Stock code: 000726, 200726 Stock name: Lu Thai A, Lu Thai B Announcement No.: 2016-041

Lu Thai Textile Co., Ltd.
Abstract of Semi-annual Report 2016

1. Important notes

The Abstract is based on the full text of the semi-annual report. For more details, investors are suggested to read the full text disclosed at the same time with the Abstract on http://www.cninfo.com.cn, the website of the Shenzhen Stock Exchange or any other websites designated by the CSRC.

The Abstract has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

Corporate profile

Stock name	Lu Thai A, Lu Thai B	Stock code	000726, 200726
Changed stock name (if any)	N/A		
Stock exchange	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Qin Guiling	Zheng Weiyin, Li Kun	
Tel.	0533-5266188	0533-5285166	
Fax	0533-5418805	0533-5418805	
E-mail	qinguiling@lttc.com.cn	wyzheng@lttc.com.cn，likun@lttc.com.cn	

2. Financial highlights and shareholder changes

(1) Financial highlights

Whether the Company performs any retroactive adjustments to or restatements of its accounting data of last year due to change in accounting policies or correction of accounting errors

□ Yes √ No

	Reporting Period	Same period of last year	+/- (%)
Operating revenues (RMB)	2,831,326,773.03	2,941,835,897.16	-3.76%
Net profit attributable to shareholders of the Company (RMB)	344,641,184.73	344,521,516.72	0.03%
Net profit attributable to shareholders of the Company excluding exceptional profit and loss (RMB)	333,236,862.51	308,604,457.41	7.98%
Net cash flows from operating activities (RMB)	563,407,347.43	362,304,624.13	55.51%
Basic earnings per share (RMB/share)	0.37	0.36	2.78%
Diluted earnings per share (RMB/share)	0.37	0.36	2.78%
Weighted average return on equity (%)	5.10%	5.10%	0.00%
	As at the end of the Reporting Period	As at the end of last year	+/- (%)
Total assets (RMB)	9,021,235,390.97	9,091,170,499.22	-0.77%
Net assets attributable to shareholders of the Company (RMB)	6,508,090,698.05	6,837,113,075.58	-4.81%

(2) Shareholdings of the top 10 ordinary shareholders

Unit: share

Total number of ordinary shareholders at the end of the	64,672

Reporting Period						
Shareholdings of the top 10 ordinary shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of ordinary shares held	Number of restricted ordinary shares held	Pledged or frozen shares	
					Status	Number
ZIBO LUCHENG TEXTILE INVESTMENT CO., LTD.	Domestic non-state-owned corporation	14.69%	140,353,583			
TAILUN (THAILAND) TEXTILE CO., LTD.	Foreign corporation	12.37%	118,232,400	118,232,400		
CENTRAL HUIJIN ASSETS MANAGEMENT CO., LTD.	State-owned corporation	2.13%	20,315,300			
T.ROWE PRICE INTL DISCOVERY FUND	Foreign corporation	2.09%	19,948,219			
CHINA SECURITIES FINANCE CORPORATION LIMITED	Domestic non-stated-owned corporation	1.64%	15,679,091			
LYNAS ASIA FUND	Foreign corporation	1.46%	14,000,000			
HUA’AN NEW SILK ROAD THEME EQUITY SECURITIES INVESTMENT FUND	Domestic non-stated-owned corporation	1.06%	10,110,000			
FIRST STATE INVESTMENTS ICVC-FIRST STATE GREATER CHINA GROWTH FUND	Foreign corporation	0.96%	9,215,168			
CENTRAL EUROPE VALUE FOUND EQUITY SECURITIES INVESTMENT FUND	Domestic non-stated-owned corporation	0.73%	6,949,763			
HTHK-MANULIFE CHINA VALUE FUND	Foreign corporation	0.72%	6,858,138			
Related or act-in-concert parties among the shareholders above		Zibo Lucheng Textile Investment Co., Ltd. is the largest shareholder of the Company and the actual controller. Tailun (Thailand) Textile Co., Ltd. is the second largest shareholder as well as sponsor of foreign capital of the Company. All of other shareholders are people holding circulating A share or circulating B share and the Company is not able to confirm whether there is associated relationship or concerted action among other shareholders.				
Shareholders conducting securities margin trading (if any)		N/A				

(3) Shareholdings of the top 10 preference shareholders

□ Applicable √ Not applicable
No such cases in the Reporting Period.

(4) Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the Reporting Period
□ Applicable √ Not applicable
No such cases in the Reporting Period.

Change of the actual controller in the Reporting Period
□ Applicable √ Not applicable
No such cases in the Reporting Period.

3. Discussion and analysis by the management

In the first half of 2016, affected by the macro economic environment, the textile & apparel sector saw a slow recovery in fundamentals and export with weak consumer demand. Under such circumstances, we continued to base ourselves on the reality of the industry and the Company, deepen our excellent performance management model, promote our Lu Thai Production System (LTPS) and proactively carry forward our global planning. Meanwhile, we accelerated the in-depth fusion of industrialization and informatization, pushed forward innovation as a driving force and strengthened corporate culture improvement. As a result, we managed to maintain a healthy and steady development trend.

