



Lu Thai Textile Co., Ltd.

Report for the First Quarter of 2017

April 2017

Section I Important Statements

The Board of Directors, the Supervisory Committee, directors, supervisors and senior management staff of Lu Thai Textile Co., Ltd. (hereinafter referred to as “the Company”) warrant that the information carried in this report is factual, accurate and complete, without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.

All directors have attended the board session for reviewing this report.

Liu Zibin, company principal, Zhang Hongmei, chief of the accounting work, and Zhang Keming, chief of the accounting organ (chief of accounting), hereby confirm that the financial statements enclosed in this report are factual, accurate and complete.

This Report is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

Section II Company Profile

I Financial results

Whether the Company performed any retroactive adjustments to or restatement of its accounting data due to changes of accounting policies or correction of accounting errors

☐ Yes ☒ No

	January-March 2017	January-March 2016	+/-%
Operating revenues (RMB)	1,273,058,505.40	1,282,806,624.05	-0.76%
Net profit attributable to shareholders of the Company (RMB)	157,994,708.53	150,268,522.21	5.14%
Net profit attributable to shareholders of the Company before exceptional profit and loss (RMB)	155,049,414.60	137,542,633.98	12.73%
Net operating cash flow (RMB)	-73,576,928.32	183,258,282.60	-140.15%
Basic earnings per share (RMB/share)	0.17	0.16	6.25%
Diluted earnings per share (RMB/share)	0.17	0.16	6.25%
Weighted average return on equity	2.25%	2.15%	0.10%
	31 March 2017	31 December 2016	+/-%
Total assets (RMB)	9,599,617,156.96	9,407,103,263.34	2.05%
Net assets attributable to shareholders of the Company (RMB)	7,092,096,902.20	6,937,985,729.19	2.22%

Exceptional profit and loss

☒ Applicable ☐ Not applicable

Unit: RMB

Item	January-March 2017	Note
Profit/loss on disposal of non-current assets (including offset amount of asset impairment provisions)	-1,173,169.92	
Government grants charged to the profit/loss for the Reporting Period (except for the government grants closely related to the business of the Company and given at a fixed quota or amount in accordance with the State's uniform standards)	6,131,296.64	
Gains and losses on change in fair value from tradable financial assets and tradable financial liabilities, as well as investment income from disposal of tradable financial assets and tradable financial liabilities and financial assets available for sales, except for effective hedging related with normal businesses of the Company	598,500.00	

Non-operating incomes and expenses other than the above	-1,971,535.35	
Less: Income tax effects	541,344.60	
Minority interests effects (after tax)	98,452.84	
Total	2,945,293.93	--

Explanation of why the Company classified an item as exceptional profit/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Profit and Loss, or reclassified any exceptional profit/loss item given as an example in the said explanatory announcement to recurrent profit/loss

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

II Total number of shareholders at the period-end and shareholdings of top ten shareholders

1. Numbers of common shareholders and preference shareholders with resumed voting rights as well as shareholdings of top ten shareholders

Unit: share

Total number of common shareholders at the period-end	62,320	Total number of preference shareholders with resumed voting rights at the period-end (if any)	0			
Shareholdings of top ten shareholders						
Name of shareholder	Nature of shareholder	Sharehold ing percentage (%)	Number of shares held	Number of restricted shares held	Pledged or frozen shares	
					Status of shares	Number of shares
ZIBO LUCHENG TEXTILE INVESTMENT CO., LTD.	Domestic non-state-owned corporation	15.21%	140,353,583			
TAILUN TEXTILE CO., LTD.	Foreign corporation	12.82%	118,232,400	118,232,400		
CENTRAL HUIJIN ASSETS MANAGEMENT CO., LTD.	State-owned corporation	2.20%	20,315,300			
T.ROWE PRICE INTL DISCOVERY FUND	Foreign corporation	2.16%	19,948,219			
CHINA SECURITIES FINANCE CORPORATION LIMITED	State-owned corporation	1.70%	15,679,091			
LYNAS ASIA FUND	Foreign corporation	1.35%	12,440,000			
HONG KONG SECURITIES CLEARING COMPANY LTD.	Foreign corporation	1.18%	10,864,371			
HUA AN NEW SILK ROAD THEME EQUITY SECURITIES INVESTMENT	Domestic non-state-owned	1.11%	10,205,505			

