



LU THAI TEXTILE CO., LTD.
ANNUAL REPORT 2024

April 2025

ANNUAL REPORT 2024

Part I Important Notes, Table of Contents and Definitions

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

Liu Zibin, the Company’s legal representative, and Zhang Keming, Head of Accounting Affairs and Head of the Accounting Department (equivalent to Accounting Manager) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.

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

The Company has described in detail in this Report the possible risks. Please refer to the contents about the major risks and countermeasures in “Prospects” in “Part III Management Discussion and Analysis” of this Report. *Securities Times*, *Shanghai Securities News*, *China Securities Journal*, *Ta Kung Pao* and www.cninfo.com.cn have been designated by the Company for its information disclosure in 2025. 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 exercise caution when making investment decisions.

The Company shall abide by relevant disclosure requirements of the *Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies No.3 - Industry Information Disclosure* on textile and garment industry.

In 2024, the global economic environment was complex and challenging, with continued geopolitical tensions, frequent local conflicts, and the spread of unilateralism and trade protectionism. In the face of weak global economic growth and sluggish domestic demand, governments at the central and local levels have continuously introduced and implemented policies aimed at “protecting people’s livelihoods” and “stimulating consumption.” According to data from the National Bureau of Statistics, China’s GDP in 2024 was RMB134.91 trillion, representing a year-on-year growth of 5%. The Chinese economy continues to move forward steadily with strong resilience and vitality. On the other hand, China has achieved growth in its import and export business, thanks to its important position in the global industrial chain, strong product competitiveness, and the continued advancement of the “Belt and Road” initiative. According to data from the General Administration of Customs, China’s total import and export value of goods in 2024 reached USD6.2 trillion, a year-on-year increase of 3.8%. Looking ahead to 2025, there are still numerous risks and uncertainties related to global geopolitical conflicts, inflation rebound, and the monetary policies of various central banks. Export-oriented textile enterprises will continue to adhere to an innovation-driven development strategy and a globalised industrial layout, deepen structural reforms, optimise asset structures, and continuously enhance their ability to cope with geopolitical risks and economic structural transformation, in order to achieve sustainable and high-quality development. For details, please refer to Part III Management Discussion and Analysis.

The profit distribution plan approved by the Board of Directors is as follows: Based on a total of 817,306,010 shares, a cash dividend of RMB1.00(including tax) will be distributed for every ten shares to all shareholders, with no bonus shares (including tax) to be issued and no

capitalisation of reserves into share capital.

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.

Table of Contents

Part I Important Notes, Table of Contents and Definitions	2
Part II Corporate Information and Key Financial Information	7
Part III Management Discussion and Analysis	11
Part IV Corporate Governance	36
Part V Environmental and Social Responsibility	64
Part VI Significant Events	68
Part VII Share Changes and Shareholder Information	77
Part VIII Preference Shares	86
Part IX Bonds	86
Part X Financial Statements	90

Documents Available for Reference

1. The financial statements signed and stamped by the Company's legal representative, Chief Accountant and Financial Manager;
2. The original Independent Auditor's Report stamped by the CPA firm, as well as signed and stamped by the relevant certified public accountants; and
3. 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	Refers to	Definition
The “Company”, “LTTC”, “Issuer” or “we”	Refers to	Lu Thai Textile Co., Ltd.
Board of Directors	Refers to	The Board of Directors of Lu Thai Textile Co., Ltd.
Board of Supervisors	Refers to	The Board of Supervisors of Lu Thai Textile Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
RMB, RMB’0,000	Refers to	Expressed in the Chinese currency of Renminbi, expressed in ten thousand Renminbi
<i>Company Law</i>	Refers to	<i>Company Law of the People’s Republic of China</i>
<i>Securities Law</i>	Refers to	<i>Securities Law of the People’s Republic of China</i>
“Reporting Period” or “Current Period”	Refers to	1 January 2024 to 31 December 2024

Part II Corporate Information and Key Financial Information

I. Corporate Information

Stock name	LTTC, LTTC-B	Stock code	000726, 200726
Previous stock name (if any)	N/A		
Stock exchange for stock listing	Shenzhen Stock Exchange ("SZSE")		
Company name in Chinese	鲁泰纺织股份有限公司		
Abbr.	鲁泰纺织		
Company name in English (if any)	LU THAI TEXTILE CO., LTD		
Abbr. (if any)	LTTC		
Legal representative	Liu Zibin		
Registered address	61 Luthai Boulevard, High-tech Development Zone, Zibo City, Shandong Province, P.R.China		
Zip code	255086		
Past changes of registered address	11 Mingbo Road, Zibo High-tech Development Zone, Shandong Province, P.R.China		
Office address	81 Songling East Road, Zichuan District, Zibo City, Shandong Province, P.R.China		
Zip code	255100		
Company website	www.ltcc.com.cn		
Email address	lttc@lttc.com.cn		

II. Contact Information

	Board Secretary	Securities Representative
Name	Zheng Weiyin	Li Kun
Address	81 Songling East Road, Zichuan District, Zibo City, Shandong Province, P.R.China	81 Songling East Road, Zichuan District, Zibo City, Shandong Province, P.R.China
Tel.	0533-5285166	0533-5285166
Fax	0533-5418805	0533-5418805
Email address	wyzheng@lttc.com.cn	likun@lttc.com.cn

III. Media for Information Disclosure and Place Where This Report Is Lodged

Stock exchange website where this Report is disclosed	Shenzhen Stock Exchange: http://www.szse.cn
Media and website where this Report is disclosed	<i>Securities Times, Shanghai Securities News, China Securities Journal, Ta Kung Pao</i> , and www.cninfo.com.cn
Place where this Report is lodged	Securities Department of the Company

IV. Change to Company Registered Information

Unified social credit code	91370300613281175K
Change to principal activity of the Company since going public (if any)	No change
Every change of controlling shareholder since incorporation (if any)	No change

V. Other Information

The independent audit firm hired by the Company:

Name	Grant Thornton Zhitong Certified Public Accountants LLP
Office address	5/F, Scitech Palace, 22 Jianguomen Wai Avenue, Chaoyang District, Beijing
Accountants writing signatures	He Feng, Cui Xiaoli

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

☐ Applicable ☒ Not applicable

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

☐ Applicable ☒ Not applicable

VI. Key Financial Information

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

☐ Yes ☒ No

	2024	2023	2024-Over-2023 Change (%)	2022
Operating revenue (RMB)	6,090,615,025.20	5,961,477,252.98	2.17%	6,938,342,135.90
Net profit attributable to the listed company's shareholders (RMB)	410,321,398.17	403,444,254.42	1.70%	963,864,819.43
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	482,338,741.63	386,135,437.00	24.91%	795,473,953.21
Net cash generated from/used in operating activities (RMB)	1,244,212,151.94	854,864,537.42	45.54%	1,422,310,774.26
EPS-basic	0.50	0.47	6.38%	1.10
EPS-diluted	0.47	0.42	11.90%	0.95
Weighted average ROE (%)	4.39%	4.40%	-0.01%	11.31%
	31 December 2024	31 December 2023	Change of 31 December 2024 over 31 December 2023 (%)	31 December 2022
Total assets (RMB)	13,929,715,649.21	13,430,286,222.94	3.72%	13,351,097,602.03
Equity attributable to the listed company's shareholders (RMB)	9,438,728,389.28	9,230,806,905.80	2.25%	9,014,156,872.71

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative for the last three accounting years, and the latest independent auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern.

☐ Yes ☒ No

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative.

☐ Yes ☒ No

VII. Accounting Data Differences under Chinese Accounting Standards (CAS) and International Accounting Standards (IAS) and Foreign Accounting Standards

1. Net Profit and Equity under IAS and CAS

☐ Applicable ☒ Not applicable

No difference for the Reporting Period.

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

☐ Applicable ☒ Not applicable

No difference for the Reporting Period.

VIII. Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	1,382,655,063.47	1,447,833,622.14	1,570,583,102.90	1,689,543,236.69
Net profit attributable to the listed company's shareholders	68,241,726.33	101,318,243.21	118,293,394.86	122,468,033.77
Net profit attributable to the listed company's shareholders before exceptional gains and losses	122,504,699.15	141,226,585.40	87,100,142.55	131,507,314.53
Net cash flow from operating activities	93,395,090.36	358,026,562.33	309,665,213.19	483,125,286.06

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

☐ Yes ☒ No

IX. Exceptional Gains and Losses

☒ Applicable ☐ Not applicable

Unit: RMB

Item	2024	2023	2022	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-5,481,717.67	-9,741,769.37	-228,367.44	
Government grants recognised in profit or loss for the current period (except for government grants closely related to the Company's normal operating business, in compliance with national policies and in accordance with defined criteria, and having a continuous impact on the Company's profit or loss)	34,326,278.48	45,294,185.95	50,298,092.20	
Gains and losses arising from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and gains and losses arising from the disposal of financial assets and financial liabilities, other than effective hedging business related to the Company's normal operating business	-116,104,499.14	-18,190,072.86	154,877,757.70	
Reversal of provision for impairment of receivables separately tested for impairment	1,349,345.50	163,992.17		

Other non-operating income and expense other than the above	3,383,103.88	4,819,447.10	-1,810,393.39	
Less: Income tax effects	-11,186,738.74	4,629,001.56	33,015,346.77	
Non-controlling interests effects (after tax)	676,593.25	407,964.01	1,730,876.08	
Total	-72,017,343.46	17,308,817.42	168,390,866.22	--

Details of other profit and loss items in line with the definition of non-recurring gains and losses:

☐ Applicable ☒ Not applicable

There are no other profit and loss items in line with the definition of non-recurring gains and losses in the Company.

Note to define the non-recurring profit and loss items listed in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses* as recurring profit and loss items.

☐ Applicable ☒ Not applicable

No such cases for the Reporting Period.

Part III Management Discussion and Analysis

I. Industry Overview for the Reporting Period

The Company shall abide by relevant disclosure requirements of the *Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies No.3 - Industry Information Disclosure* on textile and garment industry.

In 2024, China's textile industry demonstrated strong development resilience, with the overall economic performance of the industry remaining stable. Key operating indicators showed recovery, and textile and apparel exports achieved steady growth. According to statistics from the General Administration of Customs, China's textile and apparel export value in 2024 was USD301.1 billion, marking a year-on-year increase of 2.8%. Of this, textile exports amounted to USD141.96 billion, a year-on-year increase of 5.7%, while apparel exports totalled USD159.14 billion, reflecting a year-on-year increase of 0.3%. The textile industry has developed into a highly globalised and fully market-oriented sector. In the face of the current complex and challenging market situation, the impact of geopolitics, and insufficient effective demand, China's textile industry will leverage its complete industrial chain and efficient supply chain capabilities. By strengthening systematic research on technological trends, market changes, and global developments, the industry will strive to find the optimal balance in areas such as scale and structure, speed and quality, development and security, international and domestic markets, resources and the environment, as well as competition and cooperation. This will ensure the industry's continued green, fashionable, and sustainable development.

II. Principal Activity of the Company in the Reporting Period

The Company shall abide by relevant disclosure requirements of the *Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies No.3 - Industry Information Disclosure* on textile and garment industry.

In 2024, amidst the severe and complex external situation, China's textile industry remained committed to deepening its transformation and upgrading, continuously enhancing its development resilience. In response to the changes in the international trade landscape and insufficient effective demand, the Company adhered to the philosophy of "customer-centricity," focusing on the domestic market while expanding into overseas markets. The Company continued to advance the strategies of "Improve Quality and Efficiency" and "Overall Internationalization," while adjusting its structure and building capacity. Efforts were intensified to explore new markets, and new overseas projects were pushed forward for rapid commissioning and stable operation. Focusing on core businesses, the Company increased investment in research and development innovation, drove the upgrading and iteration of products and services, and ensured that various management and operational tasks were carried out in an orderly manner.

During the Reporting Period, the Company achieved total operating revenue of RMB6,091 million, operating profit of RMB467 million, net profit attributable to the parent company of RMB410 million, and net profit attributable to the parent company after deducting non-recurring gains and losses of RMB482 million. These figures represent year-on-year growth of 2.17%, 7.80%, 1.70%, and 24.91%, respectively. No changes occurred to the Company's principal operations, primary products, business models, or the primary factors driving the Company's growth in the Reporting Period.

During the Reporting Period, the Company was successively selected as the "Chinese Textile and Apparel Brand of 2024 with Competitive Edge" by the China National Textile and Apparel Council, named as a "Sustained Innovation Unit" for the top ten categories of textile innovation products by the China Textile Information Centre, and recognised by the Shandong Textile and Apparel

Association as the “Digital Transformation Innovation Unit” for the Shandong textile and apparel industry in 2023. During the reporting period, the Company mainly focused on the following aspects:

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

The Company deeply implemented the excellent performance management mode, continuously improved the LTPS, and promoted lean production. By implementing management and technical improvements, star-level factory evaluations, technical competitions, and a series of team-building activities, the Company aimed to stimulate employee enthusiasm and creativity. These efforts contributed to the continuous enhancement of management capabilities and levels in areas such as quality control, production operations, and risk management. The Company actively responded to market changes, continuously strengthened internal management, adhered to high-quality development, and consistently maintained its leading position in the cotton textile industry. During the Reporting Period, the Company achieved its expected goals in areas such as the stable operation of overseas production bases, new product research and development, expansion into new markets, capacity optimisation, and the stability of its workforce.

ii. Expand the global marketing network and improve the overall production solution capabilities

The Company built a global marketing network centred around the Group’s headquarters, actively explored new markets and new customers, focused on the promotion of core products, emphasised the development of leisure categories, and strengthened cost, expense, and risk control. The Company advanced its “key account strategy,” and leveraged the advantages of a globalised industrial layout and a vertically integrated production chain to continuously improve its cooperation with strategic customers and create a win-win development model. The Company integrated internal and external resources to enhance its capabilities in producing and delivering knitted fabrics, functional fabrics, and new categories of apparel products, thereby creating a competitive advantage through complementary synergy across its diverse product categories. The Company focused on maintaining and servicing key customers, improved the vertical supply chain cooperation system for fabrics and apparel, and continuously promoted the development of integrated domestic and international fabric and apparel service capabilities, thereby providing customers with products and services that offer greater commercial value.

iii. Focus on customer value creation and advance R&D innovation and cooperation

By leveraging the advantages of its entire industry chain and “domestic + overseas” production layout, the Company continued to deepen its market-oriented and performance-driven product development mechanism. It strengthened joint development with upstream and downstream industry partners and research institutions, and focused on product functionality enhancement, green sustainability, and processing technology research, to promote the implementation of fabric leisurewear and functional-related research projects. During the Reporting Period, the Company was granted 20 national invention patents, participated in the formulation or revision of nine industry standards, and successfully passed the mid-term and annual assessments for the “14th Five-Year” National Key R&D Project and Key R&D Project of Shandong Province (Major Innovation Projects). Several research and development achievements received awards. The Company and its majority-owned subsidiaries’ projects, *Key Technologies for Efficient Green Fashion Online Dyeing and Their Industrialisation* and *Key Technologies and Applications of Functional Fabrics Based on Interface Chemistry and Microstructure Regulation*, were awarded the First Prize for Scientific and Technological Progress by the China National Textile & Apparel Council. The project *Key Technologies and Industrialisation of Thermal and Humidity Comfort Functional Textiles Structure Design and Manufacturing* received the Second Prize for Scientific

and Technological Progress from the same council. Additionally, the fabric design work Green Wonderland won the Gold Award at the China International Fabric Design Competition.

iv. Strengthen corporate culture to enhance competitive awareness and operational capabilities

The Company implemented a corporate culture enhancement project to further unify thinking, consolidate strength, and motivate employees, thereby improving team capabilities. The Company accelerated the development of an international talent pool, improved the training and management of key position personnel, and actively responded to changes in the international political and economic landscape as well as market challenges. Adhering to the principle of “pursuing excellence, integrity, and win-win cooperation,” the Company was committed to a sustainable development approach of “green, low-carbon, and intelligent manufacturing.” It strived to transform itself into a global green fashion textile and apparel industry group, with leading fabrics as its core.

III. 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. The Company has established overseas production bases, design institutions, and market service agencies, enabling it to integrate and allocate international resources. This leverages the advantages of its global industrial layout and highlights its leading position in the production of yarn-dyed fabrics.

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

3. The Company establishes its high-level technical cooperation platform by virtue of strong R&D capability. The Company always insists on the independent innovation by relying on technological platforms such as the National Enterprise Technical Centre, National Industrial Design Centre, National Post-doctoral Scientific Research Station, and Shandong Provincial Engineering Technology Research Centre. It has established long-term technical cooperation and joint product development with research institutions, universities, strategic customers, and key suppliers. The Company focuses on both frontier technology reserves and application technology innovation, continuously strengthening new product development driven by commercial value realisation. It gradually enhances its capabilities in technological research and product integration development, consistently contributing more green, low-carbon, and sustainable new technologies and high-quality products to the industry, thus achieving low-carbon, green, and circular development.

IV. Core Business Analysis

1. Overview

During the Reporting Period, the Company recorded operating revenue of RMB6,091 million (a 2.17% year-on-year increase); cost of sales of RMB4,644 million (a 1.14% year-on-year increase), selling expense of RMB151 million (a 1.72% year-on-year increase) and administrative expense of RMB344 million (a 9.94% year-on-year decrease); research and development expense of RMB207 million (a 13.74% year-on-year decrease); and net cash generated from operating activities of RMB1,244 million (a 45.54% year-on-year increase).

2. Revenue and Cost Analysis

(1) Breakdown of Operating Revenue

Unit: RMB

	2024		2023		Year-on-Year Change
	Amount	As % of Total Operating Revenue (%)	Amount	As % of Total Operating Revenue (%)	
Total	6,090,615,025.20	100%	5,961,477,252.98	100%	2.17%
By operating division					
Textile and apparel	5,707,337,704.95	93.71%	5,554,873,179.03	93.18%	2.74%
Electricity and steam	231,572,771.61	3.80%	214,716,930.11	3.60%	7.85%
Other	151,704,548.64	2.49%	191,887,143.84	3.22%	-20.94%
By product category					
Fabric products	4,335,423,361.05	71.18%	4,224,792,352.66	70.87%	2.62%
Apparel	1,371,914,343.90	22.53%	1,330,080,826.37	22.31%	3.15%
Electricity and steam	231,572,771.61	3.80%	214,716,930.11	3.60%	7.85%
Other	151,704,548.64	2.49%	191,887,143.84	3.22%	-20.94%
By operating segment					
Japan And South Korea	347,853,952.05	5.71%	363,082,297.41	6.09%	-4.19%
Southeast Asia	1,828,264,195.92	30.02%	1,691,776,529.18	28.38%	8.07%
Europe and America	870,289,906.47	14.29%	933,632,800.12	15.66%	-6.78%
Other	769,089,924.78	12.63%	639,996,479.08	10.74%	20.17%
Mainland China	2,275,117,045.98	37.35%	2,332,989,147.19	39.13%	-2.48%
By sales model					
Direct sales	6,090,615,025.20	100.00%	5,961,477,252.98	100.00%	2.17%

(2) Operating division, product category, operating segment or sales model contributing over 10% of operating revenue or operating profit

☐ Applicable ☒ Not applicable

(3) Whether revenue from physical sales is higher than service revenue
☒ Yes ☐ No

Industry Classification	Item	Unit	2024	2023	Change (%)
Fabric	Unit sales	0,000 meters	18,662.18	18,092.94	3.15%
	Output	0,000 meters	20,522.78	20,230.04	1.45%
	Inventory	0,000 meters	4,056.57	4,036.91	0.49%
Shirts	Unit sales	0,000 pieces	1,769.07	1,756.50	0.72%
	Output	0,000 pieces	1,825.26	1,769.07	3.18%
	Inventory	0,000 pieces	176.64	135.69	30.18%
electrical	Unit sales	000 KWH	188,015.03	173,716.42	8.23%
	Output	000 KWH	415,172.76	406,726.09	2.08%
	Inventory	000 KWH			
Steam	Unit sales	Ton	295,936.22	268,048.41	10.40%
	Output	Ton	1,031,887.31	1,041,382.00	-0.91%
	Inventory	Ton			

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

☒ Applicable ☐ Not applicable

Shirt inventory increased 30.18% year-on-year, mainly due to the increase in shirt orders at the end of Reporting Period.

(4) Execution progress of major signed sales and purchase contracts in the Reporting Period
☐ Applicable ☒ Not applicable
(5) Breakdown of cost of sales

By operating division and product category

Unit: RMB

Industry Classification	Item	2024		2023		Year-on-Year Change
		Amount	As % of Total Cost of Sales (%)	Amount	As % of Total Cost of Sales (%)	
Textile and apparel	Cost of Sales	4,295,996,602.48	92.52%	4,208,891,944.15	91.67%	2.07%
Electricity and steam	Cost of Sales	226,356,834.36	4.87%	228,107,386.45	4.97%	-0.77%
Other	Cost of Sales	121,225,507.79	2.61%	154,389,584.80	3.36%	-21.48%

Unit: RMB

Product Category	Item	2024		2023		Change (%)
		Amount	As % of Total Cost of Sales (%)	Amount	As % of Total Cost of Sales (%)	
Fabric products	Cost of Sales	3,265,807,582.72	70.33%	3,219,884,044.35	70.13%	1.43%
Apparel	Cost of Sales	1,030,189,019.76	22.19%	989,007,899.80	21.54%	4.16%
Electricity and steam	Cost of Sales	226,356,834.36	4.87%	228,107,386.45	4.97%	-0.77%

Other	Cost of Sales	121,225,507.79	2.61%	154,389,584.80	3.36%	-21.48%
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Note

Name	Period	Raw Materials	Labor Cost	Depreciation	Energy	Manufacture Expenses	Total
Fabric	2024	46.71%	17.75%	7.31%	17.76%	10.47%	100.00%
	2023	48.13%	17.66%	7.10%	17.59%	9.52%	100.00%
Apparel	2024	60.00%	26.26%	2.39%	1.28%	10.07%	100.00%
	2023	59.65%	26.22%	2.42%	1.13%	10.58%	100.00%

(6) Changes in the scope of consolidated financial statements for the Reporting Period

☒ Yes ☐ No

In this year, the subsidiary Shanghai Zhinuo Textile New Materials Co., Ltd. was deregistered, and a new subsidiary, Tianyi Apparel Co., Ltd., was established.

(7) Major changes to the business scope or product or service range in the Reporting Period

☐ Applicable ☒ Not applicable

(8) Major customers and suppliers

Major customers:

Total sales to top five customers (RMB)	1,062,056,133.14
Total sales to top five customers as % of total sales of the Reporting Period (%)	17.44%
Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	0.00%

Information about top five customers:

No.	Customer	Sales Revenue Contributed for the Reporting Period (RMB)	As % of Total Sales Revenue (%)
Total	--	1,062,056,133.14	17.44%

Other information about major customers:

☐ Applicable ☒ Not applicable

Major suppliers:

Total purchases from top five suppliers (RMB)	535,738,292.24
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	14.74%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	2.17%

Information about top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of Total Purchases (%)
Total	--	535,738,292.24	14.74%

Other information about major suppliers:

☐ Applicable ☒ Not applicable

3. Expense

Unit: RMB

	2024	2023	Change (%)	Reason for Any Significant Change
Selling expense	151,004,439.35	148,454,814.21	1.72%	
Administrative expense	344,326,973.11	382,327,532.79	-9.94%	
Financial expenses	-3,750,186.31	5,448,844.47	-168.83%	Increased net exchange gain.
R&D expense	206,820,921.71	239,775,343.18	-13.74%	

The Company shall abide by relevant disclosure requirements of the *Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies No.3 - Industry Information Disclosure* on textile and garment industry.

For details of selling expense, please refer to “49. Selling expense” of “VII. Notes to main items of consolidated financial statements” of “Part X Financial Statements”.

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

The Company shall abide by relevant disclosure requirements of the *Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies No.3 - Industry Information Disclosure* on textile and garment industry.

(1) Capacity

The Company’s own capacity

Industry Classification	Item	2024	2023
Fabric	Total capacity (10,000 meters)	28,400.00	29,745.00
	Rate of capacity utilization	79%	74%
	Plants under construction	The Company’s convertible bond fundraising project: Equipment and supporting facilities for the “Overseas Product Line Project of High-grade Fabrics (Phase I)” have been progressively completed and put into operation.	The Company’s convertible bond fundraising projects: The “Functional Fabric Intelligent Eco-park Project (Phase I)” with an annual capacity of 35 million meters of high-grade functional fabrics and the “Overseas Product Line Project of High-grade Fabrics (Phase I)” were in progress.
Apparel	Total capacity (10,000 standard pieces)	2,385.00	2,230.00
	Rate of capacity utilization	86%	84%
	Plants under construction	The overseas investment in the construction of a 3 million-piece	

		garment production line entered the trial production stage in August 2024.	
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Year-on-year change in the rate of capacity utilization above 10%

☐ Yes ☒ No

Overseas capacity

☒ Yes ☐ No

Industry Classification	Item	Domestic	Overseas
Fabric	Percentage of capacity	73%	27%
	Capacity layout	Mainly in Shandong Province	Mainly in Southeast Asia
	Rate of capacity utilization	79%	78%
Apparel	Percentage of capacity	31%	69%
	Capacity layout	Mainly in Shandong Province	Mainly in Southeast Asia
	Rate of capacity utilization	84%	87%

(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 product development and design solutions tailored to customer needs, including patterns, functionality, and material specifications. Shirts were mainly made according to the orders of customers at home and abroad, and sold by brand owners.

The Company actively expanded its own brand portfolio. The Company operated its self-owned brand through self-owned exclusive shops such as Lu Thai Exhibition and Sales Pavilion, counters of affiliated stores in malls and e-networking marketing, expanding its business footprint through all channels. In addition, the Company also offered “high-end custom” shirt and corporate attire customization services to meet the diverse needs of end customers.

b. Sales channels: Direct sales: The Company focused on its own brand, with a dedicated sales department responsible for managing the sales and after-sales services of the Company’s products. The global market was divided into different sales regions for management, with unified planning and deployment to effectively handle fabric and apparel orders, ensuring the completion of product sales. Additionally, to enrich its terminal brand matrix and expand the market, the Company launched a new brand, ‘Luthai 1987,’ to meet the diverse needs of end customers.

Online sales: To keep up with the digitalization wave, the Company was fully committed to expanding its online sales channels. On one hand, the Company built its own e-commerce platform, and deeply integrated corporate resources to directly connect the brand with consumers; on the other hand, it formed strategic partnerships with major well-known online shopping platforms to expand traffic channels. After transactions were completed through the internet, the goods were accurately delivered to customers via express delivery.

Unit: RMB

Sales	Operating	Cost of Sales	Gross	YoY Change in	YoY Change in	YoY Change
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Channels	Revenue		Profit Margin	Operating Revenue	Cost of Sales	in Gross Profit Margin
Online sales	2,087,914.97	1,010,522.76	51.60%	-37.23%	-32.20%	-3.59%
Direct sales	4,344,572,214.59	3,268,776,650.71	24.76%	2.57%	1.43%	0.84%
OEM/ODM	1,360,677,575.39	1,026,209,429.01	24.58%	3.40%	4.21%	-0.59%
Total	5,707,337,704.95	4,294,262,102.56	24.76%	2.74%	2.03%	0.53%

(3) Franchise and distribution

Franchisees and distributors recorded more than 30% of sales revenue

☐ Yes ☒ No

(4) 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	145,000
Average number of active monthly users (AMU)	3,000
Return rate of main brands	2.80%
Return rate of main types	2.80%

Cooperation with third-party sales platforms

☒ Yes ☐ No

Unit: RMB

Platform Name	Transaction Amount during the Reporting Period	Return Rate
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Online sales channels opened or closed by the Company

☐ Applicable ☒ Not applicable

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

Not applicable

(5) Agency operation model

Agency operation model involved

☐ Yes ☒ No

(6) Inventory

Inventory

Main Products	Days of Turnover of Inventories	Quantity of Inventory	Inventory Age	Year-on-year Change in Inventory Balance	Reason for Change
Fabric (10,000 meters)	87	3,353.32	Within one year	-0.94%	

Fabric (10,000 meters)		703.25	Over one year	7.90%	
Shirts (10,000 pieces)	30	158.86	Within one year	34.58%	Increased orders at the end of the Reporting Period.
Shirts (10,000 pieces)		17.78	Over one year	0.76%	

Inventory valuation allowances:

Item	31 December 2024		
	Carrying Amount	Valuation Allowance or Provision for Impairment on Contract Performance Cost	Carrying Value
Raw materials	806,501,875.49	55,650,999.99	750,850,875.50
Work-in-progress	520,394,109.82	6,229,881.12	514,164,228.70
Inventory goods	952,987,895.46	208,856,231.77	744,131,663.69
Commissioned products	10,737,638.41	0.00	10,737,638.41
Total	2,290,621,519.18	270,737,112.88	2,019,884,406.30

(7) 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
Luthai 1987	Luthai 1987	Shirts	Business, casual	Elite men	RMB500-3000	East China, South China and Southwest China	Provincial capital cities and other prefecture-level cities

Trademark ownership disputes

☐ Applicable ☒ Not applicable

(8) Other information

Engaged in business related to apparel design

☐ Yes ☒ No

Whether the Company held meetings for the placement of orders

☐ Yes ☒ No

5. R&D Investments

☒ Applicable ☐ Not applicable

Names of Main	Goals of Projects	Progresses of Projects	Intended Goals	Estimated Impact on
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R&D Projects				Future Development of the Company
Research on key processing technologies for biomass finishing of functional waterproof, breathable, and flame retardant fabrics	The variety of flame-retardant fabrics on the market is relatively limited, with many using a high proportion of aramid fibres and with very high prices and many problems such as poor comfort. This project is aimed to develop flame-retardant fabrics with better overall performance and higher cost-effectiveness by achieving a synergistic flame-retardant effect through the combination of multiple fibres.	The performance of commonly used flame-retardant fibres was analysed, and the processes of spinning, dyeing, finishing, and printing were studied. The capability to test and evaluate flame-retardant performance was established.	The Company aims to optimise process parameters for each procedure, develop a range of fabric products, and establish the capacity for large-scale production.	This project is expected to enhance the performance quality of the Company's functional products and strengthen core competitiveness.
Research and development of key technologies for green, environmentally friendly, lightweight functional cotton fibres and products	Green, low-carbon, and sustainable development are the main trends in the textile industry. Based on a commitment to a responsible future and society, the Company is dedicated to low-carbon, sustainable green development. Efforts have been made in areas such as water resources, energy, chemicals, wastewater and exhaust emissions, sustainability certifications, and sustainable product innovation. This project is aimed to vigorously promote energy conservation and emission reduction, enhance the Company's product competitiveness, and foster technological progress in the industry.	Six series of products have been developed, including Probiotic Skin Renewal, HCP + Eco Bleaching, Full Process Natural Finishing, Eco Washing, HCP Upgrades, and Freshening.	The Company aims to achieve qualified standards for pre-wash and 20 post-wash probiotic function of fabrics; green non-iron products yarn ecological boiling and bleaching treatment without the use of hazardous chemicals, formaldehyde and formaldehyde aging < 16 ppm, ironing-free stability ≥ grade 3.5.	This project is expected to maintain the Company's leading technological level in the industry, and lead the industry development.
Research on key preparation technologies for sunlight-driven antibacterial, antiviral, and multifunctional protective fabrics	This project is aimed to not use silver ions and other antimicrobial additives, etc., the textile itself through the sunlight drive with antibacterial disinfection efficacy, safe, broad-spectrum, long-lasting, and non-resistant.	The research focused on the trial production and improvement of the loose-style liquid ammonia finishing equipment, the in-situ complexation reaction between liquid ammonia and functional inorganic small molecules, the	The Company aims to complete process trials and develop a range of fabrics with large-volume production capacity.	The key processing technologies and industrialisation of this project is expected to align with the development guidelines of the textile industry and meet the urgent demand for healthy textiles. With a wide range of

		impact of auxiliary functional finishing agents on the fabric's antibacterial and antiviral properties, as well as the synergistic enhancement between post-finishing wrinkle-resistant agents and photocatalytic self-disinfecting compounds.		applications, it is expected to be in line with market trends and have a very promising future.
Research on key technologies for salt-free and low-water green dyeing of regenerated cellulose fibre yarn	This project is aimed to conduct research on salt-less and water-less dyeing for regenerated cellulose fibre cylinder yarns, which has high technical content, saves energy and reduces carbon emissions.	The machine equipment modifications have been completed, and the relevant dyeing process technology has been optimized, enabling mass production.	The Company aims to complete a variety of forms of dyeing such as bamboo yarn, segmented colour yarn, colour point yarn, multi-colour yarn, snowflake yarn, ripple yarn, etc., and to achieve a reduction of more than 60% in water consumption compared with the advanced level abroad.	This project is expected to enhance the Company's dyeing technology level, enrich the Company's variety of casual wear fabrics, and strengthen the Company's competitiveness.

Details about R&D personnel:

	2024	2023	Change (%)
Number of R&D personnel	1,255	1,396	-10.10%
R&D personnel as % of total employees	12.80%	13.26%	-0.46%
Educational background of R&D personnel			
Bachelor	185	196	-5.61%
Master	29	28	3.57%
Age structure of R&D personnel			
Below 30	140	166	-15.66%
30~40	716	847	-15.47%
Above 40	399	383	4.18%

Details about R&D investments:

	2024	2023	Change (%)
R&D investments (RMB)	206,820,921.71	239,775,343.18	-13.74%
R&D investments as % of operating revenue	3.40%	4.02%	-0.62%
Capitalized R&D investments (RMB)	0.00	0.00	0.00%
Capitalized R&D investments as % of total R&D investments	0.00%	0.00%	0.00%

Reasons for any significant change to the composition of R&D personnel and the impact:

☐ Applicable ☒ Not applicable

Reasons for any significant YoY change in the percentage of R&D expense in operating revenue:

☐ Applicable ☒ Not applicable

Reason for any sharp variation in the percentage of capitalized R&D expense and rationale:

☐ Applicable ☒ Not applicable

6. Cash Flows

Unit: RMB

Item	2024	2023	Change (%)
Subtotal of cash generated from operating activities	6,120,282,310.84	5,733,287,497.87	6.75%
Subtotal of cash used in operating activities	4,876,070,158.90	4,878,422,960.45	-0.05%
Net cash flow from operating activities	1,244,212,151.94	854,864,537.42	45.54%
Subtotal of cash generated from investing activities	1,748,289,321.17	9,682,671,841.39	-81.94%
Subtotal of cash used in investing activities	2,980,405,818.85	10,635,911,372.48	-71.98%
Net cash generated from/used in investing activities	-1,232,116,497.68	-953,239,531.09	-29.26%
Subtotal of cash generated from financing activities	2,146,986,621.30	1,289,724,006.83	66.47%
Subtotal of cash used in financing activities	2,174,973,262.02	1,677,384,015.94	29.66%
Net cash generated from/used in financing activities	-27,986,640.72	-387,660,009.11	92.78%
Net increase in cash and cash equivalents	17,796,953.59	-469,281,964.23	103.79%

Explanation of why any of the data above varies significantly:

☒ Applicable ☐ Not applicable

During the Reporting Period, the net cash flow from operating activities increased by 45.54% year-on-year, primarily due to an increase in cash received from sales of goods. Cash inflows from investing activities decreased by 81.94% year-on-year, mainly due to a reduction in wealth management investments. Cash outflows from investing activities decreased by 71.98% year-on-year, primarily due to a reduction in wealth management investments paid. Cash inflows from financing activities increased by 66.47% year-on-year, mainly due to an increase in cash received from loans. The net cash flow from financing activities increased by 92.78% year-on-year, mainly due to an increase in cash received from loans. The net increase in cash and cash equivalents increased by 103.79% year-on-year, primarily due to the increase in net cash flow from operating activities.

Reason for any big difference between the net operating cash flow and the net profit for this Reporting Period

☒ Applicable ☐ Not applicable

This was mainly due to factors such as depreciation of various assets, fair value changes, and a decrease in inventory. For further details, please refer to “(1) Supplemental information for cash

flow statement” of “62. Supplemental information for cash flow statement” of “VII. Notes to main items of consolidated financial statements” of “Part X Financial Statements”.

V Analysis of Non-Core Businesses

☒ Applicable ☐ Not applicable

Unit: RMB

	Amount	As % of Total Profit	Source/Reason	Recurrent or Not
Return on investment	-46,506,250.57	-9.94%	Return on held-for-trading financial assets	Not
Gain/loss on changes in fair value	-90,826,774.15	-19.42%	Loss on changes in fair value of held-for-trading financial assets and liabilities	Not
Asset impairments	-110,133,501.21	-23.54%	Inventory valuation allowances	Not
Non-operating income	9,574,940.35	2.05%	Income of non-operating compensation, etc	Not
Non-operating expense	8,534,087.54	1.82%	Loss on destruction and retirement of non-operating non-current assets, etc.	Not

VI Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	End of 2024		Beginning of 2024		Change in Percentage (%)	Reason for Any Significant Change
	Amount	As % of Total Assets	Amount	As % of Total Assets		
Monetary capital	2,055,856,788.37	14.76%	1,558,252,048.03	11.60%	3.16%	
Accounts receivable	849,168,539.27	6.10%	826,467,684.78	6.15%	-0.05%	
Inventories	2,019,884,406.30	14.50%	2,124,139,574.70	15.82%	-1.32%	
Investment property	18,675,533.63	0.13%	19,578,175.93	0.15%	-0.02%	
Long-term equity investments	120,084,271.29	0.86%	143,537,479.77	1.07%	-0.21%	
Fixed assets	6,053,755,987.08	43.46%	5,597,692,505.07	41.68%	1.78%	
Construction in progress	95,026,709.37	0.68%	868,496,878.41	6.47%	-5.79%	
Right-of-use assets	470,238,928.19	3.38%	463,226,419.21	3.45%	-0.07%	
Short-term loan	849,686,824.33	6.10%	580,704,772.27	4.32%	1.78%	
Contract liability	191,551,003.79	1.38%	188,073,335.89	1.40%	-0.02%	
Long-term borrowings	396,244,110.21	2.84%	259,992,974.40	1.94%	0.90%	
Lease liabilities	91,353,320.80	0.66%	86,580,224.41	0.64%	0.02%	

Indicate whether overseas assets account for a large proportion of the total assets.

☒ Applicable ☐ Not applicable

Asset	Reason for Formation	Asset Value (RMB)	Location	Operation Model	Control Measures to Protect Asset Safety	Return Generated (RMB)	As % of the Company's Equity	Material Impairment Risk (yes/no)
Hong Kong company	Set-up	269,184,627.77	Hong Kong	Marketing	Main management personnel sent by the Company as the parent	20,696,306.81	2.74%	Not
Overseas production bases	Set-up	4,554,415,091.97	Southeast Asia	Manufacturing	Main management personnel sent by the Company as the parent	158,438,088.37	46.36%	Not

2. 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 Recorded in Equity	Impairment Allowance for The Reporting Period	Purchased in The Reporting Period	Sold in the Reporting Period	Other Changes	Ending Amount
Financial assets								
1. Held-for-trading financial assets (excluding derivative financial assets)	713,539,243.86	-110,037,211.06			1,421,182,973.92	1,331,188,784.27		693,496,222.45
2. Derivative financial assets	10,261,031.53	-5,766,681.34			2,108,000.00	6,125,900.00		476,450.19
5. Other non-current financial assets	88,750,000.00	-5,950,000.00						82,800,000.00
Subtotal of financial assets	812,550,275.39	-121,753,892.40			1,423,290,973.92	1,337,314,684.27		776,772,672.64
Other	18,248,205.76		-50,005.02				-8,013,300.15	10,184,900.59
Total of the above	830,798,481.15	-121,753,892.40	-50,005.02		1,423,290,973.92	1,337,314,684.27	-8,013,300.15	786,957,573.23
Financial liabilities	46,785,831.47	30,927,118.25			218,400.00	218,400.00		15,858,713.22

Content of other change:

Changes in accounts receivable financing.

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

☐ Yes ☒ No

3. Restricted Asset Rights as at the Period-End

For details, see Part X. VII. 23. Assets with restricted ownership and using right in this Report.

