current period		97,570,367.02		97,570,367.02
(3) Derivative financial assets		26,482,300.00		26,482,300.00
(II) Accounts receivable financing			29,582,908.88	29,582,908.88
(III) Other non-current financial assets			156,915,620.25	156,915,620.25
The total amount of assets consistently measured at fair value		124,052,667.02	186,498,529.13	310,551,196.15
II. Inconsistent fair value measurement	--	--	--	--

2. Continuous and Non-continuous Level 2 Fair Value Measurement Items, Valuation Techniques Used, and the Qualitative and Quantitative Information of Important Parameters

For bank WM products, the Company determines their fair value based on the expected rate of return as agreed in the contract.

For forward settlements of exchanges, the Company determines their fair value based on bank forward foreign exchange quotations at the end of the period.

3. 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 Company values its holdings of unlisted and outstanding domestic shares of companies listed on the Hong Kong Stock Exchange on the basis of quoted prices for Hong Kong shares and taking into account factors such as unlisted and outstanding cases.

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.

4. 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, long-term receivables, short-term borrowings, notes payable, accounts payables, other payables, current portion of long-term borrowings and long-term borrowings, etc.

XII. 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	RMB63.26 million	15.91%	15.91%

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 IX-1.

3. Information on the Joint Ventures and Associated Enterprises of the Company

Refer to Note IX-2.

4. Information on Other Related Parties

Name	Relationship with the Company
Zibo Limin Purified Water Co., Ltd. (hereinafter called Limin Purified Water)	Wholly-owned subsidiary of the Company as the parent
Zibo Luqun Land Co., Ltd (hereinafter called Luqun Land)	Wholly-owned subsidiary of the Company as the parent
Zibo Lurui Fine Chemical Co., Ltd. (hereinafter referred to as Lurui Chemical)	Majority-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 called 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 (Zhejiang 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
Unikorn Nonwovens Co., Ltd. (hereinafter referred to as the Unikorn Nonwovens)	Wholly-owned subsidiary of wholly-owned subsidiary of the Company as the parent
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	Amount of the current period	The approval trade credit	Whether exceed trade credit or not	Amount of the previous period
Limin Purified Water	Recycled water, sewage treatment, materials	12,211,050.25	14,653,260.00	No	9,822,323.88
Lurui Fine Chemical	Auxiliaries	40,620,712.88	48,744,856.00	No	36,593,447.10
Chengshun Hosiery	Welfares such as socks, paper cores and hose processing fee	4,379,850.31	5,255,820.00	No	3,909,785.92
Chengshun Economic and Trade	Supermarket retail	577,791.56	693,350.00	No	1,796,605.97
Lucheng Petrochemical	Oils	1,524,662.66	1,829,595.00	No	844,180.74
Chengshun Petrochemical	Gas	18,133,501.78	21,760,202.00	No	16,749,727.55
Unikorn Nonwovens	Mask	700,367.23	0.00	No	6,187.61

Information of sales of goods and provision of labor service

Unit: RMB

Related party	Content	Amount of the current period	Amount of the previous period
Lucheng Textile	Sales of materials, electricity, running water, draught water, gas etc.	5,797.88	
Chengshun Hosiery	Materials, electricity, running water, heating, steam	133,071.57	64,659.60
Chengshun Hosiery	Sales of grey yarn etc.	353,219.89	186,772.14
Chengshun Economic and Trade	Materials, electricity, running water	47,784.20	98,220.46
Lucheng Petrochemical	Electricity, materials	7,857.02	11,892.89
Limin Purified Water	Sales of materials, garment, electricity etc.	1,572,783.76	750,467.47
Lurui Fine Chemical	Sales of garment, fabrics, yarns, water & electricity, lunch components and materials	6,731.29	27,177.52
Lujia Property	Sales of materials and recycled water	71,945.34	95,382.35
Unikorn Nonwovens	Fabrics, materials, isolation gowns, etc.	1,012,527.84	2,563.14
Luqun Property	Materials		463.68
Luqun Property	Heating utilities		1,720,174.32

(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 Reporting Period	The lease income confirmed in the same period of last year
Chengshun Economic and Trade	Houses and buildings	36,108.00	36,108.00
Lurui Fine Chemical	Houses and buildings		4,091.82