FUND	corporation					
BNP PARIBAS	Foreign corporation	0.88%	8,131,797			
FIRST STATE CHINA A SHARE FUND	Foreign corporation	0.80%	7,352,381			
Shareholdings of top ten non-restricted shareholders						
Name of shareholder			Number of non-restricted shares held	Variety of shares		
				Variety	Number	
ZIBO LUCHENG TEXTILE INVESTMENT CO., LTD.			140,353,583	RMB common shares		
CENTRAL HUIJIN ASSETS MANAGEMENT CO., LTD.			20,315,300	RMB common shares		
T.ROWE PRICE INTL DISCOVERY FUND			19,948,219	Domestically listed foreign shares		
CHINA SECURITIES FINANCE CORPORATION LIMITED			15,679,091	RMB common shares		
LYNAS ASIA FUND			12,440,000	Domestically listed foreign shares		
HONG KONG SECURITIES CLEARING COMPANY LTD.			10,864,371	RMB common shares		
HUA AN NEW SILK ROAD THEME EQUITY SECURITIES INVESTMENT FUND			10,205,505	RMB common shares		
BNP PARIBAS			8,131,797	RMB common shares		
FIRST STATE CHINA A SHARE FUND			7,352,381	RMB common shares		
HTHK-MANULIFE CHINA VALUE FUND			6,858,138	Domestically listed foreign shares		
Related or acting-in-concert parties among the above shareholders			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.			

Top ten common shareholders conducting securities margin trading (if any)	N/A
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Did any of the top ten common shareholders or the top ten non-restricted common shareholders of the Company conduct any promissory repo during the Reporting Period?

☐ Yea ☒ No

No such cases in the Reporting Period.

2. Total number of preference shareholders and shareholdings of the top ten of them

☐ Applicable ☒ Not applicable

Section III Significant Events

I Changes in major financial data and indicators for the Reporting Period, as well as reasons for such changes

√ Applicable □ Not applicable

Assets items:

- (1) Other accounts receivable stood at RMB 31,955,559.44 on March 31, 2017, down by 30.93% from the opening amount, mainly because export rebates that should be received at beginning period were received in current period.
- (2) Other current assets stood at RMB 57,017,887.67 on March 31, 2017, down by 46.98% from the opening amount, mainly because the sold stock was transferred out from the securities account in the current period.
- (3) Engineering materials stood at RMB 199,826,672.33 on March 31, 2017, up by 70.62% from the opening amount, mainly because Lu Thai (Vietnam) equipment to be installed increased.
- (4) Other non-current assets stood at RMB 17,484,641.71 on March 31, 2017, down by 44.07% from the opening amount, mainly because the advance payment for land of Xin Jiang Lu Thai was transferred into intangible assets.

Liabilities and owners' equity items:

- (5) Notes payable stood at RMB 6,423,218.00 on March 31, 2017, up by 100.00% from the opening amount, mainly because commercial acceptance bills payable in the current period increased.
- (6) Payroll payable stood at RMB 199,084,558.19 on March 31, 2017, down by 36.92% from the opening amount, mainly because the year-end bonuses for employees for 2016 were paid in the current period.

Income statement items

- (7) Taxes and surtaxes stood at RMB 22,303,687.92 for January-March 2017, up by 80.13% from the year earlier, mainly because the taxes items initially recorded in administration expense was recorded in this title in the current period according to VAT Accounting Rules CK[2016] No. 22.
- (8) Financial expense stood at RMB 12,204,861.91 for January-March 2017, up by 230.27% from the year earlier, mainly because net exchange loss increased.
- (9) Asset impairment loss stood at RMB -3,651,249.64 for January-March 2017, down by 319.63% from the same period of last year, mainly because closing accounts receivable decreased resulting to the decrease of provision for Asset impairment loss.
- (10) Profit on fair value changes stood at RMB 0.00 for January-March 2017, down by 100.00% from the same period of last year, mainly because there was no fair value changes closing financial liabilities at the period-end..
- (11) Investment profit stood at RMB 598,500.00 for January-March 2017, up by 103.51% from the year earlier, mainly because profit on investment in financial derivative instruments increased.
- (12) Non-operating expenses stood at RMB 4,374,164.43 for January-March 2017, up by 382.06% from the year earlier, mainly because of the payment for endowments for the Light of Textile Science and Technology Education Funds in the current period..