VII. Investments Made

1. Total Investment Amount

☐ Applicable ☒ Not applicable

2. Major Equity Investments Made in the Reporting Period

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

4. Financial Investments

(1) Securities Investments

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

(2) Investments in Derivative Financial Instruments

☒ Applicable ☐ Not applicable

1) Derivative Investments for Hedging Purposes during the Reporting Period

☒ Applicable ☐ Not applicable

Unit: RMB'0,000

Type of Derivative	Initial Investment Amount	Investments at the Beginning of the Period	Gain/Loss on Fair-Value Changes in the Reporting Period	Cumulative Fair-Value Changes Recorded in Equity	Purchased in the Reporting Period	Sold in the Reporting Period	Investments at the End of the Period	Proportion Of Closing Investment Amount in the Company's Ending Net Assets
Foreign exchange option	56,400	56,400	0	0	28,552.1	84,952.1	0	0.00%
Total	56,400	56,400	0	0	28,552.1	84,952.1	0	0.00%
Whether significant changes occurred to the Company's accounting policy and specific accounting principles of derivatives in the Reporting Period	No significant changes							

compared to the previous Reporting Period	
Actual gain/loss in the Reporting Period	<p>1. As at 31 December 2024, the Company had not held any outstanding financial derivative contracts that have not yet matured.</p> <p>2. From January to December 2024, the Company had financial derivatives maturing with a total amount of USD134 million, all executed according to the contracts, with a delivery of USD134 million and a loss of RMB4,694,400, all related to foreign exchange options.</p>
Effectiveness of hedges	The Company conducts foreign exchange (FX) derivative transactions with the intention of hedging. Specifically, the business is carried out to fix costs, avoid exchange rate risks and improve resistance against FX rate fluctuations. As a result, the Company has gained better capabilities of avoiding and preventing the risks of FX rate fluctuations, and the financial robustness of the Company has been enhanced.
Capital source for derivative investment	Own funds.
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 instalments, 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 derivative transactions of the Company. Precautions: The Company chooses financial instruments with simple structures, high liquidity and controllable risk and strictly controls the scale of derivative transactions, performing them by stages and in batches. Means such as extension and balance settlement can be adopted to ensure contract performance after the contract expires.</p> <p>2. Liquidity risk and credit risk: Credit risk arises when the Company or counterparties in transactions couldn't perform contracts due now, to liquidity or other factors that result in further economic loss. Precautions: The derivative transactions can only be done with financial institutions qualified for derivative transactions, as authorized by relevant national authorities or financial or foreign exchange authorities in the country or region where the Company operates. Derivative transactions with other institutions or individuals are not allowed so as to control related risk concerning counterparties.</p> <p>3. Internal risk control: Derivative transactions are highly specialized and complex. Therefore, there is a risk of loss in derivative transactions due to the imperfect internal control system when business is performed. Precautions: The Company should strictly implement <i>Management Policy for Investments in Securities and Derivative Transactions of Lu Thai Textile Co., Ltd.</i>, continuously optimize the business operation process and authorization management system, strengthen professional ethics education and business training for relevant personnel, clarify job responsibilities, engage in derivative transaction business strictly within the scope of authorization, and establish a timely reporting system for abnormal conditions to avoid operational risks.</p> <p>4. Risk of laws and regulation: Derivative transactions of the Company must be strictly in compliance with relevant national laws and regulations. Otherwise, signed contracts, commitments and other legal documents may entail compliance risk and regulatory risk in terms of effectiveness and enforceability. Precautions: The Company should strengthen the supervision and inspection of the standardization of derivative transactions, the effectiveness of internal control mechanism, and the authenticity of information disclosure to avoid possible legal risks. The Company has fulfilled relevant approval procedures for its derivative transactions business, which is in line with the relevant national laws, regulations, the <i>Articles of Association</i>, the <i>Management Rules for Derivative Trading of Lu Thai Company</i>, the <i>Proposal on the Company's Derivative Transaction Plan</i> deliberated and adopted at the 9th meeting of the 10th session of the Board of Directors held on 26 May 2023, and the <i>Proposal on the Company's Derivative Transaction Plan</i> deliberated and adopted at the 22nd meeting of the 10th session of the Board of Directors held on 28 May 2024, and fulfilled the relevant information disclosure obligations.</p>
Changes of market prices or fair values in the Reporting	In accordance with the relevant provisions and guidelines of the <i>Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments</i> and the <i>Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments</i> issued by the Ministry of Finance, the Company took the relevant accounting measures for its business of FX derivative transactions to reflect the relevant items in the balance sheet and the income statement. During

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.	the Reporting Period, the Company determined the fair value of FX options based on the bank's forward option quotations at the end of the period.
Lawsuit (if applicable)	N/A
Disclosure date of board of directors announcement on approval of derivative investment (if any)	27 May 2023
Disclosure date of board of directors announcement on approval of derivative investment (if any)	29 May 2024

2) Derivative Investments for Speculative Purposes during the Reporting Period

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

5. Use of Funds Raised

☒ Applicable ☐ Not applicable

(1) Overall Use of Funds Raised

☒ Applicable ☐ Not applicable

Unit: RMB'0,000

Raising Year	Raising Manner	Securities Listing Date	Total of Raised Capital	Net Proceeds (1)	Total of Raised Capital Used in this Period	Cumulative Amount of Raised Capital Used (2)	Usage Ratio of Raised Funds at the End of the Reporting Period (3) = (2) / (1)	Total of Raised Capital which Purpose is Changed in the Report Period	Cumulative Amount of Raised Capital which Purpose is Changed	Ratio of Cumulative Amount which Purpose is Changed	Total of Raised Capital Unused	Purpose and Direction of Raised Capital Unused	Amount of Raised Capital Unused for Two Years
2020	Converti	13 May	140,0	138,80	9,897.	144,394.	104.03	0	51,371.5	37.01%	0	The	0

	ble corporate bonds	2020	00	0	11	95	%		8			remaining interest from the raised funds amounts to RMB36.11, which will be permanently added to the working capital.	
Total	--	--	140,000	138,800	9,897.11	144,394.95	104.03%	0	51,371.58	37.01%	0	--	0

General use situation of raised capital

(I) Amount of actual raised capital and arrival date

Upon approval by the CSRC in the document “ZJXK [2020]299”, the Company publicly issued 14,000,000 convertible bonds on 9 April 2020 at par value RMB100, the issued amount was RMB1.4 billion, and the Company actually received the amount of raised capital RMB1,388 million after deducted the underwriting fee RMB12 million. The above amount was remitted in cash in RMB. After deducted legal fee, accountant fee, credit rating fee, information disclosure fee, issuing commission and other costs RMB2.54 million in total from the above actually raised capital, the net amount of raised capital was RMB1,385.46 million, which entered the account on 15 April 2020, and Grant Thornton International Ltd (Special General Partnership) issued the capital verification report with reference No. Grant Thornton Verification [2020] 371ZC0090 for it after verification.

(II) Use situation and balance of raised capital

As at 31 December 2024, the Company had directly invested a total of RMB1,443,949,500 of raised funds into the fundraising projects. In accordance with relevant regulations, the remaining interest from the raised funds amounts to RMB36.11, which will be permanently added to the working capital. All special accounts for the raised funds were closed on 28 November 2024, and the corresponding fundraising supervision agreement was also terminated.

(2) Commitments on Projects with Funds Raised

☒ Applicable ☐ Not applicable

Unit: RMB'0,000

Financing Project Name	Securities Listing Date	Committed Investment Projects and Use Direction of Over Raised Capital	Project Nature	Whether the Project Has Been Altered (or Partially Altered)	Total of Committed Investment of Raised Capital	Adjusted Total Amount of the Investment (1)	Amount Invested in this Report Period	Accumulative Investment Amount at the End of the Reporting Period (2)	Investment Schedule as the Period-end (3)=(2)/(1)	Date of Reaching Intended Use of the Project	Realized Income in the Reporting Period	Accumulative Benefits Recorded as at the End of the Reporting Period	Whether Reached Anticipated Income	Whether Project Feasibility Changed Significantly
Committed investment projects														
Functional fabric smart eco-park project (Phase 1)	13 May 2020	Functional fabric smart eco-park project (Phase 1)	Production and construction	Yes	85,000	58,628.42	0	58,628.42	100.00%	31 December 2024	0	0	N/A	Not
Overseas high-end fabric production line project (Phase I)	13 May 2020	Overseas high-end fabric production line project (Phase I)	Production and construction	Yes	25,000	34,000	4,832.2	35,813.63	105.33%	31 December 2024	0	0	N/A	Not
Supplement working capital	13 May 2020	Supplement working capital	Supplementary liquidity	Yes	28,800	46,171.58	5,064.91	49,952.9	108.19%		0	0	N/A	Not

Subtotal of committed investment projects		--	138,800	138,800	9,897.11	144,394.95	--	--	0	0	--	--
Use direction of over raised capital												
N/A	13 May 2020	N/A	N/A	Not	0						N/A	Not
Repayment of bank loans (if any)		--	0	0	0	0	0.00%	--	--	--	--	--
Supplement working capital (if any)		--	0	0	0	0	0.00%	--	--	--	--	--
Subtotal of use director of over raised capital		--	0	0	0	0	--	--	0	0	--	--
Total		--	138,800	138,800	9,897.11	144,394.95	--	--	0	0	--	--
Explain project by project situation and reasons that it did not reach the planned progress or expected return (including reason for inputting "N/A" for "Whether reached the expected benefit")		The "Functional Fabric Intelligent Eco-park Project (Phase I)" and the "Overseas Product Line Project of High-grade Fabrics (Phase I)" were in progress. Neither of the two projects has yet achieved scaled production or met the expected returns.										
Note for significant change of project feasibility		N/A										
Amount, purpose and use progress of over raised capital		N/A										
Change of implementation site of capital raising project		N/A										
Adjustment of implementation mode of capital raising project		N/A										
Advance investment and displacement of capital raising project		Applicable By 30 April 2020, the total amount of displaced capital was RMB191,428,800, including the amount RMB189,838,800 invested in the project with the self-raised capital of the Company in advance, and payment of issuing cost RMB1.59 million with its self-raised capital.										
Temporary supplement to working capital with unused raised capital		N/A										
Balance of raised capital after implement of project and relevant reasons		N/A										
Purpose and use direction of unused raised capital		As at 31 December 2024, the unused raised funds amounted to RMB0.										
Problems existing in use and information disclosure of raised capital or other situation		N/A										

(3) Changes in Projects with Funds Raised

☒ Applicable ☐ Not applicable

Unit: RMB'0,000

Financing	Raising	Items after	Corresponding	Total	Actual	Actual	Investment	Date of	Realized	Whether	Whether
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Project Name	Manner	Changes	Original Committed Items	Raised Funds to Be Invested in the New Project (1)	Investment Amount in the Reporting Period	Accumulative Investment Amount by the End of the Reporting Period (2)	Progress by the End of the Reporting Period (3) = (2)/(1)	Reaching Intended Use of the Project	Income in the Reporting Period	Reached Anticipated Income	Occurred Significant Changes in Project Feasibility
Public issuance of A-share convertible bonds in 2020	Issuance of convertible corporate bonds to unspecified investors	Overseas high-end fabric production line project (Phase I)	High-end printing and dyeing fabric production line project, functional fabric smart eco-park project	34,000	4,832.2	35,813.63	105.33%	31 December 2024	0	N/A	Not
Total	--	--	--	34,000	4,832.2	35,813.63	--	--	0	--	--
Statement on the reasons for alteration, the decision-making procedure, and the information disclosure (by specific project)			In accordance with the Company's global strategic layout and market demand, the Company planned to adjust its capacity structure. 1. On 9 June 2022, the second extraordinary general meeting and the first bondholders' meeting of 2022 deliberated and adopted the <i>Proposal on Changing the Purpose of Partial Raised Capital Unused</i> . The aim was to terminate the "High-end printing and dyeing fabric production line project" and leverage the raised capital of this project of RMB250 million for construction of overseas high-end fabric production line project (Phase I), disclosed on 10 June 2022 on the cninfo website ("www.cninfo.com.cn"). 2. On 25 September 2023, the second extraordinary general meeting and the first bondholders' meeting of 2023 deliberated and adopted the <i>Proposal on Changing the Purpose of Partial Raised Capital Unused</i> . The Company decided to repurposed the remaining raised funds of the "functional fabric smart eco-park project (Phase I)" implemented by its majority-owned subsidiary Shandong Lulian New Materials Co., Ltd., using RMB90 million of the remaining raised funds for the "overseas high-end fabric production line project (Phase I)", which have been disclosed on the cninfo website ("www.cninfo.com.cn") dated 26 September 2023 and 27 September 2023, respectively.								
Statement on the failure to achieve the scheduled progress and/or the anticipated returns and its reasons (by specific project)			N/A								
Notes of condition of significant changes occurred in project feasibility after changes			N/A								

VIII. Sale of Major Assets and Equity Interests

1. Sale of Major Assets

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Interests

☐ Applicable ☒ Not applicable

IX. Major Subsidiaries

☒ Applicable ☐ Not applicable

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

Unit: RMB'0,000

Subsidiary	The Company Type of Change	Principal Activity	Registered Capital	Total Assets	Net Assets	Operating Revenue	Operating Profit	Net Profit
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LuFeng Company Limited	Subsidiary	Fabric	70616.00	174,517.38	153,855.63	133,551.47	9,831.11	8,993.10
Shandong Lulian New Materials Co., Ltd.	Subsidiary	Fabric	90000.00	62,870.55	57,078.58	16,284.77	-3,241.49	-3,212.34

Subsidiaries obtained or disposed in the Reporting Period:

☐ Applicable ☒ Not applicable

Information about major majority- and minority-owned subsidiaries:

LuFeng Company Limited is the holding subsidiary of the Company. Registration place: Zibo, Shandong; registered capital: RMB706.16 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, net profit increased year-on-year, mainly due to the decrease in related expenses and impairment loss provisions compared to the previous year.

Shandong Lulian New Materials Co., Ltd., with its registered location in Zibo, Shandong, and a registered capital of RMB900 million, was approved by the Company's 10th Board of Directors at its 23rd meeting. The Company acquired the minority shareholder's equity, and the registration process was completed on 12 July 2024, making it a wholly-owned subsidiary of the Company that primarily engages in the production and sale of functional fabrics. During the Reporting Period, net profit increased year-on-year, mainly due to the decrease in impairment loss provisions and related costs and expenses compared to the previous year.

X. Structured Bodies Controlled by the Company

☒ Applicable ☐ Not applicable

See "X Interests in other entities" of Part X.

XI. Prospects

1. Industry competition and development trend

The textile industry of China has certain strength in the global textile industry, mainly showing in industry chain, technology, labour efficiency and other aspects. The global economic downturn has impacted the economy and trade of various countries in recent years, but the competitive edge of the textile industry of China in the international market still remains. When the domestic environmental protection requirements are becoming more stringent, production costs are going up and the transformation and upgrade policy is implemented in China, the textile industry may face structural adjustment. Currently, fabric demand change towards small batch, multiple categories, diversification, functionality and leisure.

2. Development strategy of the Company

The Company is a large-scale textile enterprise with a complete industrial chain integrating spinning, dyeing, weaving, post-treatment and garment manufacturing. It is the world's largest production base for yarn-dyed fabrics for shirts, providing blending of three major series of fabrics of pure cotton and natural fibre, cotton and natural fibre as well as cotton and functional fibre. And the newly developed knitted fabric and functional fabric are also popular in markets. In order to maintain the outstanding advantages of the Company in global yarn-dyed fabrics, the Company is pushing intelligent manufacturing upgrades and integrating domestic and foreign advantageous

resources to deepen internationalization of the Company with regional advantages. The Company is committed to combining quality innovation with customer needs to meet the diverse demands of its customers. Furthermore, the Company increases investment in innovation to improve R&D and design and develop new fabrics. The Company holds the concept of low-carbon environmental protection for sustainable development.

3. Business plan (the following description does not constitute any commitment of the Company)

(1) In terms of corporate governance, in order to ensure the healthy, stable and sustainable development of the Company at the institutional level, the Company will establish an internal control system to improve organizational structure, corporate governance structure and risk prevention mechanism.

(2) In the aspect of market development, the Company actively develops emerging markets on the basis of maintaining the existing market, accurately understands market trend and customers' demand, and fully improves service capacity, so that the Company could be a global green fashion textile and apparel group based on leading fabric.

(3) In the aspect of business administration, the Company continually implements the strategy of "quality and efficiency improvement" and "comprehensive internationalization", makes more efforts in developing market, adjusting structure and improving capacity, promotes innovation while meeting market demand, integrates internal and external resources, deepens the application of information technology and big data, builds up a flexible, rapid response, efficient and traceable supply system chain, and effectively improves operational capabilities.

(4) In terms of industrial overall arrangement, in order to maintain the leading position of the Company in the global yarn-dyed industry, the Company rationally allocates domestic and foreign resources and improves production efficiency while keeping product quality relying on the advantages of Milan and Tokyo Office in market development, design and R&D, customer service and talent development, and the cost advantages of the overseas production bases.

4. Capital needs, sources and planning

The "Overseas Product Line Project of High-grade Fabrics" (Phase I) has been largely completed and is now entering the capacity and efficiency ramp-up stage. The subsequent funding requirements are mainly for operating capital, sourced from the Company's own funds and self-raised capital.

5. Major potential risks and countermeasures

(1) Impact of economic environment: The global economic slowdown and ongoing geopolitical risks continue to persist. The Company will still face challenges from changes in international trade policies and market dynamics in the future. The Company will leverage its global industrial layout and vertical supply chain advantages, coordinate various resources both domestically and internationally, and continuously explore domestic and international markets.

(2) Price fluctuation of raw materials: cotton is the major production material of the Company, and the price of cotton is impacted by market supply and demand, climate, policy, exchange rate and other factors. Therefore, the Company will coordinate domestic and international production, closely monitor global cotton market trends, develop rational procurement strategies, and fully leverage the advantages of global procurement of high-quality raw cotton.

(3) Change of exchange rate: The Company has a significant proportion of import and export business as well as overseas assets, with most transactions denominated in US dollars. In recent years, the two-way fluctuation of the RMB exchange rate has become the norm, and exchange rate

elasticity has significantly increased. To mitigate the impact of exchange rate fluctuations, the Company adheres to a neutral approach to exchange rate risk management, integrating exchange rate risk into daily operations. Based on the actual needs of production and business, the Company flexibly uses various types of foreign exchange derivatives with different maturities for hedging, aiming to minimize the impact of exchange rate fluctuations on the Company's financial performance. Firstly, the Company appropriately conducted foreign exchange hedging, using financial derivatives such as forwards, swaps, and option portfolios to avoid currency risks. Secondly, the Company made reasonable arrangement on settlement day and currency and vigorously promoted cross-border settlement with RMB to avoid exchange rate-related risks. Thirdly, the Company adjusted the Renminbi and foreign-currency liabilities structure to actively prevent currency fluctuation risks.

XII. Communications with the Investment Community Such as Researches, Inquiries and Interviews during the Reporting Period

☒ Applicable ☐ Not applicable

Date of Visit	Place of Visit	Way of Visit	Type of Visitor	Visitor	Contents and Materials Provided	Index to Main Inquiry Information
31 January 2024	The Company's conference room	By phone	Institution	Institutional investor	About basic information of the Company	For details, please refer to the <i>Investor Relations Management Information 20240201</i> disclosed by the company on the Cninfo website on 1 February 2024
12 April 2024	The Company's conference room	By phone	Institution	Institutional investor	About basic information of the Company	For details, please refer to the <i>Investor Relations Management Information 20240415</i> disclosed by the company on the Cninfo website on 15 April 2024
29 April 2024	The Company's conference room	By phone	Institution	Institutional investor	About basic information of the Company	For details, please refer to the <i>Investor Relations Management Information 20240430</i> disclosed by the company on the Cninfo website on 30 April 2024.
8 May 2024	The Company's conference room	Online exchange	Other	Investor	About basic information of the Company	For details, please refer to the <i>Investor Relations Management Information 20240508</i> disclosed by the company on the Cninfo website on 8 May 2024
13 May 2024	The Company's conference room	One-on-one meeting	Institution	Institutional investor	About basic information of the Company	For details, please refer to the <i>Investor Relations Management Information 20240516</i> disclosed by the company on the Cninfo website on 16 May 2024
16 May 2024	The Company's conference room	One-on-one meeting	Institution	Institutional investor	About basic information of the Company	For details, please refer to the <i>Investor Relations Management Information 20240516</i> disclosed by the company on the Cninfo website on 16 May 2024
4 June 2024	The Company's	One-on-one	Institution	Institutional investor	About basic information of	For details, please refer to the <i>Investor Relations</i>

	conference room	meeting			the Company	<i>Management Information 20240605</i> disclosed by the company on the Cninfo website on 5 June 2024
30 August 2024	The Company's conference room	By phone	Institution	Institutional investor	About basic information of the Company	For details, please refer to the <i>Investor Relations Management Information 20240830</i> disclosed by the Company on 30 August 2024 on the Cninfo website.
2 September, 2024	The Company's conference room	By phone	Institution	Institutional investor	About basic information of the Company	For details, please refer to the <i>Investor Relations Management Information 20240903</i> disclosed by the company on the Cninfo website on 3 September 2024.
31 October 2024	The Company's conference room	By phone	Institution	Institutional investor	About basic information of the Company	For details, please refer to the <i>Investor Relations Management Information 20241101</i> disclosed by the company on the Cninfo website on 1 November 2024.
31 October 2024	The Company's conference room	By phone	Institution	Institutional investor	About basic information of the Company	For details, please refer to the <i>Investor Relations Management Information 20241101</i> disclosed by the company on the Cninfo website on 1 November 2024.

XIII. The Formulation and Implementation of the Market Value Management System and Valuation Promotion Plan

Has the Company established a market value management system?

☐ Yes ☒ No

Has the Company disclosed a valuation improvement plan?

☒ Yes ☐ No

In accordance with the CSRC's *Guideline No. 10 for Listed Companies — Market Value Management*, companies with long-term market value below par are required to disclose their plans for improving the company's valuation. As at 31 December 2024, the price of Luthai A-shares had fallen into a long-term below-par situation. Therefore, in line with its industry position, development strategy, and business plans, the Company has formulated and disclosed a valuation enhancement plan. For specific details, please refer to the Valuation Enhancement Plan of Lu Thai Textile Co., Ltd. published by the Company on 1 March 2025 on <http://www.cninfo.com.cn>.

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

Has the Company disclosed its action plan for “dual enhancement of quality and profitability”?

☐ Yes ☒ No

Part IV Corporate Governance

I. General Information of Corporate Governance

During the Reporting Period, the Company strictly conforms to *Company Law (Revised in 2023)*, *Securities Law (Revised in 2019)*, *Governing Rules for Listed Company in China*, *Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange - Standard Operation of Listed Companies on the Main Board (Revised in December 2023)* and *Administrative Measures for Independent Directors of Listed Companies* as well as relevant stipulations and requirements from normative documents, continuously improves the corporate governance structure, safeguards the standardized and efficient operation of three Committees and one Management, forms a sound and effective internal control system to safeguard legitimate interests of the Company and investors. During the Reporting Period, the Company made revisions to the relevant provisions of nine regulations, including the *Articles of Association of Lu Thai Textile Co., Ltd.* and the *Rules of Procedure of the Board of Directors of Lu Thai Textile Co., Ltd.*

1. Shareholders and Shareholders' General Meeting.

The Company shall convene and hold the shareholders meeting in strict accordance with the Shareholders Meeting Procedural Rules, and guarantee that all shareholders, especially the minority shareholders, could have equal status and fully execute their rights.

2. The relationship between the majority shareholders and the Company

The Company's majority shareholders acted according to relevant standards without directly or indirectly intervening the Company's decision-making and operating activities; the Company was independent with its majority shareholders in business, personnel, assets, organization, finance, and the Company's Board of Directors, Board of Supervisors and Internal Organs could completely independent to operate. There was no situation about annexing the assets or occupation of funds of the Company by principal shareholders or other events on infringing the interest of the Company and other shareholders.

3. The directors and Board of Directors

The Company's Board of Directors shall perform their duties in strict accordance with *Articles of Association* and the *Rules of Procedures for the Board of Directors*. Under the Board of Directors, the Company established the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration Committee. Various specialized committees would fully perform their functions and further guarantee the high-efficient operation and the scientific decision-making of the Board of Directors.

4. Supervisors and Board of Supervisors

The Company's Board of Supervisors will perform their duties in strict accordance with *Articles of Association* and the *Rules of Procedures for the Board of Supervisors*. The number of members and the composition of the Company's Board of Supervisors shall comply with applicable laws and regulations; the Company's supervisors shall strictly abide by relevant provisions, seriously execute their duties and supervise the Company's financial status and the legal execution of duties of the directors, president and other senior managers by adhering to the principle of being responsible for the shareholders and the listed company.

5. Information disclosure

The Company strictly, in accordance with the laws, regulations and the *Articles of Association*, disclosed relevant information in a true, accurate, complete and timely manner. The Company has

formulated the *Information Disclosure Management System*, *Information Insider Registration Management System* and *Investor Relations Management System*, etc., to ensure the fairness, openness and fairness of information disclosure.

6. Investor relations management

During the Reporting Period, as required by *Investor Relations Management System*, to maintain good communication with investors, the Company accepted on-site investigations and consultations of investors through on-site investigations and telephone consultations, and promptly answered questions asked by investors on the SZSE Easy-IR.

Indicate by tick market whether there is any material incompliance with the applicable laws, administrative regulations and the CSRC rules for the governance of listed companies.

☐ Yes ☒ No

No such cases in the Reporting Period.

II. The Company's Independence from Its Controlling Shareholder and Actual Controller in Assets, Personnel, Financial Affairs, Organization and Business

1. As for the business: the Company shall establish its independent and complete business system with the market-oriented independent management ability. In the respect of business operation, the Company is completely separated from the controlling shareholders.

2. As for the personnel: the Company's labour, personnel and remuneration management departments shall be independent with their own sound systems, and separated from that of the substantial shareholder. The Company's senior managers are not allowed to simultaneously hold any office in any shareholder's unit.

3. As for the assets: the Company possesses the entire and independent legal person property right with independent and perfect the production system, auxiliary production systems and supporting facilities; and possesses the independent ownership of the intangible assets such as the industrial property, trademarks, non-patented technology.

4. As for the institution: the Company's Board of Directors, Board of Supervisors and other internal organization shall be sound and involved in independent operation. The substantial shareholder shall legally execute its rights, fulfil corresponding obligations and not surpass the shareholders meeting to directly or indirectly interfere the Company's business activities.

5. As for the finance: the Company possesses independent financial departments with normative financial accounting system and financial management system as well as internal control system with independent bank account.

III. Horizontal Competition

☐ Applicable ☒ Not applicable

IV. Annual and Special General Meetings Convened during the Reporting Period

1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor Participation Ratio	Convened Date	Disclosure Date	Meeting Resolutions
Resolutions of the First Extraordinary General Meeting of	Extraordinary General Meeting	33.02%	February 05 2024	February 06 2024	Ten proposals, including the <i>Proposal on Amending Certain Clauses of the Articles of</i>

Shareholders in 2024					<i>Association of Lu Thai Textile Co., Ltd.</i> were deliberated and approved
The 2023 Annual General Meeting of Shareholders	Annual General Meeting	35.28%	May 15, 2024	16 May 2024	Six proposals, including the <i>Proposal on 2023 Annual Work Report of the Board of Directors</i> , were deliberated and approved.
Resolutions of the Second Extraordinary General Meeting of Shareholders in 2024	Extraordinary General Meeting	34.62%	June 14, 2024	15 June 2024	Two proposals, including the <i>Proposal on the By-election of Mr. Shang Chenggang as Supervisor of the 10th Board of Supervisors</i> were deliberated and approved.
The 3rd Extraordinary General Meeting of 2024	Extraordinary General Meeting	35.45%	September 20 2024	September 21 2024	<i>Proposal on the Profit Distribution Plan for the First Half of 2024</i> was deliberated and approved.
the Fourth Extraordinary General Meeting of Shareholders in 2024	Extraordinary General Meeting	35.23%	November 18, 2024	November 19, 2022	<i>Proposal on the Profit Distribution Plan for the Third Quarter of 2024</i> was deliberated and approved.

2. Special General Meetings Convened at the Request of Preferred Shareholders with Resumed Voting Rights

☐ Applicable ☒ Not applicable

V. Directors, Supervisors and Senior Management

1. Basic Information

Name	Gender	Age	Office Title	Incumbent/Former	Start of Tenure	End of Tenure	Beginning Shareholding (share)	Increase in the Reporting Period (share)	Decrease in the Reporting Period (share)	Other Increase/Decrease (share)	Ending Shareholding (share)	Reason for Change
Liu Zibin	Male	60	Chairman	Incumbent	6 June 2016	8 June 2025	148,290				148,290	
Liu Zibin	Male	60	President	Incumbent	6 June 2007	8 June 2025	148,290				148,290	
Xu Zhinan	Male	95	Vice Chairman	Incumbent	6 May 2004	8 June 2025						
Xu Jianlyu	Female	50	Director	Incumbent	9 June 2022	8 June 2025						
Zheng Huisheng	Male	37	Director	Incumbent	9 June 2022	8 June 2025						
Liu Deming	Male	35	Director, Vice Controller of Global Marketing Department	Incumbent	12 May 2017	8 June 2025						

Zhang Zhanqi	Male	53	Director	Incumbent	9 June 2022	8 June 2025	580,300				580,300	
Zhang Zhanqi	Male	53	Vice President and Director of the Global Marketing Department; Dean of Lu Thai Engineering Technology Research Institute	Incumbent	6 June 2016	8 June 2025	580,300				580,300	
Zhang Keming	Male	57	Director	Incumbent	9 June 2022	8 June 2025	377,700				377,700	
Zhang Keming	Male	57	Chief Accountant and Director of the Financial Management Department	Incumbent	6 June 2019	8 June 2025	377,700				377,700	
Du Lixin	Male	50	Director and Chief Engineer	Incumbent	9 June 2022	8 June 2025	250,000				250,000	
Zhou Zhiji	Male	62	Independent Director	Incumbent	10 March 2019	8 June 2025						
Qu Dongmei	Female	56	Independent Director	Incumbent	10 June 2019	8 June 2025						
Peng Yanli	Female	64	Independent Director	Incumbent	9 June 2022	8 June 2025						
Quan Yuhua	Female	69	Independent Director	Incumbent	9 June 2022	8 June 2025						
Shang Chenggang	Male	52	Chairman of the Board of Supervisors	Incumbent	June 14, 2024	8 June 2025	330,000				330,000	
Liu Zilong	Male	57	Supervisor	Incumbent	6 June 2007	8 June 2025	10,000				10,000	
Dong Shibing	Male	56	Supervisor, Chairman of the Labor Union, Manager of Logistics Management Department	Incumbent	6 June 2007	8 June 2025	5,000				5,000	
Yu Shouzheng	Male	57	President Assistant, Head of Energy and Environment Protection	Incumbent	6 June 2007	8 June 2025	383,100				383,100	

			Department									
Guo Heng	Male	53	Head of Functional Fabric Product Line	Incumbent	18 January 2018	8 June 2025	300,000				300,000	
Lyu Wenquan	Male	52	Deputy Head of Yarn Dyed Fabric Product Line, Manager of Yarn Dyed Fabric Production and Management Department	Incumbent	9 June 2022	8 June 2025	200,000				200,000	
Xu Feng	Male	48	Deputy Head of Yarn Dyed Fabric Product Line. Head of Overseas Operation and Management Centre	Incumbent	9 June 2022	8 June 2025	190,000				190,000	
Zheng Weiying	Male	59	Board Secretary	Incumbent	April 25, 2024	8 June 2025	40,000				40,000	
Zhang Shougang	Male	55	Chairman of the Board of Supervisors	Former	8 February 2018	14 June 2024	73,100				73,100	
Li Wenji	Male	58	Dean of Lu Thai Engineering Technology Research Institute	Former	8 June 2016	21 December 2024	260,000				260,000	
Total	--	--	--	--	--	--	3,147,490	0	0	0	3,147,490	--

Indicate by tick mark whether any director, supervisor or senior management departed the Company before the expiry of their tenures during the Reporting Period.

☒ Yes ☐ No

Mr. Zhang Shougang, Chairman of the Board of Supervisors, resigned from his positions as Supervisor and Chairman of the 10th Board of Supervisors on 14 June 2024 due to personal reasons. After his resignation, he continued to serve as Deputy Party Secretary of the Company.

Change of directors, supervisors and senior management

☒ Applicable ☐ Not applicable

Name	Office Title	Type of Change	Date of Change	Reason for Change
Fujiwara Matsuzaka	Senior management	Contract termination	2 January 2024	Job transfer

Zhang Keming	Board Secretary	Contract termination	19 April 2024	Job transfer
Zheng Weiyin	Board Secretary	Appointment	25 April 2024	Job transfer
Shang Chenggang	Senior management	Contract termination	25 May 2024	Job transfer
Zhang Shougang	Chairman of the Board of Supervisors	Former	14 June 2024	Personal reasons
Shang Chenggang	Chairman of the Board of Supervisors	Election	14 June 2024	Job transfer
Li Wenji	Senior management	Contract termination	21 December 2024	Personal reasons

2. Biographical information

Professional backgrounds, major work experience and current duties in the Company of the incumbent directors, supervisors and senior management:

1. Mr. Liu Zibin: Chairman and President of the Company, born in 1965, with a master degree. He served as the GM and Chairman of Zibo Lucheng Textile Co., Ltd. And he currently serves as the Chairman and President of Luthai Textile Co., Ltd., the Chairman of Lufeng Company Limited, the Chairman of Zibo Xinsheng Thermoelectric Co., Ltd., the Chairman of Zibo Lu Qun Textile Co., Ltd., the Chairman of Luthai (Hong Kong) Co., Ltd., the Chairman of Shandong Lujian New Materials Co., Ltd., the Chairman of Shandong Lujia Import and Export Co., Ltd. and the Chairman of Hainan Huilin International Holdings Co., Ltd.

2. Mr. Xu Zhinan: Vice Chairman of the Company, born in 1930, Thai nationality. He used to be Director and GM of Thai Fibre Cloth Factory Co., Ltd., Director of Thai Fibre Co., Ltd., Director of Thai Fibre Printing and Dyeing Co., Ltd., Director and Deputy GM of Lu Thai Textile Co., Ltd. And he currently serves as the Director and Deputy Chairman of the Company and GM of Thailand Fiber Co., Ltd.

3. Ms. Xu Jianlyu: Director of the Company, born in 1975, Thai nationality. She currently serves as President of Cassardi International Co., Ltd.

4. Mr. Zheng Huisheng: Director of the Company, born in 1988, Thai nationality. He currently serves as Director of Cassardi International Co., Ltd.

5. Mr. Liu Deming: Director of the Company, Deputy Head of Global Marketing Department, born in 1990, with a master degree. Currently, he serves as Chairman and GM of Zibo Lucheng Textile Investment Co., Ltd., Director of Lu Thai Textile Co., Ltd. and Deputy Head of Global Marketing Department of Lu Thai Textile Co., Ltd. 6. Mr. Zhang Zhanqi: Director, Vice President, and Head of Global Marketing Department of the Company, Director of Lu Thai Engineering Technology Research Institute, and General Manager of LuFeng Company Limited, born in 1972, with a master degree of business administration. Also, he serves as a Senior Engineer, once was the Factory Director of Fabric Finishing Factory and Manager of Quality Management Department of the Company.

7. Mr. Zhang Keming: Director of the Company, Chief Accountant, and Head of the Financial Management Department, born in 1968. Holds an MBA, is a Senior Accountant, and formerly served as Deputy Manager and Manager of the Finance Department and Board Secretary of the Company.

8. Mr. Du Lixin: Director of the Company and Chief Engineer, born in 1975. Previously held various positions at Lu Thai, including spinning operator, production planner at the Weaving Factory, Deputy Director of the Dispatch Office of the Production Department, Factory Director of

the Weaving Factory, Manager of the Weaving Business Unit, Deputy Manager of the Production Department, and Executive Dean of Lu Thai Engineering Technology Research Institute.

9. Mr. Zhou Zhiji: Independent Director of the Company, born in 1963, with a bachelor degree. He is in possession of the certificates of CPA and Senior Accountant. Now, he serves as a Supervisor of Shandong Jinheng Consulting Co., Ltd., Director of Shandong Menglv Information Technology Co., Ltd., and Director of Shandong Fabric Button Network Technology Co., Ltd. He served as a cadre of Shandong Provincial Department of Finance, Director of department of Shandong accounting firm, Chief Accountant of Shandong Zhengyuan Accounting Firm, Director and Manager of Shandong Yingshida Enterprise Management Consulting Co., Ltd., chairman of Shandong Jinheng Consulting Co., Ltd.

10. Ms. Qu Dongmei: Independent Director of the Company, born in 1969, holds a Doctorate in Economic Law. Formerly a Professor at the School of Law, Shandong Normal University. Currently serves as a Master's Supervisor in Civil and Commercial Law at Shandong Normal University, a lawyer at Grandall Law Firm (Jinan), an arbitrator of the Jinan Arbitration Commission, and a public mediator at the China Securities Capital Market Legal Service Centre.

11. Ms. Peng Yanli: Independent director of the Company, born in 1961, with a master degree of business administration. She is a senior engineer. As a former official in the Former Ministry of the Textile Industry and the former China Textile Federation, she served as president of China Wool Textile Association, deputy secretary general of China National Textile and Apparel Council, vice chairman of China Textile Engineering Society, and deputy director of China Textile Information Centre.

12. Ms. Quan Yuhua: Independent Director of the Company, born in 1956, with a bachelor degree. She is a Senior Accountant. Moreover, she served as Manager of the Financing Department of the CCB Shandong Branch Trust and Investment Company, the Director Assistant in the Information and Research Office, the Entrusted Loan Office, and the Fee-based Business Department of the CCB Shandong Branch, and the level-5 customer manager in the Zhenzhuquan Branch of CCB in Jinan City.

13. Mr. Shang Chenggang: Chairman of the Board of Supervisors of the Company. Born in 1973, he served as Deputy Director, Director of GM office, Manager of Enterprise Management Department, Management Representative and Manager of Garment Production Department, Head of Garment Manufacturing Centre & Manager of Garment Production Management Department of the Company. He now serves as Director of the garment product line.

14. Mr. Liu Zilong: Supervisor of the Company, born in 1968, with a master degree of business administration. In addition, he has served as the GM of Luthai (Hong Kong) since 2002.

15. Mr. Dong Shibing: Supervisor of the Company, born in 1969, formerly Deputy Director of the GM's Office. Currently serves as Chairman of the Labour Union, Manager of the Logistics Management Department, and General Manager of Zibo Banyang Villa Hotel Co., Ltd.

16. Mr. Yu Shouzheng: President Assistant, Head of the Energy and Environmental Protection Department of the Company, GM of Zibo Xinsheng Thermal Power Co., Ltd., born in 1968, with a master degree of business administration. As an engineer, he once worked as the Director of the Power Department and Manager of the Energy Division of the Company.

17. Mr. Guo Heng: Head of Functional Fabric Product Line. Born in 1972, he served as the deputy director of the spinning factory of Lu Thai, the deputy manager of the yarn business department, and the manager of the yarn business department and head of enterprise management department of Lu Thai.

18. Mr. Lyu Wenquan: Deputy Head of the Yarn-dyed Fabric Product Line, Manager of the Yarn-dyed Production Management Department, born in 1973. He serves as a Senior Engineer as well as a Chief Technician in Qilu. Moreover, he is one of the middle-aged and young experts in Zibo City and one of the “Torch Talents” for Zibo High-tech Zone. In addition, he served as a Factory Director and the Manager of the Fabric Finishing Business Department of Lu Thai.

19. Mr. Xu Feng: Deputy Head of the yarn-dyed Fabric Product Line, Head of Overseas Operation and Management Centre, born in 1977. He is an engineer and served as Assistant Manager of the Bleaching and Dyeing Business Department.

20. Mr. Zheng Weiyin: Board Secretary and Manager of the Securities Department, born in 1966, holds a bachelor’s degree. Previously served as Head of the Securities Section and Deputy Manager of the Securities Department of the Company.

Offices held concurrently in shareholding entities:

☒ Applicable ☐ Not applicable

Name	Shareholding Entity	Office held in the Shareholding Entity	Start of Tenure	End of Tenure	Remuneration or Allowance from the Shareholding Entity
Liu Zibin	Zibo Lucheng Textile Investment Co., Ltd.	Director	26 February 1999		Not
Xu Zhinan	Tailun (Thailand) Textile Co., Ltd.	GM	29 January 1985		Not
Liu Deming	Zibo Lucheng Textile Investment Co., Ltd.	Chairman and GM	1 February 2017		Not
Explanations about holding posts in shareholders’ companies	Mr. Liu Zibin is the Director of Zibo Lucheng Textile Investment Co., Ltd., holding 4% equities of Zibo Lucheng Textile Investment Co., Ltd. Basic information of Mr. Liu Zibin: Chinese, no right of residence in other countries or regions. Mr. Liu Deming holds the post of Chairman and GM of Zibo Lucheng Textile Investment Co., Ltd., holding 21% equities of Zibo Lucheng Textile Investment Co., Ltd. Basic information of Mr. Liu Deming: Chinese, no right of residence in other countries or regions. Mr. Xu Zhinan is the sponsor of foreign capital of the Company, shareholder of Tailun (Thailand) Textile Co., Ltd. and Tailun (Thailand) Textile Co., Ltd. is the second largest shareholder of the Company. Basic information about Mr. Xu Zhinan: Thai.				

Offices held concurrently in other entities:

☒ Applicable ☐ Not applicable

Name	Other Entity	Office Held in the Entity	Start of Tenure	End of Tenure	Remuneration or Allowance from the Entity
Liu Zibin	LuFeng Company Limited, Zibo Luqun Textile Co., Ltd., Zibo Xinsheng Thermal Power Co., Ltd., Lu Thai (HK) Textile Co., Ltd, Shandong Lulian New Materials Co., Ltd., Shandong Lujia Import and Export Co., Ltd., Hainan Huilin International Holdings Co., Ltd.	Chairman of the Board, Director, GM	7 December 2015		Not
Liu Deming	LuFeng Company Limited, Zibo Xinsheng Thermal Power Co., Ltd. Zibo Luqun Textile Co., Ltd. Shandong Lulian New Materials Co., Ltd. Beijing Zhishu Management Consulting Co., Ltd.	Director	21 August 2017		Not
Zhang	LuFeng Company Limited	Director and	5 July 2014		Not

Zhanqi		GM			
Zhang Keming	Zibo Luqun Textile Co., Ltd. Shandong Lulian New Materials Co., Ltd. LuFeng Company Limited, Shanghai Lu Thai Textile Garment Co., Ltd.	Director, Supervisor	3 March 2022		Not
Zhou Zhiji	Shandong Jinheng Consulting Co., Ltd	Supervisor	1 October 2015		Yes
Qu Dongmei	Grandall Law Firm (Jinan)	Lawyer	1 September 2002		Yes
Liu Zilong	Lu Thai (Hong Kong) Textile Co., Ltd.	GM	9 May 2005		Not
Dong Shibing	Zibo Banyang Villa Hotel Co., Ltd.	Director and GM	2 April 2021		Not
Yu Shouzheng	Zibo Xinsheng Thermal Power Co., Ltd.	Director and GM	13 April 2021		Not
Guo Heng	Shandong Lulian New Materials Co., Ltd.	Director and GM	28 August 2021		Not
Explanations about holding posts in other entities	Except for independent directors, all other entities the Company's directors, supervisors and senior management hold posts are majority-owned subsidiaries of the Company.				

