

Stock Code: 000726, 200726

Stock Name: LTTC, LTTC-B

Announcement No. 2023-026

Bond Code: 127016

Bond Name: LTTC Convertible Bonds

LU THAI TEXTILE CO., LTD.

FIRST QUARTERLY REPORT 2023

Lu Thai Textile Co., Ltd. (hereinafter referred to as the “Company”) and all the members of the Company’s Board of Directors hereby guarantee that the contents of this Report are true, accurate and complete and free of any misrepresentations, misleading statements or material omissions.

Important Notes:

1. The Board of Directors, the Supervisory Committee as well as the directors, supervisors and senior management of the Company hereby guarantee that the contents of this Report are true, accurate and complete and free of any misrepresentations, misleading statements or material omissions, and collectively and individually accept legal responsibility for such contents.
2. The Company’s legal representative, chief accountant and financial manager hereby guarantee that the financial statements carried in this Report are true, accurate and complete.
3. Indicate whether the financial statements in this Report have been audited by an independent auditor.

Yes No

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

I Key Financial Information

(I) Key Accounting Data and Financial Indicators

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

Yes No

	Q1 2023	Q1 2022	YoY change (%)
Operating revenue (RMB)	1,378,301,160.57	1,580,088,801.60	-12.77%
Net profit attributable to the listed company’s shareholders (RMB)	95,759,162.05	159,375,310.19	-39.92%
Net profit attributable to the listed company’s shareholders before exceptional gains and losses (RMB)	51,332,367.74	137,429,342.24	-62.65%
Net cash generated from/used in operating activities (RMB)	-36,789,172.94	-15,953,827.96	-130.60%
Basic earnings per share (RMB/share)	0.11	0.18	-38.89%

Diluted earnings per share (RMB/share)	0.10	0.16	-37.50%
Weighted average return on equity (%)	1.06%	1.97%	-0.91%
	31 March 2023	31 December 2022	Change (%)
Total assets (RMB)	13,306,785,463.97	13,351,097,602.03	-0.33%
Equity attributable to the listed company's shareholders (RMB)	9,094,257,162.23	9,014,156,872.71	0.89%

(II) Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	Q1 2023	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-697,500.60	
Government grants through profit or loss (exclusive of government grants continuously given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies and standards)	18,606,158.88	
Gain or loss on fair-value changes on held-for-trading financial assets and liabilities & income from disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	34,509,392.62	
Reverse of provision for impairment of accounts receivable individually conducting impairment test	1,479,606.09	
Non-operating income and expense other than the above	1,577,880.73	
Less: Income tax effects	9,634,096.21	
Non-controlling interests effects (net of tax)	1,414,647.20	
Total	44,426,794.31	

Other items that meet the definition of exceptional gain/loss:

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

No such cases in the Reporting Period.

(III) Changes in Key Financial Information and Explanation of why

Applicable Not applicable

Item	Change (%)	Main reason for change
Q1 2023		
Net profit attributable to the listed company's shareholders	-39.92%	YoY decrease in fabric sales volume and YoY increase in unit costs of fabric sales
Net profit attributable to the listed company's shareholders before exceptional gains and losses	-62.65%	
Net cash generated from/used in operating activities (RMB)	-130.60%	Decrease in net cash generated from selling goods and rendering labor services for Q1 2023

Basic earnings per share	-38.89%	Decrease in Q1 2023 net profit
Diluted earnings per share	-37.50%	

II Shareholder Information

(I) Numbers of Ordinary Shareholders and Preference Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