Cash flow statement items:

(13) Net cash flow from operation activities stood at RMB -73,576,928.32 for January-March 2017, down by 140.15% from the year earlier, mainly due to the increase of raw cotton procurement, which increased the cash payment for products and services.

(14) Net cash flow from investing activities stood at RMB-108,083,010.35 for January-March 2017, up by 35.84% from the year earlier, mainly because the sold stock was received in the current period.

(15) Net cash flow from financing activities stood at RMB 170,780,237.10 for January-March 2017, up by 807.87% from the year earlier, mainly because the cash payment for repaying debt decreased in the current period.

II Progress of significant events and analysis & explanations on their influence and solutions

☐Applicable ☒ Not applicable

III Commitments of the Company, its shareholders, actual controller, acquirer, directors, supervisors, senior management or other related parties fulfilled in the Reporting Period or ongoing at the period-end

☐Applicable ☒ Not applicable

No such cases in the Reporting Period.

IV Operating result forecast for January-June 2017

Forecast of a possible deficit or considerable YoY change in the accumulative net profit made during the period from the beginning of the year to the end of the next reporting period, as well as explanation of why:

☐ Applicable ☒ Not applicable

V Securities investments

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

VI Investment in financial derivatives

☒ Applicable ☐ Not applicable

Unit: RMB'0,000

Operator	Relation	Related-party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Amount purchased in reporting period	Amount sold in reporting period	Impairment provision (if any)	Closing investment amount	Proportion of closing investment amount in the	Actual gain/loss in reporting period
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												Compan y's closing net assets (%)	
Comm ercial bank	Non- relat ed	No	Forward exchange settlement	0	01/19/201 7	03/28/201 7	0	17,967.43	17,967.43		0	0.00%	58.95
Comm ercial bank	Non- relat ed	No	Option portfolio	0	01/03/201 7	04/07/201 7	0	2,769	696		2,073	0.27%	0.9
Total							0	20,736.43	18,663.43		2,073	0.27%	59.85
Capital source for derivative investment				Own funds									
Lawsuit (if applicable)				No lawsuits									
Disclosure date of board announcement on approval of derivative investment (if any)				05/19/2016									
Disclosure date of general meeting announcement on approval of derivative investment (if any)													
Risk analysis and risk control measures for derivative products held in reporting period (including but not limited to market risk, liquidity risk, credit risk, operation risk, legal risk, etc.)				The Company conducted derivatives products transaction in order for hedging. And the forward settlement hedging was operated by installments, with the relevant amount not more than the planned derivatives products transactions. And all derivatives products transaction was zero-deposit. Meanwhile, the Company had a complete risk control system for sufficient analysis and prevention of possible risks such as risk of laws and regulations, credit risk, operation risk and market risk. 1. Risk concerning laws and regulations: The Company conducted derivatives products transaction in strict accordance with relevant laws and rules as well as regulatory policies from government securities regulatory authorities, if there were no standard operation procedures and strict approval procedures, it was easy to cause compliant and regulatory risks existing in the validity and feasibility of contract, commitments and other legal documents signed. Risk control measures: The Company carefully studied and mastered laws, regulations and policies relevant to derivative products transaction, formulated internal control rules for the forward settlement hedging business, standardized the operation procedures. And strengthened the compliant examination on derivative products investment business, and strictly abided by relevant laws, regulations and the Company's internal management rules. 2. Credit risk and liquidity risk:									