Punishments imposed in the recent three years by the securities regulator on the incumbent directors, supervisors and senior management as well as those who left in the Reporting Period:

☐ Applicable ☒ Not applicable

3. Remuneration of Directors, Supervisors and Senior Management

Decision-making procedure, determination basis and actual payments of remuneration for directors, supervisors and senior management:

The Remuneration and Appraisal Committee under the Board of Directors of the Company is liable to not only preparing appraisal criteria for directors and senior management of the Company and appraising them, but also preparing and reviewing remuneration policies and plans for directors and senior management of the Company, who is liable to the Board of Directors. The Remuneration and Appraisal Committee shall propose the remuneration amount of directors and senior management according to the Company's management condition and post performance results, and shall report to the Board of Directors for ratification after the approval by voting.

The Controller of Financial Management Department, the Corporate Management Department and the HR Department of the Company shall be liable to the preliminary preparation for the decision of the Remuneration and Appraisal Committee, including but not limited to providing information such as the Company's main financial indicators and the completion of management objectives. The Remuneration and Appraisal Committee shall confirm the annual appraisal results of directors and officers in accordance with the completion of the Company's performance and the remuneration criteria for officers, and shall report to the Board of Directors for ratification after the approval by voting.

The number of incumbent directors, supervisors and senior executives is 20, among which there are 18 persons actually receiving remuneration from the Company during the Reporting Period. By 31 December 2024, the total amount of annual payment drawn from the Company by directors, supervisors and senior executives is RMB14,913,900 (before tax).

Remuneration of directors, supervisors and senior management for the Reporting Period

Unit: RMB'0,000

Name	Gender	Age	Office Title	Incumbent/Former	Total Before-tax Remuneration from the Company	Any Remuneration from Related Party
Liu Zibin	Male	60	Chairman and President	Incumbent	198.11	Not
Xu Zhinan	Male	95	Vice Chairman	Incumbent	0	Not
Xu Jianlyu	Female	50	Director	Incumbent	0	Not
Zheng Huisheng	Male	37	Director	Incumbent	0	Not
Liu Deming	Male	35	Director, Vice Controller of Global Marketing Department	Incumbent	110.62	Not
Zhang Zhanqi	Male	53	Director, Vice President, Controller of Global Marketing Department	Incumbent	113.91	Not
Zhang Keming	Male	57	Director, Board Secretary, Chief Accountant, Controller of Financial Management Department	Incumbent	111.94	Not
Du Lixin	Male	50	Director, Chief Engineer, Executive Dean of Lu Thai Engineering Technology Research Institute	Incumbent	111.31	Not
Zhou Zhiji	Male	62	Independent Director	Incumbent	7	Not
Qu Dongmei	Female	56	Independent Director	Incumbent	7	Not
Peng Yanli	Female	64	Independent Director	Incumbent	0	Not
Quan Yuhua	Female	69	Independent Director	Incumbent	7	Not
Shang Chenggang	Male	52	Chairman of the Board of Supervisors and Head of the Garment Product Line	Incumbent	93.96	Not
Liu Zilong	Male	57	Supervisor	Incumbent	84.08	Not
Dong Shibing	Male	56	Supervisor, Manager of the Logistics Management Department, Chairman of the Labour Union	Incumbent	84.63	Not
Yu Shouzheng	Male	57	President Assistant, Head of Energy and Environment Protection Department	Incumbent	91.86	Not
Guo Heng	Male	53	Head of Functional Fabric Product Line	Incumbent	82.31	Not
Lyu Wenquan	Male	52	Deputy Head of Yarn Dyed Fabric Product Line, Manager of Yarn Dyed Fabric Production and Management Department	Incumbent	80.73	Not
Xu Feng	Male	48	Deputy Director of the Yarn-dyed Fabric Product Line	Incumbent	91.87	Not
Zheng Weiyin	Male	59	Board Secretary	Incumbent	69.16	Not
Zhang Shougang	Male	55	Chairman of the Board of Supervisors	Former	63.75	Not
Li Wenji	Male	58	Dean of Lu Thai	Former	82.15	Not

			Engineering Technology Research Institute			
Total	--	--	--	--	1,491.39	--

Other notes:

☐ Applicable ☒ Not applicable

VI Performance of Duty by Directors in the Reporting Period

1. Board Meeting Convened during the Reporting Period

Meeting	Convened Date	Disclosure Date	Meeting Resolutions
18th Meeting of the 10th Board of Directors	19 January 2024	20 January 2024	Three proposals, including the <i>Proposal on Routine Related Transactions</i> , were deliberated and approved
19th Meeting of the 10th Board of Directors	19 March 2024	20 March 2024	Two proposals, including the <i>Proposal on Routine Related Transactions</i> , were deliberated and approved.
20th Meeting of the 10th Board of Directors	10 April 2024	12 April 2024	Fifteen proposals, including the <i>Proposal on the 2023 Annual Work Report of the Board of Directors</i> and the <i>Proposal on the 2023 Annual Work Report of the President</i> , were deliberated and approved.
21th Meeting of the 10th Board of Directors	25 April 2024	27 April 2024	Two proposals, including the <i>Proposal on the 2024 First Quarter Report</i> , were deliberated and approved.
22nd Meeting of the 10th Board of Directors	28 May 2024	29 May 2024	Six proposals, including <i>Proposal on Modifying Certain Clauses of the Company's Articles of Association According to the General Meeting's Authorization</i> were deliberated and approved.
23rd Meeting of the 10th Board of Directors	6 July 2024	9 July 2024	Two proposals, including the <i>Proposal on Acquiring Minority Equity Interests in a Subsidiary</i> , were deliberated and approved.
24th Meeting of the 10th Board of Directors	28 August 2024	30 August 2024	Seven proposals, including the <i>Proposal on the Full Text and Summary of the Company's 2024 Semi-annual Report</i> and the <i>Proposal on the Profit Distribution Plan for the First Half of 2024</i> , were deliberated and approved.
25th Meeting of the 10th Board of Directors	12 September 2024	13 September 2024	<i>Proposal on Additional Investment in Shandong Lulian New Materials Co., Ltd.</i> was deliberated and approved.
26th Meeting of the 10th Board of Directors	29 October 2024	31 October 2024	Three proposals, including the <i>Proposal on the Company's 2023 Q1 Report</i> , were deliberated and approved.
27th Meeting of the 10th Board of Directors	30 December 2024	31 December 2024	Two resolutions, the <i>Proposal on Waiving the Notice Period for the 27th Meeting of the 10th Board of Directors</i> and the <i>Proposal on Not Lowering the Conversion Price of Lu Thai Convertible Bonds</i> , were deliberated and approved.

2. Attendance of Directors at Board Meetings and General Meetings

Attendance of Directors at Board Meetings and General Meetings							
Director	Total Number of Board Meetings the Director was Eligible to Attend	Board Meetings Attended on Site	Board Meetings Attended by Way of Telecommunication	Board Meetings Attended Through a Proxy	Board Meetings the Director Failed to Attend	The Director Failed to Attend Two Consecutive Board Meetings (yes/no)	General Meetings Attended
Liu Zibin	10	10	0	0	0	Not	4

Xu Zhinan	10	0	10	0	0	Not	0
Liu Deming	10	10	0	0	0	Not	2
Xu Jianlyu	10	0	10	0	0	Not	0
Zheng Huisheng	10	0	10	0	0	Not	0
Zhang Zhanqi	10	10	0	0	0	Not	5
Zhang Keming	10	10	0	0	0	Not	5
Du Lixin	10	10	0	0	0	Not	5
Zhou Zhiji	10	1	9	0	0	Not	2
Qu Dongmei	10	0	10	0	0	Not	0
Peng Yanli	10	1	9	0	0	Not	0
Quan Yuhua	10	1	9	0	0	Not	1

Why any director failed to attend two consecutive board meetings:

Not applicable

3. Objections Raised by Directors on Matters of the Company

Indicate by tick mark whether any directors raised any objections on any matter of the Company.

☐ Yes ☒ No

No such cases in the Reporting Period.

4. Other Information about the Performance of Duty by Directors

Indicate by tick mark whether any suggestions from directors were adopted by the Company.

☒ Yes ☐ No

Suggestions from directors adopted or not adopted by the Company

During the Reporting Period, directors of the Company carried out their work conscientiously and responsibly in strict accordance with the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies in China*, *Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange - Standard Operation of Listed Companies on the Main Board*, *Articles of Association* and *Rules of Procedure of the Board of Directors*. Based on the Company's reality, they made scientifically sound and careful decisions on the Company's various reviewed matters, and formed opinions through full communication and discussion. They resolutely supervised and promoted the implementation of the resolutions of the Board of Directors to ensure scientific, timely and efficient decision-making and fully safeguard the legitimate rights and interests of the Company and all shareholders.

VII. Performance of Duty by Specialized Committees under the Board in the Reporting Period

Committee	Members	Number of Meetings	Convened Date	Content	Important Opinions and Suggestions	Other Information about the	Details About Issues with
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		Convened			Raised	Performance of Duty	Objections (If Any)
Audit Committee	Zhou Zhiji, Qu Dongmei, and Zhang Keming	1	17 January 2024	Mainly, the Company's financial statements submitted to Grant Thornton Certified Public Accountants LLP for preliminary audit were reviewed, written opinions were expressed, and communication with Leader of annual audit accountant project was conducted.	<p>The opinions were as follows:</p> <p>(1) Preparing the Company's financial accounting statements in accordance with the Company's accounting policies and applying accounting policies properly, it carried out accounting estimate fully and reasonably, which conformed to the New Accounting Standards for Business Enterprises, accounting system for enterprises and the requirements of relevant provisions issued by the Ministry of Finance;</p> <p>(2) Unit statements of the Company's financial statements that were included in the scope of consolidation were complete, while the statement consolidation basis was accurate;</p> <p>(3) (3) The financial statements of the Company were objective, true and accurate, without any major misstatement or omission;</p> <p>(4) And due to the fact that there still is a period of time from the day for review of the financial statements to the day for audit report and financial statement release,</p>	-	

					the Financial Management Department of the Company was submitted to focus on and cope with post balance sheet events, so as to ensure the fairness, authenticity and integrity of the financial statements. The Audit Committee thought that the financial accounting statements could be submitted to Annual Certified Public Accountant for audit according to annual audit plan. Mainly, the Company's financial statements submitted to Grant Thornton Certified Public Accountants LLP for preliminary audit were reviewed, written opinions were expressed, and communication with Leader of annual audit accountant project was conducted.		
Audit Committee	Zhou Zhiji, Qu Dongmei, Liu Deming	5	10 April 2024	The following matters were mainly audited: (1) The Company's 2023 Annual Financial Report audited by the accounting firm. (2) Evaluation Report on the Performance of the Accounting Firm in 2023 and Report on the Fulfilment of Supervisory	(1) Regarding the written opinion issued after the accounting firm's preliminary audit opinion on the Company's financial statements: The procedure of financial statement preparation was reasonable and normative as the Company conformed to the New Accounting Standards for Business	-	

				<p>Responsibilities by the Audit Committee.</p> <p>(3) Proposal on the renewal of Grant Thornton Certified Public Accountants LLP As the Company's 2024 Annual Financial Audit and Internal Control Audit Institution.</p> <p>(4) 2023 Internal Control Assessment Report and issuance of written assessment opinions</p> <p>(5) Report of the 2023 Annual Deposit and Use of the Raised Funds.</p> <p>(6) Report on the Implementation of the 2023 Annual Internal Audit Plan.</p> <p>(7) 2024 Annual Internal Audit Plan.</p>	<p>Enterprises and relevant provisions of the Company's financial system, which fairly reflected the Company's assets, liabilities, shareholders' equity and operating results by 31 December 2023, which were true, accurate and complete. The Audit Committee thought that the Company's 2023 Annual Financial Accounting Report that was preliminarily approved by Grant Thornton Certified Public Accountants LLP could be submitted to the 20th Meeting of the 10th Board of Directors for review. (2) Regarding the written opinion issued on the Company's 2023 internal control self-assessment report: According to <i>Fundamental Norms for Internal Control of Enterprises, Supporting Guidelines for Internal Control of Enterprises</i> and relevant provisions prescribed by securities regulators for the internal control establishment of listed companies, combining the actual status of the Company's business, the Company established the</p>		
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					<p>internal control system that covers all stages including production and management, as well as adapts to the Company's management requirements and development needs. It is relatively normative and complete, for which its organization is complete and reasonably designed, its implementation is basically effective, effectively protecting the fundamental interests of all shareholders of the Company. We believe that the assessment and evaluation process, as well as the format of the 2023 <i>Annual Internal Control Evaluation Report</i>, comply with the requirements of the <i>Fundamental Norms for Internal Control of Enterprises</i> and <i>Regulations on Information Disclosure and Compilation for Companies Public Offering Securities No. 21 -- General Provisions on Annual Internal Control Assessment Reports</i>. The report content comprehensively, objectively, and truthfully reflects the actual situation of the Company's current internal</p>		
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					control system construction, operation, system implementation, and supervision. The Company's internal control system is sound, and internal controls are effective. The Audit Committee thought that the 2023 Internal Control Self-evaluation Report could be submitted at the 20th Meeting of the 10th Board of Directors for review.		
Audit Committee	Zhou Zhiji, Qu Dongmei, Liu Deming	5	22 April 2024	The following matters were mainly audited: (1) Special Report on the Deposit and Use of the Raised Funds of 2024 Q1. (2) Report on the Implementation of Internal Audit Plan of 2024 Q1. (2) 2024 Q1 Report.	The following proposals were adopted by a combination of on-site and telecommunication voting: <i>Special Report on the Deposit and Use of the Raised Funds of 2024 Q1, Report on the Implementation of Internal Audit Plan of 2024 Q1, and the 2024 Q1 Report.</i>	-	
Audit Committee	Zhou Zhiji, Qu Dongmei, Liu Deming	5	19 August 2024	The following matters were mainly audited: (3) Special Interim Report 2024 of the Deposit and Use of the Raised Funds. (2) Interim Report 2024 on the Implementation of Internal Audit Plan. (3) Interim Financial Statements Report of 2024	The following proposals were adopted by a combination of on-site and telecommunication voting: <i>Special Interim Report 2024 of the Deposit and Use of the Raised Funds, Interim Report 2024 on the Implementation of Internal Audit Plan, and the Interim Financial Statements Report of 2024.</i> The submission of the first and third	-	

					proposal to the 24th meeting of the 10th Board of Directors for deliberation was approved.		
Audit Committee	Zhou Zhiji, Qu Dongmei, Liu Deming	5	25 October 2024	The following matters were mainly audited: (1) Special Report on the Deposit and Use of the Raised Funds of 2024 Q3. (2) Report on the Implementation of Internal Audit Plan of 2024 Q3. (3) Financial Statements of 2024 Q3.	The following proposals were adopted by a combination of on-site and telecommunication voting: <i>Special Report on the Deposit and Use of the Raised Funds of 2024 Q3, Report on the Implementation of Internal Audit Plan of 2024 Q3, and Financial Statements of 2023 Q3</i> . The submission of the first proposal to the 26th meeting of the 10th Board of Directors for deliberation was approved.	-	
Audit Committee	Zhou Zhiji, Qu Dongmei, Liu Deming	5	11 November 2024	The time arrangement for the Company's 2024 annual financial audit work was negotiated.	The time arrangement plan for 2024 annual financial audit work was unanimously determined at the meeting through the negotiation with the 2024 annual audit institution, Grant Thornton Certified Public Accountants LLP, of the Company.	-	
Remuneration Committee	Peng Yanli, Liu Zibin, Zhou Zhiji, and Qu Dongmei	2	10 April 2024	The main topics of the meeting were: (1) The Proposal of Lu Thai Textile Co., Ltd. on the Appraisal Results of Directors and Senior Management Personnel in	The following proposals were adopted by voting at the meeting: <i>The Proposal of Lu Thai Textile Co., Ltd. on the Appraisal Results of Directors and Senior Management Personnel in 2023, the Appraisal</i>	-	

				2023. (2) The Appraisal Report on the Performance of the 2023 Restricted Share Incentive Scheme (reserved portion). (3) The Proposal on the Achievement of Lifting the Restriction Conditions in the Second Restriction Period for the Reserved Grant of the 2021 Restricted Share Incentive Scheme.	<i>Report on the Performance of the 2023 Restricted Share Incentive Scheme (Reserved Portion), the Proposal on the Achievement of Lifting the Restriction Conditions in the Second Restriction Period for the Reserved Grant of the 2021 Restricted Share Incentive Scheme.</i> The submission of the first and third proposal to the 20th meeting of the 10th Board of Directors for deliberation was approved.		
Remuneration Committee	Peng Yanli, Liu Zibin, Zhou Zhiji, and Qu Dongmei	2	25 May 2024	The main topics of the meeting were: (1) <i>Appraisal Report on the Personal Performance of the 2023 Restricted Share Incentive Scheme.</i> (2) The Proposal on the Achievement of Lifting the Restriction Conditions in the Third Restriction Period for the First Grant of the 2021 Restricted Share Incentive Scheme.	The following proposals were adopted by voting at the meeting: The <i>Appraisal Report on the Personal Performance of the 2023 Restricted Share Incentive Scheme</i> and the <i>Proposal on the Achievement of Lifting the Restriction Conditions in the Third Restriction Period for the First Grant of the 2021 Restricted Share Incentive Scheme.</i> The submission of the second proposal to the 22nd meeting of the 10th Board of Directors for deliberation was approved.	-	
Strategy Committee	Liu Zibin, Xu Zhinan, Liu Deming, Xu Jianlyu,	1	10 April 2024	The Overall Strategic Planning of Lu Thai Textile of 2022 to 2026 (2024 Revised Version) was	The following proposal was adopted by a combination of on-site and telecommunication voting: The	-	

	Zheng Huisheng, Zhang Zhanqi, Zhang Keming, Du Lixin, Zhou Zhiji, Qu Dongmei, Peng Yanli, Quan Yuhua			deliberated.	<i>Overall Strategic Planning of Lu Thai Textile of 2022 to 2026 (2024 Revised Version).</i>		
Nomination Committee	Qu Dongmei, Liu Zibin, Xu Zhinan, Zhou Zhiji, Peng Yanli	2	16 March 2024	The main topic of the meeting was the Proposal on the Nomination of Candidates for the Audit Committee of the 10th Board of Directors.	<i>The Proposal on the Nomination of Candidates for the Audit Committee of the 10th Board of Directors was deliberated and approved as well as submitted to the 19th meeting of the 10th Board of Directors for deliberation and approval.</i>	-	
Nomination Committee	Qu Dongmei, Liu Zibin, Xu Zhinan, Zhou Zhiji, Peng Yanli	2	22 April 2024	The main topic of the meeting was the Proposal on the Nomination of Senior Management Personnel and the Board Secretary Candidates for the 10th Board of Directors.	<i>The Proposal on the Nomination of Senior Management Personnel and the Board Secretary Candidates for the 10th Board of Directors was deliberated and approved as well as submitted to the 20th meeting of the 10th Board of Directors for deliberation and approval.</i>	-	

VIII. Performance of Duty by the Board of Supervisors

Indicate by tick mark whether the Board of Supervisors found any risk to the Company during its supervision in the Reporting Period.

☐ Yes ☒ No

The Board of Supervisors raised no objections in the Reporting Period.

IX. Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent at the period-end	7,589
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Number of in-service employees of major subsidiaries at the period-end	16,399
Total number of in-service employees	23,988
Total number of paid employees in the Reporting Period	23,988
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	0
Functions	
Function	Employees
Production	17,799
Sales	582
Technical	4,939
Financial	106
Administrative	562
Total	23,988
Educational Backgrounds	
Educational Background	Employees
Doctor	3
Master	87
Bachelor	1,465
College	4,517
High school and below	17,916
Total	23,988

2. Employee Remuneration Policy

The Company has formulated a remuneration management system with its principle being “payment according to one’s work and more pay for more work”. Through post evaluation and through researches of Social salary levels carried out as multi-faceted, as well as the formulation of the reasonable salary management system, fully demonstrates the internal fairness, self-fairness and external fairness. It has greatly motivated the employees and enhanced the corporate management.

3. Employee Training Plans

Trainings will be carried out according to requirements of the Company’s strategic development planning, improvement of employees’ capability, performance management, employees’ career planning, etc. The annual training plan is determined by carrying out researches on training needs. And the training courses fall into three major categories, i.e. management, technical skills and general knowledge. Through these trainings, the Company will improve the knowledge structure of its employees, improve their job skills and increase their comprehensive quality to provide excellent human resources for the long-term, sustained and stable development of the Company.

4. Labor Outsourcing

☐ Applicable ☒ Not applicable

X. Profit Distributions (in the Form of Cash and/or Stock)

How the profit distribution policy, especially the cash dividend policy, was formulated, executed or revised in the Reporting Period:

☐ Applicable ☒ Not applicable

Indicate by tick mark whether the Company fails to put forward a cash dividend proposal for

shareholders despite the facts that the Company has made profits in the Reporting Period and the profits of the Company as the parent distributable to shareholders are positive.

☐ Applicable ☒ Not applicable

Final dividend plan for the Reporting Period

☒ Applicable ☐ Not applicable

Bonus shares for every ten shares (share)	0
Dividend for every ten shares (RMB) (tax inclusive)	1.00
Bonus issue from capital reserves (share/10 shares)	0
Total shares as the basis for the profit distribution proposal (share)	817,306,010
Cash dividends (RMB) (tax inclusive)	81,730,601.00
Cash dividends in other forms (such as share repurchase) (RMB)	37,866,957.62
Total cash dividends (including those in other forms) (RMB)	119,597,558.62
Distributable profit (RMB)	5,791,958,278.26
Total cash dividends (including those in other forms) as % of total profit distribution	100%

Cash Dividend Policy

If the Company is in a mature development stage and has plans for any significant expenditure, in profit allocation, the ratio of cash dividends in the profit allocation shall be 40% or above.

Details About the Proposal for Profit Distribution and Converting Capital Reserve into Share Capital

Based on a capital base of 817,306,010 shares as at 31 December 2024, a cash dividend of RMB1.00 (inclusive of tax) will be distributed for every ten shares, resulting in a total dividend payout of RMB81,730,601.00. The individual income tax for A Share shall be subject to related regulations under CS [2015] No. 101 *Notice on Certain Question about the Differentiated Individual Income Tax Policy for Cash Dividend of Listed Companies* jointly issued by Ministry of Finance, State Administration of Taxation (“SAT”), and CSRC. The individual income tax for B Share shall be converted to HKD based on the central parity rate on interbank exchange market released by the People’s Bank of China on the following day after shareholder’s meeting (for domestic individual shareholders, tax is paid pursuant to CS [2015] No. 101; for foreign shareholders, tax is free pursuant to CSZ (1994) No. 020 regulations; and non-residential corporate shareholders is entitled to a 10% reduction of enterprise income tax according to related regulations under *Enterprise Income Tax Law of the People’s Republic of China*). Since the Company is in the period of transferring convertible bonds into shares, the profit distribution will be conducted based on the total share capital on the equity registration date for implementing this profit distribution plan with no change in the amount per share.

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

☒ Applicable ☐ Not applicable

1. Equity Incentive

No.	Deliberation Time	Relevant Meeting	Overview of Execution	Disclosure Index
1	19 January 2024	18th meeting of the 10th Board of Directors and 12th meeting of the 10th Board of Supervisors	The Board of Directors reviewed and approved the <i>Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition</i> . The Board of Supervisors reviewed and approved the foregoing proposal and issued the written review opinions. Beijing DHH Law Firm Qingdao Office issued a legal opinion.	For details, see the relevant announcements disclosed on 20 January 2024 on www.cninfo.com.cn .

2	5 February 2024	The 1st Extraordinary Shareholders' Meeting of 2024	It deliberated on and approved the <i>Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition</i> and disclosed the <i>Announcement of Capital Reduction on Repurchase and Cancel Partial Restricted Shares</i> on 7 February 2024.	For details, see the relevant announcement (No.: 2024-012) disclosed on 7 February 2024 on www.cninfo.com.cn .
3	10 April 2024	20th meeting of the 10th Board of Directors and 13th meeting of the 10th Board of Supervisors	The Board of Directors reviewed and approved the <i>Proposal on the Achievement of Lifting the Restriction Conditions in the Second Restriction Period for the Reserved Grant of the 2021 Restricted Share Incentive Scheme</i> . The Board of Supervisors reviewed and approved the foregoing proposal and issued the written review opinions. Beijing DHH Law Firm Qingdao Office issued a legal opinion. The number of the subjects of incentive participating in the assessment in the second restriction period for the reserved grant of the 2021 restricted share incentive scheme of the Company were up to 340, and the total amount of restricted shares that can be released was 2,901,500.	For details, see the relevant announcement disclosed on 12 April 2024 on www.cninfo.com.cn .
4	24 April 2024	-	As audited and confirmed by SZSE and the Shenzhen Branch of China Clear, the procedures of repurchasing and cancelling 66,500 shares of authorized and unlocked restricted share of the incentive personnel not conforming to the incentive condition were completed.	For details, see the relevant announcement (No.: 2024-030) disclosed on 24 April 2024 on www.cninfo.com.cn .
5	27 April 2024	-	The Company issued the <i>Indicative Announcement on the Trading on the Market of Lifting the Restriction in the Second Restriction Period for the Reserved Shares for Grant of the 2021 Restricted Share Incentive Scheme</i> . The restricted shares released this time were listed and traded on 6 May 2024.	For details, see the relevant announcements (No.: 2024-035) disclosed on 27 April 2024 on www.cninfo.com.cn .
6	28 May 2024	22nd meeting of the 10th Board of Directors and 15th meeting of the 10th Board of Supervisors	The Board of Directors reviewed and approved the <i>Proposal on the Achievement of Lifting the Restriction Conditions in the Third Restriction Period for the First Grant of the 2021 Restricted Share Incentive Scheme</i> and the <i>Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition</i> . The Board of Supervisors reviewed and approved the foregoing two proposals and issued the written review opinions. Beijing DHH Law Firm Qingdao Office issued a legal opinion. In 2021, the Company's first restricted stock incentive plan granted shares to 704 individuals whose third restricted period conditions were met, allowing a total of 6,901,500 shares to be released from restriction.	For details, see the relevant announcement disclosed on 29 May 2024 on www.cninfo.com.cn .
7	4 June 2024	-	The Company issued the <i>Indicative Announcement on the Trading on the Market of Lifting the Restriction in the Third Restriction Period for the First Grant of the 2021 Restricted Share Incentive Scheme</i> . The	For details, see the relevant announcement (No.: 2024-047) disclosed on 1 June 2023 on www.cninfo.com.cn .

			restricted shares released this time were listed and traded on 7 June 2024.	
8	14 June 2024	The 2nd Extraordinary Shareholders' Meeting of 2024	It deliberated on and approved the <i>Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition</i> and disclosed the <i>Announcement of Capital Reduction on Repurchase and Cancel Partial Restricted Shares</i> on 15 June 2024.	For details, see the relevant announcement (No.: 2024-051) disclosed on 15 June 2024 on www.cninfo.com.cn .
9	16 August 2024	-	As audited and confirmed by SZSE and the Shenzhen Branch of China Clear, the procedures of repurchasing and cancelling 59,000 shares of authorized and unlocked restricted share of the incentive personnel not conforming to the incentive condition were completed.	For details, see the relevant announcement (No.: 2024-057) disclosed on 16 August 2024 on www.cninfo.com.cn .

Equity incentives for directors, supervisors and senior management in the Reporting Period:

☒ Applicable ☐ Not applicable

Unit: share

Name	Office Title	Share Options Held at the Period-begin	Share Options Granted in the Reporting Period	Shares Feasible to Exercise During the Reporting Period	Shares Exercised During the Reporting Period	Exercise Price of Exercised Shares During the Reporting Period (RMB/share)	Share Options Held at the Period-end	Market Price at the Period-end (RMB/share)	Number of Restricted Shares Held at the Period-begin	Number of Released Shares for the Reporting Period	Number of Restricted Shares newly Granted during the Reporting Period	The Grant Price of Restricted shares (RMB/share)	Number of Restricted Shares Held at the Period-end
Zhang Zhanqi	Board of Directors, Vice President, Head of Global Marketing Department, and Dean of Lu Thai Engineering Technology Research Institute								190,000	190,000	0		
Zhang Keming	Director, Chief Accountant, Head of Financial Management Department								110,000	110,000	0		
Du Lixin	Director and Chief Engineer								110,000	110,000	0		
Yu Shouzheng	Senior management								110,000	110,000	0		
Guo Heng	Senior management								110,000	110,000	0		
Lyu Wenquan	Senior management								70,000	70,000	0		
Xu Feng	Senior management								95,000	95,000	0		
Zheng Weiyin	Board Secretary								40,000	40,000	0		
Total	--	0	0	0	0	--	0	--	835,000	835,000	0	--	0

Appraisal of and incentive for senior management

During the Reporting Period, the Company constantly improved the performance evaluation mechanism and made the evaluation and incentive of the Senior Executives concerned with the Company's performances and the individual working results. According to the overall development strategy and the annual operating target of the Company at the period-begin, the Company confirms the annual performance comprehensive indication and the management duty of each Senior Executives, and executes the performance examination and the redemption of the rewards and punishment for the Senior Executives by the Remuneration and Examination Committee affiliated to the Board of Directors at the year-end. The Company will constantly improve the evaluation and incentive mechanism that to tightly concern the salary of the Senior Executives with the management level and the operating performance so that to fully mobilize and inspire the initiative and creativity of them.

2. Implementation of Employee Stock Ownership Plans

☐ Applicable ☒ Not applicable

3. Other Incentive Measures for Employees

☒ Applicable ☐ Not applicable

For the second restricted period of the reserved grant of shares of the 2021 restricted share incentive scheme, the restricted shares were released for trading on 6 May 2024. Excluding directors and senior executives, the Company lifted the restrictions on 2,426,500 restricted shares for 331 mid-level managers and core personnel. For the third restricted period of the initial grant of shares of the 2021 restricted share incentive scheme, the restricted shares were released for trading on 7 June 2024. Excluding directors and senior executives, the Company lifted the restrictions on 6,391,500 restricted shares for 695 mid-level managers and core personnel.

XII Establishment and Execution of the Internal Control System for the Reporting Period

1. Establishment and Execution of the Internal Control System

According to *Fundamental Norms for Internal Control of Enterprises*, *Supporting Guidelines for Internal Control of Enterprises* and relevant provisions prescribed by securities regulators for the internal control establishment of listed companies, combining the actual status of the Company's business, the Company established the internal control system that covers all stages including production and management, as well as adapts to the Company's management requirements and development needs. It is relatively normative and complete, for which its organization is complete and reasonably designed, its implementation is basically effective, and there is no substantial omission, so as to ensure that the Company's operation and management is legal and compliant, the assets are safe, and the financial reports and related information are true and complete, and maintain the fundamental interests of all shareholders of the Company.

Within Reporting Period, relevant systems and procedures were timely streamlined and optimized and the sound operation of risk management and internal control system was ensured by the Company in line with the change of all business procedures and audit results, without any violation of laws, regulations or *Articles of Association*.

2. Material Internal Control Weaknesses Identified for the Reporting Period

☐ Yes ☒ No

XIII. Management and Control over Subsidiaries by the Company for the Reporting Period

Subsidiary	Integration Plan	Integration Progress	Problem	Countermeasures Taken	Settlement Progress	Follow-up Settlement Plan
-	-	-	-	-	-	-

XIV. Internal Control Evaluation Report or Independent Auditor's Report On Internal Control

1. Internal Control Evaluation Report

Disclosure date of the internal control self-evaluation report	10 April 2025	
Index to the disclosed internal control self-evaluation report	For details, please refer to the Self-appraisal <i>Report on Internal Control of Lu Thai Textile Co., Ltd.</i> simultaneously disclosed on www.cninfo.com.cn with the 2024 Annual Report of the Company.	
Evaluated entities' combined assets as % of consolidated total assets	80.45%	
Evaluated entities' combined operating revenue as % of consolidated operating revenue	86.75%	
Identification standards for internal control weaknesses		
Category	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting
Nature standard	Great defect: (1) malpractices of the Directors, Supervisors and Senior Executives; (2) the CPA founded the current financial report occurred significant misstatement while during the implementation process of the internal control could not founded the misstatement; (3) the supervision of the Audit Committee and the internal audit institution of the Company on the internal control was invalid; (4) other defects that may cause the Company to deviate significantly from its control objectives. Significant defeat: (1) had not abide by the generally accepted accounting principles to choose and apply the accounting policies; had not built up the anti-fraud and significant counterbalance mechanism and control measures; (2) during the financial report process, there occurred single or multiple defects which not reached the recognition standard of the significant defeat but influenced the true and accurate target of the financial report. General defect: other internal control defect which had not constructed as the great defeat, significant defect.	Great defect: (1) seriously violated the national laws and regulations; (2) the decision-making of the enterprise was not scientific that led to the serious mistakes of itself; (3) outflow of the management personnel or the technician personnel was serious; (4) frequently appeared the negative news from the Media; (5) the significant business lacked of systematic control or the systematic control was invalid; (6) the result of the internal control assessment which was the great defect event had not been revised. Significant defeat: (1) violated the enterprise internal regulations that caused rather serious losses; (2) significant business lacked of systematic control; (3) outflow of the rather important personnel was serious; (4) the Media reported the negative news that caused rather serious negative influence; (5) rather important business lacked of systematic control or the systematic control was invalid; (6) the results of the internal control assessment which as the significant defect had not been revised. General defect: other internal control defect which had not constructed as the great defeat, significant defect.
Quantitative standard	Great defect: misstatement $\geq 0.4\%$ of the total operating income; misstatement $\geq 0.4\%$ of the total owners' equities amount; misstatement $\geq 0.3\%$ of the	Great defect: losses $\geq 0.4\%$ of the total operating income; losses $\geq 0.4\%$ of the total owners' equities amount; losses $\geq 0.3\%$ of the total assets amount. Great

	total assets amount. Not insignificant: 0.2% of the total operating income; \leq misstatement $< 0.4\%$ of the total operating income; 0.2% of the total owners' equities amount \leq misstatement $< 0.4\%$ of the total owners' equities amount; 0.15% of the total assets amount \leq misstatement $< 0.3\%$ of the total assets amount. Insignificant: misstatement $< 0.2\%$ of the total operating income; misstatement $< 0.2\%$ of the total owners' equities amount; misstatement $< 0.15\%$ of the total assets amount.	defect: 0.2% of the total operating income \leq losses $< 0.4\%$ of the total operating income; 0.2% of the total owners' equities amount \leq losses $< 0.4\%$ of the total owners' equities amount; 0.15% of the total assets amount \leq losses $< 0.3\%$ of the total assets amount. General defect: losses $< 0.2\%$ of the total operating income; losses $< 0.2\%$ of the total owners' equities amount; losses $< 0.15\%$ of the total assets amount.
Number of material weaknesses in internal control over financial reporting		0
Number of material weaknesses in internal control not related to financial reporting		0
Number of serious weaknesses in internal control over financial reporting		0
Number of serious weaknesses in internal control not related to financial reporting		0

2. Independent Auditor's Report on Internal Control

☒ Applicable ☐ Not applicable

Opinion Paragraph in the Independent Auditor's Report on Internal Control	
<p>To the shareholders of Lu Thai Textile Co., Ltd:</p> <p>According to <i>Audit Guidelines for Enterprise Internal Control</i> and the relevant requirements of Auditing Standards for Chinese Certified Public Accountants, we have audited the effectiveness of internal control in the financial report of Lu Thai Textile Co., Ltd. (Hereinafter referred to as Lu Thai Textile) by 31 December 2024.</p> <p>I. Responsibilities of Lu Thai Textile for internal control</p> <p>The Board of Directors of Lu Thai Textile is responsible for establishing, improving and implementation the internal controls and evaluating its effectiveness in accordance with <i>Standard for Enterprise Internal Control, Application Guidelines for Enterprise Internal Control, Enterprise Internal Control Audit Guidelines</i>.</p> <p>II. Responsibilities of certified public accountants</p> <p>It is our responsibility to issue an audit opinion on the effectiveness of internal controls in financial report on the basis of the implementation of the audit, and to disclose significant deficiencies in the internal controls of non-financial reports that have been noted.</p> <p>III. Inherent limitations of internal control</p> <p>Internal control has inherent limitations, and there is a possibility that misreporting cannot be prevented. In addition, because the change of circumstances may cause the internal control to become inappropriate or the degree of compliance with the control policies and procedures is reduced, it is risky to infer the effectiveness of the future internal control based on the audit results of the internal control.</p> <p>IV. Audit Opinion on Internal Control in Financial Report</p> <p>We believe that Lu Thai Textile Co., Ltd. kept effectively internal control on financial reporting in all respects according to <i>Fundamental Norms for Internal Control of Enterprises</i> and the relevant provisions on 31 December 2024.</p>	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	10 April 2025
Index to such report disclosed	For details, please refer to the Auditor's <i>Report on Internal Control</i> on www.cninfo.com.cn at the same time of disclosing the Company's 2024 Annual Report.
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to	Not

financial reporting	
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Indicate by tick mark whether any modified opinion is expressed in the independent auditor's report on the Company's internal control.

☐ Yes ☒ No

Indicate by tick mark whether the independent auditor's report on the Company's internal control is consistent with the internal control self-evaluation report issued by the Company's Board.

☒ Yes ☐ No

XV Rectifications of Problems Identified by Self-Inspection in the Special Action for Listed Company Governance

Not applicable

Part V Environmental and Social Responsibility

I. Major Environmental Issues

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

☒ Yes ☐ No

Policies and industry standards pertaining to environmental protection

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

Status of environmental protection administrative license

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

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

Name	Type of Major Pollutants	Name of Major Pollutants	Way of Discharge	Number of Discharge Outlets	Distribution of Discharge Outlets	Discharge Concentration/Intensity	Discharge Standards Implemented	Total Discharge	Approved Total Discharge	Excessive Discharge
Lu Thai Textile Co., Ltd.	Sewage	COD and ammonia nitrogen	Continuous discharge	2	Chief discharge outlet of Huangjiapu Industrial Park ; chief discharge outlet of East Zone	COD \leq 200mg/L; ammonia nitrogen \leq 20mg/L	Emission standard of water pollutants in textile dyeing and finishing industry GB 4287-2012	COD: 248.109 tons; Ammonia Nitrogen: 3.424 tons	COD: 1495.08 tons; ammonia nitrogen: 149.51 tons	N/A
LuFeng Company Limited	Sewage	COD and ammonia nitrogen	Continuous discharge	1	Chief discharge outlet of LuFeng Company Limited	COD \leq 200 mg/L; ammonia nitrogen \leq 20 mg/L	Emission standard of water pollutants in textile dyeing and finishing industry GB 4287-2012	COD: 103 tons; Ammonia Nitrogen: 1.241 tons	COD is 653.53 tons; ammonia nitrogen is 65.3 tons	N/A
Shandong Lulian	Sewage	COD and ammonia	Continuous discharge	1	Chief discharge	COD \leq 200mg/L; ammonia nitrogen \leq	Emission standard of	COD: 15.834	COD is 175.30	N/A

New Materials Co., Ltd.		nitrogen			outlet of Lulian New Materials	20mg/L	water pollutants in textile dyeing and finishing industry GB 4287-2012	tons; Ammonia nitrogen: 0.352 tons	tons; ammonia nitrogen is 17.5 tons	
Zibo Xinsheng Thermal Power Co., Ltd.	Waste gas	SO ₂ , NQx, and PM	Organized continuous discharge	4	Production plant	SO ₂ : ≤35 mg/m ³ , NQx: ≤50 mg/m ³ , PM: ≤5 mg/m ³	Emission standard of air pollutants of Thermal Power Plant in Shandong Province DB37/664-2019	Sulfur Dioxide: 20.2 tons, Nitrogen Oxides: 148 tons, Particulate Matter: 6.68 tons	SO ₂ is 236.13 t/a, NQx: 674.63 t/a, PM: 67.47 t/a.	N/A

Treatment of pollutants

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

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

Emergency plan for environmental incidents

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

The subsidiary Zibo Xinsheng Thermal Power Co., Ltd. has formulated the *Emergency Plan for Environmental Incidents* and filed it with the ecological and environmental management department.

The identification and risk assessment of environmental risk sources, prevention and early warning mechanisms, emergency protection and supervision and management were included in the plan.