The Company was lessee:

Unit: RMB

Name of lessor	Category of leased assets	The lease fee confirmed in the Reporting Period	The lease fee confirmed in the same period of last year
Lucheng Textile	Rent of land	1,807,428.60	1,807,428.60
Lucheng Textile	Rent of gas station	116,571.42	116,571.42
Lucheng Textile	Rent of buildings	5,511,114.30	5,511,114.30
Luqun Property	Rent of land and buildings	985,714.26	985,714.26

6. Accounts Receivable and Payable of Related Party

(1) Accounts Payable

Unit: RMB

Item	Related party	Ending carrying amount	Beginning carrying amount
Accounts payable	Chengshun Economic and Trade		7,720.00
Accounts payable	Lurui Fine Chemical	5,282,060.12	988,293.00
Contract liabilities	Luqun Property		649,676.55

XIII. Commitments and Contingency

1. Significant Commitments

Significant commitments on balance sheet date

Commitments signed but has not been recognized in financial statements	30 June 2021	31 December 2020
Commitment on constructing and purchasing long-lived assets (RMB'0,000)	8,808.60	9,864.22

2. Contingency

(1) Significant Contingency on Balance Sheet Date

(1) Contingent liabilities formed by the debt guarantee provided to other entities and the financial impact

As of 30 June 2020, the Group provided guarantee to loans of the following entities:

Name	Item	Currency	Foreign currency amount	Amount converted to RMB	Start date	Maturity date	Remarks
I. Subsidiary							
Lu An Garments	Short-term borrowings	USD	714,302.04	4,614,462.61	2021/3/17	2021/7/15	
Lu An Garments	Short-term borrowings	USD	4,939.95	31,912.57	2021/4/6	2021/8/4	
Lu An Garments	Short-term borrowings	USD	60,414.16	390,281.52	2021/4/19	2021/8/2	
Lu An Garments	Short-term borrowings	USD	953,901.25	6,162,297.46	2021/4/19	2021/8/17	
Lu An Garments	Short-term borrowings	USD	3,905.04	25,226.95	2021/5/5	2021/9/2	
Lu An Garments	Short-term borrowings	USD	20,160.02	130,235.75	2021/5/13	2021/9/5	

Lu An Garments	Short-term borrowings	USD	42,761.73	276,245.05	2021/5/13	2021/8/23	
Lu An Garments	Short-term borrowings	USD	58,865.00	380,273.79	2021/6/7	2021/10/5	
Lu An Garments	Short-term borrowings	USD	84,611.55	546,599.07	2021/6/15	2021/10/13	
Lu An Garments	Short-term borrowings	USD	2,620,155.68	16,926,467.70	2021/6/23	2021/10/21	
Continental Textile	Short-term borrowings	Dong	12,909,486,897.00	3,621,079.34	2021/6/18	2021/12/15	
Continental Textile	Short-term borrowings	Dong	4,785,104,304.00	1,342,210.00	2021/6/25	2021/12/22	
Continental Textile	Short-term borrowings	Dong	10,661,913,152.00	2,990,640.44	2021/6/28	2021/12/25	
Continental Textile	Short-term borrowings	USD	653,020.30	4,218,576.44	2021/6/17	2021/12/14	
Continental Textile	Short-term borrowings	USD	1,393,849.60	9,004,407.80	2021/2/2	2021/8/2	
Continental Textile	Short-term borrowings	USD	1,410,884.88	9,114,457.41	2021/2/22	2021/8/21	
Continental Textile	Short-term borrowings	USD	201,971.81	1,304,758.09	2021/2/22	2021/8/21	
Continental Textile	Short-term borrowings	USD	727,576.73	4,700,218.43	2021/3/12	2021/9/8	
Continental Textile	Short-term borrowings	USD	318,134.58	2,055,181.20	2021/3/18	2021/9/14	
Continental Textile	Short-term borrowings	USD	1,288,280.40	8,322,420.21	2021/3/24	2021/9/20	
Continental Textile	Short-term borrowings	USD	1,454,676.96	9,397,358.63	2021/3/24	2021/9/20	
Continental Textile	Short-term borrowings	USD	177,046.16	1,143,735.90	2021/3/30	2021/9/26	
Continental Textile	Short-term borrowings	USD	169,061.05	1,092,151.29	2021/4/9	2021/10/6	
Continental Textile	Short-term borrowings	USD	589,075.05	3,805,483.73	2021/4/12	2021/10/9	
Continental Textile	Short-term borrowings	USD	1,121,899.02	7,247,579.86	2021/4/27	2021/10/24	
Continental Textile	Short-term borrowings	USD	1,571,097.84	10,149,449.17	2021/5/5	2021/11/1	
Continental Textile	Short-term borrowings	USD	256,132.35	1,654,640.59	2021/5/14	2021/11/10	