	When the contract matures, the Company couldn't deliver as scheduled due to insufficient liquidity, and the counterparty or the Company couldn't fulfill the contract due to other aspects except the liquidity, which would cause credit risk and further economic losses for the Company. Risk control measures: the Company chose the powerful financial institutions with good reputation as the counterparty, and signed standard derivative products transaction contract, as well as strictly controlled the credit risk of counterparty. The Company conducted derivative investment transactions according to the relevant approval procedure, which was in line with relevant laws, regulations, the Company's Articles of Association, the Management Rules for Derivative Investment of Lu Thai Textile Co., Ltd. and the Proposal on the Plan of Lu Thai Textile Co., Ltd. for Derivative Transactions in 2016 approved at the 33th Session of the 7th Board of Directors on 17 May, 2016, and performed relevant information disclosure responsibilities. The Company decided the up limit for the amount of derivative products transaction according to the production and operation scale and the progress of foreign exchange income for the Company, and delivered by phases. It was also possible to use extension of term and other ways to ensure the fulfillment of contract as schedules upon the mature of contract, and wouldn't cause any loss of credit risk for the Company due to insufficient liquidity or other reasons. 3. Operation risk: The derivative financial transactions had high specialty and complexity, so imperfect internal operation procedures, staffs and external events would make the Company to undertake risks during the transaction. Risk control measures: The Company promulgated strict authorization and approval system and perfect regulatory mechanism, fixed the departments, operation procedures and approval procedures system to conduct derivative products transaction, established special risk control positions, implemented strict authorization and post checks and balances system, meanwhile, it improved the overall quality of relevant personnel through strengthening the business training and professional ethics education for them. Besides, it established the System of Reporting the Abnormal Situation Timely, formed an efficient risk management procedures, so as to ensure to lower the operation risks to the maximum. 4. Market risk: Since the RMB exchange rate reform on 8 Nov. 2015, the reform towards a market-based RMB exchange rate regime has stepped into a new stage. In the short run, there is some depreciation pressure on the RMB, but a sharp depreciation is considered unlikely. In the long run, the positive economic fundamentals of China, the large surplus of the current accounts and the faster globalization of the RMB will enable the RMB to remain a strong currency. In the near future, the RMB exchange rate is expected to be more flexible with a distinct feature of bidirectional volatility and stable within a rational and balanced range. The forward settlement of exchange and the option business is important derivative product transactions of the Company, which was significantly affected by the exchange rate fluctuation. If the RMB is devalued by a large margin on the basis of the current situation before the contract is due, so then, the larger losses shall incur in the contract on forward settlement of exchange or option signed by the Company. Risk control measures: Although a more flexible RMB exchange rate and the increased fluctuation range added to the operation difficulty, it provided a certain opportunity. Therefore, the relevant personnel of the Company will actively analyze market changes, carefully operate and
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	hold positive opportunity, so as to try the best to reduce the market risks under the condition of increased market difficulty.
Changes in market prices or fair value of invested derivatives in reporting period (fair value analysis should include specific analysis methods as well as relevant assumptions and parameters)	1. Up to 31 March 2017, the Company held 1 undue financial derivative product contract, totaling USD3 million, which will be due in April 2017. The financial derivative products above accounted for 0.27% of the closing net assets. 2. From January- March 2017, the due financial derivative products of the Company totally equaled to USD27 million, and the revenue generated was RMB598.5 thousand. To be specific, the due forward settlement was USD26 million, generating profit of RMB589.5 thousand; the due foreign exchange options equaled to USD1 million, generating profit of RMB9 thousand,
Significant changes in the Company's accounting policy and specific accounting principles for derivatives in reporting period when compared to last period	No significant changes
Specific opinion from independent directors on the Company's derivatives investment and risk control	The Company's independent directors Xu Jianjun, Zhao Yao, Bi Xiuli, Pan Ailing and Wang Xinyu, concerning conducting derivatives business, have issued the following professional advice: We are of the opinion that it will strengthen the Company's competitiveness to use derivative transactions with focus on forward settlement and purchase as an effective tool to avoid foreign exchange risks, to strengthen the relevant internal control and to carry out the loss and risk prevention measures so as to improve the operation and management. In conducting derivative transactions with focus on forward settlement and purchase, the Company follows a legal approval procedure, has sound relevant institutions and keeps the risks relatively controllable. No harm has been done to the interests of the Company's shareholders.

VII Visits paid to the Company in the Reporting Period for purposes of research, communication, interview, etc.

☒ Applicable ☐ Not applicable

Date of visit	Way of visit	Type of visitor	Index to main inquiry information
02/23/2017	Field research	Institution	See details from "Record of Investor Relations Events and Daily Investor Relations Events of 02/23/2017" on www.cninfo.com.cn
03/30/2017	Telephone communication	Institution	See details from "Record of Investor Relations Events and Daily Investor Relations Events of 03/30/2017" on www.cninfo.com.cn

VIII Illegal provision of guarantees for external parties

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

IX Occupation of the Company's funds by the controlling shareholder or its related parties for non-operating purposes

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Section IV Financial Statements

I Financial statements

1. Consolidated balance sheet

Prepared by Lu Thai Textile Co., Ltd.