Environmental self-monitoring program

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

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

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

During the Reporting Period, the input in environment governance and protection and payment of environmental protection tax for the Company and its subsidiaries LuFeng, Lulian New Materials and Xinsheng Thermal Power are RMB44,784,500 in total, among which, RMB43,622,000 for input in environment governance and protection and RMB1,162,500 for payment of environmental protection tax.

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

☒ Applicable ☐ Not applicable

The Company installed and connected 70.26 MW of solar photovoltaic power generation, accounting for 13% of the total electricity usage within the installation range, reducing carbon dioxide emissions by 78,000 tons.

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

N/A

Other related environment protection information

N/A

The Company shall abide by relevant disclosure requirements of the *Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies No.3 - Industry Information Disclosure* on textile and garment industry.

Related environmental accidents information

N/A

II. Social Responsibility

For more details, please refer to the *ESG Report 2024* simultaneously disclosed with the Annual Report 2024.

III. Consolidation and Expansion of Poverty Alleviation Outcomes, And Rural Revitalization

Not applicable

Part VI Significant Events

I. Fulfilment of Commitments

1. 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	Fulfilment
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 fulfil the Company's relevant remedial measures for returns and any commitment made herein by the company / me. If the company / I violate(s) such commitment and cause(s) losses to the Company or investors, the company / I will bear the compensation responsibility to the Company or investors in accordance with the law.	23 May 2019	From 23 May 2019 to 8 April 2026	On-going
Commitments	Directors and	Dilution of at	1. Commitment is made	23 May 2019	From 23 May	On-going

made in time of IPO or refinancing	senior management of the Company	sight returns on public offering A-share convertible corporate bonds	<p>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.</p> <p>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 behaviours of me will occur within the scope necessary for the performance of my duties.</p> <p>3. Commitment is made not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of duties.</p> <p>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.</p> <p>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.</p> <p>6. From the issuance date of this commitment to the completion of the implementation of the Company's public offering of A-share convertible corporate bonds, if the CSRC makes other new regulatory provisions</p>		2019 to 8 April 2026	
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			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 fulfil the Company's relevant remedial measures for returns and any commitment made herein by me. If I violate such commitment and causes losses to the Company or investors, I will bear the compensation responsibility to the Company or investors in accordance with the law.			
Other commitments	Controlling shareholder	Commitment to not reduce company share holdings within the next year	Based on confidence in the Company's future development and value judgment, to maintain stability in the capital market, and to promote the Company's continuous, stable, and healthy development, as well as to protect the interests of the vast number of investors, the Company's controlling shareholders commit: From the date of signing this commitment, not to reduce their holdings of the Company's shares for a period of one year, including any additional shares arising during the commitment period due to capital reserve capitalisation, distribution of stock dividends, rights issues, or additional issues, etc.	23 August 2023	23 August 2023 to 22 August 2024	Completed
Executed on time or not	Yes					

2. Where there had been an earnings forecast for an asset or project and the reporting period was still within the forecast period, explain why the forecast has been reached for the Reporting Period.

☐ Applicable ☒ Not applicable

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. Explanations Given by the Board of Directors Regarding the Latest "Modified Opinion" on the Financial Statements

☐ Applicable ☒ Not applicable

V. Explanations Given by the Board of Directors, the Board of Supervisors and the Independent Directors (If Any) Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

☐ Applicable ☒ Not applicable

VI. YoY Changes to Accounting Policies, Estimates or Correction of Material Accounting Errors

☐ Applicable ☒ Not applicable

During the Reporting Period, there were no changes in accounting policies, estimates, or corrections of significant accounting errors.

VII. YoY Changes to the Scope of the Consolidated Financial Statements

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

VIII. Engagement and Disengagement of Independent Auditor

Current independent auditor:

Name of the domestic independent auditor	Grant Thornton China (Special General Partnership)
The Company's payment to the domestic independent auditor (RMB'0,000)	173.5
How many consecutive years the domestic independent auditor has provided audit service for the Company	6
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	He Feng, Cui Xiaoli
How many consecutive years the certified public accountants have provided audit service for the Company	5

Indicate by tick mark whether the independent auditor was changed for the Reporting Period.

☐ Yes ☒ No

Independent auditor, financial advisor or sponsor engaged for the audit of internal controls:

☒ Applicable ☐ Not applicable

The Company held the 2023 Annual General Meeting on 15 May 2024 and approved the *Proposal on Renewal Engagement of the 2024 Financial Audit and Internal Control Auditor* and decided to renew the contract with Grant Thornton China (Special General Partnership) for 2024 financial audit and internal control affairs and paid RMB1,735,000 in total for 2023 financial report audit and the internal control audit.

IX. Possibility of Delisting after Disclosure of this Report

☐ Applicable ☒ Not applicable

X. Insolvency and Reorganization

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XI. Major Legal Matters

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XII. Punishments and Rectifications

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XIII. Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller

☐ Applicable ☒ Not applicable

XIV. Major Related-Party Transactions

1. Significant Related-Party Transactions Relevant to the Company's Day-To-Day Management

☐ Applicable ☒ Not applicable

The Company had no related-party transactions relevant to day-to-day management in the Reporting Period.

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

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

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

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

4. Credits and Liabilities with Related Parties

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

5. Transactions with Related Finance Companies

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

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

7. Other Major Related-Party Transactions

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XV. 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 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

	Line Announcement									Party or Not
Wholly-owned Subsidiaries	26 August 2022	23,721.72	24 August 2022	0	Joint-liability	N/A	N/A	Three years since the approval of the board of the Company	Yes	Yes
Wholly-owned Subsidiaries	1 July 2023	7,188.4	30 June 2023	0	Joint-liability	N/A	N/A	Three years since the approval of the board of the Company	Yes	Yes
Total approved line for such guarantees in the Reporting Period (B1)		0		Total actual amount of such guarantees in the Reporting Period (B2)		558.54				
Total approved line for such guarantees at the end of the Reporting Period (B3)		0		Total actual balance of such guarantees at the end of the Reporting Period (B4)		0				
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
Wholly-owned Subsidiaries	9 July 2024	25,159.4	6 July 2024	9,186.2	Joint-liability	N/A	N/A	Three years since the approval of the board of the Company	Not	Yes
Wholly-owned Subsidiaries	30 August 2024	21,565.2	August 28, 2024	0	Joint-liability	N/A	N/A	Three years since the approval of the board of the Company	Not	Yes
Total approved line for such guarantees in the Reporting Period (C1)		46,724.6		Total actual amount of such guarantees in the Reporting Period (C2)		9,186.2				
Total approved line for such guarantees at the end of the Reporting Period (C3)		46,724.6		Total actual balance of such guarantees at the end of the Reporting Period (C4)		9,186.2				
Total guarantee amount (total of the three kinds of guarantees above)										
Total guarantee line approved in the Reporting Period (A1+B1+C1)		46,724.6		Total actual guarantee amount in the Reporting Period (A2+B2+C2)		9,744.74				
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)		46,724.6		Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)		9,186.2				
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets				0.97%						
Of which:										

Balance of guarantees provided for shareholders, actual controller and their related parties (D)	0
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)	0
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)	0
Total of the three amounts above (D+E+F)	0
Joint responsibilities possibly borne or already borne in the Reporting Period for undue guarantees (if any)	N/A
Explanation about external guarantee violating established procedure (if any)	N/A

Compound guarantees:

N/A

The Company shall abide by relevant disclosure requirements of the *Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies No.3 - Industry Information Disclosure* on textile and garment industry.

Whether the Company provides guarantees or financial assistance for dealers

☐ Yes ☒ No

3. Cash Entrusted for Wealth Management

(1) Cash Entrusted for Wealth Management

☒ Applicable ☐ Not applicable

Overviews of cash entrusted for wealth management during the Reporting Period

Unit: RMB'0,000

Specific Type	Capital Resources	Amount Incurred	Undue Balance	Overdue Amount	Overdue Amount with Provision for Impairment
Bank financial products	Self-owned funds	29,500	23,000	0	0
Bank financial products	Raised funds	5,000	0	0	0
Brokerage financial products	Self-owned funds	15,000	15,000	0	0
Others	Self-owned funds	0	40,000	0	0
Total		49,500	78,000	0	0

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(2) Entrusted Loans

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

4. Other Major Contracts

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XVI. Other Significant Events

☒ Applicable ☐ Not applicable

The *Proposal on Repurchase of Domestically Listed Foreign Shares (B-Stock)* was approved at the 10th Meeting of the 10th Board of Directors and the First Extraordinary General Meeting of 2023. As such, an amount of no more than RMB200 million would be used to repurchase shares, with a price limit of HKD4.80 per share, within 12 months from the date when the share repurchase plan was approved at the general meeting. On 21 August 2023, the Company first implemented a repurchase plan. As at 21 February 2024, the repurchase of the Company's B-shares listed domestically had been completed, with a total of 46,176,428 shares repurchased, accounting for 5.35% of the total share capital. The highest repurchase price was HKD4.80 per share, and the lowest was HKD4.53 per share. The total payment amounted to HKD218,386,229.84 (including commissions, etc.).

On 1 March 2024, the repurchased B-shares were cancelled and the procedure was completed with China Securities Depository and Clearing Corporation Limited Shenzhen Branch. For details, see the relevant announcement (No.: 2024-015) disclosed on 2 March 2024 on www.cninfo.com.cn.

XVII. Significant Events of Subsidiaries

☐ Applicable ☒ Not applicable

Part VII Share Changes and Shareholder Information

I. Share Changes

1. Share Changes

Unit: share

	Before		Increase/Decrease in the Reporting Period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
I. Restricted shares	11,467,817	1.33%				-8,806,925	-8,806,925	2,660,892	0.33%
1. Shares held by State									
2. Shares held by state-owned legal person									
3. Shares held by other domestic investors	11,467,817	1.33%				-8,806,925	-8,806,925	2,660,892	0.33%
Among which: Shares held by domestic legal person									
Shares held by domestic natural person	11,467,817	1.33%				-8,806,925	-8,806,925	2,660,892	0.33%
4. Shares held by other foreign investors							0		
Among which: Shares held by foreign corporations							0		
Shares held by foreign natural person							0		
II. Unrestricted shares	852,139,817	98.67%				37,494,699	37,494,699	814,645,118	99.67%
1. RMB ordinary shares	579,894,874	67.15%				8,681,729	8,681,729	588,576,603	72.01%
2. Domestically listed foreign shares	272,244,943	31.52%				46,176,428	46,176,428	226,068,515	27.66%
3. Overseas							0		

listed foreign shares									
4. Other							0		
III. Total shares	863,607,634	100.00%				46,301,624 ⁻	46,301,624 ⁻	817,306,010	100.00%

Reasons for share changes:

☒ Applicable ☐ Not applicable

a) Due to the fact that the Company had issued convertible A-share bonds on 9 April 2020, convertible bonds were converted to 304 shares in the period from the beginning of 2024 to 31 December 2024.

b) On 6 May 2024 and 7 June 2024, 2,901,500 and 6,901,500 shares of restricted shares were lifted from restriction.

c) On 1 March 2024, the cancellation of the repurchased B-shares listed domestically was completed, with 46,176,428 shares cancelled.

d) 125,500 shares of equity incentive restricted shares were repurchased and cancelled.

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

Approval of share changes:

☒ Applicable ☐ Not applicable

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

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

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

d) The repurchase and cancellation of 125,500 restricted shares was approved at the Company's First Extraordinary General Meeting of 2024 on 5 February 2024 and the Second Extraordinary General Meeting of 2024 on 14 June 2024.

Transfer of share ownership:

☒ Applicable ☐ Not applicable

The Company completed the formalities for cancellation of the 46,176,428 repurchased B-shares and 66,500 shares of equity incentive restricted shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited respectively on 1 March 2024, 1 April 2024 and 14 August 2023.

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

☒ Applicable ☐ Not applicable

See relevant contents of "VI Key financial information" under "Part II Corporate Information and Key Financial Information".

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

☐ Applicable ☒ Not applicable

2. Changes in Restricted Shares

☒ Applicable ☐ Not applicable

Unit: share

Name of Shareholder	Restricted Shares Amount at the Period-Begin	Restricted Shares Increased of the Period	Restricted Shares Relieved of the Period	Restricted Shares Amount at the Period-End	Restricted Reasons	Restricted Shares Relieved Date
Zhang Zhanqi	435,225	190,000	190,000	435,225	Management lock-up shares	100,000 shares on 6 May 2024 and 90,000 shares on 7 June 2024
Yu Shouzheng	287,325	110,000	110,000	287,325	Management lock-up shares	50,000 shares on 6 May 2024 and 60,000 shares on 7 June 2024
Zhang Keming	283,275	110,000	110,000	283,275	Management lock-up shares	50,000 shares on 6 May 2024 and 60,000 shares on 7 June 2024
Li Wenji	195,000	175,000	110,000	260,000	Management lock-up shares	50,000 shares on 6 May 2024 and 60,000 shares on 7 June 2024
Shang Chenggang	247,500	110,000	110,000	247,500	Management lock-up shares	50,000 shares on 6 May 2024 and 60,000 shares on 7 June 2024
Wang Jiabin	313,700	90,000	168,425	235,275	Management lock-up shares	78,425 shares on 12 January 2024 and 90,000 shares on 7 June 2024
Guo Heng	225,000	110,000	110,000	225,000	Management lock-up shares	50,000 shares on 6 May 2024 and 60,000 shares on 7 June 2024
Du Lixin	187,500	110,000	110,000	187,500	Management lock-up shares	50,000 shares on 6 May 2024 and 60,000 shares on 7 June 2024
Lyu Wenquan	150,000	70,000	70,000	150,000	Management lock-up shares	25,000 shares on 6 May 2024 and 45,000 shares on 7 June 2024
Xu Feng	142,500	95,000	95,000	142,500	Management	50,000 shares on 6 May

					lock-up shares	2024 and 45,000 shares on 7 June 2024
Other restricted shareholders	9,000,792	30,000	8,698,000	207,292	Management lock-up shares	On 6 May 2024, 2,426,500 shares were lifted from restriction, and on 7 June 2024, 6,271,500 shares were lifted from restriction. On 22 April 2024 and 14 August 2024, 66,500 and 59,000 restricted shares were cancelled, respectively.
Total	11,467,817	1,200,000	9,881,425	2,660,892	--	--

II. Issuance and Listing of Securities

1. Securities (Exclusive of Preferred Shares) Issued in the Reporting Period

☐ Applicable ☒ Not applicable

2. Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

☒ Applicable ☐ Not applicable

The Company's total shares at the beginning of 2024 were 863,607,634 shares (of which 591,305,241 were A-shares and 272,302,393 were B-shares). As at 1 March 2024, the cancellation of 46,176,428 repurchased B-shares was completed. The repurchase and cancellation of 66,500 restricted shares and 59,000 restricted shares were completed on 22 April 2024 and 14 August 2024. Because of Lu Thai convertible bonds were cumulatively converted into 304 A-shares from 1 January 2024 to 31 December 2024. By 31 December 2024, the Company possessed 817,306,010 shares in total (591,180,045 A-shares and 226,125,965 B-shares inclusive), which had no significant impact on the Company's assets and liability structure.

3. Existing Staff-Held Shares

☐ Applicable ☒ Not applicable

III. Shareholders and Actual Controller

1. Total Number of Shareholders and Their Shareholdings

Unit: share

Number of Ordinary Shareholders	47,043	Number of Ordinary Shareholders at the Month-End Prior to the Disclosure of this Report	47,219	Number Of Preferred Shareholders With Resumed Voting Rights (If Any) (See Note 8)	0	Number of Preferred Shareholders With Resumed Voting Rights at the Month-End Prior to the Disclosure of this Report (If Any) (See Note 8)	0	
5% or Greater Shareholders or Top Ten Shareholders (Exclusive of Shares Lent in Refinancing)								
Name of Shareholder	Nature of Shareholder	Holding Percentage (%)	Total Shares Held at the Period-end	Increase/Decrease in the Reporting Period	Restricted Shares Held	Unrestricted Shares Held	Shares in Pledge, Marked or Frozen	
							Status	Number
Zibo Lucheng Textile Investment Co., Ltd.	Domestic non-state-owned legal person	17.17%	140,353,583	0	0	140,353,583	N/A	0

Tailun (Thailand) Textile Co., Ltd.	Foreign legal person	14.10%	115,232,400	-3000000	0	115,232,400	N/A	0
Central Huijin Assets Management Co., Ltd.	State-owned legal person	2.43%	19,884,100	0	0	19,884,100	N/A	0
National Social Security Fund Portfolio 413	Other	1.82%	14,910,051	720000	0	14,910,051	N/A	0
ICBC Credit Suisse Innovation Power Stock Type Securities Investment Fund	Other	1.47%	12,000,000	90000	0	12,000,000	N/A	0
Dongfanghong Zhijia Three-Year Holding Mixed Securities Investment Fund	Other	0.81%	6,600,000	148250	0	6,600,000	N/A	0
FEDERATED HERMES GLOBAL INVESTMENT FD (CAYMAN) MASTER, SPC OBOAFTAO FEDERATED HERMES EMG ASIA EQUITY FD MASTER S.P.	Foreign legal person	0.78%	6,334,711	134528	0	6,334,711	N/A	0
Dongfanghong JD Big Data Flexible Allocation Mixed Securities Investment Fund	Other	0.72%	5,889,382	889300	0	5,889,382	N/A	0
Dongfanghong New Power Flexible Allocation Mixed Securities Investment Fund	Other	0.60%	4,893,800	-106700	0	4,893,800	N/A	0
Chen Aiting	Domestic natural person	0.57%	4,631,466	499661	0	4,631,466	N/A	0
Strategic investors or general corporations becoming top-ten shareholders due to placing of new shares (if any) (see Note 3)		N/A						

Related or acting-in-concert parties among the shareholders above	Zibo Lucheng Textile Investment Co., Ltd. is the largest shareholder and the actual controller of the Company. Tailun (Thailand) Textile Co., Ltd. is the second largest shareholder and the foreign sponsor of the Company. All the other shareholders are holding tradable A-shares or B-shares. And it is unknown whether there is any related party or acting-in-concert party among them.		
Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights	N/A		
Special account for share repurchases (if any) among the top ten shareholders (see Note 10)	N/A		
Shareholdings of Top Ten Unlimited Shareholders (Excluding Shares Lent through Refinancing and Management Lock-up Shares)			
Name of Shareholder	Unrestricted Shares Held at the Period-end	Type	
		Type	Number
Zibo Lucheng Textile Investment Co., Ltd.	140,353,583	RMB ordinary share	140,353,583
Tailun (Thailand) Textile Co., Ltd.	115,232,400	Domestically listed foreign shares	115,232,400
Central Huijin Assets Management Co., Ltd.	19,884,100	RMB ordinary share	19,884,100
National Social Security Fund Portfolio 413	14,910,051	RMB ordinary share	14,910,051
ICBC Credit Suisse Innovation Power Stock Type Securities Investment Fund	12,000,000	RMB ordinary share	12,000,000
Dongfanghong Zhihua Three-Year Holding Mixed Securities Investment Fund	6,600,000	RMB ordinary share	6,600,000
FEDERATED HERMES GLOBAL INVESTMENT FD (CAYMAN) MASTER, SPC OBOAFTAO FEDERATED HERMES EMG ASIA EQUITY FD MASTER S.P.	6,334,711	Domestically listed foreign shares	6,334,711
Dongfanghong JD Big Data Flexible Allocation Mixed Securities Investment Fund	5,889,382	RMB ordinary share	5,889,382
Dongfanghong New Power Flexible Allocation Mixed Securities Investment Fund	4,893,800	RMB ordinary share	4,893,800
Chen Aiting	4,631,466	RMB ordinary share	4,631,466
Related or acting-in-concert parties among top ten unrestricted public shareholders, as well as between top ten unrestricted public shareholders and top ten shareholders	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.		
Top ten ordinary shareholders involved in securities margin trading (if any) (see Note 4)	N/A		

Participation of Shareholders with a shareholding bigger than 5%, the top ten shareholders, and the top ten shareholders of non-restricted tradable shares in the lending of shares through refinancing

☐ Applicable ☒ Not applicable

Changes in the top ten shareholders and the top ten shareholders of non-restricted tradable shares from the previous Period due to lending/return through refinancing

☐ Applicable ☒ Not applicable

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

☐ Yes ☒ No

No such cases in the Reporting Period.

2. Controlling Shareholder

Nature of the controlling shareholder: Controlled by a natural person

Type of the controlling shareholder: Legal person

Name of Controlling Shareholder	Legal Representative/Person in Charge	Date of Establishment	Unified Social Credit Code	Principal Activity
Zibo Lucheng Textile Investment Co., Ltd.	Liu Deming	25 September 1998	91370303164200391J	Investment on textile, electricity and chemical; purchase, process and sale of cotton; retail service etc.
Particulars about shareholding of controlling shareholders controlling and holding shares of other listed companies during the Reporting Period	N/A			

Change of the controlling shareholder in the Reporting Period:

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

3. Actual Controller and Its Acting-in-Concert Parties

Nature of the actual controller: Domestic natural person

Type of the actual controller: Natural person

Name of the Actual Controller	Relations with the Actual Controller	Nationality	Whether Gain the Right of Residence in Other Countries or Regions or Not
Liu Zibin	In person	China	Not
Liu Deming	Concerted action (including agreement, relatives, and same control)	China	Not
Professions and titles	Liu Zibin is the Chairman of the Board and President of Lu Thai Textile Co., Ltd. , Liu Deming is the Chairman of the Board and GM of Zibo Lucheng Textile Investment Co., Ltd.		
Particulars about listed companies with shares ever held by the actual controller	N/A		

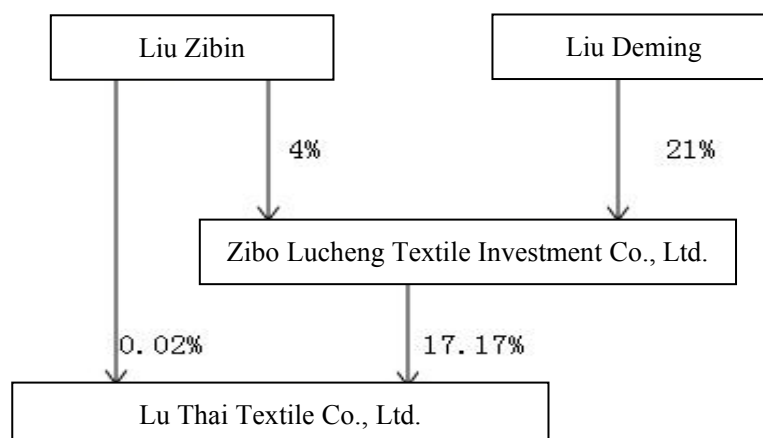
over the past ten years

Change of the actual controller during the Reporting Period:

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Ownership and control relations between the actual controller and the Company:



Indicate by tick mark whether the actual controller controls the Company via trust or other ways of asset management.

☐ Applicable ☒ Not applicable

4. Number of Accumulative Pledged Shares held by the Company's Controlling Shareholder or the Largest Shareholder as well as Its Acting-in-Concert Parties Accounts for 80% of all shares of the Company held by Them

☐ Applicable ☒ Not applicable

5. Other 10% or Greater Corporate Shareholders

☐ Applicable ☒ Not applicable

6. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers

☐ Applicable ☒ Not applicable

IV. Specific Implementation of Share Repurchase during the Reporting Period

Progress on any share repurchase

☒ Applicable ☐ Not applicable

Disclosure Time of the Plan	Shares Intended to be Repurchased (Share)	As % of Total Share Capital	Amount	Period	Usage	Shares Repurchased (Share)	Number of Repurchased Shares as a Percentage of the Underlying Shares Covered by the Equity Incentive Plan (if
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							any)
7 July 2023	27,000,000- 54,000,000	3.13%- 6.25%	Not exceeding RMB20,000	6 July 2023 to 5 July 2024	Cancelled	46,176,428	0.00%

Progress on reducing the repurchased shares by means of centralized bidding

☐ Applicable ☒ Not applicable

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 SZSE with an issue price of RMB100 per share and a share conversion price of RMB9.01 per share. The bonds were listed on SZSE 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 CSRC 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 RMB1.00 (inclusive of tax) would be distributed to every ten 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 ten shares (including tax) with total share capital at the record date of this distribution scheme as base. The record date of the Company's interest distribution in 2020 is set on 17 June 2021. The ex-date is set on 18 June 2021. Therefore, the conversion price of Lu Thai Convertible Bond will be adjusted from RMB8.76 per share to RMB8.71 per share, with the adjusted conversion price coming into force from 18 June 2021 (the ex-date).

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

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

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

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

The Company completed the formalities for cancellation of the 46,176,428 repurchased B-shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 1 March 2024. In accordance with the issuance clauses in the Company's Prospectus and relevant regulations of the CSRC on the issuance of convertible bonds, the conversion price of Lu Thai convertible bond shall be adjusted from RMB8.63 per share to RMB8.87 per share. The adjusted conversion price came into force on 4 March 2024.

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

The Company implemented the 2024 Equity Distribution Plan on 8 November 2024. In accordance with the issuance clauses in the Company's Prospectus and relevant regulations of the CSRC on the issuance of convertible bonds, the conversion price of Lu Thai convertible bond shall be adjusted from RMB8.74 per share to RMB8.64 per share. The adjusted conversion price came into force on 8 November 2024.

The Company implemented the 2024 Equity Distribution Plan on 19 December 2024. In accordance with the issuance clauses in the Company's Prospectus and relevant regulations of the CSRC on the issuance of convertible bonds, the conversion price of Lu Thai convertible bond shall be adjusted from RMB8.64 per share to RMB8.59 per share. The adjusted conversion price came into force on 19 December 2024.

2. Accumulative Conversion

☒ Applicable ☐ Not applicable

Abbreviation	Start Date	Total Circulation (Piece)	Total Amount (RMB)	Accumulative Amount Converted (RMB)	Accumulative Shares Converted (share)	Converted Shares as % of total Shares Issued by the Company Before the Start Date of Conversion	Unconverted Amount (RMB)	Unconverted Amount as % of Total Amount
Lu Thai Convertible Bonds	October 15, 2020 to 8 April 2026	14,000,000	1,400,000,000.00	152,300.00	17,145	0.00%	1,399,844,700.00	99.99%

3. Top ten convertible bond holders

No.	Name of Holders	Nature of Holders	Number of Convertible Bonds Held at the Period-end (share)	Amount of Convertible Bonds Held at the Period-end (RMB)	As % of Convertible Bonds Held at the Period-end
1	China Construction Bank - E Fund Enhanced Income Bond Securities Investment Fund	Other	698,782	69,878,200.00	4.99%
2	ICBC Credit Suisse Tianfeng Fixed Benefit Pension Product - Bank of China Limited	Other	613,944	61,394,400.00	4.39%
3	China Merchants Bank Co., Ltd. - Bosera CSI Convertible Bonds and Exchangeable Bonds ETF	Other	611,676	61,167,600.00	4.37%
4	Dajia Life Insurance Co., Ltd. - Traditional Product	Other	569,590	56,959,000.00	4.07%
5	Shanghai Pudong Development Bank Co., Ltd. - E Fund Yuxiang Return Bond Securities Investment Bond	Other	495,122	49,512,200.00	3.54%
6	Fuguo Fumin Fixed Income Pension Product - China Construction Bank Corporation	Other	425,499	42,549,900.00	3.04%

7	China Merchants Bank Co., Ltd. - Dongfanghong Juli Bond Securities Investment Fund	Other	327,356	32,735,600.00	2.34%
8	Huatai Yousheng Convertible Bond Fixed Income Pension Product—China Merchants Bank Co., Ltd.	Other	313,590	31,359,000.00	2.24%
9	Bank of China Co., Ltd.—GF Jvxin Bond Investment Fund	Other	276,285	27,628,500.00	1.97%
10	China Pacific Life Insurance Co., Ltd. – Dividend - Individual Dividend	Other	252,283	25,228,300.00	0.65%

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 - VIII The major accounting data and the financial indicators of the recent two 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. Matured Interest-bearing Debt excluding Bonds up the Period-end

☐ Applicable ☒ Not applicable

VII. Whether there was any Violation of Rules and Regulations during the Reporting Period

☐ Yes ☒ No

VIII. 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	3.39	3.43	-1.17%
Asset-liability ratio	29.49%	28.39%	1.10%
Quick ratio	2.25	2.12	6.13%
	Reporting Period	Same Period of Last Year	YoY Increase/Decrease
Net profit after deducting non-recurring profit or loss	48,233.87	38,613.54	24.91%
Debt/EBITDA ratio	39.11%	41.97%	-2.86%
Interest cover (times)	5.55	5.29	4.91%
Cash-to-interest cover (times)	12.45	8.82	41.16%
EBITDA interest coverage ratio	10.58	10.40	1.73%
Rate of redemption	100.00%	100.00%	0.00%
Interest coverage	100.00%	100.00%	0.00%

Part X Financial Statements

I. Independent Auditor's Report

Type of the independent auditor's opinion	Unmodified unqualified opinion
Date of signing this report	8 April 2025
Name of the independent auditor	Grant Thornton China (Special General Partnership)
No. of independent auditor's report	Grant Thornton SZ (2025) No. 371A008379
Name of the certified public accountants	He Feng, Cui Xiaoli

Text of the Independent Auditor's Report

To the shareholders of Lu Thai Textile Co., Ltd:

I. Opinion

We have audited the financial statements of Lu Thai Textile Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated and parent company balance sheets as of 31 December 2023, the consolidated and parent company statements of income, cash flows and changes in owners' equity for the year then ended, as well as the notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated and parent company financial position of the Company at 31 December 2024, and the consolidated and parent company operating results and cash flows for the year then ended, in conformity with the Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audits in accordance with the Audit Standards for Chinese Registered Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Audit of Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the said Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

i. Recognition of revenue

For details, please refer to the Note III-27 and the Note V-46 of the financial report.

1. Event description

The main businesses of Lu Thai Textile Co., Ltd. mainly are production and sales of yarn-dyed fabrics and shirts. The operation revenue of the Company in 2024 was RMB6,090,615,000, of which export income accounted for over 50%. For the income from domestic sales, the amount of product sales income is recognised when the products are delivered to and confirmed by the purchaser according to the contract. The income is recognised when the purchaser obtains control of the product. For the income from export sales, the amount of sales income is recognised when products are declared and depart from port according to the contract, and the bill of lading is received. The income is recognised when the purchaser obtains control of the product.

Since income is one of the key performance indicators of Lu Thai Textile Co., Ltd., there is an inherent risk that the management of Lu Thai Textile Co., Ltd. (hereinafter referred to as the management) manipulates income to achieve specific goals or expectations, therefore, we identify income recognition as a key audit matter.

2. Audit response

The audit procedures for revenue recognition mainly include: (1) Understand and evaluate the design effectiveness of internal control related to revenue recognition, and test the effectiveness of operation; (2) Through interviewing the management and reviewing the relevant contract terms, understand and evaluate whether the income confirmation accounting policy meets the requirements of the Accounting Standards for Business Enterprises; (3) Perform analytical procedures on revenue and costs to analyse the rationality of fluctuations in sales volume, unit price, and gross profit in each month, current year, and previous year of the current period; (4) Select samples to check the supporting evidence such as sales contract, product delivery order, invoice, customs declaration, lading bill, and signing receipt; (5) Select samples to verify the balance and transaction amount; (6) Select samples to verify the amounts related to export sales revenue, export tax refund declarations, and China E-Port export data, among other relevant information; (7) Select samples to perform a cut-off test on the revenue recognised before and after the balance sheet date, and check the product delivery slip, invoice, customs declaration, lading bill, signing receipt, etc., to assess whether the revenue is recognised within the appropriate period.

ii. Inventory falling price reserves

For details, please refer to the Note III-13 and the Note V-8 of the financial report.

1. Event description

As at 31 December 2024, the inventory balance of Lu Thai Textile Co., Ltd. was RMB2,290,621,500 and the inventory depreciation reserve was RMB270,737,100. The management withdrew the inventory falling price reserves with significant judgments and estimates, and therefore, we identify inventory falling price reserves as a key audit item.

2. Audit response

The audit procedures for inventory falling price reserves mainly include:

- (1) Understand and evaluate the design effectiveness of the internal control related to the provision of inventory decline price, and test the effectiveness of operation;
- (2) Understand and evaluate the appropriateness of the company's inventory depreciation reserve provision policy;
- (3) Monitor the inventory and pay attention to the status of the inventory, check whether the defective and inventory with long aging have been identified;
- (4) Obtain the inventory age table, and conduct an analytical review of the long-age inventory status and turnover;
- (5) Check the changes in the inventory depreciation reserves accrued in previous years and evaluate the rationality of the changes in inventory depreciation reserves;
- (6) Obtain the inventory falling price reserves calculation sheet; recheck and evaluate the rationality of major estimations made by the management during the determination of net realizable value; conduct the recalculation, check the selling price after the period and analyse the rationality of the predicted selling price.

iii. Assessment of fair value of financial assets measured at fair value and changes included in current profit or loss

For details, please refer to Note III-11 and Note V-2, 12 and 54 of the financial report about relevant information disclosure.

1. Event description

As at 31 December 2024, the balance of financial asset measured based on the fair value whose variations were included the current profit and loss of Lu Thai Textiles was RMB776,772,700, of which, the fair value of financial assets, which are classified as Level 1 input values using quotations from active markets for identical assets, was RMB117,979,000, the fair value of financial asset classified into the tier-2 input value by adopting the observable input value was RMB575,993,700, and the fair value of financial asset classified into the tier-3 input value by adopting the non-observable input value was RMB82.8 million. Considering that the fair value changes of this financial asset have a significant impact on Lu Thai Textile Company's profit or loss for 2024, and that the company uses valuation techniques to determine its fair value, which typically involves assumptions and estimates relying on subjective judgment, the use of different valuation techniques or assumptions could result in significant differences in the fair value estimation of the financial instrument. Therefore, we identify this matter as a key audit matter.

2. Audit response

The audit procedures for the assessment of financial instrument's fair value mainly include: (1) Study and evaluate the effectiveness of the designed internal control for the valuation of financial instruments and test the operational effectiveness; (2) Assess the professional quality, competence and objectiveness of the independent appraiser employed by the Company's management; evaluate the rationality of various assumptions applied by the independent appraiser in the evaluation report and the appropriateness of the financial instrument valuation models; (3) Assess the rationality and appropriateness of the observable key input value applied during the valuation of the tier-2 fair value;

(4) Recheck the rationality, appropriateness and calculation accuracy of the key input value during the fair value assessment for the tier-3 financial instrument measured based the fair value and involving the management's major judgment.

IV. Other Information

The Company's management is responsible for the other information. The other information comprises all of the information included in the Company's 2024 Annual Report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for Financial Statements

The Company's management (hereinafter referred to as the "Management") is responsible for the preparation of the financial statements that give a fair view in accordance with CAS, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CAS, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of going concern assumptions. Meanwhile, draw a conclusion of the matters that might produce major doubts about the ability of Lu Thai Textile Company to continue as a going concern, and judge whether there are major uncertainties, according to the audit evidence obtained. If we conclude that a material uncertainty exists, we are required by CAS to draw users' attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company regarding the planned scope and timing of the audit and significant audit findings, including any noteworthy deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton China (Special General Partnership)	Chinese CPA: (Engagement Partner): Chinese CPA:	
Beijing · China	8 April 2025	

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.

31 December 2024

Unit: RMB

Item	Ending Balance	Beginning Balance
Current assets:		
Monetary assets	2,055,856,788.37	1,558,252,048.03
Held-for-trading financial assets	693,972,672.64	723,800,275.39
Derivative financial assets		
Notes receivable	51,339,990.35	99,642,708.67

Accounts receivable	849,168,539.27	826,467,684.78
Receivables financing	10,184,900.59	18,248,205.76
Prepayments	94,340,345.68	51,863,447.56
Other receivables	23,107,489.38	22,168,807.43
Including: Interest receivable		
Dividend receivable		
Inventories	2,019,884,406.30	2,124,139,574.70
Including: Data resources		
Contract assets		
Available-for-sale assets		
Current portion of non-current assets	154,176,585.64	
Other current assets	59,034,547.73	145,112,114.03
Total current assets	6,011,066,265.95	5,569,694,866.35
Non-current assets:		
Long-term receivables		
Long-term equity investments	120,084,271.29	143,537,479.77
Investments in other equity instruments		
Other non-current financial assets	82,800,000.00	88,750,000.00
Investment property	18,675,533.63	19,578,175.93
Fixed assets	6,053,755,987.08	5,597,692,505.07
Construction in progress	95,026,709.37	868,496,878.41
Right-of-use assets	470,238,928.19	463,226,419.21
Intangible assets	333,384,747.50	343,347,879.42
Including: Data resources		
Development costs		
Including: Data resources		
Goodwill	20,563,803.29	20,563,803.29
Long-term deferred expenses	5,634,560.27	1,815,838.60
Deferred income tax assets	148,530,519.94	157,892,110.06
Other non-current assets	569,954,322.70	155,690,266.83
Total non-current assets	7,918,649,383.26	7,860,591,356.59
Total assets	13,929,715,649.21	13,430,286,222.94
Current liabilities:		
Short-term loan	849,686,824.33	580,704,772.27
Trading financial liabilities	15,858,713.22	46,785,831.47
Accounts payable	272,079,091.51	275,502,915.05
Advances from customers		
Contract liability	191,551,003.79	188,073,335.89

Payroll payable	301,227,361.89	284,344,973.72
Taxes payable	57,261,948.01	42,633,232.55
Other payables	17,437,799.60	47,549,373.52
Including: Interest payable		
Dividends payable	441,113.64	441,113.64
Current portion of non-current liabilities	27,788,571.75	96,207,192.49
Other current liabilities	42,829,460.18	63,646,908.11
Total current liabilities	1,775,720,774.28	1,625,448,535.07
Non-current liabilities:		
Long-term borrowings	396,244,110.21	259,992,974.40
Bonds Payable	1,509,420,449.46	1,476,572,070.79
Lease liabilities	91,353,320.80	86,580,224.41
Long-term payables		
Long-term payroll payable	58,494,991.36	57,276,675.61
Provisions		
Deferred income	145,395,121.11	151,768,947.92
Deferred income tax liabilities	131,519,037.79	155,178,797.04
Other non-current liabilities		
Total non-current liabilities	2,332,427,030.73	2,187,369,690.17
Total liabilities	4,108,147,805.01	3,812,818,225.24
Owners' equity:		
Share capital	817,306,010.00	863,607,634.00
Other equity instruments	71,383,438.11	71,383,677.78
Including: Preferred shares		
Perpetual bonds		
Capital reserves	178,518,667.31	334,792,614.76
Less: Treasury stock		193,438,720.78
Other comprehensive income	166,925,985.26	131,343,141.63
Specific reserve		
Surplus reserves	1,271,429,282.44	1,260,661,015.34
General reserve		
Retained earnings	6,933,165,006.16	6,762,457,543.07
Total equity attributable to owners of the Company as the parent	9,438,728,389.28	9,230,806,905.80
Equity of non-controlling interests	382,839,454.92	386,661,091.90
Total owners' equity	9,821,567,844.20	9,617,467,997.70
Total liabilities and owners' equity	13,929,715,649.21	13,430,286,222.94

Legal representative: Liu Zibin

Chief Accountant: Zhang Keming

Financial Manager: Zhang Keming

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	Ending Balance	Beginning Balance
Current assets:		
Monetary assets	1,098,738,844.86	932,232,103.80
Held-for-trading financial assets	348,853,051.29	446,874,251.41
Derivative financial assets		
Notes receivable	34,955,445.32	54,622,178.42
Accounts receivable	381,343,801.66	356,483,425.59
Receivables financing	8,604,909.79	11,214,873.48
Prepayments	37,339,639.22	21,426,761.45
Other receivables	1,444,344,599.59	2,064,459,414.54
Including: Interest receivable		
Dividend receivable		
Inventories	833,923,667.33	955,634,154.13
Including: Data resources		
Contract assets		
Available-for-sale assets		
Current portion of non-current assets	154,176,585.64	
Other current assets	1,285,523.29	2,443,246.51
Total current assets	4,343,566,067.99	4,845,390,409.33
Non-current assets:		
Long-term receivables		
Long-term equity investments	3,886,201,497.79	3,579,497,806.27
Investments in other equity instruments		
Other non-current financial assets	70,800,000.00	76,750,000.00
Investment property	61,235,932.80	64,745,052.00
Fixed assets	1,829,970,463.91	2,048,332,131.98
Construction in progress	25,572,141.50	3,320,771.05
Right-of-use assets	94,200,828.47	90,043,845.90
Intangible assets	191,804,122.33	197,852,690.71
Including: Data resources		
Development costs		
Including: Data resources		
Goodwill		
Long-term deferred expenses	253,990.93	689,403.73
Deferred income tax assets	83,559,877.27	80,728,077.79
Other non-current assets	502,059,650.58	153,767,959.47