Continental Textile	Short-term borrowings	USD	984,465.10	6,359,742.99	2021/5/21	2021/11/17	
Continental Textile	Short-term borrowings	USD	986,391.14	6,372,185.40	2021/5/24	2021/11/20	
Continental Textile	Short-term borrowings	USD	851,049.33	5,497,863.78	2021/1/4	2021/7/6	
Continental Textile	Short-term borrowings	USD	421,140.16	2,720,607.55	2021/1/7	2021/7/7	
Continental Textile	Short-term borrowings	USD	1,022,627.20	6,606,273.97	2021/1/13	2021/7/12	
Continental Textile	Short-term borrowings	USD	546,556.29	3,530,808.29	2021/1/20	2021/7/20	
Continental Textile	Short-term borrowings	USD	175,452.15	1,133,438.43	2021/1/25	2021/7/26	
Continental Textile	Short-term borrowings	USD	1,161,176.91	7,501,318.96	2021/1/29	2021/7/28	
Continental Textile	Short-term borrowings	USD	437,435.84	2,825,879.27	2021/2/2	2021/8/2	
Continental Textile	Short-term borrowings	USD	913,778.76	5,903,102.17	2021/2/4	2021/8/4	
Continental Textile	Short-term borrowings	USD	640,883.11	4,140,168.98	2021/2/5	2021/8/5	
Continental Textile	Short-term borrowings	USD	176,163.31	1,138,032.60	2021/2/22	2021/8/21	
Continental Textile	Short-term borrowings	USD	344,794.48	2,227,406.82	2021/2/26	2021/8/25	
Continental Textile	Short-term borrowings	USD	1,024,035.70	6,615,373.03	2021/3/2	2021/8/29	
Continental Textile	Short-term borrowings	USD	868,939.55	5,613,436.39	2021/3/5	2021/9/7	
Continental Textile	Short-term borrowings	USD	660,424.22	4,266,406.50	2021/3/12	2021/9/9	
Continental Textile	Short-term borrowings	USD	454,648.83	2,937,076.91	2021/3/24	2021/9/21	
Continental Textile	Short-term borrowings	USD	975,921.65	6,304,551.45	2021/4/5	2021/10/4	
Continental Textile	Short-term borrowings	USD	503,438.57	3,252,263.51	2021/4/14	2021/10/12	
Continental Textile	Short-term borrowings	USD	398,717.39	2,575,754.21	2021/4/26	2021/10/23	
Continental Textile	Short-term borrowings	USD	1,596,146.23	10,311,264.26	2021/5/14	2021/11/10	