03/31/2017

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	648,000,301.81	662,967,785.49
Financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Derivative financial assets		
Notes receivable	71,999,352.73	84,161,909.91
Accounts receivable	226,420,327.79	293,129,727.93
Accounts paid in advance	175,368,474.67	212,487,501.51
Interest receivable		
Dividends receivable		
Other accounts receivable	31,955,559.44	46,262,835.47
Financial assets purchased under agreements to resell		
Inventories	2,097,453,898.31	1,816,700,441.85
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	57,017,887.67	107,535,889.38
Total current assets	3,308,215,802.42	3,223,246,091.54
Non-current assets:		
Loans by mandate and advances granted		
Available-for-sale financial assets	24,660,000.00	24,660,000.00
Held-to-maturity investments		
Long-term accounts receivable	2,310,000.00	2,310,000.00
Long-term equity investment		
Investing real estate	25,381,650.33	25,844,090.56

Fixed assets	5,186,554,460.02	5,244,335,459.80
Construction in progress	150,973,329.59	154,668,358.96
Engineering materials	199,826,672.33	117,120,463.50
Disposal of fixed assets		
Production biological assets	1,212,532.97	1,381,292.75
Oil-gas assets		
Intangible assets	483,033,474.46	384,253,077.39
R&D expense		
Goodwill	20,613,803.29	20,613,803.29
Long-term deferred expenses	113,117,096.67	114,227,364.54
Deferred income tax assets	66,233,693.17	63,183,792.63
Other non-current assets	17,484,641.71	31,259,468.38
Total of non-current assets	6,291,401,354.54	6,183,857,171.80
Total assets	9,599,617,156.96	9,407,103,263.34
Current liabilities:		
Short-term borrowings	1,041,514,417.42	873,261,856.02
Financial liabilities measured at fair value of which changes are recorded in current profits and losses		
Derivative financial liabilities		
Notes payable	6,423,218.00	
Accounts payable	226,559,641.40	252,538,563.06
Accounts received in advance	83,315,453.10	89,451,314.62
Financial assets sold for repurchase		
Fees and commissions payable		
Payroll payable	199,084,558.19	315,618,449.91
Taxes payable	57,087,877.69	77,214,706.67
Interest payable	1,327,686.75	1,165,730.47
Dividends payable	441,113.64	441,113.64
Other accounts payable	72,903,422.55	69,365,641.15
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,688,657,388.74	1,679,057,375.54
Non-current liabilities:		

Long-term borrowings	137,015,730.84	135,678,044.89
Long-term accounts payable		
Long-term payroll payable	79,122,422.89	79,122,422.89
Special payables		
Estimated liabilities		
Deferred income	115,583,057.71	95,990,489.79
Deferred tax liabilities	2,323,554.60	2,341,089.87
Other non-current liabilities	1,840,000.00	1,840,000.00
Total non-current liabilities	335,884,766.04	314,972,047.44
Total liabilities	2,024,542,154.78	1,994,029,422.98
Owners' equity:		
Share capital	922,602,311.00	922,602,311.00
Capital reserve	753,482,745.93	753,440,557.83
Less: Treasury shares		
Other comprehensive income	49,367,821.27	53,293,544.89
Special reserve		
Surplus reserve	888,761,783.04	888,761,783.04
Provisions for general risks		
Retained earnings	4,477,882,240.96	4,319,887,532.43
Equity attributable to owners of the Company	7,092,096,902.20	6,937,985,729.19
Minority interests	482,978,099.98	475,088,111.17
Total owners' equity	7,575,075,002.18	7,413,073,840.36
Total liabilities and owners' equity	9,599,617,156.96	9,407,103,263.34

Legal representative: Liu Zibin Chief of the accounting work: Zhang Hongmei Chief of the accounting organ: Zhang Keming

2. Balance sheet of the Company

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	324,667,963.84	177,016,859.63
Financial assets measured at fair value of which changes are recorded in current profits and losses		
Derivative financial assets		
Notes receivable	50,494,344.16	64,421,665.52