Total non-current assets	6,745,658,505.58	6,295,727,738.90
Total assets	11,089,224,573.57	11,141,118,148.23
Current liabilities:		
Short-term loan		3,180,000.00
Trading financial liabilities		
Of which: Derivative financial liabilities		
Notes payable	60,000,000.00	
Accounts payable	202,868,261.19	108,266,517.50
Advances from customers		
Contract liability	62,755,259.28	106,140,758.76
Payroll payable	196,441,126.83	188,784,236.01
Taxes payable	38,807,426.46	23,490,180.58
Other payables	14,071,692.51	133,819,575.89
Including: Interest payable		
Dividends payable	441,113.64	441,113.64
Held-for-sale liabilities		
Current portion of non-current liabilities	26,337,442.97	95,832,728.97
Other current liabilities	31,411,042.17	44,293,993.88
Total current liabilities	632,692,251.41	703,807,991.59
Non-current liabilities:		
Long-term borrowings	396,244,110.21	259,992,974.40
Bonds Payable	1,509,420,449.46	1,476,572,070.79
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	88,480,054.92	89,388,836.15
Long-term payables		
Long-term payroll payable	58,494,991.36	57,276,675.61
Provisions		
Deferred income	110,138,851.32	114,149,056.16
Deferred income tax liabilities	98,766,520.96	120,804,925.25
Other non-current liabilities		
Total non-current liabilities	2,261,544,978.23	2,118,184,538.36
Total liabilities	2,894,237,229.64	2,821,992,529.95
Owners' equity:		
Share capital	817,306,010.00	863,607,634.00
Other equity instruments	71,383,438.11	71,383,677.78
Including: Preferred shares		
Perpetual bonds		

Capital reserves	246,054,960.86	396,172,649.00
Less: Treasury stock		193,438,720.78
Other comprehensive income	-35,886.10	-41,439.79
Specific reserve		
Surplus reserves	1,268,320,542.80	1,257,552,275.70
Retained earnings	5,791,958,278.26	5,923,889,542.37
Total owners' equity	8,194,987,343.93	8,319,125,618.28
Total liabilities and owners' equity	11,089,224,573.57	11,141,118,148.23

3. Consolidated Income Statement

Unit: RMB

Item	2024	2023
1. Revenue	6,090,615,025.20	5,961,477,252.98
Including: Operating revenue	6,090,615,025.20	5,961,477,252.98
2. Costs and expenses	5,404,431,529.13	5,430,655,421.05
Including: Cost of sales	4,643,578,944.63	4,591,388,915.40
Taxes and surcharges	62,450,436.64	63,259,971.00
Selling expense	151,004,439.35	148,454,814.21
Administrative expense	344,326,973.11	382,327,532.79
R&D expense	206,820,921.71	239,775,343.18
Financial expenses	-3,750,186.31	5,448,844.47
Including: Interest expense	102,900,852.62	86,305,243.50
Interest income	60,956,758.61	51,052,872.64
Add: Other income	34,200,236.81	45,126,894.28
Return on investment ("-" for loss)	-46,506,250.57	39,364,608.46
Including: Share of profit or loss of joint ventures and associates	-23,453,208.47	-9,556,170.35
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)	-90,826,774.15	-65,020,725.14
Credit impairment loss ("-" for loss)	-3,007,666.35	-2,300,057.75
Asset impairment loss ("-" for loss)	-110,133,501.21	-105,876,786.52
Asset disposal income ("-" for loss)	-3,139,466.60	-9,123,336.47
3. Operating profit ("-" for loss)	466,770,074.00	432,992,428.79
Add: Non-operating income	9,574,940.35	9,347,696.19
Less: Non-operating expense	8,534,087.54	5,146,681.99
4. Profit before tax ("-" for loss)	467,810,926.81	437,193,442.99
Less: Income tax expense	41,549,193.80	40,841,005.37

5. Net profit (“-” for net loss)	426,261,733.01	396,352,437.62
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	426,261,733.01	396,352,437.62
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to shareholders of the Company as the parent	410,321,398.17	403,444,254.42
5.2.2 Net profit attributable to non-controlling interests	15,940,334.84	-7,091,816.80
6. Other comprehensive income, net of tax	35,589,812.50	23,717,765.01
Attributable to owners of the Company as the parent	35,582,843.63	23,714,243.54
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	35,582,843.63	23,714,243.54
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Credit impairment allowance for investments in other debt obligations		
5.2.5 Reserve for cash flow hedges		
5.2.6 Differences arising from the translation of foreign currency-denominated financial statements	35,556,383.35	23,714,956.57
5.2.7 Other	26,460.28	-713.03
Attributable to non-controlling interests	6,968.87	3,521.47
7. Total comprehensive income	461,851,545.51	420,070,202.63
Attributable to owners of the Company as the parent	445,904,241.80	427,158,497.96
Attributable to non-controlling interests	15,947,303.71	-7,088,295.33
8. Earnings per share		
7.1 Basic earnings per share	0.50	0.47
7.2 Diluted earnings per share	0.47	0.42

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

Legal representative: Liu Zibin

Chief Accountant: Zhang Keming

Financial Manager: Zhang Keming

4. Income Statement of the Company as the Parent

Unit: RMB

Item	2024	2023
1. Operating Revenue	3,198,292,063.60	3,427,661,629.75
Less: Cost of sales	2,446,188,630.00	2,657,436,337.48
Taxes and surcharges	40,423,609.51	40,216,738.61
Selling expense	101,521,242.89	100,621,317.61
Administrative expense	198,977,886.85	201,565,813.64
R&D expense	146,201,535.79	157,866,751.74
Financial expenses	-21,078,637.21	-19,059,608.38
Including: Interest expense	56,893,451.24	44,494,486.25
Interest income	45,288,590.49	33,971,447.09
Add: Other income	23,815,868.45	20,954,801.42
Return on investment (“-” for loss)	-56,295,296.97	217,442,278.85
Including: Share of profit or loss of joint ventures and associates	-23,453,208.47	-9,556,170.35
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)	-133,010,200.12	-17,222,836.45
Credit impairment loss (“-” for loss)	2,110,379.60	6,673,149.93
Asset impairment loss (“-” for loss)	-22,480,583.36	-48,963,959.94
Asset disposal income (“-” for loss)	5,313,762.77	-43,734.52
2. Operating profit (“-” for loss)	105,511,726.14	467,853,978.34
Add: Non-operating income	6,928,229.84	7,022,950.83
Less: Non-operating expense	2,375,328.10	1,850,658.24
3. Profit before tax (“-” for loss)	110,064,627.88	473,026,270.93
Less: Income tax expense	2,381,956.91	17,659,482.92
4. Net profit (“-” for net loss)	107,682,670.97	455,366,788.01
4.1 Net profit from continuing operations (“-” for net loss)	107,682,670.97	455,366,788.01
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	5,553.69	-11,277.45
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	5,553.69	-11,277.45
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of investments in other debt		

obligations		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Credit impairment allowance for investments in other debt obligations		
5.2.5 Reserve for cash flow hedges		
5.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
5.2.7 Other	5,553.69	-11,277.45
6. Total comprehensive income	107,688,224.66	455,355,510.56
7. Earnings per share		
7.1 Basic earnings per share	0.13	0.53
7.2 Diluted earnings per share	0.16	0.49

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2024	2023
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	6,004,666,410.54	5,492,424,305.68
Tax rebates	71,079,349.71	125,496,730.53
Cash generated from other operating activities	44,536,550.59	115,366,461.66
Subtotal of cash generated from operating activities	6,120,282,310.84	5,733,287,497.87
Payments for commodities and services	3,040,825,877.39	3,008,274,838.63
Cash paid to and for employees	1,551,618,475.12	1,565,653,879.04
Taxes paid	131,551,451.03	146,230,769.74
Cash used in other operating activities	152,074,355.36	158,263,473.04
Subtotal of cash used in operating activities	4,876,070,158.90	4,878,422,960.45
Net cash flow from operating activities	1,244,212,151.94	854,864,537.42
2. Cash flows from investing activities:		
Proceeds from disinvestment	1,020,261,000.00	9,465,141,937.71
Return on investment	7,261,003.02	57,805,732.66
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	1,118,393.70	6,391,414.47
Cash generated from other investing activities	719,648,924.45	153,332,756.55
Subtotal of cash generated from investing activities	1,748,289,321.17	9,682,671,841.39
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	217,461,635.75	846,768,782.56
Payments for investments	1,225,227,200.56	9,664,068,682.71
Cash used in other investing activities	1,537,716,982.54	125,073,907.21
Subtotal of cash used in investing activities	2,980,405,818.85	10,635,911,372.48
Net cash generated from/used in investing activities	-1,232,116,497.68	-953,239,531.09

3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings raised	2,146,986,621.30	1,289,625,206.43
Cash generated from other financing activities		98,800.40
Subtotal of cash generated from financing activities	2,146,986,621.30	1,289,724,006.83
Repayment of borrowings	1,822,885,554.18	1,345,902,236.09
Interest and dividends paid	293,297,631.61	140,337,440.33
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities	58,790,076.23	191,144,339.52
Subtotal of cash used in financing activities	2,174,973,262.02	1,677,384,015.94
Net cash generated from/used in financing activities	-27,986,640.72	-387,660,009.11
4. Effect of foreign exchange rates changes on cash and cash equivalents	33,687,940.05	16,753,038.55
5. Net increase in cash and cash equivalents	17,796,953.59	-469,281,964.23
Add: Cash and cash equivalents, beginning of the period	1,353,615,305.93	1,822,897,270.16
6. Cash and cash equivalents, end of the period	1,371,412,259.52	1,353,615,305.93

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	2024	2023
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	3,098,290,208.00	3,400,282,767.04
Tax rebates	9,939,935.39	18,736,021.12
Cash generated from other operating activities	37,691,532.06	104,254,111.11
Subtotal of cash generated from operating activities	3,145,921,675.45	3,523,272,899.27
Payments for commodities and services	1,588,520,778.34	2,159,792,398.75
Cash paid to and for employees	732,960,267.90	800,852,277.47
Taxes paid	62,188,734.71	76,441,020.56
Cash used in other operating activities	102,078,177.17	81,704,187.26
Subtotal of cash used in operating activities	2,485,747,958.12	3,118,789,884.04
Net cash flow from operating activities	660,173,717.33	404,483,015.23
2. Cash flows from investing activities:		
Proceeds from disinvestment	1,073,041,912.36	9,682,135,302.71
Return on investment	10,767,395.90	224,820,810.27
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	798,733.70	27,474,017.14
Net proceeds from the disposal of subsidiaries		

and other business units		
Cash generated from other investing activities	3,147,468,380.82	2,278,859,489.72
Subtotal of cash generated from investing activities	4,232,076,422.78	12,213,289,619.84
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	31,771,255.39	39,152,926.47
Payments for investments	1,636,027,200.56	10,390,555,710.00
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	3,132,102,262.33	2,206,901,511.31
Subtotal of cash used in investing activities	4,799,900,718.28	12,636,610,147.78
Net cash generated from/used in investing activities	-567,824,295.50	-423,320,527.94
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings raised	760,660,043.27	287,145,597.90
Cash generated from other financing activities	142,001,000.00	90,098,800.40
Subtotal of cash generated from financing activities	902,661,043.27	377,244,398.30
Repayment of borrowings	700,610,915.91	485,589,548.34
Interest and dividends paid	268,140,822.07	119,661,804.52
Cash used in other financing activities	289,369,382.06	274,154,122.94
Subtotal of cash used in financing activities	1,258,121,120.04	879,405,475.80
Net cash generated from/used in financing activities	-355,460,076.77	-502,161,077.50
4. Effect of foreign exchange rates changes on cash and cash equivalents	5,033,615.48	2,858,399.67
5. Net increase in cash and cash equivalents	-258,077,039.46	-518,140,190.54
Add: Cash and cash equivalents, beginning of the period	765,705,926.26	1,283,846,116.80
6. Cash and cash equivalents, end of the period	507,628,886.80	765,705,926.26

7. Consolidated Statements of Changes in Owners' Equity

Amount during the current period

Unit: RMB

Item	2024														
	Equity Attributable to Owners of the Company as the Parent													Equity of Non-controlling Interests	Total Owners' Equity
	Share capital	Other Equity Instruments			Capital Reserves	Less: Treasury Stock	Other Comprehensive Income	Specific Reserve	Surplus Reserves	General Reserve	Retained Earnings	Other	Subtotal		
		Preferred Shares	Perpetual Bonds	Other											
1. Balances as at the end of the prior year	863,607,634.00			71,383,677.78	334,792,614.76	193,438,720.78	131,343,141.63		1,260,661,015.34		6,762,457,543.07		9,230,806,905.80	386,661,091.90	9,617,467,997.70
Add: Adjustments for changed accounting policies															
Adjustments for corrections of previous errors															
Other															
2. Balances as at the beginning of the year	863,607,634.00			71,383,677.78	334,792,614.76	193,438,720.78	131,343,141.63		1,260,661,015.34		6,762,457,543.07		9,230,806,905.80	386,661,091.90	9,617,467,997.70
3. Increase/ decrease in the period (“-” for decrease)	-46,301,624.00			-239.67	156,273,947.45	193,438,720.78	35,582,843.63		10,768,267.10		170,707,463.09		207,921,483.48	-3,821,636.98	204,099,846.50

3.1 Total comprehensive income							35,582,843.63				410,321,398.17		445,904,241.80	15,947,303.71	461,851,545.51
3.2 Capital increased and reduced by owners	-46,301,624.00			-239.67	156,273,947.45	193,438,720.78							-9,137,090.34	-19,768,940.69	-28,906,031.03
3.2.1 Ordinary shares increased by shareholders	-46,301,624.00				123,788,382.82								-170,090,006.82	-19,768,940.69	-189,858,947.51
3.2.2 Capital increased by holders of other equity instruments															
3.2.3 Share-based payments included in owners' equity															
3.2.4 Other				-239.67	-32,485,564.63	193,438,720.78							160,952,916.48		160,952,916.48
3.3 Profit distribution									10,768,267.10		-239,613,935.08		-228,845,667.98		-228,845,667.98
3.3.1 Appropriation to surplus reserves									10,768,267.10		-10,768,267.10				

3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or shareholders)											-228,845,667.98		-228,845,667.98		-228,845,667.98
3.2.4 Other															
3.4 Transfers within owners' equity															
3.4.1 Increase in capital (or share capital) from capital reserves															
3.4.2 Increase in capital (or share capital) from surplus reserves															
3.4.3 Loss offset by surplus reserves															

3.4.4 Changes in defined benefit pension schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to retained earnings															
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other															
4. Balances as at the end of the period	817,306,010.00			71,383,438.11	178,518,667.31		166,925,985.26		1,271,429,282.44		6,933,165,006.16		9,438,728,389.28	382,839,454.92	9,821,567,844.20

Previous period

Unit: RMB

Item	2023
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	Equity Attributable to Owners of the Company as the Parent													Equity of Non-controlling interests	Total Owners' Equity
	Share capital	Other Equity Instruments			Capital Reserves	Less: Treasury Stock	Other Comprehensive Income	Specific Reserve	Surplus Reserves	General Reserve	Retained Earnings	Other	Subtotal		
		Preferred Shares	Perpetual Bonds	Other											
1. Balances as at the end of the prior year	887,633,151.00			71,383,830.75	395,872,135.71	154,396,198.73	107,628,898.09		1,215,124,336.54		6,490,910,719.35		9,014,156,872.71	393,749,387.23	9,407,906,259.94
Add: Adjustments for changed accounting policies															
Adjustments for corrections of previous errors															
Other															
2. Balances as at the beginning of the year	887,633,151.00			71,383,830.75	395,872,135.71	154,396,198.73	107,628,898.09		1,215,124,336.54		6,490,910,719.35		9,014,156,872.71	393,749,387.23	9,407,906,259.94
3. Increase/decrease in the period ("-" for decrease)	24,025,517.00			-152.97	61,079,520.95	39,042,522.05	23,714,243.54		45,536,678.80		271,546,823.72		216,650,033.09	-7,088,295.33	209,561,737.76
3.1 Total comprehensive income							23,714,243.54				403,444,254.42		427,158,497.96	-7,088,295.33	420,070,202.63

3.2 Capital increased and reduced by owners	24,025,517.0 ⁻ ₀			-152.97	61,079,520.9 ⁻ ₅	39,042,522.0 ⁻ ₅							124,147,712.9 ⁻ ₇		124,147,712.9 ⁻ ₇
3.2.1 Ordinary shares increased by shareholders	24,025,517.0 ⁻ ₀				76,058,492.6 ⁻ ₂								100,084,009.6 ⁻ ₂		100,084,009.6 ⁻ ₂
3.2.2 Capital increased by holders of other equity instruments															
3.2.3 Share-based payments included in owners' equity					16,824,114.8 ⁻ ₆								16,824,114.86		16,824,114.86
3.2.4 Other				-152.97	1,845,143.19 ⁻	39,042,522.0 ⁻ ₅							40,887,818.21 ⁻		40,887,818.21 ⁻
3.3 Profit distribution									45,536,678.80		131,897,430.7 ⁻ ₀		86,360,751.90 ⁻		86,360,751.90 ⁻
3.3.1 Appropriation to surplus reserves									45,536,678.80		45,536,678.80 ⁻				

3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or shareholders)											86,360,751.90 ⁻		86,360,751.90 ⁻		86,360,751.90 ⁻
3.2.4 Other															
3.4 Transfers within owners' equity															
3.4.1 Increase in capital (or share capital) from capital reserves															
3.4.2 Increase in capital (or share capital) from surplus reserves															
3.4.3 Loss offset by surplus reserves															

3.4.4 Changes in defined benefit pension schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to retained earnings															
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the period								6,075,563.41					6,075,563.41		6,075,563.41
3.5.2 Used in the period								-6,075,563.41					-6,075,563.41		-6,075,563.41
3.6 Other															
4. Balances as at the end of the period	863,607,634.00			71,383,677.78	334,792,614.76	193,438,720.78	131,343,141.63		1,260,661,015.34		6,762,457,543.07		9,230,806,905.80	386,661,091.90	9,617,467,997.70

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

Amount during the current period

Unit: RMB

Item	2024											
	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	863,607,634.00			71,383,677.78	396,172,649.00	193,438,720.78	-41,439.79		1,257,552,275.70	5,923,889,542.37		8,319,125,618.28
Add: Adjustments for changed accounting policies												
Adjustments for corrections of previous errors												
Other												
2. Balances as at the beginning of the year	863,607,634.00			71,383,677.78	396,172,649.00	193,438,720.78	-41,439.79		1,257,552,275.70	5,923,889,542.37		8,319,125,618.28

3. Increase/ decrease in the period (“-” for decrease)	-46,301,624.00			-239.67	150,117,688.14 ⁻	193,438,720.78 ⁻	5,553.69		10,768,267.10	-131,931,264.11		-124,138,274.35
3.1 Total comprehensive income							5,553.69			107,682,670.97		107,688,224.66
3.2 Capital increased and reduced by owners	-46,301,624.00			-239.67	150,117,688.14 ⁻	193,438,720.78 ⁻						-2,980,831.03
3.2.1 Ordinary shares increased by shareholders	-46,301,624.00				123,788,382.82 ⁻							-170,090,006.82
3.2.2 Capital increased by holders of other equity instruments												

3.2.3 Share-based payments included in owners' equity												
3.2.4 Other				-239.67	-26,329,305.32	193,438,720.78	-					167,109,175.79
3.3 Profit distribution									10,768,267.10	-239,613,935.08		-228,845,667.98
3.3.1 Appropriation to surplus reserves									10,768,267.10	-10,768,267.10		
3.3.2 Appropriation to owners (or shareholders)										-228,845,667.98		-228,845,667.98
3.3.3 Other												

3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings												

3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balances as at the end of the period	817,306,010.00			71,383,438.11	246,054,960.86		-35,886.10		1,268,320,542.80	5,791,958,278.26		8,194,987,343.93

Previous period

Unit: RMB

Item	2023											
	Share capital	Other Equity Instruments			Capital reserves	Less: Treasury Stock	Other Comprehensive Income	Specific Reserve	Surplus Reserves	Retained Earnings	Other	Total Owners' Equity
		Preferred Shares	Perpetual Bonds	Other								
1. Balances as at the end of the prior year	887,633,151.00			71,383,830.75	457,252,169.95	154,396,198.73	-30,162.34		1,212,015,596.90	5,600,420,185.06		8,074,278,572.59
Add: Adjustments for changed accounting policies												
Adjustments for corrections of previous errors												
Other												
2. Balances as at the beginning of the year	887,633,151.00			71,383,830.75	457,252,169.95	154,396,198.73	-30,162.34		1,212,015,596.90	5,600,420,185.06		8,074,278,572.59
3. Increase/decrease in the period ("-" for decrease)	-24,025,517.00			-152.97	-61,079,520.95	39,042,522.05	-11,277.45		45,536,678.80	323,469,357.31		244,847,045.69

3.1 Total comprehensive income							-11,277.45			455,366,788.01		455,355,510.56
3.2 Capital increased and reduced by owners	-24,025,517.00			-152.97	-61,079,520.95	39,042,522.05						-124,147,712.97
3.2.1 Ordinary shares increased by shareholders	-24,025,517.00				-76,058,492.62							-100,084,009.62
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity					16,824,114.86							16,824,114.86
3.2.4 Other				-152.97	-1,845,143.19	39,042,522.05						-40,887,818.21
3.3 Profit distribution									45,536,678.80	-131,897,430.70		-86,360,751.90

3.3.1 Appropriation to surplus reserves									45,536,678.80	-45,536,678.80		
3.3.2 Appropriation to owners (or shareholders)										-86,360,751.90		-86,360,751.90
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												

3.4.4 Changes in defined benefit pension schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balances as at the end of the period	863,607,634.00			71,383,677.78	396,172,649.00	193,438,720.78	-41,439.79		1,257,552,275.70	5,923,889,542.37		8,319,125,618.28

III. Company Profile

Lu Thai Textile Co., Ltd. (hereinafter referred to as “the Company”), originally Lu Thai Textile Ltd., was a Sino-foreign joint venture established by Zibo Lucheng Textile Investment Co., Ltd. (formerly Zibo Lucheng Textile Co., Ltd., hereinafter referred to as “Lucheng Textile”) and Tailun (Thailand) Textile Co., Ltd. In February 1993, it was restructured into a joint-stock company.

In July 1997, with the approval of the Securities Committee of the State Council, 80,000,000 foreign shares (B-shares) were listed domestically. On 19 August 1997, it was listed on the SZSE, with the B-share stock code being 200726. On 24 November 2000, the CSRC approved the issuance of an additional 50,000,000 ordinary shares (A-shares), which were listed on the SZSE on 25 December 2000, with the A-share stock code being 000726.

According to the resolution passed at the 10th meeting of the 10th Board of Directors on 19 June 2023 and the *Proposal on Repurchase of Domestically Listed Foreign Shares (B-Stock)* passed at the First Extraordinary General Meeting on 6 July 2023, the Company repurchased and cancelled 46,176,428.00 shares.

According to the resolution passed at the 18th meeting of the 10th Board of Directors on 19 January 2024 and the *Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition* passed at the First Extraordinary General Meeting on 5 February 2024, the Company repurchased and cancelled 66,500.00 shares.

According to the resolution passed at the 22nd meeting of the 10th Board of Directors on 28 May 2024 and the *Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition* passed at the Second Extraordinary General Meeting on 14 June 2024, the Company repurchased and cancelled 59,000.00 shares.

After several capital increases and repurchases, as at 31 December 2024, the Company’s registered capital was RMB817,306,000. Specifically, there were 59,118,000 A-shares and 22,612,600 B-shares.

The Company’s registered address: 61 Luthai Boulevard, High-tech Development Zone, Zibo City, Shandong Province, P.R.China

The Company’s unified social credit code: 91370300613281175K.

The Company’s legal representative: Liu Zibin.

The scope of business of the Company and its subsidiaries shall include general projects: Fabric printing and dyeing processing; garment manufacturing, wholesale; procurement of primary agricultural products; power generation and transmission business. The Company’s financial statements and Notes thereof have been approved by the 30th Meeting of the 10th Board of Directors held on 8 April 2025.

IV. Basis for Preparation of Financial Statements

1. Preparation Basis

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

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

2. Going-concern

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

V. Significant Accounting Policies and Estimates

Specific accounting policies and accounting estimates indicators:

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

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

The financial statements prepared by the Company are in compliance with in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the consolidated, and the Company's financial positions as at 31 December 2024, business results and cash flows for 2024, and other relevant information.

2. Fiscal Year

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

3. Operating Cycle

The Company regards 12 months as an operating cycle.

4. Recording Currency

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

5. Methods for Determining Materiality Standards and Selection Criteria

☒ Applicable ☐ Not applicable

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

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

(1) Business combinations under the same control

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

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

The assets and liabilities of the combined party acquired by the combining party in the combination, shall be measured at the book value of the combined party in the consolidated financial statement of the final controller on the combination date; the difference between the sum of the book value of investment held before combination plus the book value newly paid on the combination date, and the book value of the net assets acquired in combination, is used for adjusting the capital reserve (capital stock premium), and if the capital reserve (capital stock premium) is insufficient to offset, the retained earnings shall be adjusted. The long-term equity investment held by the merging party before it obtained control of the merged party has been confirmed to be relevant between the date of acquiring the original equity and the date when the merging party and the merged party are under the final control of the same party, whichever is later, to the date of merger. Changes in profits and losses, other comprehensive income and other owners' equity should be offset against the opening retained earnings or current profits and losses during the comparative statement period respectively.

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

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

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

(3) Treatment of transaction costs in business combinations

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

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

(1) Criteria for judging control

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

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

(2) Preparation method of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant materials. When preparing consolidated financial statements, the accounting policies and accounting period requirements of the Company and its subsidiaries are consistent, and significant inter-company transactions and balances are offset.

Subsidiaries and businesses increased due to business combinations under the same control during the Reporting Period shall be included into the Company's combination scope since the date when they are jointly controlled by the final controller, and the operating result and cash flow since then shall be respectively included into the consolidated income statement and consolidated cash flow statement.

As for subsidiaries and businesses increase due to business combinations not under the same control during the Reporting Period, the revenue, expenses and profit or those subsidiaries and businesses from the purchase date to the end of the Reporting Period shall be included into the consolidated income statement and the cash flow thereof shall be included into the consolidated cash flow statement.

The share of shareholders' equity in subsidiaries not belonging to the Company shall be regarded as the minority interests and separately listed under the item of shareholders' equity in the consolidated balance sheet. The share of current portion of net profit or loss in subsidiaries belonging to minority interests shall presented as the item of minority interests under the item of net profit in the consolidated income statement. The difference between the losses of subsidiaries born by not-controlling shareholders and the share of the company's owners' equity at the period-beginning the not-controlling shareholders enjoy (the former is larger than the latter) shall be offset the minority interests.

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

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

(1) Joint operations

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

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

- a) It recognises separately held assets and jointly held assets according to the proportion;
- b) It recognises separately assumed liabilities and jointly assumed liabilities according to the proportion;
- c) Income from the sale of the proportion of joint operation output is recognised;
- d) Income from the sale of the joint operation output is recognised according to the proportion.
- e) While the separately incurred fee is recognised, the incurred fee for joint operation is recognised according to the proportion.

(2) Joint ventures

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

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

9. Confirmation Standard for Cash and Cash Equivalent

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

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

(1) Foreign currency business

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

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

(2) Conversion of foreign currency financial statements

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

Items under income and costs in the income statement are translated at the spot exchange rate on the transaction date.

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

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

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

11. Financial Instruments

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

(1) Recognition and derecognition of financial instruments

The Company recognises 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:

- a) The contractual rights for collecting the cash flow of the said financial asset are terminated;
- b) 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 recognises the new financial liability.

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

(2) Classification and measurement of financial assets

The Company classifies financial assets into the following three categories according to the business mode of managing financial assets and the contractual cash flow characteristics of financial assets upon initial recognition: financial assets measured at amortized cost, financial assets

measured at fair value and whose changes are included in other comprehensive income, and financial assets measured at fair value and whose changes are included in current profit and loss.

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

Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

fair value and whose changes are included in other comprehensive income as financial assets measured at fair value and whose changes are included in current profit and loss.

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

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

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

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

(3) Classification and measurement of financial liabilities

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

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

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

Financial liabilities measured at amortized cost

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

Distinction between financial liabilities and equity instruments

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

- a) The contractual obligation to deliver cash or other financial assets to other parties.

- b) The contractual obligation to exchange financial assets or financial liabilities with other parties under potentially unfavourable conditions.
- c) 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.
- d) Derivative contracts that must be or can be settled with the enterprise's own equity instruments in the future, except derivatives contracts that exchange a fixed amount of cash or other financial assets with a fixed amount of its own equity instruments.

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

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

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

(4) Derivative financial instruments and embedded derivatives

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

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

(5) Fair value of financial instruments

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

(6) Impairment of financial assets

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

Financial assets measured at amortized cost;

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

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

Lease receivables;

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

Measurement of expected credit loss

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

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

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

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

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

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

For financial instruments with low credit risk in Stage 1 and Stage 2, the Company shall calculate the interest income according to the carrying balance and effective interest rate before deducting the impairment allowances. For financial instruments in Stage 3, interest income is calculated at the

effective interest rate and on the amortized cost by reducing the allowance for asset impairment from the carrying balance.

The Company calculates interest income based on the book balance before deducting impairment provisions and the effective interest rate for financial instruments in the first and second stages and with low credit risk. The interest income shall be calculated according to their book balance minus the amortized cost after impairment provision and the effective interest rate for financial instruments in the third stage. For receivables such as notes receivable, accounts receivable, accounts receivable financing, other receivables, and contract assets, if the credit risk characteristics of a particular customer significantly differ from those of other customers in the portfolio, or if there is a significant change in the customer's credit risk characteristics, the Company will make receivables withdrawal of bad debt provision separately accrued. Apart from receivables withdrawal of bad debt provision separately accrued are made, the Company classifies receivables into portfolios based on credit risk characteristics and calculates the allowance for doubtful debts on a portfolio basis.

Notes receivable, accounts receivable and contract assets

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

Company will divide the notes receivable, accounts receivable and contract assets into portfolio on the basis of the credit risk features, and calculate the expected credit loss based on the portfolio. The basis for determining the portfolio is as follows:

A. Notes receivable

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

Notes receivable portfolio 2: commercial acceptance bills

B. Accounts receivable

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

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

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

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

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

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

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

Other receivables

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

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

Other receivables portfolio 2: Tax refund receivable

Other receivables portfolio 3: Deposit receivable and security deposit

Other receivables portfolio 4: other receivables

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

Creditors' investment and other creditors' investment

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

Assessment on significant increase of credit risk

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

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

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

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

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

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

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

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

Financial assets with depreciation of credit

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

become financial assets with depreciation of credit. The observable information below can be treated as evidence for credit impairment to financial assets:

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

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

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

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

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

Presentation of expected credit loss provision

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

Verification

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

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

(7) Transfer of financial assets

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

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

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

(8) Offsetting financial assets and financial liabilities

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

12. Measurement of Fair Value

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

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

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

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

The Company adopts valuation techniques that are applicable in the current situation and have sufficient available data and other information to support it. Priority is given to using relevant observable input values. Only when observable input values are unavailable or are not feasible to obtain, the unobservable input values can be used.

For assets and liabilities measured or disclosed at fair value in the financial statements, the fair value hierarchy to which they belong is determined based on the lowest level input value that is important to the fair value measurement as a whole: the first level input value is the unadjusted quotation of the same assets or liabilities able to be obtained in an active market on the measurement date; the second level input value is the directly or indirectly observable input value of the relevant asset or liability except the first level input value; the third level input value is unobservable input value of related assets or liabilities.

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

13. Inventory

(1) Classification

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

(2) Valuation method of inventories acquiring and issuing

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

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

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

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

The Company generally provides for inventory depreciation on a per-item basis. For inventories that are numerous in quantity and low in unit price, an allowance for inventory impairment is provided based on inventory categories.

On the balance sheet date, if the factors affecting the value of inventories previously written down have disappeared, the provision for inventory write-downs is reversed to the extent of the original amount provided.

(4) Stock system of inventory

The perpetual inventory system is maintained for stock system.

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

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

14. Long-term Equity Investments

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

(1) Determination of initial investment cost

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

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

(2) Subsequent measurement and profit and loss confirmation method

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

For long-term equity investments that are accounted for using the cost method, in addition to the cash dividends or profits that have been declared but not yet included in the actual payment or consideration included in the investment, the cash dividends or profits declared by the invested entity are recognised 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 recognised separately according to the share of net profit and loss and other comprehensive income realized by the invested unit that should be enjoyed or shared, and the book value of the long-term equity investment is adjusted at the same time; The distribution of profits or cash dividends should be calculated to reduce the book value of long-term equity investment; the investee's other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution, adjust the book value of long-term equity investment and Included in capital reserves (other capital reserves). When confirming the share of the investee's net profit or loss, based on the fair value of the investee's identifiable assets at the time of investment, and in accordance with the Company's accounting policies and accounting period, the net profit of the investee Confirm after making adjustments.

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

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

If the control of the invested unit is lost due to the disposal of part of the equity investment, if the remaining equity after the disposal can exercise joint control or exert significant influence on the invested unit, the equity method is used for accounting and the remaining equity is treated as When acquiring, the equity method is adopted for adjustment; if the remaining equity after disposal cannot exercise joint control or exert significant influence on the investee, the accounting shall be changed according to the relevant provisions of "Accounting Standards for Business Enterprises No. 22-

Recognition and Measurement of Financial Instruments The difference between the fair value and the book value on the date of loss of control is included in the current profit and loss.

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

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

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

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

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

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

(4) Impairment test method and impairment provision method

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

15. Investment Property

Measurement model of investment real estate

Costing method measurement

Depreciation or amortization method

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

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

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

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

16. Fixed Assets

(1) Conditions for Recognition

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

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

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

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

(2) Depreciation Methods

Category	Method	Useful Life	Salvage Value (%)	Annual Deprecation (%)
Houses and buildings	Average method of useful life	5-30	0-10	20.00-3.00
Machinery equipment	Average method of useful life	10-18	0-10	10.00-5.00
Transportation equipment	Average method of useful life	5	0-10	20.00-18.00
Electronic equipment and others	Average method of useful life	5	0-10	20.00-18.00

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

See the Note V-22 for details.

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

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

(5) Disposal of Fixed Assets

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

17. Construction in Progress

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

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

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

18. Engineering Materials

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

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

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

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

19. Borrowing Costs

(1) Confirmation principle of Capitalized Borrowing Expense

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

- a) 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;
- b) Borrowing expenses have occurred;

c) The acquisition, construction or production activities required for making assets usable or saleable as intended have started.

(2) Capitalization period of borrowing expenses

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

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

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

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

In the period of capitalization, the exchange difference of special borrowing in foreign currency is fully capitalized; the exchange difference of special borrowing in foreign currency is included in the current profits and losses.

20. Intangible Assets

The Company's intangible assets include land use rights, software licenses, patents, and others.

Intangible assets are initially measured at cost, and their service life is analysed 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	Notes
Land use right	Stipulated in the land certificate	Method of line	
Patent use right	Ten years	Method of line	
Software use rights	One to three years	Method of line	
Trademark right	Ten years	Method of line	

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

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

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

21. Research and Development Expenditures

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

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

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

The development expenditures can be capitalized only when they satisfy the following conditions simultaneously: It is feasible technically to finish intangible assets for use or sale; It is intended to finish and use or sell the intangible assets; 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; 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; The development expenditures of the intangible assets can be reliably measured. The development expenditures shall be recorded into profit or loss for the current period when they don't satisfy the following conditions.

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

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

22. Impairment of Long-term Assets

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

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

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

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

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

In the impairment test, if there is any sign of impairment in the asset group or combination of asset groups related to business reputation, first, impairment test shall be carried out on the asset group or combination of asset groups not containing business reputation, to calculate the recoverable amount and recognise 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 recognised.

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

23. Long-term Deferred Expenses

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

24. Payroll

(1) Scope of Employee Remuneration

Payroll refers to the various forms of remuneration or compensation given by an enterprise for services provided by employees or for the termination of employment relations. Payroll mainly includes short-term salary, welfare after departure, demission welfare, and other long-term staff welfare. Benefits provided to employees' spouses, children, dependents, survivors of deceased employees, and other beneficiaries also belong to the payroll.

Based on liquidity, payroll is presented in the balance sheet under the items "payroll payable" and "long-term payroll payable".

(2) Accounting Treatment of Short-term Compensation

During the accounting period in which employees provide services, the Company recognises 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.

(3) 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 recognised as a liability and included in the current profit and loss or related asset costs.

(4) Accounting Treatment of the Demission Welfare

The Company relieves the labour relation with the employees before the due date of the labour 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 labour 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.

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

Other long-term employee benefits provided by the Company to employees that meet the conditions of defined contribution plans shall be handled in accordance with the above-mentioned relevant provisions on defined contribution plans. Those in line with the defined benefit plan shall be handled in accordance with the above-mentioned relevant provisions on the defined benefit plan. However, the part of "changes caused by 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. Provisions

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

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

The provisions are initially measured in accordance with the optimal estimate of the necessary expenditures for the fulfilment of the current obligation, with factors such as risks, uncertainty and the time value of money related to contingencies taken into consideration comprehensively. Where the time value of money has a significant impact, the best estimate is determined by discounting the

relevant future cash outflow. The Company re-checks the book value of the provisions on the balance sheet date and adjusts the book value to reflect the current best estimate.

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

26. Share-based Payments and Equity Instruments

(1) Category of share-based payment

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

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

The Company shall determine the fair value of equity instruments such as options granted in active markets according to the quotations in active markets. For granted equity instruments such as options without active markets, the fair value is determined by option pricing model. The following factors shall be considered for the selected option pricing model: a) Exercise price of the option; b) Expiration date of the option; c) Current price of the object shares; d) Expected fluctuation rate of stock price; e) Estimated dividends of shares; f) Risk-free interest rate within the option term.

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

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

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

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

When the Company modifies a share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in the services acquired shall be recognised accordingly according to the increase in the fair value of the equity instruments; if the modification increases the number of equity instruments granted, the fair value of the increased equity instruments shall be recognised accordingly as the increase in the services acquired. The increase in the fair value of the equity instruments refers to the difference between the fair values of the equity instruments before and after the modification on the modification date. If the modification reduces the total fair value of the share-based payment or any other method not conducive to the employees is adopted to modify the terms and conditions of the share-based payment plan, the accounting

treatment of the services acquired would continue, as if such change had never occurred, unless the Company cancels some or all of the granted equity instruments.

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

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

27. Revenue

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

(1) General principle

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

If a contract contains two or more performance obligations, the Company allocates transaction price to single performance obligations on the contract commencement date according to the relative ratio of separate price of goods or services committed by single performance obligation, and income is measured according to the transaction price allocated to single performance obligation.

When meeting one of the following conditions, the Company belongs to performance of contract performing obligations in a period, or otherwise, the Company belongs to performance of contract performing obligations at a point of time:

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

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

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

- a) The Company enjoys the current collection right to the goods or services, i.e. the customer undertakes current payment obligation to the goods.
- b) The Company has transferred the legal ownership of the goods to the customer, that is, the customer has owned the legal ownership of the goods.
- c) The Company has transferred the kind of the goods to the customer, namely, the customer has possessed the good in kind.
- d) The Company has transferred the major risks and remuneration on the ownership of the goods, i.e. the customer has acquired the major risks and remuneration on the ownership of the goods.
- e) The customer has accepted the goods or services.
- f) Other indications showing that the customer has acquired the control right to the goods.

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

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

(2) Specific methods

The specific income confirming methods of the Company are following:

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

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

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

Not applicable

28. Contract Costs

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

The incremental cost incurred for acquiring contract refers to the cost that will not occur if the Company has not acquired contract (for example, sales commission). If the cost is expected to be

recovered, the Company regards it as contract acquiring cost and confirms it as an asset. The expenses incurred by the Company for acquiring contract, other than the incremental cost expected to be recovered, are included in the current profits and losses at the time of occurrence.

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

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

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

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

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

29. Government Grants

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

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

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

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

The government grants related to assets shall be recognised as the deferred income, which shall be included in the profit and loss in instalment in a reasonable and systematic way within the service life of the relevant assets. Income-related government grants which are used to compensate the relevant costs or losses incurred shall be included in the current profit and loss. Those used to compensate the relevant costs or losses in the later period shall be included in the deferred income, and shall be included in the current profit and loss during the recognition period of the relevant

costs or losses. The government grants measured according to the nominal amount shall be directly included in the current profit and loss. The same method is adopted for the same or similar government subsidy businesses of the Company.

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

When the recognised government grants need to be returned, and are used to offset the carrying value of related assets when initially recognised, the carrying value of the assets shall be adjusted; the book balance of relevant deferred income shall be offset if there is a balance of relevant deferred income, and the excess part shall be included in the current profit and loss. Otherwise, it shall be directly included in the current profit and loss.

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

30. Deferred Income Tax Assets/Deferred Income Tax Liabilities

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

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

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

- (1) The initial recognition of business reputation or the initial recognition of assets or liabilities arising from transactions with the following characteristics: The transaction is not a business merger, and does not affect the accounting profit or taxable income when it occurs (Excluding transactions that initially recognised assets and liabilities resulting in equal taxable temporary differences and deductible temporary differences.);
- (2) Regarding the taxable temporary difference related to the investment of subsidiaries, joint ventures and associated enterprises, the time of reversal of the temporary difference can be controlled and the temporary difference is unlikely to be reversed in the foreseeable future.

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

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

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

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

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

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

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

31. Lease

(1) Identification of lease

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

(2) As the lessee

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

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

Lease liabilities are initially measured in line with the lease payments not yet paid on the commencement date of the lease term using the present value calculated by the interest rate implicit in lease. If the interest rate implicit in lease cannot be determined, the incremental borrowing rate shall be used as the discount rate. Lease payments include: Fixed payment and substantial fixed payment, and the relevant amount after deducting the lease incentive if any; variable lease payments depending on index or ratio; exercise price of the purchased option, provided that the lessee reasonably determines that the option will be exercised; the amount to be paid for the exercise of the lease termination options, provided that the lease term reflects that the lessee will exercise the options to terminate the lease; and estimated payments due to the guaranteed residual value

provided by the lessee. Subsequently, it calculates the interest expenses of the lease liabilities during each period of the lease term at a fixed periodic interest rate, and includes them in current profit and loss. Variable lease payments that are not covered in the measurement of the lease liabilities are included in current profit or loss when actually incurred.