For the Reporting Period, the Company achieved operating revenues of RMB2.831 billion, operating profit of RMB419 million, net profit attributable to the shareholders of the Company of RMB345 million and net profit attributable to the shareholders of the Company of RMB333 million after excluding the exceptional profit and loss, down 3.76%, up 2.87%, 0.03% and 7.98% respectively from the same period of last year. No changes occurred to the main business, the main profit sources and structure of the Company.

During the Reporting Period, the Company was named as “2015 Top 20 Enterprises in Chinese Printing and Dyeing Industry” by China Dyeing and Printing Industry Association, “Chinese Exports Quality and Safety Demonstration Enterprise” by State General Administration of the People’s Republic of China for Quality Supervision and Inspection and Quarantine, “Top 100 Enterprises in Chinese Garment Industry in 2015” by China National Garment Association, “The Province's Trade Union Labor Protection Demonstration Enterprise in Light Textile Industry” by Shandong Province Light Textile Industrial Trade Union Committee. “Lu Thai” trademark was rated as a famous brand of Shandong Province by Administration for Industry and Commerce of Shandong Province. Lu Thai Group was selected as China Cotton Textile Association top 100 enterprises of the main business revenues in cotton textile industry in 2015 (fourth place), and top 10 enterprises of main business revenues in yarn-dyed fabric industry (first).

During the Reporting Period, the Company continually carried out scientific research and innovation, constantly developed new technologies and processes, increased customer promotion and service, made researches on customized service for each key customer in domestic and foreign markets, and regularly organized new product order meeting and review meeting, and also held new product design and development seminars with business segments and brand promotion centers from time to time. With the end-market’s continuously increased demand for leisure products, the Company utilized advantage resources to intensify the development of jeans, casual washing products, and market acceptance and customer recognition substantially increased. During the Reporting Period, 28 patents were declared and accepted, of which 23 patents were authorized. The Company also participated in enacting 1 industry standard. Up to now, it altogether won 44 prizes in the national and provincial level, including 1 first prize and 2 second prizes of National Scientific and Technological Awards and 8 first prizes at the provincial stage. 341 patents were applied and accepted, of which 234 were authorized; the Company also participated in or took charge of enacting 29 standards.

The Company popularizes the results of market services upgrading year to enhance the brand influence. The Company took full advantage of its Milan Office in Italy and the subsidiary in America to internationalize its creativity and design, established communication mechanism with strategic customers, and participated in the pre-trend planning actively and offered extended design services. The Company established a direct connection with designers of key customers through the market promotion conferences convened in Britain, Turkey, and continued to strengthen communication with designers of key customers in America and Asia so as to promote closer cooperation between the two sides and to recommend natural fiber series of new products to customers. Through New York and Milan promotion conferences and Shanghai fabric promotion conferences, it communicated adequately with customers of OXFORD, TAG, TMW, SEIDENSTICKER United States, Itochu, PVH and so on, and maintained a good relationship of cooperation. During Reporting Period, the Company designed 1568 patterns for key customers, provided 7368 colors, and completed the 2017 spring and summer trend of design including a total of 100 series, 3751 colors.

During the Reporting Period, the Company continued promoting the brand-building and marketing network construction. Beijing Lutai Youxian E-Commerce Co., Ltd, a subsidiary of Lu Thai (“UTAILOR Jun Yi” high-end custom platform (www.utailor.com.cn)), took advantage of the Company’s manufacturing technology in the whole industry chain and quality guarantee and so on, and adopted “place order online and conduct measurement by visiting the customers”O2O mode. With convenient booking and order by Utailor, Vshop, Jingdong flagship stores and 400 calls and other means, it provides consumers with tailor-made service for high-quality shirt .Since “UTAILORE”, one of its high-end men’s clothing was pushed to the market, the number of customers and to re-purchase rate of old customers is rising consistently. Now, its business covers the first-tire cities, including Beijing, Shanghai, Shenzhen and Guangzhou, which paves the way for the promotion of its garment brands.

At the current stage, Lu Thai, with natural fabric as its flagship, multi-component functional fiber fabric as its spearhead, wash-and-wear non-ironing technology as its core competency, the latest consumption trend as its guidance and internationalized industrial manufacturing as its basis, is sparing every effort to attain a global integrated development, so as to ensure its leading position in the yarn-dyed shirt fabric sector.

4. Matters related to financial reporting

(1) Explain any changes in the accounting policies, accounting estimates and measurement methods as compared with the financial reporting of last year

□ Applicable √ Not applicable

No such cases in the Reporting Period.

(2) Explain any retroactive restatements due to correction of significant accounting errors in the Reporting Period

□ Applicable √ Not applicable
No such cases in the Reporting Period.

(3) Explain any changes in the consolidation scope as compared with the financial reporting of last year

√ Applicable □ Not applicable
Lu An Garments Co., Ltd. was incorporated in the Reporting Period as a new wholly-owned subsidiary of the Company.

(4) Explanation of the Board of Directors and the Board of Supervisors concerning the "non-standard" auditor's report issued by the CPAs firm for the Reporting Period

□ Applicable √ Not applicable

Board Chairman: Liu Zibin
Lu Thai Textile Co., Ltd.
31 August 2016