Accounts receivable	254,334,271.68	297,026,110.33
Accounts paid in advance	109,790,143.29	139,013,057.80
Interest receivable		
Dividend receivable		
Other accounts receivable	329,112,734.79	340,458,208.20
Inventories	1,379,279,815.03	1,086,364,931.72
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	11,053,312.17	1,126,006.88
Total current assets	2,458,732,584.96	2,105,426,840.08
Non-current assets:		
Available-for-sale financial assets	12,500,000.00	12,500,000.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	1,711,021,866.04	1,711,021,866.04
Investing real estate	14,649,644.85	14,829,443.58
Fixed assets	2,968,091,795.79	3,019,132,803.64
Construction in progress	26,738,479.49	25,796,329.33
Engineering materials	1,436,707.91	663,894.82
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	228,846,431.28	229,433,475.02
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	61,116,931.39	62,042,513.61
Other non-current assets	15,227,381.71	8,831,098.34
Total of non-current assets	5,039,629,238.46	5,084,251,424.38
Total assets	7,498,361,823.42	7,189,678,264.46
Current liabilities:		
Short-term borrowings	579,729,475.50	503,005,010.24
Financial liabilities measured at fair value of which changes are recorded in current profits and losses		

Derivative financial liabilities		
Notes payable	4,244,500.00	
Accounts payable	312,249,338.09	158,737,347.81
Accounts received in advance	68,117,229.29	54,552,285.78
Payroll payable	150,705,333.80	240,389,712.34
Tax payable	39,320,255.60	47,790,003.82
Interest payable	1,327,686.75	646,147.15
Dividend payable	441,113.64	441,113.64
Other accounts payable	23,258,817.93	19,309,386.42
Liabilities held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	1,179,393,750.60	1,024,871,007.20
Non-current liabilities:		
Long-term borrowings		
Long-term payables		
Long-term payroll payables	79,122,422.89	79,122,422.89
Specific payables		
Estimated liabilities		
Deferred income	68,848,784.77	62,691,326.97
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	147,971,207.66	141,813,749.86
Total liabilities	1,327,364,958.26	1,166,684,757.06
Owners' equity:		
Share capital	922,602,311.00	922,602,311.00
Capital reserves	759,835,427.02	759,793,238.92
Less: Treasury stock		
Other comprehensive income		
Specific reserves		
Surplus reserves	888,761,783.04	888,761,783.04
Retained profits	3,599,797,344.10	3,451,836,174.44
Total owners' equity	6,170,996,865.16	6,022,993,507.40
Total liabilities and owners' equity	7,498,361,823.42	7,189,678,264.46

3. Consolidated income statement

Unit: RMB

Item	January-March 2017	January-March 2016
1. Operating revenues	1,273,058,505.40	1,282,806,624.05
Including: Sales income	1,273,058,505.40	1,282,806,624.05
2. Total operating costs	1,076,671,906.36	1,104,882,243.72
Including: Cost of sales	860,286,484.35	875,523,212.12
Business tax and surtaxes	22,303,687.92	12,382,148.81
Selling expenses	33,468,425.19	42,056,002.44
Administrative expenses	152,059,696.63	172,095,558.59
Financial costs	12,204,861.91	3,695,423.41
Asset impairment loss	-3,651,249.64	-870,101.65
Add: Profit/loss on fair value changes (“-” means loss)		21,750,839.63
Profit/loss on investment (“-” means loss)	598,500.00	-17,050,096.30
Including: Share of profit in associates and joint ventures		
Foreign exchange profit (“-” means loss)		
3. Operating profit (“-” means loss)	196,985,099.04	182,625,123.66
Add: Non-operating income	7,360,755.80	8,337,965.06
Including: Profit on disposal of non-current assets	62,175.45	12,908.07
Less: Non-operating expense	4,374,164.43	907,387.59
Including: Loss on disposal of non-current assets	1,235,345.37	132,504.33
4. Total profit (“-” means loss)	199,971,690.41	190,055,701.13
Less: Corporate income tax	34,086,993.07	38,872,497.09
5. Net profit (“-” means loss)	165,884,697.34	151,183,204.04
Net profit attributable to owners of the Company	157,994,708.53	150,268,522.21
Minority shareholders’ income	7,889,988.81	914,681.83
6. After-tax net amount of other composite income	-3,925,723.62	-2,238,564.51
After-tax net amount of other composite income attributable to owners of the Company	-3,925,723.62	-2,238,564.51
6.1 Other composite income that will not be reclassified into profit and loss		
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
6.1.2 Enjoyable share in other comprehensive income in investees that cannot be reclassified into profit		