Short-term lease

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

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

Low-value asset lease

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

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

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

Lease change

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

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

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

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

(3) As the lessor

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

Financial lease

In a finance lease, the Company recognises the net lease investment as the book value of finance lease receivables on the commencement date of the lease term. The net lease investment is the sum of the unguaranteed residual value and the present value of lease receivables not yet received on the commencement date of the lease term at the interest rate implicit in lease. The Company calculates and confirms the interest income at a fixed periodic interest rate in each period in the lease term.

Variable lease payments obtained that are not included in the net lease investment for measurement, where the Company is the lessor, are included in the profit or loss of the current period when actually incurred.

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

Operating leases

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

Lease change

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

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

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

32. Right-of-Use Assets

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

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

At the start date of the lease term, the Company initially measures the right-of-use assets at cost. The cost includes: the initial measurement amount of lease obligations; the lease payment amount paid on or prior to the inception of the lease (less the related amount of lease incentives already enjoyed if any); the initial direct cost incurred by the lessee; and the anticipated cost of dismantling and removing the leasehold property, restoring the site where the leasehold property is located, or bringing the leasehold property back to the state agreed upon in the lease terms. As the lessee, the Company shall recognise and measure the cost of demolition and restoration in accordance with the

Accounting Standards for Business Enterprises No.13 - Contingencies. Subsequent adjustments are made for any re-measurement of the lease liabilities.

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

The Company uses the straight-line method for depreciation.

Where it can be reasonably certain that the Company, the lessee, can obtain ownership of the leased assets at the expiry of the lease term, the leased assets are depreciated over the residual service life. If the Company cannot reasonably determine that it can acquire the ownership of underlying assets upon the expiration of the lease term, the depreciation of such underlying assets is recognised during the shorter period between the lease term and the service life of the underlying assets.

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

33. Cost of Safety Production and Maintenance

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

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

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

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

34. Repurchase of Shares

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

The transfer of inventory shares shall be credited to the capital reserve on the basis of the difference between the amount actually received and the carrying amount of the treasury stock. Write off surplus reserves and undistributed profits if capital reserves are insufficient to offset. Write-off of treasury stocks can reduce shares in par with par value and number of write-out stocks. The capital reserve is offset based on the difference between book balance and face value of cancelled treasury stocks. Write off surplus reserves and undistributed profits if capital reserves are insufficient to offset.

35. Material Accounting Judgments and Estimates

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

Classification of financial assets

The significant judgments involved when the Company determines the classification of financial assets include analysis of business models and contractual cash flow characteristics.

The Company determines the business model for managing financial assets at the level of the financial asset portfolio, taking into account factors such as the approach of evaluating and reporting the performance of financial assets to key management personnel, the risks affecting the performance of financial assets and the manner in which they are managed, and way in which the relevant business management personnel are compensated. When the Company evaluates whether the contractual cash flows of financial assets are consistent with the basic lending arrangements, it makes the following main judgments: whether the time distribution or amount of the principal may change during the duration due to early repayment; whether the interest is only Includes time value of money, credit risk, other fundamental lending risks and consideration against costs and profits. For example, whether the amount of early repayment reflects only the outstanding principal and interest based on the outstanding principal, as well as reasonable compensation paid for early termination of the contract.

Measurement of expected credit losses of accounts receivable

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

Goodwill impairment

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

Deferred income tax assets

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

Determination of fair value of unlisted equity investment

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

36. Changes in Main Accounting Policies and Estimates

(1) Significant Changes in Accounting Policies

☐ Applicable ☒ Not applicable

(2) Significant Changes in Accounting Estimates

☐ Applicable ☒ Not applicable

VI Taxation

1. Main Taxes and Tax Rate

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

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

Taxpayer	Income tax rate
The Company	15%
Lufeng Company Limited	15%
Lulian New Materials	15%
Lu Thai Hong Kong	16.50%
Luqun Textile	25%
Xinsheng Power	25%
Shanghai Luthai	20%
Lujia Import & Export	20%
Zhishu Consulting	20%
Lu Thai Occupational Training School	0%
Banyang Mountain Villa	20%
Huilin International	15%
Tianyi Apparel	0%
VACL	11%

2. Tax Preference

In accordance with the *Notice for Announcing the First Batch of Hi-tech Enterprise Identification List of Shandong Province in 2023* with reference No. Lu Ke Zi [2024] 4, the Company was identified as a hi-tech enterprise, and the certificate issuing date was 29 November 2023; the majority-owned subsidiary LuFeng Company Limited was identified as a hi-tech enterprise, and the certificate issuing date was 29 November 2023. In accordance with the *Notice for Announcing Hi-tech Enterprise List of Shandong Province in 2022*, the majority-owned subsidiary Lulian New Materials was identified as a hi-tech enterprise, and the certificate issuing date was 12 December

2022. Therefore, in accordance with Article 28 of the *Enterprise Income Tax Law of the People's Republic of China* and the *Announcement of the State Administration of Taxation on Issues Concerning the Implementation of Preferential Income Tax Policies for High-tech Enterprises* (Announcement No. 24 [2017] of the State Administration of Taxation), the applicable enterprise income tax rate shall be 15%. The wholly-owned subsidiaries, including Shanghai Lu Thai, Zhishu Consulting, Banyang Villa, and Lujia Import and Export have been recognised as small, low-profit enterprises. According to the *Announcement of the Ministry of Finance and the State Taxation Administration on Preferential Income Tax Policies for Small, Low-profit Enterprises and Privately or Individually-owned Businesses* (Announcement No. 6 [2023] of the Ministry of Finance and the State Taxation Administration) and *Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises* (Announcement No. 13 [2022] of the Ministry of Finance and the State Taxation Administration), the portion of the annual taxable income of small, low-profit enterprises not exceeding RMB3 million shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at the tax rate of 20%.

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

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

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

The wholly-owned subsidiary, Tianyi Apparel, enjoys a three-year corporate income tax exemption starting from the operating year, in accordance with the Myanmar Investment Law issued by the Myanmar Parliament. After grace period, enterprise income tax rate was of 22%. 2024 is the first year of the tax exemption period.

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

VII. Notes to Main Items of Consolidated Financial Statements

1. Monetary Assets

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	4,283,695.11	2,633,018.72
Bank deposits	2,051,573,093.26	1,280,487,534.58

Other monetary funds		275,131,494.73
Total	2,055,856,788.37	1,558,252,048.03
Of which: total amount deposited overseas	293,656,210.45	271,126,295.17

Other notes:

As at 31 December 2024, the restricted cash amounted to RMB0.

The bank deposits include accrued interest of RMB10,960,046.31.

2. Trading Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	693,972,672.64	723,800,275.39
Of which:		
Investment in debt instruments	230,874,092.14	203,706,725.51
Equity instrument investment	462,622,130.31	509,832,518.35
Derivative financial assets	476,450.19	10,261,031.53
Of which:		
Total	693,972,672.64	723,800,275.39

3. Notes Receivable

(1) Notes Receivable Listed by Category

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills	50,959,990.35	99,642,708.67
Trade acceptance notes	380,000.00	
Total	51,339,990.35	99,642,708.67

(2) Disclosure by Withdrawal Methods for Bad Debts

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	amount	Withdrawal proportion	
Of which:										
Notes receivable of bad debt provision withdrawn by groups	51,359,990.35	100.00%	20,000.00	0.04%	51,339,990.35	99,642,708.67	100.00%			99,642,708.67
Of which:										
Commercial acceptance bills	400,000.00	0.78%	20,000.00	5.00%	380,000.00					
Bank acceptance bills with low credit ratings	50,959,990.35	99.22%			50,959,990.35	99,642,708.67	100.00%			99,642,708.67
Total	51,359,990.35	100.00%	20,000.00		51,339,990.35	99,642,708.67	100.00%			99,642,708.67

Provision for bad debts on a portfolio basis: Bank acceptance bills with low credit ratings

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Bank acceptance bills with low credit ratings	50,959,990.35		
Total	50,959,990.35		

Notes to the determination basis for the group:

Based on the fact that the likelihood of loss on the notes receivable is minimal and the amount of expected credit losses on the notes receivable is not material, the Company has not provided for bad debts on the notes receivable.

Bad debt provision for commercial acceptance bills is made on a portfolio basis, considering the aging and credit risk characteristics of the bills.

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Commercial acceptance bills	400,000.00	20,000.00	5.00%
Total	400,000.00	20,000.00	

Notes to the determination basis for the group:

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

☐ Applicable ☒ Not applicable

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

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the current period				Ending balance
		Withdrawal	Reversed or recovered	Verification	Other	
Commercial acceptance bills		20,000.00				20,000.00
Total		20,000.00				20,000.00

Including: Significant amount of provision for bad debts recovered or reclassified in the Reporting Period:

☐ Applicable ☒ Not applicable

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

Unit: RMB

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bills		34,463,775.21
Total		34,463,775.21

4. Accounts Receivable

(1) Disclosure by Aging

Unit: RMB

Aging	Ending balance	Beginning carrying amount
Within one year (including 1 year)	904,143,884.57	878,555,822.01
One to two years	2,598,409.10	3,129,451.20
Two to three years	767,071.40	143,033.80
More than three years	435,318.77	7,777,701.22
Three to four years	206,818.00	3,717,366.06
Four to five years	195,961.82	4,037,499.15
Over 5 years	32,538.95	22,836.01
Total	907,944,683.84	889,606,008.23

(2) Disclosure by Withdrawal Methods for Bad Debts

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable withdrawal of Bad debt provision separately accrued	1,380,525.86	0.15%	1,380,525.86	100.00%		5,481,360.70	0.62%	5,481,360.70	100.00%	
Of which:										
Accounts receivable withdrawal of bad debt provision of by group	906,564,157.98	99.85%	57,395,618.71	6.33%	849,168,539.27	884,124,647.53	99.38%	57,656,962.75	6.52%	826,467,684.78
Of which:										
Group 1: Undue accounts (L/C)	164,066,967.38	18.07%			164,066,967.38	158,223,236.80	17.79%			158,223,236.80
Undue accounts (credit insurance insured)	108,041,036.63	11.90%	1,134,430.94	1.05%	106,906,605.69	137,080,593.18	15.41%	1,439,346.21	1.05%	135,641,246.97
Undue accounts (no credit insurance)	489,845,177.53	53.95%	24,492,258.89	5.00%	465,352,918.64	447,692,502.26	50.32%	22,384,625.09	5.00%	425,307,877.17
Overdue accounts (credit insurance insured)	42,135,584.31	4.64%	6,615,286.73	15.70%	35,520,297.58	47,975,300.48	5.39%	7,532,122.16	15.70%	40,443,178.32
Overdue accounts (no credit insurance)	102,475,392.13	11.29%	25,153,642.15	24.55%	77,321,749.98	93,153,014.81	10.47%	26,300,869.29	28.23%	66,852,145.52
Total	907,944,683.84	100.00%	58,776,144.57	6.47%	849,168,539.27	889,606,008.23	100.00%	63,138,323.45	7.10%	826,467,684.78

Bad debt provision separately accrued: 2024

Unit: RMB

Name	Beginning balance		Ending balance			
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdraw
Customer 1	2,751,489.34	2,751,489.34	1,380,525.86	1,380,525.86	100.00%	Customer in financial difficulty
Customer 2	2,729,871.36	2,729,871.36				
Total	5,481,360.70	5,481,360.70	1,380,525.86	1,380,525.86		

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

☐ Applicable ☒ Not applicable

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

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the current period				Ending balance
		Withdrawal	Reversed or recovered	Verification	Other	
Bad debt provision	63,138,323.45	2,992,091.75		7,354,270.63		58,776,144.57
Total	63,138,323.45	2,992,091.75		7,354,270.63		58,776,144.57

(4) Accounts Receivable Written-off in Current Period

Unit: RMB

Item	Written-off amount
Written-off accounts receivable	7,354,270.63

Notes to verification of accounts receivable:

There were no write-offs of significant accounts receivable.

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

Unit: RMB

Name of entity	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion to total ending balance of accounts receivable and contract assets	Ending balance of bad debt provision of accounts receivable and impairment provision for contract assets
Customer 1	69,454,344.81		69,454,344.81	7.65%	60,655.12
Customer 2	39,391,513.18		39,391,513.18	4.34%	845,465.98
Customer 3	35,537,927.65		35,537,927.65	3.91%	8,422,488.85
Customer 4	29,274,136.33		29,274,136.33	3.22%	1,463,706.81
Customer 5	27,576,176.52		27,576,176.52	3.04%	1,489,797.05
Total	201,234,098.49		201,234,098.49	22.16%	12,282,113.81

5. Accounts Receivable Financing

(1) Accounts Receivable Financing Listed by Category

Unit: RMB

Item	Ending balance	Beginning balance
Notes receivable	10,234,905.61	18,336,324.55
Less: Other comprehensive income-fair value change	-50,005.02	-88,118.79
Total	10,184,900.59	18,248,205.76

(2) Other Notes

The Company and some subsidiaries, based on their daily cash management needs, discount and endorse a portion of the bank acceptance bills. Therefore, the bank acceptance bills with high credit ratings from the Company and these subsidiaries are classified as financial assets measured at fair value with changes recognised in other comprehensive income.

There was no bank acceptance bill for which bad debt provision accrued separately in the Company. On December 31, 2024, the Company believed that there was no significant credit risk in the bank acceptance bill held by the Company, and no significant loss caused by bank defaults.

(1) At the end of the period, the Company has no pledged receivables

(2) At the end of the period, the Company has endorsed or discounted receivables that are not yet due.

Category	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bills	154,967,910.84	
Trade acceptance notes		
Total	154,967,910.84	

The bank acceptance bill used for discount is accepted by a bank with high credit grade, the credit risk and deferred payment risk are low, and the interest rate risk related to the bill has been transferred to the bank. It can be judged that the main risk and reward on the ownership of the bill have been transferred, so the bank acceptance bill was derecognised at the period-end.

6. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	23,107,489.38	22,168,807.43
Total	23,107,489.38	22,168,807.43

(1) Other Accounts Receivable

1) Other Receivables Classified by Nature

Unit: RMB

Nature	Ending balance	Beginning carrying amount
Export rebates	4,399,746.28	3,798,857.69
VAT to be returned	7,514,820.14	7,283,733.09
Payment on behalf	8,666,645.96	8,669,608.81
Guarantee deposit and cash deposit	2,181,386.82	1,613,961.78

Borrowings and petty cash	1,255,511.54	1,962,604.48
Other	5,311,251.41	5,078,173.43
Total	29,329,362.15	28,406,939.28

2) Disclosure by Aging

Unit: RMB

Aging	Ending balance	Beginning carrying amount
Within one year (including 1 year)	18,125,208.20	17,090,150.86
One to two years	1,153,509.15	7,685,279.13
Two to three years	6,434,852.90	177,000.00
More than three years	3,615,791.90	3,454,509.29
Three to four years	166,000.00	35,020.00
Four to five years	846.87	78,300.00
Over 5 years	3,448,945.03	3,341,189.29
Total	29,329,362.15	28,406,939.28

3) Withdrawal of Bad Debt Provision

Bad debt provision in the first stage at the period-end:

Category	Carrying amount	Expected rate of credit losses in the next 12 months (%)	Bad debt provision	Carrying value	Reason
Bad debt provision separately accrued					
Withdrawal of bad debt provision by group	18,670,016.05	5.00	933,500.80	17,736,515.25	
Tax receivable	4,399,746.28	5.00	219,987.32	4,179,758.96	Not past due
Security deposit and margin receivable	2,181,386.82	5.00	109,069.34	2,072,317.48	Not past due
VAT to be returned	879,184.02	5.00	43,959.20	835,224.82	Not past due
Other receivables	11,209,698.93	5.00	560,484.94	10,649,213.99	Not past due
Total	18,670,016.05	5.00	933,500.80	17,736,515.25	

Bad debt provision in the second stage at the period-end:

Category	Carrying amount	Expected credit loss rate for the entire duration (%)	Bad debt provision	Carrying value	Reason
Bad debt provision separately accrued					
Withdrawal of bad debt provision by group	10,496,334.05	48.83	5,125,359.92	5,370,974.13	
VAT to be returned	6,635,636.12	48.83	3,240,181.12	3,395,455.00	Over due
Other receivables	3,860,697.93	48.83	1,885,178.80	1,975,519.13	Over due
Total	10,496,334.05	48.83	5,125,359.92	5,370,974.13	

Bad debt provision in the third stage at the period-end:

Category	Carrying amount	Expected credit loss rate for the entire	Bad debt provision	Carrying value	Reason
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		duration (%)			
Bad debt provision separately accrued	163,012.05	100.00	163,012.05		
Customer 1	163,012.05	100.00	163,012.05		Customer in financial difficulty
Total	163,012.05	100.00	163,012.05		

Bad debt provision in the first stage at the end of the previous year:

Category	Carrying amount	Expected rate of credit losses in the next 12 months (%)	Bad debt provision	Carrying value	Reason
Bad debt provision separately accrued					
Withdrawal of bad debt provision by group	17,605,269.82	5.00	880,263.44	16,725,006.38	
Tax receivable	3,798,857.69	5.00	189,942.89	3,608,914.80	Not past due
Security deposit and margin receivable	1,613,961.78	5.00	80,698.09	1,533,263.69	Not past due
VAT to be returned	303,857.45	5.00	15,192.87	288,664.58	Not past due
Other receivables	11,888,592.90	5.00	594,429.59	11,294,163.31	Not past due
Total	17,605,269.82	5.00	880,263.44	16,725,006.38	

Bad debt provision in the second stage at the end of the previous year:

Category	Carrying amount	Expected credit loss rate for the entire duration (%)	Bad debt provision	Carrying value	Reason
Bad debt provision separately accrued					
Withdrawal of bad debt provision by group	10,638,657.41	48.83	5,194,856.36	5,443,801.05	
VAT to be returned	6,979,875.64	48.83	3,408,273.28	3,571,602.36	Over due
Other receivables	3,658,781.77	48.83	1,786,583.08	1,872,198.69	Over due
Total	10,638,657.41	48.83	5,194,856.36	5,443,801.05	

Bad debt provision in the third stage at the end of the previous year:

Category	Carrying amount	Expected credit loss rate for the entire duration (%)	Bad debt provision	Carrying value	Reason
Bad debt provision separately accrued	163,012.05	100.00	163,012.05		
Customer 1	163,012.05	100.00	163,012.05		Customer in financial difficulty
Total	163,012.05	100.00	163,012.05		

4) Bad Debt Provision Withdrawn, Reversed or Recovered in the Current Period

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the current period				Ending balance
		Withdrawal	Reversed or recovered	Charged-off/Written-off	Other	
Expected credit loss of the next 12 months at the first stage	880,263.44	65,071.04		11,833.68		933,500.80
Expected loss in the duration (credit impairment not occurred) at the second stage	5,194,856.36		69,496.44			5,125,359.92
Expected loss in the duration (credit impairment occurred) at the third stage	163,012.05					163,012.05
Total	6,238,131.85	65,071.04	69,496.44	11,833.68		6,221,872.77

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

Unit: RMB

Name of entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables %	Ending balance of bad debt provision
Customer 1	Rebate of VAT	7,514,820.14	Within 1 year, 1 to 2 years, 2 to 3 years and over 3 years	25.62%	3,284,140.33
Customer 2	Payment on behalf	5,902,639.81	Within 1 year	20.13%	295,131.99
Customer 3	Export rebates	4,399,746.28	Within 1 year	15.00%	219,987.31
Customer 4	Payment on behalf	1,425,253.29	Within 1 year	4.86%	71,262.66
Customer 5	Payment on behalf	1,173,027.75	Within 1 year	4.00%	58,651.39
Total		20,415,487.27		69.61%	3,929,173.68

7. Prepayment

(1) Prepayment Listed by Aging Analysis

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	94,018,468.42	99.66%	51,843,880.46	99.96%
One to two years	321,877.26	0.34%	17,437.82	0.04%
More than three years			2,129.28	
Total	94,340,345.68		51,863,447.56	

Notes of the reasons of the prepayment aging over 1 year with significant amount but failed settled in time:

There were no significant prepayments aged over one year during the year.

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

Other notes: The advances to suppliers from the top five of prepaid parties classified based on the ending balance totals RMB85,110,945.93 in the current period, accounting for 90.22% of the total ending balance of the advances to suppliers.

8. Inventory

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

Not

(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 materials	806,501,875.49	55,650,999.99	750,850,875.50	961,742,257.63	48,846,493.37	912,895,764.26
Work-in-progress	520,394,109.82	6,229,881.12	514,164,228.70	504,407,562.92	11,183,192.80	493,224,370.12
Inventory goods	952,987,895.46	208,856,231.77	744,131,663.69	886,717,966.10	181,209,030.54	705,508,935.56
Commissioned products	10,737,638.41		10,737,638.41	12,510,504.76		12,510,504.76
Total	2,290,621,519.18	270,737,112.88	2,019,884,406.30	2,365,378,291.41	241,238,716.71	2,124,139,574.70

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

Unit: RMB

Item	Beginning balance	Increased amount of the current period		Decreased amount for the current period		Ending balance
		Withdrawal	Other	Transferred-back or charged-off	Other	
Raw materials	48,846,493.37	9,933,886.27		3,129,379.65		55,650,999.99
Work-in-progress	11,183,192.80			4,953,311.68		6,229,881.12
Inventory goods	181,209,030.54	72,555,066.14		44,907,864.91		208,856,231.77
Total	241,238,716.71	82,488,952.41		52,990,556.24		270,737,112.88

Item	The specific basis for determining the net realizable value	Reasons for charge-off/write-off of inventory falling price reserves in the current period
Raw materials	Estimated selling price deducts the estimated selling expense and the relevant taxes	Sales
Inventory goods	Estimated selling price deducts the estimated selling expense and the relevant taxes	Sales
Work-in-progress	Estimated selling price of finished goods deducts the cost estimated until completion, estimated sales taxes and relevant taxes	Sales

9. Current portion of non-current assets

Unit: RMB

Item	Ending balance	Beginning balance
Debt investment due within one year	150,000,000.00	
Interest payable of investment in debt obligations	4,176,585.64	
Total	154,176,585.64	

(1) Investments in Debt Obligations Due within One Year

☒ Applicable ☐ Not applicable

1) Significant debt investments maturing within one year at the end of the period

Unit: RMB

Item	Par value	Coupon rate	Maturity	Actual interest rate		Overdue principal	
				Ending balance	Beginning balance	Ending balance	Beginning balance
Return voucher	150,000,000.00	3.00%	22 December 2025				
Total	150,000,000.00						

(2) Other Investments in Debt Obligations Due within One Year

☐ Applicable ☒ Not applicable

10. Other Current Assets

Unit: RMB

Item	Ending balance	Beginning balance
Other tax	8,592,405.88	801,750.09
Prepaid income tax	37,101.68	2,774,815.63
Prepaid other taxes	205,457.78	3,453,982.70
Convertible broken lot fund	199,662.42	199,680.79
Deposit for recognisance	49,999,919.97	137,881,884.82
Total	59,034,547.73	145,112,114.03

11. Long-term Equity Investment

Unit: RMB

Investee	Beginning balance (carrying value)	Beginning balance of depreciation reserve	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserve
			Additional investment	Reduced investment	Gains and losses recognised under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint ventures												
II. Associated enterprises												
Ningbo Meisham Bonded Port Area Haohong	48,257,699.71				16,932,009.13	-					31,325,690.58	

Equity Investment Partnership (L.P) (hereinafter referred to as "Haohong Investment")												
Ningbo Haoying Equity Investment Partnership (L.P) (hereinafter referred to as "Haoying Investment")	95,279,780.06				-6,521,199.35						88,758,580.71	
Subtotal	143,537,479.77				-	23,453,208.48					120,084,271.29	
Total	143,537,479.77				-	23,453,208.48					120,084,271.29	

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

12. Other Non-current Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Equity instrument investment	70,800,000.00	76,750,000.00
Financial assets assigned measured by fair value and the changes be included in the current gains and losses	12,000,000.00	12,000,000.00
Total	82,800,000.00	88,750,000.00

13. Investment Property

(1) Investment Property Adopting the Cost Measurement Mode

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original carrying value				
1. Beginning balance	33,708,658.12			33,708,658.12
2. Increased amount for the current period				
(1) Outsourcing				
(2) Transfer from inventory/fixed assets/construction in progress				
(3) Business combination increase				
3. Decreased amount for the current period				
(1) Disposal				

(2) Other transfer				
4. Ending balance	33,708,658.12			33,708,658.12
II. Accumulative depreciation and accumulative amortization				
1. Beginning balance	14,130,482.19			14,130,482.19
2. Increased amount for the current period	902,642.30			902,642.30
(1) Withdrawal or amortization	902,642.30			902,642.30
3. Decreased amount for the current period				
(1) Disposal				
(2) Other transfer				
4. Ending balance	15,033,124.49			15,033,124.49
III. Depreciation reserves				
1. Beginning balance				
2. Increased amount for the current period				
(1) Withdrawal				
3. Decreased amount for the current period				
(1) Disposal				
(2) Other transfer				
4. Ending balance				
IV. Carrying value				
1. Ending carrying value	18,675,533.63			18,675,533.63
2. Beginning carrying value	19,578,175.93			19,578,175.93

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(2) Investment Property Adopting the Fair Value Measurement Mode

☐ Applicable ☒ Not applicable

14. Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	6,053,755,987.08	5,597,692,505.07
Liquidation of fixed assets		
Total	6,053,755,987.08	5,597,692,505.07

(1) List of Fixed Assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment and others	Total
I. Original carrying value:					
1. Beginning balance	3,771,409,356.61	7,498,350,318.66	55,476,805.41	130,828,101.77	11,456,064,582.45
2. Increased amount for the current period	431,603,027.12	556,519,470.71	6,071,045.62	18,029,952.11	1,012,223,495.56
(1) Purchase	17,050.66	536,700,439.47	5,877,573.44	17,909,841.29	560,504,904.86
(2) Transfer from construction in progress	415,431,437.32	2,803,693.83			418,235,131.15
(3) Business combination increase					
(4) Other increase	16,154,539.14	17,015,337.41	193,472.18	120,110.82	33,483,459.55
3. Decreased amount for the current period	49,606,894.55	55,372,088.11	3,920,827.69	2,498,436.34	111,398,246.69
(1) Disposal or scrap	14,230,252.41	53,606,237.41	3,920,827.69	2,498,436.34	74,255,753.85
(2) Transfer from construction in progress	35,376,642.14	1,765,850.70			37,142,492.84
(3) Transfer from investment properties					
(4) Other decrease					
4. Ending balance	4,153,405,489.18	7,999,497,701.26	57,627,023.34	146,359,617.54	12,356,889,831.32
II. Accumulative depreciation					
1. Beginning balance	1,343,515,450.34	4,311,518,011.89	43,379,836.82	116,797,266.54	5,815,210,565.59
2. Increased amount for the current period	136,146,707.14	343,134,282.19	3,693,397.15	6,770,393.19	489,744,779.67
(1) Withdrawal	132,593,176.28	334,960,656.12	3,551,712.53	6,673,488.94	477,779,033.87
(2) Other Increases	3,553,530.86	8,173,626.07	141,684.62	96,904.25	11,965,745.80
3. Decreased amount for the current period	27,812,556.33	37,462,666.70	3,488,784.11	2,165,771.19	70,929,778.33
(1) Disposal or scrap	11,751,599.38	37,462,666.70	3,488,784.11	2,165,771.19	54,868,821.38
(2) Transfer from construction in progress	16,060,956.95				16,060,956.95
(3) Transfer from investment properties					
(4) Other decrease					
4. Ending balance	1,451,849,601.15	4,617,189,627.38	43,584,449.86	121,401,888.54	6,234,025,566.93
III. Depreciation reserves					
1. Beginning	429,416.16	42,691,703.55	5,671.30	34,720.78	43,161,511.79

balance					
2. Increased amount for the current period	25,386,028.32	7,115,964.65		95,867.51	32,597,860.48
(1) Withdrawal	25,386,028.32	7,115,964.65		95,867.51	32,597,860.48
(2) Other Increases					
3. Decreased amount for the current period		6,650,364.96		730.00	6,651,094.96
(1) Disposal or scrap		6,650,364.96		730.00	6,651,094.96
(2) Other decrease					
4. Ending balance	25,815,444.48	43,157,303.24	5,671.30	129,858.29	69,108,277.31
IV. Carrying value					
1. Ending carrying value	2,675,740,443.55	3,339,150,770.64	14,036,902.18	24,827,870.71	6,053,755,987.08
2. Beginning carrying value	2,427,464,490.11	3,144,140,603.22	12,091,297.29	13,996,114.45	5,597,692,505.07

(2) Fixed Assets Leased out by Operation Lease

Unit: RMB

Item	Ending carrying amount
Houses and buildings	5,549,546.45

(3) Fixed Assets Failed to Accomplish Certification of Property

Unit: RMB

Item	Carrying value	Reason
Lufeng weaving dye grey yarn warehouse	11,376,516.78	Under the relevant certificate procedures of acceptance, measurement, examination by the real estate trading centre and other departments
Lu Thai Textile Warehouse 01, 02	5,953,194.32	The same as above
Lulian New Materials Yarn Warehouse	7,549,747.37	The same as above
Overseas production base factory	1,042,686,246.55	To be submitted to the relevant department for processing upon completion

Other notes:

Other increases are due to the foreign exchange translation differences of overseas subsidiaries.

The Company has no fixed assets that are mortgaged or guaranteed.

15. Construction in Progress

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	77,047,650.62	383,113,337.09
Engineering materials	17,979,058.75	485,383,541.32
Total	95,026,709.37	868,496,878.41

(1) List of Construction in Progress

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Production line project of high-grade fabrics (Phase I)	23,298,916.44		23,298,916.44	375,973,427.49		375,973,427.49
Reform project of Xinsheng Thermal Power	1,824,455.78		1,824,455.78	4,783,916.38		4,783,916.38
Other sporadic projects	51,924,278.40		51,924,278.40	2,355,993.22		2,355,993.22
Total	77,047,650.62		77,047,650.62	383,113,337.09		383,113,337.09

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

Unit: RMB

Project Name	Budget	Beginning balance	Increased amount of the current period	Transferred in fixed assets	Other decreased amount for the current period	Ending balance	Proportion of accumulated investment in constructions to budget	Job schedule	Accumulated amount of interest capitalization	Of which: amount of capitalized interests for the Reporting Period	Capitalization rate of interests for the Reporting Period	Capital resources
Production line project of high-grade fabrics (Phase I)	464,800,000.00	375,973,427.49	57,080,609.60	409,755,120.65		23,298,916.44	107.80%	99.00	11,598,184.16			Public offering fund and self-raised fund
Reform project of Xinsheng Thermal Power	9,200,000.00	4,783,916.38	2,537,476.05	5,496,936.65		1,824,455.78	94.40%	95.00				Other
Other sporadic projects		2,355,993.22	52,551,359.03	2,983,073.85		51,924,278.40						Other
Total	474,000,000.00	383,113,337.09	112,169,444.68	418,235,131.15		77,047,650.62			11,598,184.16			

(3) Impairment Test of Construction in Progress
☐ Applicable ☒ Not applicable
(4) Engineering Materials

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Special materials				871,768.43		871,768.43
Special equipment to be installed	17,979,058.75		17,979,058.75	484,511,772.89		484,511,772.89
Total	17,979,058.75		17,979,058.75	485,383,541.32		485,383,541.32

16. Right-of-use Assets

(1) List of Right-of-use Assets

Unit: RMB

Item	Houses and buildings	Land use right	Total
I. Original carrying value			
1. Beginning balance	57,851,702.69	452,496,166.65	510,347,869.34
2. Increased amount for the current period	20,306,315.10	13,684,124.37	33,990,439.47
(1) Rent	20,246,757.65	7,535,013.28	27,781,770.93
(2) Lease Liabilities Adjustment			
(3) Other Increase	59,557.45	6,149,111.09	6,208,668.54
3. Decreased amount for the current period	535,874.95		535,874.95
(1) Sublease is a financial lease			
(2) Transfer or hold for sale			
(3) Maturity	535,874.95		535,874.95
(4) Other decrease			
4. Ending balance	77,622,142.84	466,180,291.02	543,802,433.86
II. Accumulative depreciation			
1. Beginning balance	14,623,691.51	32,497,758.62	47,121,450.13
2. Increased amount for the current period	11,481,964.66	15,495,965.83	26,977,930.49
(1) Withdrawal	11,434,329.96	15,157,850.85	26,592,180.81
(2) Other Increases	47,634.70	338,114.98	385,749.68
3. Decreased amount for the current period	535,874.95		535,874.95
(1) Disposal			
(1) Sublease is a financial lease			
(2) Transfer or hold for sale			
(3) Maturity	535,874.95		535,874.95
(4) Other decrease			
4. Ending balance	25,569,781.22	47,993,724.45	73,563,505.67
III. Depreciation reserves			
1. Beginning balance			
2. Increased amount for the current period			
(1) Withdrawal			
(2) Other Increases			
3. Decreased amount for the current period			
(1) Disposal			
(1) Sublease is a financial lease			
(2) Transfer or hold for sale			
(3) Maturity			

(4) Other decrease			
4. Ending balance			
IV. Carrying value			
1. Ending carrying value	52,052,361.62	418,186,566.57	470,238,928.19
2. Beginning carrying value	43,228,011.18	419,998,408.03	463,226,419.21

(2) Impairment Test of Right-of-use Assets

☐ Applicable ☒ Not applicable

Other notes:

The Company recognises lease expenses related to short-term leases and leases of low-value assets, as detailed in Note VII-64.

17. Intangible Assets

(1) List of Intangible Assets

Unit: RMB

Item	Land use right	Patent right	Non-patent technologies	Software use rights	Trademark right	Total
I. Original carrying value						
1. Beginning balance	470,338,494.00	409,550.00		2,137,122.72		472,885,166.72
2. Increased amount for the current period				512,519.79	283,018.87	795,538.66
(1) Purchase				510,185.35	283,018.87	793,204.22
(2) Internal R&D						
(3) Business combination increase						
(4) Other increase				2,334.44		2,334.44
3. Decreased amount for the current period				385,389.39		385,389.39
(1) Disposal				385,389.39		385,389.39
(2) Invalid and recognition terminated portion						
(3) Other decrease						
4. Ending balance	470,338,494.00	409,550.00		2,264,253.12	283,018.87	473,295,315.99
II. Accumulated amortization						
1. Beginning balance	128,418,319.87	112,626.36		1,006,341.07		129,537,287.30
2. Increased amount for the current period	10,096,399.25	40,955.04		614,734.46	6,581.83	10,758,670.58
(1) Withdrawal	10,096,399.25	40,955.04		613,500.16	6,581.83	10,757,436.28
(2) Other Increases				1,234.30		1,234.30
3. Decreased amount for the current period				385,389.39		385,389.39
(1) Disposal				385,389.39		385,389.39
(2) Invalid and recognition terminated portion						
(3) Other decrease						

4. Ending balance	138,514,719.12	153,581.40		1,235,686.14	6,581.83	139,910,568.49
III. Depreciation reserves						
1. Beginning balance						
2. Increased amount for the current period						
(1) Withdrawal						
(2) Other Increases						
3. Decreased amount for the current period						
(1) Disposal						
(2) Other decrease						
4. Ending balance						
IV. Carrying value						
1. Ending carrying value	331,823,774.88	255,968.60		1,028,566.98	276,437.04	333,384,747.50
2. Beginning carrying value	341,920,174.13	296,923.64		1,130,781.65		343,347,879.42

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

(2) Impairment Test of Intangible Assets

☐ Applicable ☒ Not applicable

18. Development Costs

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
R&D of products		206,820,921.71	206,820,921.71	
Total		206,820,921.71	206,820,921.71	

For details, refer to Note VIII. Research and Development Expenditure with restricted ownership or use right.

19. Goodwill

(1) Original Carrying Value of Goodwill

Unit: RMB

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

20. Long-term Prepaid Expense

Unit: RMB

Item	Beginning balance	Increased amount of the current period	Amortization amount of the current period	Other decreased amount	Ending balance
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Decoration fee	1,694,425.58	5,690,170.07	1,825,724.78		5,558,870.87
Technical service charges	44,220.80		35,376.60		8,844.20
Other prepaid expense	77,192.22	121,041.91	131,388.93		66,845.20
Total	1,815,838.60	5,811,211.98	1,992,490.31		5,634,560.27

21. 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	252,197,942.77	41,534,310.54	230,431,449.02	36,029,044.63
Internal unrealized profit	105,336,586.06	13,724,860.21	107,060,058.13	14,691,107.03
Deductible losses	46,878,524.12	7,031,778.62	109,351,504.69	19,934,589.31
Payroll payable	73,682,968.78	11,052,700.68	67,324,258.61	10,109,806.74
Deferred income	145,143,951.32	22,467,375.60	151,500,472.11	23,556,894.11
Contract liability	78,698,329.68	19,615,211.56	89,450,421.20	22,157,141.99
The changes of accounts receivable financing in fair value	50,005.02	7,500.75	81,235.81	12,185.37
Lease liabilities	99,332,484.45	14,899,872.67	93,523,870.95	14,028,580.65
Restricted stock incentive fees			27,488,845.13	4,123,326.77
Convertible corporate bonds	72,707,821.06	10,906,173.16	46,083,362.71	6,912,504.41
Associated enterprises	30,636,716.16	4,595,507.42	13,704,707.03	2,055,706.05
Fund losses	17,968,191.53	2,695,228.73	28,541,486.65	4,281,223.00
Total	922,633,520.95	148,530,519.94	964,541,672.04	157,892,110.06

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

Unit: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Depreciation of fixed assets	606,505,309.17	95,362,712.06	632,363,989.77	99,342,402.95
Changes in fair value of trading financial assets	122,951,766.13	18,442,764.92	245,835,380.61	36,875,307.09
Changes in the fair value of other non-current financial assets	13,517,400.00	2,027,610.00	19,467,400.00	2,920,110.00
Associated enterprises	13,000,764.22	1,950,114.63	19,521,963.57	2,928,294.54

Right-of-use assets	91,572,241.18	13,735,836.18	87,417,883.01	13,112,682.46
Total	847,547,480.70	131,519,037.79	1,004,606,616.96	155,178,797.04

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

Unit: RMB

Item	Ending off-set amount of deferred income tax assets and liabilities	Ending balance of deferred income tax assets and liabilities	Beginning off-set amount of deferred income tax assets and liabilities	Beginning balance of deferred income tax assets and liabilities
Deferred income tax assets		148,530,519.94		157,892,110.06
Deferred income tax liabilities		131,519,037.79		155,178,797.04

(4) List of unrecognised deferred income tax assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductible temporary difference	42,605,021.03	65,448,810.95
Deductible losses	315,591,935.20	257,150,469.99
Total	358,196,956.23	322,599,280.94

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

Unit: RMB

Years	Ending amount	Beginning amount	Note
Y2025	299.83	299.83	
Y2026	71,029,659.21	71,235,558.18	
Y2027	96,904,257.37	96,904,257.37	
Y2028	87,257,787.10	89,010,354.61	
Y2029	60,399,931.69		
Total	315,591,935.20	257,150,469.99	

22. Other Non-current Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Project prepayment				672,659.25		672,659.25
Prepayment for equipment	797,518.51		797,518.51	2,008,677.98		2,008,677.98
Prepayment for land transfer fee	25,432,036.39		25,432,036.39			
Term deposits over 1 year	525,000,000.00		525,000,000.00	150,000,000.00		150,000,000.00
Interest receivable	18,724,767.80		18,724,767.80	3,008,929.60		3,008,929.60

from term deposits over 1 year						
Total	569,954,322.70		569,954,322.70	155,690,266.83		155,690,266.83

23. Assets with Restricted Ownership or Right to Use

Unit: RMB

Item	Period-end				Period-beginning			
	Carrying amount	Carrying value	Type of restriction	Status of restriction	Carrying amount	Carrying value	Type of restriction	Status of restriction
Monetary capital					4,024,123.14	4,024,123.14	Deposit, frozen	
Notes receivable	34,463,775.21	34,463,775.21	Endorsed or discounted but not yet due for derecognition		51,979,653.25	51,979,653.25	Endorsed or discounted but not yet due for derecognition	
Other current assets	49,999,919.97	49,999,919.97	Deposit for recognisance		137,881,884.82	137,881,884.82	Deposit for recognisance	
Total	84,463,695.18	84,463,695.18			193,885,661.21	193,885,661.21		

24. Short-term Borrowings

(1) Category of Short-term Borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Borrowings secured by guarantee	91,941,851.96	68,275,604.36
Credit loan	757,744,972.37	512,429,167.91
Total	849,686,824.33	580,704,772.27

Notes of the category for short-term loans:

The short-term borrowing includes interest payable of RMB857,387.01.

(2) List of the Short-term Borrowings Overdue but not Returned

There were no outstanding short-term borrowings overdue at the end of the Reporting Period.