Number of ordinary shareholders at the period-end	49,096	Number of preferred shareholders with resumed voting rights at the period-end (if any)	0			
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held	Restricted shares held	Shares in pledge, marked or frozen	
					Status	Shares
Zibo Lucheng Textile Investment Co., Ltd.	Domestic non-state-owned corporation	15.81%	140,353,583	0		
Tailun (Thailand) Textile Co., Ltd.	Foreign corporation	13.32%	118,232,400	0		
Central Huijin Assets Management Co., Ltd.	State-owned corporation	2.24%	19,884,100	0		
National Social Security Fund Portfolio 413	Other	1.49%	13,260,051	0		
ICBC Credit Suisse Innovation Power Stock Securities Investment Fund	Other	1.05%	9,360,000	0		
National Social Security Fund Portfolio 412	Other	0.71%	6,268,249	0		
Gaohua-HSBC-GOLDMAN, SACHS & CO.LLC	Foreign corporation	0.69%	6,126,135	0		
Dacheng China Securities Asset Management Plan	Other	0.59%	5,235,900	0		
GF China Securities Asset Management Plan	Other	0.59%	5,235,900	0		
FEDERATED HERMES GLOBAL INVESTMENT FD (CAYMAN) MASTER, SPC OBOAFTAO FEDERATED HERMES EMG ASIA EQUITY FD MASTER S.P.	Foreign corporation	0.59%	5,193,288	0		
Top 10 unrestricted shareholders						
Name of shareholder	Unrestricted shares held	Shares by type				
		Type	Shares			
Zibo Lucheng Textile Investment Co., Ltd.	140,353,583	RMB-denominated ordinary stock	140,353,583			
Tailun (Thailand) Textile Co., Ltd.	118,232,400	Domestically listed foreign stock	118,232,400			
Central Huijin Assets Management Co., Ltd.	19,884,100	RMB-denominated ordinary stock	19,884,100			
National Social Security Fund Portfolio 413	13,260,051	RMB-denominated ordinary stock	13,260,051			
ICBC Credit Suisse Innovation Power Stock	9,360,000	RMB-denominated ordinary stock	9,360,000			

Securities Investment Fund			
National Social Security Fund Portfolio 412	6,268,249	RMB-denominated ordinary stock	6,268,249
Gaohua-HSBC-GOLDMAN, SACHS & CO.LLC	6,126,135	RMB-denominated ordinary stock	6,126,135
Dacheng China Securities Asset Management Plan	5,235,900	RMB-denominated ordinary stock	5,235,900
GF China Securities Asset Management Plan	5,235,900	RMB-denominated ordinary stock	5,235,900
FEDERATED HERMES GLOBAL INVESTMENT FD (CAYMAN) MASTER, SPC OBOAFTAO FEDERATED HERMES EMG ASIA EQUITY FD MASTER S.P.	5,193,288	Domestically listed foreign stock	5,193,288
Related or acting-in-concert parties among the shareholders above	Zibo Lucheng Textile Investment Co., Ltd. is the largest shareholder of the Company and the actual controller. Tailun (Thailand) Textile Co., Ltd. is the second largest shareholder as well as sponsor of foreign capital of the Company. All of other shareholders are people holding public A share or B share and the Company is not able to confirm whether there is associated relationship or concerted action among other shareholders.		
Top 10 shareholders engaged in securities margin trading (if any)	Naught		

(II) Number of Preference Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

III Other Significant Events

Applicable Not applicable

The Company held the Third Extraordinary General Meeting of 2022 on 15 July 2022, where the Proposal on Repurchase of Domestically Listed Foreign Shares (B-shares) was approved, and disclosed the Report on Repurchase of Domestically Listed Foreign Shares (B-shares) on 16 July 2022. On 27 July 2022, the Company carried out the first repurchase. As of 31 March 2023, the Company had repurchased a total of 21,318,828 B-shares (or 2.40% of the Company's total share capital) by way of centralized bidding. With the highest repurchase price being HKD4.80/share and the lowest being HKD4.37/share, the total payment for this repurchase plan was HKD99,984,829.86 (inclusive of commissions and alike).

IV Quarterly Financial Statements

(I) Financial Statements

1. Consolidated Balance Sheet

Prepared by Lu Thai Textile Co., Ltd.

31 March 2023

Unit: RMB

Item	31 March 2023	1 January 2023
Current assets:		
Monetary assets	1,842,251,705.72	2,067,768,253.97
Held-for-trading financial assets	612,877,366.83	267,695,159.48
Derivative financial assets		
Notes receivable	125,460,783.71	168,755,715.84