and loss under the equity method		
6.2 Other composite income that will be reclassified into profit and loss	-3,925,723.62	-2,238,564.51
6.2.1 Enjoyable share in other composite income in investees that will be reclassified into profit and loss under the equity method		
6.2.2 Profit and loss on fair value changes of available-for-sale financial assets		
6.2.3 Profit and loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective hedging profit and loss on cash flow		
6.2.5 Foreign-currency financial statement translation difference	-3,925,723.62	-2,238,564.51
6.2.6 Other		
After-tax net amount of other composite income attributable to minority shareholders		
7. Total composite income	161,958,973.72	148,944,639.53
Attributable to owners of the Company	154,068,984.91	148,029,957.70
Attributable to minority shareholders	7,889,988.81	914,681.83
8. Earnings per share		
8.1 Basic earnings per share	0.17	0.16
8.2 Diluted earnings per share	0.17	0.16

Where business mergers under the same control occurred in the Reporting Period, net profit achieved by the merged parties before the business mergers was RMB0.00, with the corresponding amount for the same period of last year being RMB0.00.

Legal representative: Liu Zibin Chief of the accounting work: Zhang Hongmei Chief of the accounting organ: Zhang Keming

4. Income statement of the Company

Unit: RMB

Item	January-March 2017	January-March 2016
1. Operating revenues	1,078,892,478.02	1,041,199,143.68
Less: Operating costs	768,104,469.94	741,786,374.54
Business tax and surtaxes	16,363,855.87	9,396,186.31
Selling expenses	20,865,997.90	19,170,957.71
Administrative expenses	101,447,551.05	124,915,990.74
Financial costs	3,528,511.56	1,604,951.15
Asset impairment loss	-2,657,643.03	-68,701.41

Add: profit/loss on fair value changes (“-” means loss)		22,160,300.00
Profit/loss on investment (“-” means loss)	598,500.00	-13,525,100.00
Including: Income from investment on associates and joint ventures		
2. Operating profit (“-” means loss)	171,838,234.73	153,028,584.64
Add: Non-operating income	6,442,047.27	6,099,909.65
Including: Profit on disposal of non-current assets	62,175.45	
Less: Non-operating expense	3,133,091.11	690,342.86
Including: Loss on disposal of non-current assets	1,202.21	68,673.15
3. Total profit (“-” means loss)	175,147,190.89	158,438,151.43
Less: Corporate income tax	27,186,021.23	27,574,131.10
4. Net profit (“-” means loss)	147,961,169.66	130,864,020.33
5. After-tax net amount of other composite income		
5.1 Other composite income that will not be reclassified into profit and loss		
5.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
5.1.2 Enjoyable share in other composite income in investees that cannot be reclassified into profit and loss under the equity method		
5.2 Other composite income that will be reclassified into profit and loss		
5.2.1 Enjoyable share in other composite income in investees that will be reclassified into profit and loss under the equity method		
5.2.2 Profit and loss on fair value changes of available-for-sale financial assets		
5.2.3 Profit and loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective hedging profit and loss on cash flow		
5.2.5 Foreign-currency financial statement translation difference		
5.2.6 Other		
6. Total composite income	147,961,169.66	130,864,020.33
7. Earnings per share		
7.1 Basic earnings per share	0.16	0.14
7.2 Diluted earnings per share	0.16	0.14

5. Consolidated cash flow statement

Unit: RMB

Item	January-March 2017	January-March 2016
1. Operating cash flow:		
Cash received from sale of commodities and rendering of service	1,364,726,116.47	1,278,929,580.62
Net increase in disposal of financial assets at fair value through profit/loss		
Interest, fees and commissions received		
Net increase in interbank borrowings		
Net increase in funds in repurchase business		
Tax refunds received	47,097,687.87	52,257,190.85
Cash received from other operating activities	37,614,215.55	21,967,477.09
Subtotal of cash inflows from operating activities	1,449,438,019.89	1,353,154,248.56
Cash paid for goods and services	877,487,789.33	555,862,207.46
Cash paid to and for employees	478,314,475.39	460,266,802.62
Taxes paid	90,528,374.92	93,712,854.89
Cash paid for other operating activities	76,684,308.57	60,054,100.99
Subtotal of cash outflows due to operating activities	1,523,014,948.21	1,169,895,965.96
Net cash flows from operating activities	-73,576,928.32	183,258,282.60
2. Cash flows from investing activities:		
Cash received from retraction of investments		
Cash received as investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	451,988.35	61,480.59
Net cash received from disposal of subsidiaries or other business units		
Cash received from other investing activities	70,980,953.36	3,114,875.02
Subtotal of cash inflows from investing activities	71,432,941.71	3,176,355.61
Cash paid to acquire fixed assets, intangible assets and other long-term assets	179,515,952.06	151,893,510.28
Cash paid for investment		
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		19,737,711.64
Subtotal of cash outflows due to investing activities	179,515,952.06	171,631,221.92
Net cash flows from investing activities	-108,083,010.35	-168,454,866.31
3. Cash flows from financing activities:		
Cash received from capital contributions		