25. Trading Financial Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Trading financial liabilities	15,858,713.22	46,785,831.47
Of which:		
Of which: Derivative financial liabilities	15,858,713.22	46,785,831.47
Of which:		
Total	15,858,713.22	46,785,831.47

26. Accounts Payable

(1) List of Accounts Payable

Unit: RMB

Item	Ending balance	Beginning balance
Payment for goods	174,951,225.51	127,198,717.36
Engineering equipment	58,703,628.27	106,150,377.55
Other	38,424,237.73	42,153,820.14
Total	272,079,091.51	275,502,915.05

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

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

27. Other Payables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends payable	441,113.64	441,113.64
Other payables	16,996,685.96	47,108,259.88
Total	17,437,799.60	47,549,373.52

(1) Dividends Payable

Unit: RMB

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

Other notes, including the reasons for non-payment of significant dividends payable that have not been paid for more than one year:

Name of shareholder	Amount of dividends payable	Reason
Dividends payable to individual shareholders	441,113.64	Cash dividend of previous year not received by individual shareholders
Total	441,113.64	--

(2) Other Payables

1) Other payables listed by nature

Unit: RMB

Item	Ending balance	Beginning balance
Deposits and cash deposits etc.	5,412,393.10	5,026,687.70
Collecting payment on behalf of others	2,071,915.32	213,812.12
Restricted stock repurchase obligations		31,556,265.00
Other	9,512,377.54	10,311,495.06
Total	16,996,685.96	47,108,259.88

28. Contract Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
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Advance from sales	200,833,613.26	203,270,689.03
Less: contract liability recorded in other non-current liabilities	-9,282,609.47	-15,197,353.14
Total	191,551,003.79	188,073,335.89

Significant contract liabilities aging over one year

Unit: RMB

Item	Ending balance	Unpaid/Un-carry-over reason
N/A	0.00	
Total	0.00	

29. Payroll Payable

(1) List of payroll payable

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
I. Short-term salary	284,329,504.63	1,430,882,250.49	1,414,000,384.86	301,211,370.26
II. Post-employment benefit-defined contribution plans	15,469.09	174,903,707.53	174,903,184.99	15,991.63
III. Termination benefits		946,980.58	946,980.58	
Total	284,344,973.72	1,606,732,938.60	1,589,850,550.43	301,227,361.89

(2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
1. Salary, bonus, allowance, subsidy	213,425,517.98	1,275,594,062.23	1,264,196,808.05	224,822,772.16
2. Employee welfare	211,683.08	40,317,797.57	40,529,477.85	2.80
3. Social insurance	32,536.50	78,311,592.09	78,310,834.25	33,294.34
Of which: Medical insurance premiums	31,411.48	71,013,991.28	71,013,987.85	31,414.91
Work-related injury insurance premiums	375.01	7,288,448.65	7,287,719.58	1,104.08
Maternity insurance	750.01	9,152.16	9,126.82	775.35
4. Housing fund		14,105,049.80	14,105,049.80	
5. Labor union budget and employee education budget	70,659,767.07	22,553,748.80	16,858,214.91	76,355,300.96
Total	284,329,504.63	1,430,882,250.49	1,414,000,384.86	301,211,370.26

(3) List of defined contribution plans

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
1. Basic pension insurance	15,000.32	166,108,702.32	166,108,195.60	15,507.04
2. Unemployment insurance premiums	468.77	8,795,005.21	8,794,989.39	484.59
Total	15,469.09	174,903,707.53	174,903,184.99	15,991.63

Other notes:

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

30. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	13,958,538.83	15,261,850.74
Enterprise income tax	27,102,242.22	14,347,230.63
Personal income tax	1,581,994.81	1,266,426.62
Urban maintenance and construction tax	3,433,797.45	2,753,492.14
Stamp duty	826,522.82	848,769.75
Real estate tax	5,239,688.51	5,059,177.21
Land use tax	2,097,384.98	668,899.85
Educational fee	1,551,805.29	1,253,814.31
Local education surcharge	1,039,303.54	843,626.22
Tax on natural resources	160,264.60	31,938.00
Environmental protection tax	270,404.96	298,007.08
Total	57,261,948.01	42,633,232.55

31. Current Portion of Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Current portion of long-term borrowings	12,676,401.72	88,930,000.00
Lease obligation matured within 1 year	15,112,170.03	7,277,192.49
Total	27,788,571.75	96,207,192.49

(1) Current portion of long-term borrowings

Item	Ending balance	Closing balance of last year
Credit loan	12,676,401.72	88,930,000.00
Total	12,676,401.72	88,930,000.00

32. Other current liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Tax to be charged off	9,282,609.47	15,197,353.14
Endorsed undue bill under non-derecognition	33,546,850.71	48,449,554.97
Total	42,829,460.18	63,646,908.11

33. Long-term Borrowings

(1) Category of long-term borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Credit loan	408,920,511.93	348,922,974.40
Less: current portion of long-term borrowings	-12,676,401.72	-88,930,000.00
Total	396,244,110.21	259,992,974.40

Notes of the category for long-term loans:

Other notes, including the interest rate range:

Item	Ending balance	Interest rate range (%)	Closing balance of last year	Interest rate range (%)
Credit loan	408,920,511.93	2.05-2.80	348,922,974.40	2.60-3.50

34. Bonds Payable

(1) Bonds payable

Unit: RMB

Item	Ending balance	Beginning balance
Convertible corporate bonds	1,509,420,449.46	1,476,572,070.79
Total	1,509,420,449.46	1,476,572,070.79

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

Unit: RMB

Name	Par value	Coupon rate	Issue date	Bond duration	Issue amount	Beginning balance	Issued in the Reporting Period	Interest accrued at par value	Amortization of premium and depreciation	Repaid in the Reporting Period	Current shares converted	Ending balance	Default or not
LuThai Convertible Bond (127016)	1,400,000,000.00		2020/4/9	6 years	1,400,000,000.00	1,476,572,070.79		24,112,049.06	29,738,768.51	20,997,738.90	4,700.00	1,509,420,449.46	Not
Total	--				1,400,000,000.00	1,476,572,070.79		24,112,049.06	29,738,768.51	20,997,738.90	4,700.00	1,509,420,449.46	--

(3) Notes to the convertible corporate bonds

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

The coupon rates of the convertible bonds issued by the Company are 0.3%, 0.6%, 1%, 1.5%, 1.8% and 2% in the following order from the first stage to the sixth stage, with interest payable annually. The conversion period shall commence from (and include) the first trading day on 15 October 2020, six months after the date of issue, and shall end on (and include) the trading day prior to the maturity date of the convertible bonds (8 April 2026). Holders may apply for conversion during the conversion period.

The initial conversion price of convertible corporate bonds was RMB9.01 per share when it was issued but was adjusted to RMB8.91 per share since July 9, 2020, after the Company implemented

the 2019 profit sharing agreement on July 8, 2020. After the Company implemented the restricted stock incentive plan in 2021, the price was adjusted to RMB8.76 per share accordingly since June 7, 2021. Upon the implementation of the 2020 profit sharing agreement by the Company on June 18, 2021, it was adjusted to RMB8.71 per share accordingly again since June 18, 2021. Upon the implementation of the 2021 profit sharing agreement by the Company on June 23, 2022, it was adjusted to RMB8.61 per share accordingly again since June 23, 2022. The Company completed the formalities for cancellation of the repurchased shares on 25 May 2023, and the conversion price of the convertible bond was adjusted accordingly to RMB8.73 per share on 26 May 2023. Upon the implementation of the 2021 Profit Distribution Plan by the Company on 16 June 2023, the conversion price of the convertible bond was adjusted to RMB8.63 per share accordingly on 16 June 2023. The Company completed the formalities for cancellation of the repurchased shares on 1 March 2024, and the conversion price of the convertible bond was adjusted accordingly to RMB8.87 per share on 4 March 2024. After implementing the 2023 annual profit distribution plan on 19 June 2024, the conversion price of the convertible bonds was adjusted to RMB8.74 per share, effective from 19 June 2024. After implementing the 2024 interim profit distribution plan on 8 November 2024, the conversion price of the convertible bonds was adjusted to RMB8.64 per share, effective from 8 November 2024. After implementing the 2024 third-quarter profit distribution plan on 19 December 2024, the conversion price of the convertible bonds was adjusted to RMB8.59 per share, effective from 19 December 2024.

35. Lease obligation

Unit: RMB

Item	Ending balance	Beginning balance
Lease payments	133,128,147.33	123,608,615.06
Unrecognised financing costs	-26,662,656.50	-29,751,198.16
Less: Current portion of lease liabilities	-15,112,170.03	-7,277,192.49
Total	91,353,320.80	86,580,224.41

Other notes:

The amount of interest expense on lease liabilities accrued in 2024 was RMB4,932,489.33, which was included in financial costs - interest expense.

36. Long-term Payroll Payable

(1) List of long-term payroll payable

Unit: RMB

Item	Ending balance	Beginning balance
III. Other long-term welfare	58,494,991.36	57,276,675.61
Total	58,494,991.36	57,276,675.61

37. Deferred Income

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance	Reason for formation
Government grants	151,768,947.92	1,090,000.00	7,463,826.81	145,395,121.11	Government grants
Total	151,768,947.92	1,090,000.00	7,463,826.81	145,395,121.11	--

Other notes:

38. Share Capital

Unit: RMB

	Beginning balance	Increase/decrease (+/-)					Ending balance
		New shares issued	Bonus shares	Shares converted from capital reserve	Other	Subtotal	
Total shares	863,607,634.00				- 46,301,624.00	- 46,301,624.00	817,306,010.00

Other notes:

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

(2) A total of 304.00 shares of convertible bonds of the Company can be converted in the Reporting Period.

(3) For details regarding the repurchase and cancel authorized but unlocked restricted share of the incentive personnel not conforming to the incentive condition, please refer to Note III Company Profile.

39. Other Equity Instruments

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

Unit: RMB

Outstanding financial instruments	Period-beginning		Increase for the current period		Decrease for the current period		Period-end	
	Number	Carrying value	Number	Carrying value	Number	Carrying value	Number	Carrying value
Convertible debt to equity		71,383,677.78				239.67		71,383,438.11
Total		71,383,677.78				239.67		71,383,438.11

40. Capital Reserves

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
Capital premium (premium on stock)	249,154,010.40	30,049,600.00	153,840,530.40	125,363,080.00
Other capital reserves	85,638,604.36	3,722,842.26	36,205,859.31	53,155,587.31
Total	334,792,614.76	33,772,442.26	190,046,389.71	178,518,667.31

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

(1) According to the resolution passed at the 10th meeting of the 10th Board of Directors on 19 June 2023 and the *Proposal on Repurchase of the Company's Domestically Listed Foreign Shares (B Share)* approved at the First Extraordinary General Meeting on 6 July 2023, the Company repurchased and cancelled 46,176,428 B-shares, reducing the capital reserve—share premium by RMB153,572,985.40.

(2) According to the resolution passed at the 18th meeting of the 10th Board of Directors on 19 January 2024 and the *Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition* passed at the First Extraordinary General Meeting on 5 February 2024, the Company repurchased and cancelled 66,500.00 shares, reducing the capital reserve—share premium by RMB140,485.00. According to the resolution passed at the 22nd meeting of the 10th Board of Directors on 28 May 2024 and the *Proposal on Repurchase and Cancel Authorized but Unlocked Restricted Share of the Incentive Personnel not Conforming to the Incentive Condition* passed at the Second Extraordinary General Meeting on 14 June 2024, the company repurchased and cancelled 59,000.00 shares, reducing the capital reserve—share premium by RMB127,060.00.

(3) The incentive expenses for restricted stock in this period increased the capital reserve—other capital reserve by RMB2,817,226.19. The portion of the restricted stock that has matured and been unlocked was transferred from the capital reserve—other capital reserve to the capital reserve—share premium in the amount of RMB30,049,600.00.

(4) The capital reserves—capital premium arising from the conversion of convertible bonds increased by RMB2,547.58 in the Reporting Period.

(5) The purchase of minority shareholder equity in this period reduced the capital reserve—other capital reserve by RMB6,156,259.31.

41. Treasury stocks

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
Restricted stock	31,556,265.00		31,556,265.00	
Repurchase of B-shares	161,882,455.78	37,866,957.62	199,749,413.40	
Total	193,438,720.78	37,866,957.62	231,305,678.40	

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

(1) RMB31,556,265.00 was reduced due to the restricted stock expiration unlock and repurchase during the Reporting Period.

(2) According to the resolution passed at the 10th meeting of the 10th Board of Directors on 19 June 2023 and the *Proposal on Repurchase of the Company's Domestically Listed Foreign Shares (B Share)* approved at the First Extraordinary General Meeting on 6 July 2023, the Company repurchased B-shares and completed the cancellation procedures for the repurchased shares with Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 1 March 2024. In this period, the Company repurchased 8,685,783.00 B-shares, increasing the treasury B-shares by RMB37,866,957.62, and reducing the treasury B-shares by RMB199,749,413.40.

42. Other comprehensive income

Unit: RMB

Item	Beginning balance	Amount of the current period						Ending balance
		Amount before deducting income tax for the current period	Less: recorded in other comprehensive income in prior period and transferred in profit or loss in the Current Period	Less: recorded in other comprehensive income in prior period and transferred in retained earnings in the Current Period	Less: Income tax expense	Attributable to the Company as the parent after tax	Attributable minority shareholders after tax	
II. Other comprehensive income that may subsequently be reclassified to profit or loss	131,343,141.63	35,594,497.12			4,684.62	35,582,843.63	6,968.87	166,925,985.26
Differences arising from translation of foreign currency-denominated financial statements	131,410,451.64	35,556,383.35				35,556,383.35		166,966,834.99
The changes of accounts receivable financing in fair value	-67,310.01	38,113.77			4,684.62	26,460.28	6,968.87	-40,849.73
Total of other comprehensive income	131,343,141.63	35,594,497.12			4,684.62	35,582,843.63	6,968.87	166,925,985.26

43. Special Reserve

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
Safety production costs		4,794,302.65	4,794,302.65	
Total		4,794,302.65	4,794,302.65	

44. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
Statutory surplus reserves	1,257,319,442.76	10,768,267.10		1,268,087,709.86
Discretionary surplus reserves	3,341,572.58			3,341,572.58
Total	1,260,661,015.34	10,768,267.10		1,271,429,282.44

45. Retained Earnings

Unit: RMB

Item	Reporting period	Same period of last year
Beginning balance of retained profits before adjustments	6,762,457,543.07	6,490,910,719.35

Beginning balance of retained profits after adjustments	6,762,457,543.07	6,490,910,719.35
Add: Net profit attributable to owners of the Company as the parent	410,321,398.17	403,444,254.42
Less: Withdrawal of statutory surplus reserves	10,768,267.10	45,536,678.80
Dividends of common shares payable	228,845,667.98	86,360,751.90
Ending retained profits	6,933,165,006.16	6,762,457,543.07

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.

46. Operating revenue and cost of sales

Unit: RMB

Item	Amount of the current period		Amount of the previous period	
	Revenue	Cost	Revenue	Cost
Principal business	5,938,910,476.56	4,522,353,436.84	5,769,590,109.14	4,436,999,330.60
Others	151,704,548.64	121,225,507.79	191,887,143.84	154,389,584.80
Total	6,090,615,025.20	4,643,578,944.63	5,961,477,252.98	4,591,388,915.40

Whether the lower of the net profit before and after deduction of non-recurring gains and losses through audit is negative

☐ Yes ☒ No

47. Taxes and surtaxes

Unit: RMB

Item	Reporting period	Same period of last year
Urban maintenance and construction tax	15,631,280.11	16,393,990.50
Educational fee	6,743,881.62	7,007,721.81
Tax on natural resources	452,338.60	554,816.00
Real estate tax	21,869,937.53	21,199,515.92
Land use tax	9,267,774.49	9,265,984.60
Vehicle and vessel usage tax	73,457.91	76,087.36
Stamp duty	2,752,099.21	2,878,128.65
Local education surcharge	4,495,921.14	4,883,047.87
Environmental protection tax	1,163,746.03	1,000,678.29

Total	62,450,436.64	63,259,971.00
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Other notes:

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

48. Administrative expense

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Salary	151,357,352.41	150,508,460.24
Warehouse funding	37,943,652.85	37,027,435.82
Depreciation charge	35,024,005.14	38,324,764.84
Office operating fee	23,139,520.72	22,400,178.37
Start-up costs		20,703,414.66
Restricted stock incentive fees	2,817,226.19	16,758,063.86
Amortization of intangible assets	13,540,031.82	14,975,654.46
Labor-union expenditure	12,900,758.43	11,144,934.24
Travel expenses	11,242,624.14	10,821,318.60
Security service charges	9,637,131.16	8,977,477.55
Decoration & repair expenses	5,797,832.50	8,198,163.75
Employee education budget	7,570,924.52	7,863,725.72
Energy cost	6,788,543.36	5,724,113.91
Insurance	3,810,379.01	3,383,248.24
Audit and assessment fees	3,470,923.10	3,307,933.56
Other	19,286,067.76	22,208,644.97
Total	344,326,973.11	382,327,532.79

49. Selling expense

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Salary	64,888,185.22	67,286,568.27
Sales service expenses	23,663,931.01	20,406,411.01
Advertising expense	22,152,800.12	19,238,310.32
Depreciation charge	6,730,304.45	7,009,619.02
Expense for repairmen and loss	3,787,945.84	8,413,985.12
Business entertainment expenses	5,577,169.95	3,958,206.27
Travel expenses	7,551,720.70	8,462,597.19
Insurance	2,083,319.33	3,063,096.84
Office cost	1,819,802.88	1,842,252.81
Express fees	3,194,167.06	2,458,673.29

Inspection fees	2,133,986.68	1,826,450.84
Other	7,421,106.11	4,488,643.23
Total	151,004,439.35	148,454,814.21

50. R&D expense

Unit: RMB

Item	Reporting period	Same period of last year
Labor cost	111,941,746.30	127,993,607.00
Material expense	63,752,049.15	79,121,927.42
Depreciation charge	17,615,844.34	17,240,537.12
Other	13,511,281.92	15,419,271.64
Total	206,820,921.71	239,775,343.18

50. Financial costs

Unit: RMB

Item	Reporting period	Same period of last year
Interest expense	102,900,852.62	99,033,706.35
Less: Capitalized interest		-12,728,462.85
Interest income	-60,956,758.61	-52,183,151.33
Add: Capitalized interest income		1,130,278.69
Exchange loss	-51,830,925.57	-37,916,375.66
Less: Capitalized foreign exchange gains or losses		
Commission charge and other	6,136,645.25	8,112,849.27
Total	-3,750,186.31	5,448,844.47

52. Other income

Unit: RMB

Sources	Reporting period	Same period of last year
Subsidies for the price of heating coal		12,000,000.00
Subsidies for equipment	5,831,228.28	5,871,101.54
Subsidy for environmental protection	953,396.23	5,283,018.87
Human resources subsidy	5,460,951.18	4,382,702.42
Tax relief	17,985,047.46	4,209,600.05
R&D subsidy	460,115.21	3,565,104.58
Special funds for the conversion of new and old industrial kinetic energy		3,500,000.00
Special fund for foreign trade and commerce and circulation	691,350.26	2,753,789.50
Land subsidy	1,354,251.84	1,354,251.84
Financing subsidy	700,000.00	952,000.00

Strengthen the enterprise government subsidy		768,900.00
Rebate of surcharges for withholding taxes	394,664.87	268,194.00
Reward for science and technology	50,000.00	150,000.00
Subsidy for public rental housing	48,231.48	48,231.48
Reward or funding for supporting high-quality development	200,000.00	10,000.00
Design reward	71,000.00	10,000.00
Total	34,200,236.81	45,126,894.28

53. Gain on changes in fair value

Unit: RMB

Sources	Amount of the current period	Amount of the previous period
Financial asset held for trading	-121,753,892.40	-22,511,823.37
Of which: Income from changes in fair value generated by derivative financial instruments	-5,766,681.34	-20,958,877.30
Trading financial liabilities	30,927,118.25	-42,508,901.77
Total	-90,826,774.15	-65,020,725.14

Other notes:

The details of the fair value changes in trading financial assets are as follows:

Item	Reporting period	Same period of last year
Trading equity instrument investments - Equity investments	-114,115,577.69	-3,653,802.10
Trading debt instrument investments - Debt investments	-1,871,633.37	2,100,856.03
Derivatives not designated as hedging	-5,766,681.34	-20,958,877.30
Included: Forward foreign exchange contracts		-20,958,877.30
Other	-5,766,681.34	
Total	-121,753,892.40	-22,511,823.37

54. Investment income

Unit: RMB

Item	Reporting period	Same period of last year
Long-term equity investment income accounted by equity method	-23,453,208.48	-9,556,170.35
Investment income from holding of held-for-trading financial asset	8,650,404.35	10,537,021.78
Investment income from disposal of trading financial assets	-35,880,032.08	38,383,757.03
Interest income from debt investments during the holding period	4,176,585.64	
Total	-46,506,250.57	39,364,608.46

Other notes:

The details of investment income obtained from the disposal of trading financial assets are as follows:

Item	Reporting period	Same period of last year
Trading equity instrument investments - Equity investments	1,376,121.43	21,036,646.84
Trading debt instrument investments - Debt investments	136,311.38	1,876,234.28
Derivatives not designated as hedging	-37,392,464.89	15,470,875.91
Included: Forward foreign exchange contracts	-4,694,000.00	10,981,450.00
Other	-32,698,464.89	4,489,425.91
Total	-35,880,032.08	38,383,757.03

55. Credit impairment loss

Unit: RMB

Item	Reporting period	Same period of last year
Loss on uncollectible notes receivable	-20,000.00	
Loss on uncollectible accounts receivable	-2,992,091.75	-1,998,736.62
Loss on uncollectible other receivables	4,425.40	-1,278,336.84
Impairment losses on dividend receivable		977,015.71
Total	-3,007,666.35	-2,300,057.75

56. Asset impairment loss

Unit: RMB

Item	Reporting period	Same period of last year
I. Inventory falling price loss and impairment provision for contract performance costs	-77,535,640.73	-88,745,330.21
IV. Impairment loss on fixed assets	-32,597,860.48	-17,131,456.31
Total	-110,133,501.21	-105,876,786.52

57. Asset disposal income

Unit: RMB

Sources	Reporting period	Same period of last year
Fixed asset disposal income ("-" for loss)	-3,139,466.60	-9,123,336.47

58. Non-operating income

Unit: RMB

Item	Reporting period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Claim income	5,774,318.01	4,451,354.70	5,774,318.01

Gains on damage and scrap of non-current assets		1,250,000.00	
Other	3,800,622.34	3,646,341.49	3,800,622.34
Total	9,574,940.35	9,347,696.19	9,574,940.35

59. Non-operating expense

Unit: RMB

Item	Reporting period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Donations	970,430.10	1,054,579.52	970,430.10
Losses from damage and scrap of non-current assets	2,342,251.07	1,868,432.90	2,342,251.07
Other	5,221,406.37	2,223,669.57	5,221,406.37
Total	8,534,087.54	5,146,681.99	8,534,087.54

60. Income tax expense

(1) List of income tax expense

Unit: RMB

Item	Reporting period	Same period of last year
Current income tax expense	55,890,058.99	40,870,126.23
Deferred income tax expense	-14,340,865.19	-29,120.86
Total	41,549,193.80	40,841,005.37

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

Unit: RMB

Item	Reporting period
Profit before taxation	467,810,926.81
Current income tax expense accounted at statutory/applicable tax rate	70,171,639.02
Influence of applying different tax rates by subsidiaries	-9,498,804.49
Influence of income tax before adjustment	342,447.39
Influence of non-taxable income	-9,073,552.30
Influence of not deductible costs, expenses and losses	5,929,668.42
Influence of utilizing deductible losses of unrecognised deferred income tax assets from prior years	-10,294.95
Effect of deductible temporary differences or deductible losses on deferred income tax assets not recognised in the period	6,380,013.18
Effect of changes in tax rates on the balance of deferred income taxes at the beginning of the period	153,323.78
Influence of additional deduction of R&D expenses (filled in with “-”)	-22,769,567.51
Influence of other expense deduction (filled in with “-”)	-75,678.75
Income tax expense	41,549,193.80

61. Cash flow statement**(1) Cash related to operating activities**

Cash generated from other operating activities

Unit: RMB

Item	Reporting period	Same period of last year
Government grants	8,844,125.34	37,448,096.51
Claim income	6,749,891.76	40,162,446.43
Refund of prepaid income tax	4,524,464.01	18,522,628.85
Recovery of employee borrowings, petty cash and deposit	15,299,763.96	11,200,463.32
Collection for employees	7,175,308.33	7,302,950.37
Other	1,942,997.19	729,876.18
Total	44,536,550.59	115,366,461.66

Cash used in other operating activities

Unit: RMB

Item	Reporting period	Same period of last year
Business travel charges	46,363,110.18	43,118,560.30
Insurance	4,816,280.91	4,041,804.87
Audit advisory announcement fee	8,021,658.82	5,707,687.46
Decoration & repair expenses	16,812,233.45	4,645,997.08
Donation	1,265,841.05	1,054,579.52
Payment of employee borrowings, petty cash and deposit	16,786,177.27	10,900,343.11
Agency service fee	25,314,251.64	21,262,143.20
Other	32,694,802.04	67,532,357.50
Total	152,074,355.36	158,263,473.04

(2) Cash related to investing activities

Cash generated from other investing activities

Unit: RMB

Item	Reporting period	Same period of last year
Interest income	50,343,450.79	52,875,557.97
Income from forward foreign exchange	920,000.00	16,121,450.00
Time deposit maturity	666,771,403.91	84,335,748.58
Cash deposit of L/C	1,614,069.75	
Total	719,648,924.45	153,332,756.55

Cash generated from important investing activities

Unit: RMB

Item	Reporting period	Same period of last year
Government bond reverse repo	321,061,000.00	8,566,561,000.00
Structural deposits	699,200,000.00	777,500,000.00
Wealth management products		90,000,000.00
Total	1,020,261,000.00	9,434,061,000.00

Cash used in other investing activities

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Forward settlement exchange loss	5,614,000.00	5,140,000.00
Term deposits	1,532,102,982.54	33,470,284.27
Deposit for recognisance		86,463,622.94
Total	1,537,716,982.54	125,073,907.21

Significant cash paid related to investing activities

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Government bond reverse repo	270,102,000.56	8,617,522,000.00
Structural deposits	779,200,000.00	927,500,000.00
Wealth management products	150,000,000.00	
Total	1,199,302,000.56	9,545,022,000.00

(3) Cash Related to Financing Activities

Cash Generated from Other Financing Activities

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Other		98,800.40
Total		98,800.40

Cash used in other financing activities

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Repayment of lease liabilities and prepaid rent	20,964,987.89	18,746,507.86
Repurchase of B-shares	37,825,088.34	172,397,831.66
Total	58,790,076.23	191,144,339.52

Changes in liabilities arising from financing activities

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Beginning balance	Increase for the current period		Decrease for the current period		Ending balance
		Cash fluctuations	Non-cash fluctuations	Cash fluctuations	Non-cash fluctuations	
Short-term loan	580,704,772.27	1,386,326,578.03	30,558,250.99	1,147,902,776.96		849,686,824.33
Long-term borrowings	348,922,974.40	760,660,043.27	18,266,322.04	718,928,827.78		408,920,511.93
Bonds Payable	1,476,572,070.79		53,850,817.57	20,997,738.90	-4,700.00	1,509,420,449.46
Lease liabilities	93,857,416.90		33,573,061.82	20,964,987.89		106,465,490.83
Total	2,500,057,234.36	2,146,986,621.30	136,248,452.42	1,908,794,331.53	-4,700.00	2,874,493,276.55

62. Supplemental information for cash flow statement

(1) Supplemental information for cash flow statement

Unit: RMB

Supplemental information	Amount during the current period	Previous period
1. Reconciliation of net profit to net cash flows generated from operating activities		
Net profit	426,261,733.01	396,352,437.62
Add: Provision for impairment of assets	113,141,167.56	108,176,844.27
Depreciation of fixed assets, oil-gas assets, and productive biological assets	478,703,217.22	464,547,764.15
Depreciation of right-of-use assets	26,592,180.81	27,017,455.52
Amortization of intangible assets	10,757,436.27	10,577,354.94
Amortization of long-term prepaid expenses	1,992,490.31	3,990,981.43
Losses from disposal of fixed assets, intangible assets and other long-lived assets (gains: negative)	3,139,466.60	9,123,336.47
Losses from scrap of fixed assets (gains: negative)	2,342,251.07	618,432.90
Losses from changes in fair value (gains represented by "-")	90,826,774.15	65,020,725.14
Finance costs (gains: negative)	-11,085,007.09	-3,920,412.41
Investment loss (gains represented by "-")	46,506,250.57	-39,364,608.46
Decrease in deferred income tax assets (gains: negative)	9,318,894.06	-3,964,485.10
Increase in deferred income tax liabilities ("- means decrease)	-23,659,759.25	3,935,364.24
Decrease in inventory (gains: negative)	74,756,772.23	-15,594,018.10
Decrease in accounts receivable generated from operating activities (gains represented by "-")	-25,459,430.42	-38,266,103.45
Increase in accounts payable used in operating activities (decrease represented by "-")	20,077,714.84	-133,386,531.74
Other		
Net cash flow from operating activities	1,244,212,151.94	854,864,537.42
2. Significant investing and financing activities without involvement of cash receipts and payments		
Conversion of debt to capital		

Convertible corporate bonds matured within one year		
Fixed asset under finance lease		
3. Net increase/decrease of cash and cash equivalent:		
Closing balance of cash	1,371,412,259.52	1,353,615,305.93
Less: Opening balance of cash	1,353,615,305.93	1,822,897,270.16
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	17,796,953.59	-469,281,964.23

(2) Cash and cash equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	1,371,412,259.52	1,353,615,305.93
Including: Cash on hand	4,283,695.11	2,633,018.72
Bank deposits on demand	1,367,128,564.41	1,079,820,776.67
Other monetary assets on demand		271,161,510.54
III. Ending balance of cash and cash equivalents	1,371,412,259.52	1,353,615,305.93

(3) Monetary assets not classified as cash and cash equivalents

Unit: RMB

Item	Amount during the current period	Previous period	Reason for not classifying the item as cash and cash equivalents
Bank deposits -- time deposits of less than one year	673,484,482.54	184,470,284.27	The Company will hold time deposits to maturity, not for the purpose of meeting short-term cash needs for external payments.
Other monetary funds – deposits, etc.		4,024,123.14	Restriction on use
Bank deposits -- interest receivable	10,960,046.31	16,142,334.69	Interests receivable
Total	684,444,528.85	204,636,742.10	

63. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Closing foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary capital			
Of which: USD	163,798,470.65	7.1884	1,177,448,926.42
EUR	335,882.35	7.5257	2,527,749.80
HKD	1,089,000.19	0.9260	1,008,414.18
JPY	1,609,074.00	0.0462	74,339.22
GBP	27.18	9.0765	246.70
Dong	227,162,816,717.20	0.0003	64,125,443.48

MMK	1,171,741,241.41	0.0034	4,010,926.28
Riel	541,762,914.00	0.0018	967,554.91
Accounts receivable			
Of which: USD	83,689,016.91	7.1884	601,590,129.18
EUR	197,065.19	7.5257	1,483,053.50
HKD			
Dong	18,024,192,860.00	0.0003	5,088,021.73
MMK	791,263,194.00	0.0034	2,708,531.61
Other receivables:			
Of which: USD	158,445.20	7.1884	1,138,967.47
EUR	15,500.00	7.5257	116,648.35
JPY	1,515,285.11	0.0462	70,006.17
Dong	1,516,160,812.38	0.0003	427,994.75
MMK	111,900,600.00	0.0034	383,041.08
Accounts payable:			
Of which: USD	10,790,467.56	7.1884	77,566,197.01
JPY	3,227,926.90	0.0462	149,130.22
EUR	24,965.93	7.5257	187,886.10
Dong	85,132,203,299.20	0.0003	24,031,980.13
MMK	653,931,430.40	0.0034	2,238,439.30
Other payables:			
Of which: USD	3,836.59	7.1884	27,578.94
Dong	303,000,000.00	0.0003	85,533.40
MMK	1,000,000.00	0.0034	3,423.05
Short-term borrowings:			
Of which: USD	91,600,761.92	7.1884	658,462,916.96
Dong	178,211,257,547.00	0.0003	50,306,982.54
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 the Company's subsidiaries were Hong Kong, Burma, America, Vietnam, Singapore and Cambodia, and the recording currency was HKD for Hong Kong and USD for other overseas companies.

64. Leases

(1) The Company Was Lessee:

☒ Applicable ☐ Not applicable

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

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

Item	Amount of the current period
Expense relating to short-term leases	487,369.18
Low-value lease expenses	
Variable lease payments that are not covered in the measurement of the lease liabilities	
Total	487,369.18

Circumstances involving sale and leaseback transactions

(2) The Company Was Lessor:

Operating leases with the Company as lessor

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Rental income	Of which: Income related to variable lease payments not included in lease receipts
Rental income	3,421,414.69	
Total	3,421,414.69	

Finance leases with the Company as lessor

☐ Applicable ☒ Not applicable

Undiscounted lease receipts for each of the next five years

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Undiscounted lease receipts per year	
	Investments at the end of the period	Investments at the beginning of the period
The first year	1,240,588.20	1,215,336.80
The second year	426,120.60	310,390.00
The third year	20,160.00	
Total undiscounted lease receipts after five years - -	1,686,868.80	1,525,726.80

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

☐ Applicable ☒ Not applicable

VIII. Research and Development Expenditure

Unit: RMB

Item	Amount of the current period	Amount of the previous period
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Labor cost	111,941,746.30	127,993,607.00
Material expense	63,752,049.15	79,121,927.42
Depreciation charge	17,615,844.34	17,240,537.12
Other	13,511,281.92	15,419,271.64
Total	206,820,921.71	239,775,343.18
Of which: Expensed research and development expenditure	206,820,921.71	239,775,343.18

1. Development costs

Item	Beginning balance	Increase for the current period		Decrease for the current period		Ending balance
		Internal development	Other increase	Recognized as	Included in the current period	
		Expense		Intangible assets	Profit and loss	
R&D of products		206,820,921.71			206,820,921.71	
Total		206,820,921.71			206,820,921.71	

IX. Change of Consolidation Scope

1. Disposal of subsidiaries

Whether there were any transactions or events during the Reporting Period in which control of subsidiaries was lost

☐ Yes ☒ No

Whether there was a step-by-step disposal of investments in subsidiaries through multiple transactions and loss of control during the Reporting Period

☐ Yes ☒ No

2. Other reasons for changes of consolidation scope

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

In this year, the subsidiary Shanghai Zhinuo Textile New Materials Co., Ltd. was deregistered, and a new subsidiary, Tianyi Apparel Co., Ltd., was established.

X. Equity in Other Entities

1. Equity in Subsidiary

(1) Compositions of the Group

Unit: RMB

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

referred to as “Lu Thai (HK)”							
Shanghai Lu Thai Textile Garment Co., Ltd. (hereinafter referred to as “Shanghai Lu Thai”)	20,000,000.00	Shanghai	Shanghai	Wholesale and retail industry	100.00%		Set-up
LuFeng Company Limited (hereinafter referred to as “LuFeng Company”)	706,160,000.00	Zibo	Zibo	Manufacturing industry	75.00%		Set-up
Zibo Luqun Textile Co., Ltd. (hereinafter referred to as “Luqun Textile”)	168,220,000.00	Zibo	Zibo	Manufacturing industry	100.00%		Set-up
Zibo Xinsheng Thermal Power Co., Ltd. (hereinafter referred to as “Xinsheng Thermal Power”)	162,435,600.00	Zibo	Zibo	Manufacturing industry	100.00%		Business combination not under the same control
Shandong Lulian New Materials Co., Ltd. (hereinafter referred to as “Lulian New Materials”)	900,000,000.00	Zibo	Zibo	Manufacturing industry	75.00%	25.00%	Set-up
Shandong Lujia IMP. & EXP. Co., Ltd. (hereinafter referred to as “Lujia IMP. & EXP.”)	10,000,000.00	Zibo	Zibo	Import and export trade	100.00%		Set-up
Beijing Zhishu Management Consulting Co., Ltd. (hereinafter referred to as “Zhishu Consulting”)	2,000,000.00	Beijing	Beijing	Management consulting	100.00%		Set-up
Lu Thai Occupational Training School	100,000.00	Zibo	Zibo	Skill training	100.00%		Set-up
Zibo Banyang Villa Hotel Co., Ltd. (hereinafter referred to as “Banyang Villa”)	5,000,000.00	Zibo	Zibo	Catering services	100.00%		Set-up

Hainan Huilin International Holdings Co., Ltd. (“Huilin International”)	880,000,000.00	Wenchang	Wenchang	Modern service industry	100.00%		Set-up
TP Company	398,203,876.00	Singapore	Singapore	Wholesale textiles and leather, holding company		100.00%	Set-up
Vanguard Apparel Co., Ltd. (hereinafter referred to as “Vanguard Apparel”)	62,337,887.93	Burma	Burma	Manufacturing industry	100.00%		Set-up
Lu Thai (USA) Textile Co., Ltd. (hereinafter referred to as “Lu Thai (USA)”)	6,139,710.00	America	America	Wholesale and retail industry	100.00%		Set-up
Tianyi Apparel Co., Ltd. (hereinafter referred to as “Tianyi Apparel”)	10,719,000.00	Burma	Burma	Manufacturing industry	100.00%		Set-up
Yuanhui Dividend No. 2 Private Securities Investment Fund (“Yuanhui Fund”)					100.00%		Subscribe

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

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

(2) Significant non-wholly-owned subsidiary

Unit: RMB

Name	Shareholding proportion of non-controlling interests	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Lufeng Company Limited	25.00%	21,928,134.59		382,839,454.92

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

Unit: RMB

Name	Ending balance						Beginning balance					
	Current assets	Non-current	Total assets	Current liabilities	Non-current	Total liabilities	Current assets	Non-current	Total assets	Current liabilities	Non-current	Total liabilities

		assets			liability			assets			liability	
Lufeng Company Limited	1,096,938,632.35	648,235,124.19	1,745,173,756.54	156,224,247.67	50,393,232.00	206,617,479.67	925,170,025.16	666,351,350.97	1,591,521,376.13	89,644,274.83	53,272,778.47	142,917,053.30

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 Company Limited	1,335,514,726.95	89,930,961.56	89,951,954.04	401,125,951.79	1,375,045,198.83	57,390,726.91	57,411,695.78	79,614,020.15

2. Equity in joint ventures or associated enterprises

(1) Significant joint ventures or associated enterprises

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Accounting treatment of the investment to joint venture or associated enterprise
				Directly	Indirectly	
I. Joint ventures						
II. Associated enterprises						
Haohong Investment	Ningbo	Ningbo	Equity investment	33.33%		Equity method
Haoying Investment	Ningbo	Ningbo	Equity investment	47.62%		Equity method

(2) Main financial information of significant associated enterprises

Unit: RMB

	Ending balance/reporting period		Beginning balance/the same period of last year	
	Haohong Investment	Haoying Investment	Haohong Investment	Haoying Investment
Current assets	97,221,745.84	193,217,687.26	148,022,853.32	210,335,493.18
Non-current assets				
Total assets	97,221,745.84	193,217,687.26	148,022,853.32	210,335,493.18
Current liabilities	3,253,866.05		3,253,866.05	
Non-current liability				
Total liabilities	3,253,866.05		3,253,866.05	
Net assets	93,967,879.79	193,217,687.26	144,768,987.27	210,335,493.18
Equity of non-controlling interests				
Equity attributable to shareholders of the Company as the parent	93,967,879.79	193,217,687.26	144,768,987.27	210,335,493.18
Net assets shares calculated at the shareholding proportion	31,325,690.58	92,010,262.67	48,257,699.71	100,161,761.85
Adjusted items				
- Goodwill				
- Unrealized profit of internal transactions				
- Others		-3,251,681.96		-4,881,981.79
Carrying value of investment to associated enterprises	31,325,690.58	88,758,580.71	48,257,699.71	95,279,780.06

Fair value of equity investments in associated enterprises with publicly quoted prices				
Operating Revenue				
Net profit	-50,801,107.48	-17,117,805.92	23,601,152.08	-45,732,975.48
Net profit from discontinued operations				
Other comprehensive income				
Total comprehensive income	-50,801,107.48	-17,117,805.92	23,601,152.08	-45,732,975.48
Dividends received from the associates in the current period				

XI. Government Grants

1. Government Grants Included in Deferred Income

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance	Reason for formation
Government grants	151,768,947.92	1,090,000.00	7,463,826.81	145,395,121.11	Government grants
Total	151,768,947.92	1,090,000.00	7,463,826.81	145,395,121.11	

(1) Government grants included in deferred income and subsequently measured using the gross method

Item	Category	Beginning balance	Amount of newly subsidy for the current period	Amounts carried forward to profit or loss for the current period	Other changes	Ending balance	Listed items carried forward to profit or loss for the current period	Related to assets/income
Land subsidy	Financial appropriation	49,350,582.41		1,354,251.84		47,996,330.57	Other gains	Related to assets
Subsidies for equipment	Financial appropriation	93,120,347.28		5,831,228.28		86,789,119.00	Other gains	Related to assets
R&D subsidies	Financial appropriation	8,301,233.50	1,090,000.00	230,115.21		9,661,118.29	Other gains	Related to income
Subsidy for public rental housing	Financial appropriation	996,784.73		48,231.48		948,553.25	Other gains	Related to assets
Total		151,768,947.92	1,090,000.00	7,463,826.81		145,395,121.11		

2. Government Grants Included in Current Profit or Loss Using the Gross Method

Item_110723	Category	Amounts included in profit or loss for the current period	Amounts included in profit or loss in the prior period	Listed items included in profit or loss	Related to assets/income
Subsidy for environmental protection	Financial appropriation	953,396.23	5,283,018.87	Other gains	Related to income

Human resources subsidy	Financial appropriation	5,460,951.18	4,382,702.42	Other gains	Related to income
Special funds for the conversion of new and old industrial kinetic energy	Financial appropriation		3,500,000.00	Other gains	Related to income
Financing subsidy	Financial appropriation	700,000.00	952,000.00	Other gains	Related to income
Special fund for foreign trade and commerce and circulation	Financial appropriation	691,350.26	826,389.50	Other gains	Related to income
Strengthen the enterprise government subsidy	Financial appropriation		768,900.00	Other gains	Related to income
R&D subsidy	Financial appropriation	230,000.00	210,000.00	Other gains	Related to income
Reward for science and technology	Financial appropriation	50,000.00	150,000.00	Other gains	Related to income
Reward for supporting high-quality development	Financial appropriation	200,000.00	10,000.00	Other gains	Related to income
Design reward	Financial appropriation	71,000.00	10,000.00	Other gains	Related to income
Total		8,356,697.67	16,093,010.79		

3. Government Grants Using the Net Method to Reduce Related Costs

Item	Category	Amounts of offsetting related costs in the current period	Amounts of offsetting related costs in the previous period	Listed items of offsetting related costs	Related to assets/income
Financial discount funds for loans	Financial discount	126,041.67	167,291.67	Financial expenses	Related to income
Total		126,041.67	167,291.67		

XII. Risks Associated with Financial Instruments

1. Various Types of Risks Arising from Financial Instruments

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

1. Risk management objectives and policies

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

audit department will also regularly or randomly check whether the internal control system is implemented in conformity with relevant risk management policies.