Accounts receivable	572,029,095.06	660,427,526.19
Receivables financing	25,419,110.16	11,208,304.78
Prepayments	165,095,825.47	95,021,598.32
Other receivables	46,379,646.16	89,855,659.99
Including: Interest receivable		
Dividends receivable	18,563,298.41	18,563,298.39
Financial assets purchased under resale agreements		
Inventories	2,127,737,177.41	2,107,849,708.33
Other current assets	94,379,191.18	76,847,903.07
Total current assets	5,611,629,901.70	5,545,429,829.97
Non-current assets:		
Long-term equity investments	207,088,336.75	184,168,625.69
Investments in other equity instruments		
Other non-current financial assets	337,746,721.75	337,110,000.00
Investment property	20,235,593.51	20,460,935.21
Fixed assets	5,684,227,975.81	5,807,847,850.67
Construction in progress	302,975,733.24	199,943,501.73
Right-of-use assets	470,913,946.28	481,420,505.31
Intangible assets	350,250,579.72	352,889,578.06
Development costs		
Goodwill	20,563,803.29	20,563,803.29
Long-term prepaid expense	2,690,507.96	2,948,981.97
Deferred income tax assets	147,716,612.66	155,774,523.25
Other non-current assets	150,745,751.30	242,539,466.88
Total non-current assets	7,695,155,562.27	7,805,667,772.06
Total assets	13,306,785,463.97	13,351,097,602.03
Current liabilities:		
Short-term borrowings	614,720,431.89	518,946,415.96
Held-for-trading financial liabilities	505,616.88	4,276,929.70
Derivative financial liabilities		
Notes payable	42,600,000.00	55,450,000.00
Accounts payable	172,652,499.63	246,588,463.74
Advances from customers		
Contract liabilities	166,798,285.28	206,879,672.53
Employee benefits payable	230,812,553.38	330,027,159.72
Taxes and levies payable	12,400,763.91	31,483,442.06
Other payables	90,193,389.35	83,357,296.71
Including: Interest payable		
Dividends payable	441,113.64	441,113.64
Current portion of non-current	407,158,854.12	307,921,837.35

liabilities		
Other current liabilities	50,750,046.85	66,889,025.17
Total current liabilities	1,788,592,441.29	1,851,820,242.94
Non-current liabilities:		
Long-term borrowings	116,634,001.20	186,431,096.24
Bonds payable	1,450,861,846.79	1,438,162,231.27
Lease liabilities	95,309,940.33	98,501,303.83
Long-term payables		
Long-term employee benefits payable	57,417,997.65	57,417,997.65
Provisions		
Deferred income	158,086,149.35	159,615,037.36
Deferred income tax liabilities	156,141,460.52	151,243,432.80
Other non-current liabilities		
Total non-current liabilities	2,034,451,395.84	2,091,371,099.15
Total liabilities	3,823,043,837.13	3,943,191,342.09
Owners' equity:		
Share capital	887,633,267.00	887,633,151.00
Other equity instruments	71,383,779.76	71,383,830.75
Capital reserves	402,648,341.16	395,872,135.71
Less: Treasury stock	154,396,198.73	154,396,198.73
Other comprehensive income	80,842,744.03	107,628,898.09
Specific reserve	4,351,011.07	
Surplus reserves	1,215,124,336.54	1,215,124,336.54
General reserve		
Retained earnings	6,586,669,881.40	6,490,910,719.35
Total equity attributable to owners of the Company as the parent	9,094,257,162.23	9,014,156,872.71
Non-controlling interests	389,484,464.61	393,749,387.23
Total owners' equity	9,483,741,626.84	9,407,906,259.94
Total liabilities and owners' equity	13,306,785,463.97	13,351,097,602.03

Legal representative: Liu Zibin

The Company's chief accountant: Zhang Keming

The Company's financial manager: Zhang Keming

2. Consolidated Income Statement

Unit: RMB

Item	Q1 2023	Q1 2022
1. Revenues	1,378,301,160.57	1,580,088,801.60
Including: Operating revenue	1,378,301,160.57	1,580,088,801.60
2. Costs and expenses	1,322,345,679.23	1,409,725,138.20
Including: Cost of sales	1,092,250,995.98	1,194,927,176.45