Continental Textile	Short-term borrowings	USD	475,640.00	3,072,681.96	2021/5/26	2021/11/22	
Continental Textile	Short-term borrowings	USD	1,147,024.51	7,409,893.04	2021/6/3	2021/12/1	
Continental Textile	Short-term borrowings	USD	1,685,518.72	10,888,619.47	2021/6/10	2021/12/7	
Continental Textile	Short-term borrowings	USD	1,563,272.91	10,098,899.33	2021/3/26	2021/9/26	
Continental Textile	Short-term borrowings	USD	635,530.49	4,105,590.52	2021/4/6	2021/10/6	
Continental Textile	Short-term borrowings	USD	401,823.00	2,595,816.76	2021/4/22	2021/10/22	
Continental Textile	Short-term borrowings	USD	182,549.00	1,179,284.79	2021/4/26	2021/10/26	
Continental Textile	Short-term borrowings	USD	317,392.00	2,050,384.06	2021/4/27	2021/10/27	
Continental Textile	Short-term borrowings	USD	1,196,240.00	7,727,830.03	2021/5/6	2021/11/6	
Continental Textile	Short-term borrowings	USD	566,674.00	3,660,770.71	2021/5/14	2021/11/14	
Continental Textile	Short-term borrowings	USD	291,763.00	1,884,818.16	2021/5/19	2021/11/19	
Continental Textile	Short-term borrowings	USD	193,134.00	1,247,664.95	2021/5/24	2021/11/24	
Continental Textile	Short-term borrowings	USD	338,249.00	2,185,122.36	2021/6/1	2021/12/1	
Lu Thai Tan Chau	Long-term borrowings	USD	48,960.00	316,286.50	2019/9/30	2021/8/30	
Lu Thai Tan Chau	Long-term borrowings	USD	487,200.00	3,147,360.72	2019/9/30	2021/8/30	
Lu Thai Tan Chau	Long-term borrowings	USD	57,059.28	368,608.65	2019/10/3	2021/8/30	
Lu Thai Tan Chau	Long-term borrowings	USD	32,130.00	207,563.01	2019/10/3	2021/8/30	
Lu Thai Tan Chau	Long-term borrowings	USD	38,851.20	250,982.64	2019/10/7	2021/8/30	
Lu Thai Tan Chau	Long-term borrowings	USD	10,368.00	66,978.32	2019/10/11	2021/8/30	
Lu Thai Tan Chau	Long-term borrowings	USD	34,344.00	221,865.67	2019/10/17	2021/8/30	
Lu Thai Tan Chau	Long-term borrowings	USD	37,960.59	245,229.21	2019/10/21	2021/8/30	

Lu Thai Tan Chau	Long-term borrowings	USD	9,606.00	62,055.72	2019/10/21	2021/8/30	
Lu Thai Tan Chau	Long-term borrowings	USD	1,512.00	9,767.67	2019/10/21	2021/8/30	
Lu Thai Tan Chau	Long-term borrowings	USD	20,804.81	134,401.15	2019/11/7	2021/8/30	
Lu Thai Tan Chau	Long-term borrowings	USD	21,931.35	141,678.71	2019/11/7	2021/8/30	
Lu Thai Tan Chau	Long-term borrowings	USD	501,509.79	3,239,803.40	2019/11/20	2021/8/30	
Lu Thai Tan Chau	Long-term borrowings	USD	92,243.52	595,902.36	2019/11/20	2021/8/30	
Lu Thai Tan Chau	Long-term borrowings	USD	25,704.00	166,050.41	2019/12/4	2021/8/30	
Lu Thai Tan Chau	Long-term borrowings	USD	517,790.65	3,344,979.39	2019/12/5	2021/8/30	
Lu Thai Tan Chau	Long-term borrowings	USD	62,024.85	400,686.73	2019/12/17	2021/8/30	
Lu Thai Tan Chau	Short-term borrowings	USD	936,460.30	6,049,627.18	2021/1/22	2021/7/21	
Lu Thai Tan Chau	Short-term borrowings	USD	897,364.54	5,797,064.66	2021/2/24	2021/8/23	
Lu Thai Tan Chau	Short-term borrowings	USD	1,045,799.47	6,755,969.16	2021/3/8	2021/9/4	
Lu Thai Tan Chau	Short-term borrowings	USD	114,145.22	737,389.54	2021/4/16	2021/10/13	
Lu Thai Tan Chau	Short-term borrowings	USD	895,937.36	5,787,844.94	2021/5/4	2021/10/31	
Lu Thai Tan Chau	Short-term borrowings	USD	583,654.12	3,770,463.98	2021/5/7	2021/11/3	
Lu Thai Tan Chau	Short-term borrowings	USD	893,376.10	5,771,298.94	2021/5/17	2021/11/13	
Lu Thai Tan Chau	Short-term borrowings	USD	984,576.97	6,360,465.68	2021/5/21	2021/11/17	
Lu Thai Tan Chau	Short-term borrowings	USD	985,252.70	6,364,830.97	2021/5/24	2021/11/20	
Lu Thai Tan Chau	Short-term borrowings	USD	1,210,880.67	7,822,410.22	2021/5/26	2021/11/22	
Lu Thai Tan Chau	Short-term borrowings	USD	836,466.56	5,403,657.62	2020/7/24	2021/7/19	
Lu Thai Tan Chau	Short-term borrowings	USD	805,709.04	5,204,960.97	2020/8/4	2021/7/30	