Including: Cash received from minority shareholder investments by subsidiaries		
Cash received as borrowings	463,565,338.71	548,488,279.74
Cash received from issuance of bonds		
Cash received from other financing activities		29,807,847.03
Subtotal of cash inflows from financing activities	463,565,338.71	578,296,126.77
Repayment of borrowings	287,319,968.88	474,258,464.63
Cash paid for interest expenses and distribution of dividends or profit	5,465,132.73	4,231,003.95
Including: dividends or profit paid by subsidiaries to minority interests		
Cash paid for other financing activities		123,932,529.74
Sub-total of cash outflows due to financing activities	292,785,101.61	602,421,998.32
Net cash flows from financing activities	170,780,237.10	-24,125,871.55
4. Effect of foreign exchange rate changes on cash and cash equivalents	-4,087,782.11	752,272.67
5. Net increase in cash and cash equivalents	-14,967,483.68	-8,570,182.59
Add: Opening balance of cash and cash equivalents	654,779,220.82	765,695,473.65
6. Closing balance of cash and cash equivalents	639,811,737.14	757,125,291.06

6. Cash flow statement of the Company

Unit: RMB

Item	January-March 2017	January-March 2016
1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	1,162,666,666.42	1,030,554,055.06
Tax refunds received	32,804,612.04	40,236,082.65
Cash received from other operating activities	12,626,116.36	6,893,946.59
Subtotal of cash inflows from operating activities	1,208,097,394.82	1,077,684,084.30
Cash paid for goods and services	685,725,106.60	474,970,450.47
Cash paid to and for employees	346,132,598.78	341,902,663.96
Taxes paid	46,951,812.96	38,303,825.59
Cash paid for other operating activities	45,317,103.44	32,549,009.04
Subtotal of cash outflows due to operating activities	1,124,126,621.78	887,725,949.06
Net cash flows from operating activities	83,970,773.04	189,958,135.24

2. Cash flows from investing activities:		
Cash received from retraction of investments		
Cash received as investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	466,988.35	53,980.59
Net cash received from disposal of subsidiaries or other business units		
Cash received from other investing activities	1,972,088.44	172,839.48
Subtotal of cash inflows from investing activities	2,439,076.79	226,820.07
Cash paid to acquire fixed assets, intangible assets and other long-term assets	12,742,051.92	74,409,219.69
Cash paid for investment		106,044,460.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities	1,000,000.00	14,394,100.00
Subtotal of cash outflows due to investing activities	13,742,051.92	194,847,779.69
Net cash flows from investing activities	-11,302,975.13	-194,620,959.62
3. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received as borrowings	268,549,314.61	357,544,665.12
Cash received from issuance of bonds		
Cash received from other financing activities		
Subtotal of cash inflows from financing activities	268,549,314.61	357,544,665.12
Repayment of borrowings	189,708,180.44	230,361,852.75
Cash paid for interest expenses and distribution of dividends or profit	2,366,745.41	1,968,099.25
Cash paid for other financing activities		123,932,529.74
Sub-total of cash outflows due to financing activities	192,074,925.85	356,262,481.74

Net cash flows from financing activities	76,474,388.76	1,282,183.38
4. Effect of foreign exchange rate changes on cash and cash equivalents	-1,491,082.46	267,090.85
5. Net increase in cash and cash equivalents	147,651,104.21	-3,113,550.15
Add: Opening balance of cash and cash equivalents	177,016,859.63	361,326,403.14
6. Closing balance of cash and cash equivalents	324,667,963.84	358,212,852.99

II Auditor's report

Is this Report audited?

☐ Yes ☒ No

This Report is not audited.

Board Chairman: Liu Zibin
Lu Thai Textile Co., Ltd.
28 April 2017