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

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

(1) Credit risk

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

The Company shall manage the credit risk based on the specific Group Classification, and the credit risk mainly arises from bank deposit, notes receivable, accounts receivable, other receivables and investment in debt obligations etc.

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

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

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

In terms of accounts receivable, the top 5 customers in accounts receivable were accounted for 22.16% of the total amount of accounts receivable of the Company (24.80% in 2023). As for other receivables, the top 5 of the ending balance according to the arrears party was accounted for 69.61% of the total amount of other receivables of the Company (69.38% in 2023).

Investment in debt obligations

The Company generally limits its exposure to credit risk by investing only in securities for which there is an active market (other than long-term strategic investments) and for which the counterpart has a high credit rating.

The Group supervised the changes of credit risk through tracking the published external credit ratings. In order to make sure whether the credit rating was the latest, and whether the credit risk has increased obviously of evaluation report date but not been reflected in the published external ratings, the Company has supplemented through examining the changes of bond yield and the available news and supervision information.

On the balance sheet date, the carrying value of investment in debt obligations of the Company are listed as follows according to report items.

	Ending balance	Closing balance of last year
Financial asset held for trading	230,874,092.14	203,706,725.51
Debt investment due within one year	154,176,585.64	
Total	385,050,677.78	203,706,725.51

(2) Liquidity risk

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

During the management of liquidity risk, the Company shall reserve and monitor corresponding cash and cash equivalent deemed sufficient by the management so as to meet the Company's operational requirements and mitigate the impact caused by the cash flow fluctuation. The Group's management will monitor the use of bank loans and guarantee the fulfilment 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.

At the end of the period, the analysis of financial liabilities and off-balance sheet guarantee items held by the Company based on the maturity period of the undiscounted remaining contractual cash flows is as follows:

Item	Ending balance			
	Within one year	Within one to five years	Over 5 years	Total
Financial liabilities:				
Short-term loan	855,549,333.86			855,549,333.86
Accounts payable	272,079,091.51			272,079,091.51
Other payables	17,437,799.60			17,437,799.60
Long-term borrowings	21,948,346.33	405,344,416.41		427,292,762.74
Bonds Payable		1,399,844,700.00		1,399,844,700.00
Lease liabilities	20,183,287.07	58,411,429.64	54,533,430.61	133,128,147.33
Total	1,187,197,858.37	1,863,600,546.05	54,533,430.61	3,105,331,835.04

At the end of the previous year, the analysis of financial liabilities and off-balance sheet guarantee items held by the Company based on the maturity period of the undiscounted remaining contractual cash flows is as follows:

Item	Closing balance of last year			
	Within one year	Within one to five years	Over 5 years	Total
Financial liabilities:				
Short-term loan	586,472,143.14			586,472,143.14

Accounts payable	275,502,915.05			275,502,915.05
Other payables	47,549,373.52			47,549,373.52
Long-term borrowings	96,845,778.69	269,810,195.43		366,655,974.12
Bonds Payable		1,399,849,400.00		1,399,849,400.00
Lease liabilities	11,411,875.72	56,966,108.73	55,230,630.61	123,608,615.06
Total	1,017,782,086.12	1,726,625,704.16	55,230,630.61	2,799,638,420.89

The amounts of financial liabilities disclosed in the table above represent undiscounted contractual cash flows and may differ from the carrying amounts in the balance sheet.

(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, the exchange rate risk and other price 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 recognised interest-bearing financial instruments and unrecognised financial instruments (including certain loan commitment).

The Group's interest rate risk mainly arises from the long-term interest-bearing debt, such as the bank loan. Financial liabilities based on the floating interest rate will cause the cash flow interest rate risk to the Company, and financial liabilities based on the fixed interest rate the fair value interest rate risk.

However, the Company has paid close attention the impact of interest rate fluctuations on the Company's interest rate risk. At present, the Company has not taken any interest rate hedging measures. The rise of interest rate will increase the cost of newly-added interest-bearing debts and the interest cost of the Company's unsettled interest-bearing debts based on the floating interest rate, and cause major adverse influence on the Company's financial performance. The management will timely make corresponding adjustment according to the latest market situation, and corresponding interest rate swap will be arranged to reduce the interest rate risk.

The interest-bearing financial instruments held by the Company are as follows (Unit: RMB'0,000):

Item	Amount of Current Period	Amount of the Previous Period
Fixed-interest financial instruments		
Including: short-term borrowings	70,968.68	46,535.28
Current portion of long-term borrowings	425	230
Long-term borrowings		6,174.19
Bonds Payable	150,942.04	147,657.21
Total	222,335.73	200,596.68
Floating-interest financial instruments		
Financial assets	38,505.07	20,370.67
Including: trading financial assets	23,087.41	20,370.67

Debt investment due within one year	15,417.66	
Financial liabilities	40,467.05	40,023.31
Including: short-term borrowings		11,535.20
Current portion of long-term borrowings	842.64	8,663.00
Long-term borrowings	39,624.41	19,825.11
Total	78,972.12	60,393.98

On 31 December 2024, if the lending rate calculated at floating interest rate up or down 100 basis points with other variables unchanged, the net profit and shareholders' equity will be decreased or increased about RMB3,439,700 (compared to RMB3,479,700 as of the end of last year).

For financial instruments held at the balance sheet date that expose the Company to fair value interest rate risk, the impact on net income and shareholders' equity in the sensitivity analysis above is the impact of re-measuring the above financial instruments at the new interest rate, assuming that there is a change in interest rates at the balance sheet date. For floating rate non-derivative instruments held at the balance sheet date that expose the Company to cash flow interest rate risk, the impact on net income and shareholders' equity in the above sensitivity analysis is the impact of changes in the above interest rates on interest expense or income estimated on an annualized basis. The previous year's analysis was based on the same assumptions and methodology.

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.

The Company's recognised foreign currency assets and liabilities as well as future foreign currency transactions (the denomination currencies of foreign currency assets and liabilities and foreign currency transactions are mainly USD, Dong, EUR, and HKD) are exposed to foreign exchange risk.

On 31 December 2024, the amount of foreign currency financial assets and foreign currency financial liabilities converted to renminbi is as follows (Unit: RMB'0,000):

Item	Foreign currency liabilities		Foreign currency assets	
	Ending balance	Closing balance of last year	Ending balance	Closing balance of last year
USD	73,605.67	61,952.45	178,017.80	121,933.38
EUR	18.79	154.36	412.75	386.82
JPY	14.91	248.23	14.43	123.83
HKD			100.84	2,124.70
GBP			0.02	0.05
CHF				0.01
Dong	7,442.45	5,439.51	6,964.15	6,351.53
MMK	224.19	22.97	710.25	292.27
Riel			96.76	13.27
Total	81,306.01	67,817.51	186,317.00	131,225.87

The Group has paid close attention the impact of exchange rate fluctuations on the Group's exchange rate risk. The Company has signed contracts of futures exchange for the purpose of the aversion of foreign exchange 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 other payables denominated in foreign currencies, assuming a 10% appreciation or depreciation of RMB against foreign currencies, while other factors remain unchanged, the impact of possible reasonable changes in the Company's foreign currency exchange rate against RMB on the Company's profit and loss for the current period is as follows (Unit: RMB'0,000):

Exchange rate fluctuations	This year		Last year	
	Impact on after-tax profit	Impact on shareholders' equity	Impact on after-tax profit	Impact on shareholders' equity
10% appreciation against RMB	-8,567.83	-8,567.83	-5,101.33	-5,101.33
10% depreciation against RMB	8,567.83	8,567.83	5,101.33	5,101.33

Other price risks

Other price risks are the risks of fluctuations due to changes in market prices other than exchange rate risk and interest rate risk, whether these changes result from factors relating to a single financial instrument or its issuer, or from those relating to all similar financial instruments traded within the market. Other price risks can arise from changes in commodity prices, stock market index, equity instrument prices, and other risk variables.

Investments in listed equity instruments held by the Company, which are classified as transactional financial assets are measured at fair value at the balance sheet date. As a consequence, the Company is undertaking the risk of changes in equity markets.

The Company closely monitors the impact of price changes on the price risk of the Company's investments in equity and securities. The Company does not currently take any steps for other price risk aversion. Nevertheless, the management is liable for supervisory control on other price risks and shall consider reducing the price risk of investments in equity and securities by holding a diversified portfolio investment in equity and securities when required.

With all other variables being constant, the pre-tax impact on the Company's profit or loss for the current period and other comprehensive income of a 10% change in the price of investments in equity and securities for the year is as follows (Unit: RMB'0,000):

Item	After-tax profits up (down)		Other comprehensive income up (down)	
	Amount of Current Period	Amount of the Previous Period	Amount of Current Period	Amount of the Previous Period
Due to increase in the price of investments in equity securities	3,932.29	4,333.58		
Due to a decline in the price of investments in equity securities	-3,932.29	-4,333.58		

2. Capital management

The objectives of capital management policies of the Company are to ensure the continuous operation of the Company so as to provide return to shareholders and benefit other stakeholders, as well as to reduce capital cost by maintaining the optimal capital structure.

In order to maintain or adjust capital structure, the Company might adjust financing method and the dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instrument or sell assets to reduce debts.

The Group supervised the capital structure based on the asset-liability ratio (namely total liabilities divide total assets). On 31 December 2024, the asset-liability ratio was 29.49% of the Company (28.39% on 31 December 2023).

3. Financial asset transfer

(1) Classification of transfer methods

Transfer methods	Nature of financial assets transferred	Amount of financial assets transferred	Derecognition	Basis for determining derecognition
Bills endorsement	Receivables financing	125,400,149.23	Derecognition	Almost all risks and remuneration have been transferred.
Bills discounting	Receivables financing	29,567,761.61	Derecognition	Almost all risks and remuneration have been transferred.
Bills endorsement	Notes receivable	33,546,850.71	Not derecognised	
Bills discounting	Notes receivable	916,924.50	Not derecognised	
Total		189,431,686.05		

(2) Financial assets derecognised due to transfer

Item	Transfer methods	Derecognised amount	Gains or losses related to derecognition
Receivables financing	Bills endorsement	125,400,149.23	
Receivables financing	Bills discounting	29,567,761.61	-102,815.32
Total		154,967,910.84	-102,815.32

The total carrying value of the bank acceptance bills endorsed by the Company to the supplier but not due and bank acceptance bills discounted to the bank but not due amounted to RMB189,431,686.05, of which the Company believed that the notes receivable with a carrying value of RMB154,967,910.84 (31 December 2023: RMB151,938,439.51) had transferred almost all risks and rewards at the time of discounting, meeting the conditions for derecognition of financial assets. Therefore, the related notes receivable were derecognised. The maximum exposure to risk that continues to be associated with these derecognised notes receivable is equal to the undiscounted cash flows from the repurchase of the notes, which is equal to the carrying value of the notes receivable. The Company does not consider the continued involvement in the fair value of the derecognised notes receivable to be material.

(3) Amount of assets and liabilities formed due to transfer of financial assets and continuous involvement

Item	Asset transfer methods	Amount of assets formed due to continuous involvement	Amount of liabilities formed due to continuous involvement
Notes receivable	Bills endorsement	33,546,850.71	33,546,850.71
Notes receivable	Bills discounting	916,924.50	916,924.50
Total		34,463,775.21	34,463,775.21

XIII. Disclosure of Fair Value

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

Unit: RMB

Item	Closing 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	117,978,959.15	575,993,713.49		693,972,672.64
1. Financial assets at fair value through profit or loss	117,978,959.15	575,993,713.49		693,972,672.64
(1) Investment in debt instruments		230,874,092.14		230,874,092.14
(2) Equity investments	117,978,959.15	344,643,171.16		462,622,130.31
(3) Derivative financial assets		476,450.19		476,450.19
(II) Accounts receivable financing		10,184,900.59		10,184,900.59
(III) Other non-current financial assets			82,800,000.00	82,800,000.00
(VI) Trading financial liabilities		15,858,713.22		15,858,713.22
Of which: Derivative financial liabilities		15,858,713.22		15,858,713.22
II. Inconsistent Fair Value Measurement	--	--	--	--

2. Market Price Recognition Basis for Consistent and Inconsistent Fair Value Measurement Items at Level 1

Quoted prices in active markets for identical assets or liabilities (unadjusted).

3. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 2

The Company determines the fair value of structured deposits and wealth management products based on the prospective earning rate as agreed in the contract.

The Company determines the fair value of fund products based on the changes in net value published by the private equity funds.

The Company determines the fair value of option-based products based on bank forward foreign exchange quotations at the end of the period.

4. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 3

For the unlisted equity investment, the Company adopts the comparable listed company comparison method, and the non-observable input value of the comparable listed company comparison method includes the liquidity discount.

The investment into Shandong Hongqiao Thermoelectric Co., Ltd. made by Luqun Textile (the Company's subsidiary) is expected to be held in the long run for obtaining the discount on power purchase. As no revenue distribution right is vested in the investment, the invested unit's operating

profit and loss are not shared or borne, and the equity transfer is not proposed, the Company regards it as the financial asset which shall be measured based on the fair value and whose variations are included in the current profit and loss, and the investment cost is deemed as the fair value of the financial asset.

For accounts receivables financing at fair value and the changes included in other comprehensive income, its fair value shall be determined by the discount cash flow method.

5. Reconciliation of Fair Value Measurements Classified in Level 3 of the Fair Value Hierarchy

Item (amount for the current period)	Beginning balance	Transferred to Level 3	Transferred out of Level 3	Total gains or losses for the current period		Purchase, issuance, sale, and settlement				Ending balance	For assets held at the end of the reporting period, the change in unrealised gains or losses recognised in profit or loss for the current period
				Recognised as profit or loss	Recognised in other comprehensive income	Purchase	Issuance of	Sale	Settlement		
Financial asset held for trading:											
Investment in debt instruments											
Equity instrument investment											
Other non-current financial assets	88,750,000.00			-5,950,000.00						82,800,000.00	-5,950,000.00
Total	88,750,000.00			-5,950,000.00						82,800,000.00	-5,950,000.00

The following is the information on gains and losses related to financial and non-financial assets included in the gains and losses recognised in profit or loss for the current period:

Item (amount for the current period)	Gains and losses related to financial assets	Gains and losses related to non- financial assets
Total gains or losses for the current period recognised in profit or loss	-5,950,000.00	
For assets held at the end of the reporting period, the change in unrealised gains or losses recognised in profit or loss for the current period	-5,950,000.00	

Item (Amount for the Previous Period)	Beginning balance	Transferred to Level 3	Transferred out of Level 3	Total gains or losses for the current period		Purchase, issuance, sale, and settlement				Ending balance	For assets held at the end of the reporting period, the change in unrealised gains or losses recognised in profit or loss for the current period
				Recognised as profit or loss	Recognised in other comprehensive income	Purchase	Issuance of	Sale	Settlement		

Financial asset held for trading:											
Investment in debt instruments											
Equity instrument investment											
Other non-current financial assets	89,080,000.00			-330,000.00						88,750,000.00	-330,000.00
Total	89,080,000.00			-330,000.00						88,750,000.00	-330,000.00

The following is the information on gains and losses related to financial and non-financial assets included in the gains and losses recognised in profit or loss for the previous period:

Item (Amount for the Previous Period)	Gains and losses related to financial assets	Gains and losses related to non-financial assets
Total gains or losses for the current period recognised in profit or loss	-330,000.00	
For assets held at the end of the reporting period, the change in unrealised gains or losses recognised in profit or loss for the current period	-330,000.00	

6. 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, other non-current assets - time deposits, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payables, other payables, current portion of long-term borrowings, long-term borrowings, and bonds payable.

XIV. Related Party and Related-party Transactions

1. Information related to the company as the parent of the Company

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the company as the parent against the company (%)	Proportion of voting rights owned by the company as the parent against the company (%)
Lucheng Textile	Zibo	Textile, chemistry and investment	RMB63,260,000	17.17%	17.17%

Notes: information on the Company as the parent

The final controllers of the Company are Mr. Liu Zibin and Mr. Liu Deming.

2. Subsidiaries of the Company

Refer to Note X-1.

3. Information on the joint ventures and associated enterprises of the Company

Refer to Note X-2.

4. Information on other related parties

Name	Relationship with the company
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Zibo Limin Purified Water Co., Ltd. (hereinafter referred to as “Limin Purified Water”)	Same parent
Zibo Luqun Land Co., Ltd (hereinafter referred to as “Luqun Land”)	Same parent
Zibo Lurui Fine Chemical Co., Ltd. (hereinafter referred to as “Lurui Chemical”)	Same parent
Zibo Lujia Property Management Co., Ltd. (hereinafter referred to as “Lujia Property”)	Same parent
Hong Kong Tung Hoi International Company Limited (hereinafter referred to as “Tung Hoi International”)	Same parent
Zibo Chengshun Hosiery Co., Ltd. (hereinafter referred to as “Chengshun Hosiery”)	Same parent
Zibo Chengshun Economic and Trade Co., Ltd. (hereinafter referred to as “Chengshun Economic and Trade”)	Same parent
Chengshun Petrochemical (Zhejiang Zhoushan) Co., Ltd. (hereinafter referred to as “Chengshun Petrochemical”)	Same parent
Zibo Lucheng Petrochemical Sales Co., Ltd. (hereinafter referred to as “Lucheng Petrochemical”)	Same parent
Shanghai Hengjiu Textile New Materials Co., Ltd. (hereinafter referred to as “Hengjiu Textile”)	Same parent
Shandong Xirui New Material Co., Ltd. (hereinafter referred to as “Xirui New Material”)	Subsidiary of the parent company’s subsidiary
Zibo Lumei Economic and Trade Co., Ltd. (hereinafter referred to as “Lumei Economic and Trade”)	Same parent
Zibo Hesheng Chemical Trading Co., Ltd. (hereinafter referred to as “Hesheng Chemical Trading”)	Subsidiary of the parent company’s subsidiary
ZhiFeng (Vietnam) International Trading Co., Ltd. (hereinafter referred to as “ZhiFeng International”)	Subsidiary of the parent company’s subsidiary
Liu Zibin, Xu Zhinan, Xu Jianlyu, Zheng Huisheng, Liu Deming, Zhang Zhanqi, Zhang Keming, Du Lixin, Zhou Zhiji, Qu Dongmei, Peng Yanli, Quan Yuhua, Shang Chenggang, Liu Zilong, Dong Shibing, Yu Shouzheng, Guo Heng, Lyu Wenquan, Xu Feng, Zheng Weiyin	Key management personnel

5. List of related-party transactions

(1) Information on acquisition of goods and reception of labour service

Information on acquisition of goods and reception of labour 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
Chengshun Hosiery	Paper core, hosiery, accessories, etc.	7,391,882.48	11,266,666.67	Not	7,193,988.38
Limin Purified Water	Recycled water, sewage treatment, etc.	25,480,134.69	37,920,000.00	Not	28,246,470.62
Lurui Fine Chemical and Tung Hoi International	Auxiliaries	113,904,742.76	130,300,000.00	Not	101,314,234.28
Chengshun Economic and Trade	Supermarket retail, service expenses	1,641,835.36	3,760,000.00	Not	2,468,796.20
Lucheng Petrochemical and Chengshun Petrochemical	Oil products, urea, natural gas	52,370,735.70	77,077,333.33	Not	55,480,873.42
Luqun Property	electrical	147,619.12			150,295.22

Information of sales of goods and provision of labour service

Unit: RMB

Related party	Content	Amount of the current period	Amount of the previous period
Chengshun Hosiery	Materials, power energy, etc.	265,162.23	255,336.33
Chengshun Hosiery	Yarn, garments, fabrics	390,647.37	552,386.10
Chengshun Economic and Trade	Materials, power energy, etc.	443,521.90	200,452.64
Lucheng Petrochemical	Materials, electricity, garments, fabrics	14,652.32	14,104.15
Limin Purified Water	Materials, electricity, garments, fabrics, etc.	6,947,311.98	5,611,202.34
Limin Purified Water	Sludge treatment	943,396.23	283,018.87
Lurui Fine Chemical	Materials, yarns, garments, fabrics, etc.	1,584,349.53	295,841.93
Lujia Property	Materials, power energy, etc.	40,571.28	28,133.85
Xirui New Materials	Clothing	550.44	
Xirui New Materials	Catering services, etc.	50,541.98	114,555.82
Lumei Economic and Trade	Garments, fabrics, computer supplies		63.72
Luqun Property	Garments, fabrics, catering services		365,076.11
Luqun Property	Heating unit account opening		3,292,155.06

(2) Information on related-party lease

The Company was lessor:

Unit: RMB

Name of lessee	Category of leased assets	The lease income confirmed in the current period	The lease income confirmed in the same period of last year
Chengshun Economic and Trade	Rent of houses and buildings	55,478.67	36,108.00
Chengshun Hosiery	Rent of houses and buildings	16,800.00	16,800.00

The Company was lessee:

Unit: RMB

Name of lessor	Category of leased assets	Rental expense of simplified short-term leases and low-value asset leases (if applicable)		Variable lease payments that are not covered in the measurement of the lease liabilities (if applicable)		Rent payable		Interest expense on lease liabilities borne		Added right-of-use assets	
		Amount of the current period	Amount of the previous period	Amount of the current period	Amount of the previous period	Amount of the current period	Amount of the previous period	Amount of the current period	Amount of the previous period	Amount of the current period	Amount of the previous period

Lucheng Textile	Rent of land					3,614,857.20	3,614,857.20	974,130.19	1,093,886.24		
Lucheng Textile	Rent of gas station					233,142.84	233,142.84	99,697.35	105,749.06		
Lucheng Textile	Rent of buildings					11,022,228.60	11,022,228.60	2,122,455.64	1,831,460.66		
Luqun Property	Rent of land and buildings					1,971,428.52	1,971,428.52	1,087,948.39	1,128,013.88		

(3) Information on remuneration for key management personnel

Unit: RMB

Item	Amount of the current period	Amount of the previous period
Remuneration for key management personnel	14,913,891.17	12,214,104.92

6. Accounts receivable and payable of related party

(1) Accounts payable

Unit: RMB

Item	Related party	Ending balance	Beginning carrying amount
Accounts payable	Lurui Fine Chemical	230,514.74	398,433.04
Accounts payable	Tung Hoi International	3,445,679.03	5,597,739.70

XV. Stock Payment

1. The overall situation of share-based payments

☒ Applicable ☐ Not applicable

Unit: RMB

Category of grant recipients	Awarded in the current period		Option exercise in the current period		Unlocked in the current period		Lapsed in the current period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Management, core technical and business backbone					9,803,000	9,803,000.00	125,500	125,500.00
Total					9,803,000	9,803,000.00	125,500	125,500.00

Stock options or other equity instruments outstanding at the end of the period

☐ Applicable ☒ Not applicable

2. Equity-settled share-based payments

☒ Applicable ☐ Not applicable

Unit: RMB

Methods for determining the fair value of equity instruments on the grant date	Difference between the market price of the stock and the grant price on the grant date
Basis for determining the number of feasible right equity	Optimal estimation of expected feasible right in the future

instruments	
Reasons for the significant discrepancy between the current period estimates and the previous estimates	N/A
Accumulated amount of equity-settled share-based payment included in capital reserves	87,876,756.71
The total amount of the expense recognised for the current period paid on equity-settled shares	2,817,226.19

3. Cash-settled share-based payments

☐ Applicable ☒ Not applicable

4. Share-Based Payment Expenses for the Period

☒ Applicable ☐ Not applicable

Unit: RMB

Category of grant recipients	Equity-settled share-based payments	Cash-settled share-based payments
Management, core technical and business backbone	2,817,226.19	
Total	2,817,226.19	

XVI. Commitments and Contingency

1. Significant Commitments

Significant commitments on balance sheet date

(1) Capital commitments

Commitments signed but hasn't been recognised in financial statements	Ending balance	Closing balance of last year
Commitment on constructing and purchasing long-lived assets (RMB'0,000)	3,244.50	5,147.75

2. Contingency

(1) Explanation shall be given even if there is no significant contingency for the Company to disclose

There was no significant contingency in the Company to disclose.

XVII. Events after Balance Sheet Date

1. Distribution of Profit

Amount to be distributed for every ten shares (RMB)	1.00
Dividend shares to be distributed for every ten shares (share)	0
Number of shares to be converted into share capital for every ten shares (share)	0
Amount to be distributed for every ten shares after consideration and approval (RMB)	1.00
Dividend shares to be distributed for every ten shares after consideration and approval (share)	0
Number of shares to be converted into share capital for every ten shares after consideration and approval (share)	0
Profit distribution plan	On 8 April 2025, the 30th meeting of the 10th Board of Directors of the Company approved the profit distribution plan for 2024 as

follows: Based on the share capital of 817,306,010 shares, it was proposed that cash dividends in the amount of RMB81,730,601.00 would be distributed at the rate of RMB1.00per ten shares (inclusive of tax). The above distribution plan will be implemented after it is submitted to the 2024 Annual General Meeting of Shareholders for consideration and approval.

2. Notes to other events after balance sheet date

As at 8 April 2025, the Company has no other events after balance sheet date that should be disclosed.

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

1. Accounts Receivable

(1) Disclosure by aging

Unit: RMB

Aging	Ending balance	Beginning carrying amount
Within one year (including 1 year)	405,094,184.12	380,684,242.95
One to two years	1,507,926.77	2,423,615.15
Two to three years	550,870.00	13,571.80
More than three years	367,200.00	3,026,023.60
Three to four years	200,763.00	20,913.49
Four to five years	166,437.00	3,005,110.11
Total	407,520,180.89	386,147,453.50

(2) Disclosure by Withdrawal Methods for Bad Debts

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable withdrawal of Bad debt provision separately accrued	1,380,525.86	0.34%	1,380,525.86	100.00%		5,481,360.70	1.42%	5,481,360.70	100.00%	
Of which:										
Accounts receivable withdrawal of bad debt provision of by group	406,139,655.03	99.66%	24,795,853.37	6.11%	381,343,801.66	380,666,092.80	98.58%	24,182,667.21	6.35%	356,483,425.59
Of which:										
Group 1: Undue accounts (L/C)	53,016,898.75	13.01%			53,016,898.75	35,791,868.54	9.27%			35,791,868.54
Undue	11,429,561.6	2.80%	120,010.40	1.05%	11,309,551.2	23,003,716.8	5.96%	241,539.03	1.05%	22,762,177.8

accounts (credit insurance insured)	2				2	7				4
Undue accounts (no credit insurance)	298,370,197.72	73.22%	14,918,509.88	5.00%	283,451,687.84	275,912,255.37	71.45%	13,795,612.77	5.00%	262,116,642.60
Overdue accounts (credit insurance insured)	14,193,001.99	3.48%	2,228,301.31	15.70%	11,964,700.68	15,309,159.83	3.96%	2,403,538.09	15.70%	12,905,621.74
Overdue accounts (no credit insurance)	29,129,994.95	7.15%	7,529,031.78	25.85%	21,600,963.17	30,649,092.19	7.94%	7,741,977.32	25.26%	22,907,114.87
Total	407,520,180.89	100.00%	26,176,379.23	6.42%	381,343,801.66	386,147,453.50	100.00%	29,664,027.91	7.68%	356,483,425.59

Bad debt provision separately accrued: 2024

Unit: RMB

Name	Beginning balance		Ending balance			
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdraw
Customer 1	2,751,489.34	2,751,489.34	1,380,525.86	1,380,525.86	100.00%	Customer in financial difficulty
Customer 2	2,729,871.36	2,729,871.36				
Total	5,481,360.70	5,481,360.70	1,380,525.86	1,380,525.86		

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

☐ Applicable ☒ Not applicable

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

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the current period				Ending balance
		Withdrawal	Reversed or recovered	Verification	Other	
Bad debt provision	29,664,027.91		325,158.70	3,162,489.98		26,176,379.23
Total	29,664,027.91		325,158.70	3,162,489.98		26,176,379.23

(4) Accounts Receivable Written-off in Current Period

Unit: RMB

Item	Written-off amount
Written-off accounts receivable	3,162,489.98

Notes to verification of accounts receivable:

There were no write-offs of significant accounts receivable.

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

Unit: RMB

Name of entity	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion to total ending balance of accounts receivable and contract assets	Ending balance of bad debt provision of accounts receivable and impairment provision for contract assets
Customer 1	32,703,382.90		32,703,382.90	8.02%	1,635,169.15
Customer 2	23,654,705.71		23,654,705.71	5.80%	1,182,735.29
Customer 3	22,365,718.66		22,365,718.66	5.49%	1,118,285.93
Customer 4	20,055,191.67		20,055,191.67	4.92%	1,002,759.58
Customer 5	16,398,877.01		16,398,877.01	4.02%	249,713.49
Total	115,177,875.95		115,177,875.95	28.25%	5,188,663.44

2. Notes Receivable

Category	Ending balance			Closing balance of last year		
	Carrying amount	Bad debt provision	Carrying value	Carrying amount	Bad debt provision	Carrying value
Bank acceptance bills	34,575,445.32		34,575,445.32	54,622,178.42		54,622,178.42
Commercial acceptance bills	400,000.00	20,000.00	380,000.00			
Total	34,975,445.32	20,000.00	34,955,445.32	54,622,178.42		54,622,178.42

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

(2) Notes receivable endorsed by the Company or discounted and not due on the balance sheet date at the period-end

Category	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bills		26,302,178.06
Trade acceptance notes		
Total		26,302,178.06

(3) Disclosure by withdrawal methods for bad debts

Category_310813	Ending balance					Closing balance of last year				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)		Amount	Percentage (%)	Amount	Expected credit loss rate (%)	

Bad debt provision separately accrued										
Withdrawal of bad debt provision by group	34,975,445.32	100	20,000.00	0.06	34,955,445.32	54,622,178.42	100			54,622,178.42
Of which:					-					
Commercial acceptance bills	400,000.00	1.14	20,000.00	5	380,000.00					
Bank acceptance bills with low credit ratings	34,575,445.32	98.86			34,575,445.32	54,622,178.42	100			54,622,178.42
Total	34,975,445.32	100	20,000.00		34,955,445.32	54,622,178.42	100			54,622,178.42

Notes receivable of bad debt provision withdrawn by groups

Grouping-based provision item: Bank acceptance bills with low credit ratings

Name_210024	Ending balance		
	Notes receivable	Bad debt provision	Expected credit loss rate (%)
Bank acceptance bills with low credit ratings	34,575,445.32		
Total	34,575,445.32		

Note: Based on the fact that the likelihood of loss on the notes receivable is minimal and the amount of expected credit losses on the notes receivable is not material, the Company has not provided for bad debts on the notes receivable.

Grouping-based provision item: Commercial acceptance bills ratings

Name	Ending balance			Closing balance of last year		
	Notes receivable	Bad debt provision	Expected credit loss rate (%)	Notes receivable	Bad debt provision	Expected credit loss rate (%)
Commercial acceptance bills	400,000.00	20,000.00	5			
Total	400,000.00	20,000.00	5			

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

	Amount of Bad Debt Provision
Beginning balance	
Withdrawal of the Current Period	20,000.00
Reversed or Recovered in the Reporting Period	
Write-off in the Reporting Period	
Ending balance	20,000.00

3. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	1,444,344,599.59	2,064,459,414.54
Total	1,444,344,599.59	2,064,459,414.54

(1) Other Accounts Receivable

1) Other receivables classified by category

Unit: RMB

Nature	Ending balance	Beginning carrying amount
Intercourse funds	1,438,423,895.04	2,060,091,836.09
Payment on behalf	6,572,485.56	6,736,525.76
Guarantee deposit and cash deposit	2,109,217.68	1,549,661.78
Borrowings and petty cash	949,740.81	1,533,557.54
Other	2,656,594.02	2,720,459.54
Total	1,450,711,933.11	2,072,632,040.71

2) Disclosure by aging

Unit: RMB

Aging	Ending balance	Beginning carrying amount
Within one year (including 1 year)	1,371,173,184.48	1,629,128,024.64
One to two years	27,700,512.72	184,755,200.00
Two to three years	13,105,000.00	79,555,623.95
More than three years	38,733,235.91	179,193,192.12
Three to four years	36,109,026.05	176,599,422.10
Four to five years		78,000.00
Over 5 years	2,624,209.86	2,515,770.02
Total	1,450,711,933.11	2,072,632,040.71

(3) Disclosure by Withdrawal Methods for Bad Debts

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Of which:										
Withdrawal of bad debt provision by group	1,450,711,933.11	100.00%	6,367,333.52	0.44%	1,444,344,599.59	2,072,632,040.71	100.00%	8,172,626.17	0.39%	2,064,459,414.54
Of which:										
Bad debt provision in the first stage	1,447,622,162.05	99.79%	4,775,185.04	0.33%	1,442,846,977.01	2,069,707,269.65	99.86%	6,661,047.19	0.32%	2,063,046,222.46
Bad debt provision in the second	2,926,759.01	0.20%	1,429,136.43	48.83%	1,497,622.58	2,761,759.01	0.13%	1,348,566.93	48.83%	1,413,192.08

stage										
Bad debt provision in the third stage	163,012.05	0.01%	163,012.05	100.00%		163,012.05	0.01%	163,012.05	100.00%	
Total	1,450,711,933.11	100.00%	6,367,333.52	0.44%	1,444,344,599.59	2,072,632,040.71	100.00%	8,172,626.17	0.39%	2,064,459,414.54

Withdrawal of bad debt provision by adopting the general mode of expected credit loss:

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2024	6,661,047.19	1,348,566.93	163,012.05	8,172,626.17
Balance of 1 January 2024 in the Current Period				
Withdrawal of the Current Period		80,569.50		80,569.50
Reclassification in the Reporting Period	1,885,862.15			1,885,862.15
Balance of 31 December 2024	4,775,185.04	1,429,136.43	163,012.05	6,367,333.52

The basis for the division of each stage and the withdrawal proportion of bad debt provision

Changes of carrying amount with significant amount changed of loss provision in the current period

☐ Applicable ☒ Not applicable

4) Bad Debt Provision Withdrawn, Reversed or Recovered in the Current Period

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the current period				Ending balance
		Withdrawal	Reversed or recovered	Charged-off/Written-off	Other	
Bad debt provision	8,172,626.17	80,569.50	1,885,862.15			6,367,333.52
Total	8,172,626.17	80,569.50	1,885,862.15			6,367,333.52

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

Unit: RMB

Name of entity	Nature	Ending balance	Aging	Proportion to ending balance of total other receivables	Ending balance of bad debt provision
Unit 1	Intercourse funds	971,464,156.38	Within one year; one to two years; two to three years	66.96%	2,914,392.47
Unit 2	Intercourse funds	259,505,275.71	Within 1 year	17.89%	778,515.83
Unit 3	Intercourse funds	133,735,396.68	Within 1 year	9.22%	401,206.19
Unit 4	Intercourse	40,922,421.76	One to two years; Over	2.82%	122,767.27

	funds		three years		
Unit 5	Intercourse funds	12,000,000.00	Within 1 year	0.83%	36,000.00
Total		1,417,627,250.53		97.72%	4,252,881.76

4. Long-term Equity Investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Investment to subsidiaries	3,776,326,276.50	10,209,050.00	3,766,117,226.50	3,446,169,376.50	10,209,050.00	3,435,960,326.50
Investment to joint ventures and associated enterprises	120,084,271.29		120,084,271.29	143,537,479.77		143,537,479.77
Total	3,896,410,547.79	10,209,050.00	3,886,201,497.79	3,589,706,856.27	10,209,050.00	3,579,497,806.27

(1) Investment to subsidiaries

Unit: RMB

Investee	Beginning balance (carrying value)	Beginning balance of depreciation reserve	Increase/decrease				Ending balance (carrying value)	Ending balance of depreciation reserve
			Additional investment	Reduced investment	Withdrawal of impairment provision	Other		
Xinsheng Power	176,340,737.93						176,340,737.93	
Lufeng Company Limited	529,620,000.00						529,620,000.00	
Luqun Textile	171,784,550.00						171,784,550.00	
Luthai (Hong Kong)	128,771,800.00						128,771,800.00	
Shanghai Luthai	20,000,000.00						20,000,000.00	
Lu Thai (America)	0.00	10,209,050.00						10,209,050.00
VACL	62,337,238.57						62,337,238.57	
Lulian New Materials	300,000,000.00		525,925,200.00	206,481,300.00			619,443,900.00	
Lujia Import & Export	10,000,000.00						10,000,000.00	
Lu Thai Occupational Training School	100,000.00						100,000.00	
Shanghai Zhinuo	6,000.00			6,000.00				
Zhishu Consulting	2,000,000.00						2,000,000.00	
Huilin International	1,630,000,000.00						1,630,000,000.00	
Banyang Mountain Villa	5,000,000.00						5,000,000.00	
Tianyi			10,719,000.00				10,719,000.00	

Apparel								
Yuanhui Fund	400,000,000.00						400,000,000.00	
Total	3,435,960,326.50	10,209,050.00	536,644,200.00	206,487,300.00			3,766,117,226.50	10,209,050.00

(2) Investment to joint ventures and associated enterprises

Unit: RMB

Investee	Beginning balance (carrying value)	Beginning balance of depreciation reserve	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserve
			Additional investment	Reduced investment	Gains and losses recognised under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint ventures												
II. Associated enterprises												
Haohong Investment	48,257,699.71				-16,932,009.13						31,325,690.58	
Haoying Investment	95,279,780.06				-6,521,199.35						88,758,580.71	
Subtotal	143,537,479.77				-23,453,208.48						120,084,271.29	
Total	143,537,479.77				-23,453,208.48						120,084,271.29	

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

5. Operating Revenue and Cost of Sales

Unit: RMB

Item	Amount of the current period		Amount of the previous period	
	Revenue	Cost	Revenue	Cost
Principal business	2,943,776,911.86	2,279,103,044.60	3,147,505,850.27	2,471,357,276.44
Others	254,515,151.74	167,085,585.40	280,155,779.48	186,079,061.04
Total	3,198,292,063.60	2,446,188,630.00	3,427,661,629.75	2,657,436,337.48

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	14,383,890.10	170,639,188.72
Long-term equity investment income accounted by equity method	-23,453,208.48	-9,556,170.35
Investment income from disposal of long-term equity investment	-55,556,100.00	22,374,515.10
Investment income from holding of held-for-trading financial asset	4,301,934.88	3,837,780.60
Investment income from disposal of trading financial assets	-148,399.11	30,146,964.78
Interest income from debt investments during the holding period	4,176,585.64	
Total	-56,295,296.97	217,442,278.85

XIX. Supplementary Materials

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

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Note
Gains and losses on disposal of non-current assets	-5,481,717.67	
Government grants recognised in profit or loss for the current period (except for government grants closely related to the Company's normal operating business, in compliance with national policies and in accordance with defined criteria, and having a continuous impact on the Company's profit or loss)	34,326,278.48	
Gains and losses arising from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and gains and losses arising from the disposal of financial assets and financial liabilities, other than effective hedging business related to the Company's normal operating business	-116,104,499.14	
Reversal of provision for impairment of receivables separately tested for impairment	1,349,345.50	
Other non-operating income and expense other than the above	3,383,103.88	
Less: Income tax effects	-11,186,738.74	
Non-controlling interests effects (after tax)	676,593.25	
Total	-72,017,343.46	--

Details of other profit and loss items in line with the definition of non-recurring gains and losses:

☐ Applicable ☒ Not applicable

There are no other profit and loss items in line with the definition of non-recurring gains and losses in the Company.

Note to define the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses as recurring profit and loss items.

☐ Applicable ☒ Not applicable

2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	4.39%	0.50	0.47
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	5.16%	0.59	0.54

Chairman of the Board: Liu Zibin

Lu Thai Textile Co., Ltd.

10 April 2025