Lu Thai Tan Chau	Short-term borrowings	USD	286,614.00	1,851,555.10	2021/3/23	2021/9/19	
Lu Thai Tan Chau	Short-term borrowings	USD	48,977.00	316,396.32	2021/3/24	2021/9/20	
Lu Thai Tan Chau	Short-term borrowings	USD	165,231.00	1,067,408.78	2021/3/30	2021/9/26	
Lu Thai Tan Chau	Short-term borrowings	USD	301,075.00	1,944,974.61	2021/4/2	2021/9/29	
Lu Thai Tan Chau	Short-term borrowings	USD	375,775.00	2,427,544.08	2021/4/23	2021/10/20	
Lu Thai Tan Chau	Short-term borrowings	USD	55,982.00	361,649.32	2021/4/26	2021/10/23	
Lu Thai Tan Chau	Short-term borrowings	USD	180,333.00	1,164,969.21	2021/4/28	2021/10/25	
Lu Thai Tan Chau	Short-term borrowings	USD	381,887.00	2,467,028.21	2021/5/6	2021/11/2	
Lu Thai Tan Chau	Short-term borrowings	USD	145,587.00	940,506.58	2021/5/18	2021/10/29	
Lu Thai Tan Chau	Short-term borrowings	USD	62,268.00	402,257.51	2021/5/24	2021/10/29	
Lu Thai Tan Chau	Short-term borrowings	USD	189,015.00	1,221,055.80	2021/5/26	2021/10/29	
Lu Thai Tan Chau	Short-term borrowings	USD	187,250.00	1,209,653.73	2021/5/31	2021/10/29	
Lu Thai Tan Chau	Short-term borrowings	USD	370,326.00	2,392,342.99	2021/6/3	2021/11/30	
Lu Thai Tan Chau	Short-term borrowings	USD	1,764,984.00	11,401,973.14	2021/6/8	2021/11/30	
Lu Thai Tan Chau	Short-term borrowings	USD	393,507.00	2,542,094.57	2021/6/21	2021/12/18	
Lu Thai Tan Chau	Short-term borrowings	USD	63,928.00	412,981.27	2021/6/23	2021/12/20	
Lu Thai Tan Chau	Short-term borrowings	USD	187,484.00	1,211,165.39	2021/6/30	2021/12/27	
Total				378,670,423.34			

(2) As at 30 June 2021, the Group provided guarantee to guarantees of the following entities:

Name	Item	Currency	Amount	Start date	Maturity date	Remarks
I. Subsidiary						
Lulian New Materials	Guarantee	RMB	5,200,000.00	2020/12/3	2022/7/20	
Lulian New	Guarantee	RMB	770,000.00	2020/6/18	2021/7/30	

Materials						
Lulian New Materials	Guarantee	RMB	4,000,000.00	2020/10/9	2021/11/30	
Lulian New Materials	Guarantee	RMB	7,500,000.00	2020/3/19	2021/7/10	
Lulian New Materials	Guarantee	RMB	3,500,000.00	11 December 2020	2022/7/20	
Lulian New Materials	Guarantee	RMB	18,000,000.00	2020/2/28	2021/9/19	
Lulian New Materials	Guarantee	RMB	400,000.00	2021/6/16	2022/7/10	
Lulian New Materials	Guarantee	RMB	22,500,000.00	2021/4/15	2022/6/20	
Lulian New Materials	Guarantee	RMB	3,800,000.00	2021/4/15	2022/6/20	
Lulian New Materials	Guarantee	RMB	2,800,000.00	2021/4/6	2022/4/24	
Total			68,470,000.00			

As at 30 June 2021, the Group has no other disclosable contingencies.

(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.