Taxes and levies	16,217,092.59	15,116,716.56
Selling expense	33,253,553.15	33,331,245.31
Administrative expense	82,717,307.27	92,775,354.83
Development costs	61,804,412.07	56,733,874.74
Finance costs	36,102,318.17	16,840,770.31
Including: Interest costs	18,056,914.23	18,139,093.23
Interest revenue	14,108,606.20	9,609,487.98
Add: Other income	18,522,742.21	24,599,534.70
Return on investment (“-” for loss)	38,579,946.99	886,584.91
Including: Share of profit or loss of joint ventures and associates	22,919,711.06	-1,636,415.09
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)	18,849,156.70	2,360,000.00
Credit impairment loss (“-” for loss)	12,305,904.55	1,853,310.17
Asset impairment loss (“-” for loss)	-37,085,094.15	-12,447,808.03
Asset disposal income (“-” for loss)	-697,500.60	-603,708.22
3. Operating profit (“-” for loss)	106,430,637.04	187,011,576.93
Add: Non-operating income	1,794,053.25	1,828,060.78
Less: Non-operating expense	216,172.51	1,354,778.97
4. Gross profit (“-” for loss)	108,008,517.78	187,484,858.74
Less: Income tax expense	16,514,278.35	29,939,184.05
5. Net profit (“-” for net loss)	91,494,239.43	157,545,674.69
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	91,494,239.43	157,545,674.69
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to owners of the Company as the parent	95,759,162.05	159,375,310.19
5.2.1 Net profit attributable to non-controlling interests	-4,264,922.62	-1,829,635.50
6. Other comprehensive income, net of tax	-26,786,154.06	-5,707,490.39
Attributable to owners of the Company as the parent	-26,786,154.06	-5,707,490.39
6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes caused by remeasurements on defined benefit schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments		
6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss	-26,786,154.06	-5,707,490.39

6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of other debt investments		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Credit impairment allowance for other debt investments		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements	-26,687,109.42	-5,438,747.08
6.2.7 Other	-99,044.64	-268,743.31
Attributable to non-controlling interests		
7. Total comprehensive income	64,708,085.37	151,838,184.30
Attributable to owners of the Company as the parent	68,973,007.99	153,667,819.80
Attributable to non-controlling interests	-4,264,922.62	-1,829,635.50
8. Earnings per share		
8.1 Basic earnings per share	0.11	0.18
8.2 Diluted earnings per share	0.10	0.16

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

Legal representative: Liu Zibin

The Company's chief accountant: Zhang Keming

The Company's financial manager: Zhang Keming

3. Consolidated Cash Flow Statement

Unit: RMB

Item	Q1 2023	Q1 2022
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	1,395,297,566.56	1,478,567,179.99
Tax and levy rebates	40,085,910.13	38,224,128.00
Cash generated from other operating activities	56,881,830.64	10,812,024.85
Subtotal of cash generated from operating activities	1,492,265,307.33	1,527,603,332.84
Payments for commodities and services	987,058,521.38	1,024,631,847.67
Cash paid to and for employees	471,044,601.37	452,625,366.04
Taxes and levies paid	40,258,178.31	31,608,127.59
Cash used in other operating activities	30,693,179.21	34,691,819.50
Subtotal of cash used in operating activities	1,529,054,480.27	1,543,557,160.80
Net cash generated from/used in operating activities	-36,789,172.94	-15,953,827.96
2. Cash flows from investing activities:		
Proceeds from disinvestment	418,000,000.00	13,323,521.50
Return on investment	1,323,008.67	
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	303,764.22	4,503,457.00
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	16,101,451.88	12,608,822.18

Subtotal of cash generated from investing activities	435,728,224.77	30,435,800.68
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	129,897,146.31	85,652,349.91
Payments for investments	763,871,013.14	
Cash used in other investing activities	75,148,727.93	108,589.66
Subtotal of cash used in investing activities	968,916,887.38	85,760,939.57
Net cash generated from/used in investing activities	-533,188,662.61	-55,325,138.89
3. Cash flows from financing activities:		
Capital contributions received		20,783,280.00
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings received	276,173,678.66	419,668,185.51
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	276,173,678.66	440,451,465.51
Repayment of borrowings	120,706,753.67	528,860,301.40
Interest and dividends paid	7,340,755.36	8,524,817.85
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities	4,773,203.00	4,426,403.00
Subtotal of cash used in financing activities	132,820,712.03	541,811,522.25
Net cash generated from/used in financing activities	143,352,966.63	-101,360,056.74
4. Effect of foreign exchange rates changes on cash and cash equivalents	-11,540,604.60	-3,557,919.18
5. Net increase in cash and cash equivalents	-438,165,473.52	-176,196,942.77
Add: Cash and cash equivalents, beginning of the period	1,822,897,270.16	1,970,006,884.89
6. Cash and cash equivalents, end of the period	1,384,731,796.64	1,793,809,942.12

(II) Independent Auditor's Report

Indicate by tick mark whether the financial statements above have been audited by an independent auditor.

Yes No

These financial statements have not been audited by such an auditor.

Board of Director
Lu Thai Textile Co., Ltd.
28 April 2023