XIV. Notes of Main Items in the Financial Statements of the Company as the Parent

1. Accounts Receivable

(1) Listed by Category

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	1,698,109.45	0.57%	1,698,109.45	100.00%						
Of which:										

Accounts receivable withdrawal of bad debt provision of by group	296,441,182.12	99.43%	19,105,989.48	6.45%	277,335,192.64	352,666,401.84	98.40%	26,499,466.74	7.51%	326,166,935.10
Of which:										
Undue accounts (credit insurance insured)	31,121,897.77	10.44%	326,779.93	1.05%	30,795,117.84	29,328,670.49	8.18%	307,951.04	1.05%	29,020,719.45
Undue accounts (no credit insurance)	221,463,235.63	74.28%	11,073,161.78	5.00%	210,390,073.85	242,017,947.74	67.53%	12,100,897.39	5.00%	229,917,050.35
Overdue accounts (credit insurance insured)	18,191,464.49	6.10%	1,946,486.70	10.70%	16,244,977.79	23,520,765.79	6.56%	2,516,721.94	10.70%	21,004,043.85
Overdue accounts (no credit insurance)	25,664,584.23	8.61%	5,759,561.07	22.44%	19,905,023.16	57,799,017.82	16.13%	11,573,896.37	20.02%	46,225,121.45
Total	298,139,291.57	100.00%	20,804,098.93	6.98%	277,335,192.64	358,396,534.28	100.00%	32,229,599.18	8.99%	326,166,935.10

Bad debt provision separately accrued:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdraw
Customer 1	1,461,552.02	1,461,552.02	100.00%	Customer's application for bankruptcy protection
Other customers	236,557.43	236,557.43	100.00%	Customer in financial difficulty or application for bankruptcy
Total	1,698,109.45	1,698,109.45	--	--

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Group 1: Undue accounts (credit insurance insured)	31,121,897.77	326,779.93	1.05%
Group 2: Undue accounts (no credit insurance)	221,463,235.63	11,073,161.78	5.00%
Group 3: Overdue accounts (credit insurance insured)	18,191,464.49	1,946,486.70	10.70%
Group 4: Overdue accounts (no credit insurance)	25,664,584.23	5,759,561.07	22.44%
Total	296,441,182.12	19,105,989.48	--

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable.

√ Applicable □ Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	288,775,529.55
1 to 2 years	7,724,521.88
2 to 3 years	1,013,779.67
Over 3 years	625,460.47
3 to 4 years	333,214.40
4 to 5 years	292,246.07
Over 5 years	0.00
Total	298,139,291.57

(2) 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	Reversal or recovery	Verification	Others	
Bad debt provision	32,229,599.18	-11,425,305.79		194.46		20,804,098.93
Total	32,229,599.18	-11,425,305.79		194.46		20,804,098.93

(3) Accounts Receivable Written-off in Current Period

Unit: RMB

Item	Written-off amount
Written-off accounts receivable	194.46

(3) Top 5 of the Ending Balance of the Accounts Receivable Collected according to Arrears Party

Unit: RMB

Name of the entity	Ending balance	Proportion to total ending balance of accounts receivable	Ending balance of bad debt provision
Customer A	37,241,795.80	12.49%	2,312,284.80

Customer B	29,821,557.16	10.00%	1,491,077.86
Customer C	18,008,824.61	6.04%	900,441.23
Customer D	13,349,879.08	4.48%	675,829.07
Customer E	12,440,845.08	4.17%	325,039.49
Total	110,862,901.73	37.18%	

2. Notes Receivable

Types of notes	30 June 2021			31 December 2020		
	Carrying amount	Bad debt provision	Carrying value	Carrying amount	Bad debt provision	Carrying value
Bank's acceptance bill	66,008,730.01		66,008,730.01	75,987,373.12		75,987,373.12
L/C	30,962,236.73		30,962,236.73	32,876,316.67		32,876,316.67
Total	96,970,966.74		96,970,966.74	108,863,689.79		108,863,689.79

Notes: The Company believed that there was no significant credit risk in the bank acceptance bill and letter of credit held by the Company, and no significant loss caused by bank defaults.

(1) The Company had no pledged notes receivable at the end of the period.

(2) The Company had notes receivable endorsed or discounted but not yet due at the end of the period.

Category	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill		51,200,093.47
Commercial acceptance bill		
Total		51,200,093.47

Bank acceptances used for endorsement and discounting that are accepted by a higher-rated bank have minimal credit risk and deferred payment risk, and the interest rate risk associated with the note has been transferred to the bank so that the primary risks and rewards of ownership can be judged to have been transferred and therefore derecognized. For those accepted by a bank with a low credit rating, endorsement and discounting do not affect recourse and the credit risk and deferred payment risk associated with the notes remain untransferred and are therefore not derecognized.

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

3. Other Accounts Receivable

Unit: RMB

Item	Ending balance	Beginning balance
Dividend receivable	47,025,975.44	75,488,652.49
Other receivables	1,900,807,773.04	1,425,394,029.70

Total	1,947,833,748.48	1,500,882,682.19
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(1) Dividend Receivable**1) Dividend Receivable Classification**

Unit: RMB

Project (or investee)	Ending balance	Beginning balance
Fengshou Cotton Industry	49,501,026.78	79,461,739.46
Less: bad debt provision	-2,475,051.34	-3,973,086.97
Total	47,025,975.44	75,488,652.49

2) Withdrawal of Bad Debt Provision

√ Applicable □ Not applicable

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 2021	3,973,086.97			3,973,086.97
Balance of 1 January 2021 in the Current Period	—	—	—	—
Withdrawal of the Current Period	-1,498,035.63			-1,498,035.63
Balance of 30 June 2021	2,475,051.34			2,475,051.34

Changes of carrying amount with significant amount changed of loss provision in the Current Period

□ Applicable √ Not applicable

(2) Other Accounts Receivable**1) Other Receivables Classified by Account Nature**

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Intercourse funds	1,891,140,077.72	1,415,868,182.84
Export rebates	2,322,437.75	
Payment on behalf	9,058,714.25	11,567,504.63
Guarantee deposit and cash deposit	4,423,315.99	3,119,958.81
Borrowings and petty cash	1,034,990.72	859,406.80

Others	607,027.84	98,063.62
Total	1,908,586,564.27	1,431,513,116.70

2) Withdrawal of Bad Debt Provision

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 2021	4,905,594.37	1,213,492.63		6,119,087.00
Balance of 1 January 2021 in the Current Period	—	—	—	—
Withdrawal of the Current Period	1,499,487.78	160,216.44		1,659,704.23
Balance of 30 June 2021	6,405,082.15	1,373,709.07		7,778,791.23

Changes of carrying amount with significant amount changed of loss provision in the Current Period

 Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	1,903,711,498.55
1 to 2 years	1,462,197.25
2 to 3 years	178,000.00
Over 3 years	3,234,868.47
3 to 4 years	225,759.46
Over 5 years	3,009,109.01
Total	1,908,586,564.27

3) Top 5 of the Ending Balance of Other Receivables Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to ending balance of total other receivables%	Ending balance of bad debt provision
Continental Textile .	Intercourse funds	746,141,550.00	Within 1 year	39.09%	2,238,424.65
Lulian New Materials	Intercourse funds	628,006,001.54	Within 1 year	32.90%	1,884,018.00
Lufeng Weaving & Dyeing	Intercourse funds	254,179,136.19	Within 1 year	13.32%	762,537.41

Lu Thai Tan Chau	Intercourse funds	172,484,670.00	Within 1 year	9.04%	517,454.01
Lu An Garments	Intercourse funds	88,826,375.00	Within 1 year	4.65%	266,479.13
Total	--	1,889,637,732.73	--	99.01%	5,668,913.20

4. Long-term Equity Investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Investment to subsidiaries	2,653,071,281.88	0.00	2,653,071,281.88	2,417,071,281.88		2,417,071,281.88
Investment to joint ventures and associated enterprises	128,409,211.89		128,409,211.89	138,079,577.25		138,079,577.25
Total	2,781,480,493.77		2,781,480,493.77	2,555,150,859.13		2,555,150,859.13

(1) Investment to Subsidiaries

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease				Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Withdrawal of impairment provision	Others		
Xinsheng Power	176,340,737.93					176,340,737.93	
Lufeng Weaving & Dyeing	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 (Cambodia)	108,242,335.38					108,242,335.38	
Lu Thai (America)	10,209,050.00					10,209,050.00	
Vanguard Apparel	62,337,238.57					62,337,238.57	
Continental Textile	834,936,510.00					834,936,510.00	

Lu An Garments	64,229,060.00					64,229,060.00	
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	
Beijing Zhishu Trading	500,000.00	500,000.00				1,000,000.00	
Hainan Huilin		232,000,000.00				232,000,000.00	
Banyang Villa Hotel		3,500,000.00				3,500,000.00	
Total	2,417,071,281.88	236,000,000.00				2,653,071,281.88	0.00

(2) Investment to Joint Ventures and Associated Enterprises

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Others		
I. Joint ventures											
II. Associated enterprises											
Haohong Investment	88,329,922.16	0.00	0.00	-3,493,810.90			-7,881,294.68			76,954,816.58	
Haoying Investment	49,749,655.09	0.00	0.00	1,704,740.22						51,454,395.31	
Subtotal	138,079,577.25			-1,789,070.68			-7,881,294.68			128,409,211.89	
Total	138,079,577.25			-1,789,070.68			-7,881,294.68			128,409,211.89	

5. Operating Revenue and Cost of Sales

Unit: RMB

Item	Amount of the current period		Amount of the previous period	
	Revenue	Cost	Revenue	Cost
Main operations	1,454,435,324.82	1,148,081,216.40	1,433,647,769.93	1,095,226,641.53
Other operations	92,334,931.92	85,526,040.17	90,838,559.05	86,137,915.68
Total	1,546,770,256.74	1,233,607,256.57	1,524,486,328.98	1,181,364,557.21

Information about performance obligations:

None

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

As at the end of the Reporting Period, the revenue amount corresponding to the contract performance obligation yet to be fulfilled or yet to be completed under a signed contract is RMB0.00, including RMB0.00 expected to be recognized as revenue in the year, RMB0.00 expected to be recognized as revenue in the year, and RMB0.00 expected to be recognized as revenue in the year.

6、Investment Income

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Long-term equity investment income accounted by cost method	94,015,922.61	150,000,000.00
Long-term equity investment income accounted by equity method	-1,789,070.68	-3,579,523.35
Investment income from disposal of trading financial assets	17,298,322.47	150,939,587.24
Interest income earned on investment in debt obligations during the holding period	2,401,261.30	
Total	111,926,435.70	297,360,063.89

XV. Supplementary Materials

1. Items and Amounts of Non-recurring Profit or Loss

Applicable Not applicable

Unit: RMB

Item	Amount	Note
Gains/losses from the disposal of non-current assets	58,531,388.42	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	19,089,311.11	
Gain/loss from change of fair value of trading financial assets and liabilities, and derivative financial assets and liabilities, and investment gains from disposal of trading financial assets and	39,004,803.56	

liabilities, and derivative financial assets and liabilities, and investment in other debt obligations, other than valid hedging related to the Company's common businesses		
Reversal of provision for impairment test of receivables and contract assets impairment	5,386,518.99	
Other non-operating income and expense other than the above	-1,405,920.92	
Less: Income tax effects	18,018,514.02	
Non-controlling interests effects	3,371,774.56	
Total	99,215,812.58	--

Reasons for the case that the Company defined non-recurring profit and loss items in accordance with *Explanatory Notice of Information Disclosure by Companies Offering Securities to the Public No. 1- Non-recurring Profit and Loss Items* and the case that the Company defined the non-recurring profit and loss items listed in Explanatory Notice of Information Disclosure by Companies Offering Securities to the Public No. 1- Non-recurring Profit and Loss Items as recurring profit and loss items shall be specified.

Applicable Not applicable

2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	1.97%	0.17	0.19
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	0.70%	0.06	0.08

3. Accounting Data Differences under PRC GAAP and Those under IFRSs

(1) Differences between disclosed net profits and net assets in financial report in accordance with International Accounting Standards and Chinese Accounting Standards.

Applicable Not applicable

(2) Differences between disclosed net profits and net assets in financial report in accordance with Domestic Accounting Standards and Chinese Accounting Standards.

Applicable Not applicable

4. Other

Chairman of the Board: Liu Zibin

Lu Thai Textile Co., Ltd.

28 August 2021